

News Release

STOCK EXCHANGE LISTINGS: NEW ZEALAND (FPH), AUSTRALIA (FPH)

FISHER & PAYKEL HEALTHCARE REPORTS RECORD FULL YEAR REVENUE

Auckland, New Zealand, 23 May 2007 - Fisher & Paykel Healthcare Corporation Limited (NZSX:FPH, ASX:FPH) announced today that 27% revenue growth from its obstructive sleep apnea (OSA) product group contributed to record trading revenue of NZ\$349.2 million for the year ended 31 March 2007.

Chief Executive Officer, Michael Daniell said that positive customer acceptance of new products and increased activities in international markets contributed to continued strong sales growth in each of the company's OSA, respiratory humidification and neonatal product groups.

Trading Revenue

In NZ dollar terms OSA product group revenue increased by 27%, respiratory humidification revenue increased by 15% and neonatal and warming revenue increased by 25% compared with the prior year.

Over the year, the company derived its trading revenue in a variety of currencies with US dollars contributing 62%, Euros 20%, Australian dollars 7%, UK pounds 6%, and NZ dollars 1%. After allowing for exchange rate movements and hedging gains, trading revenue grew 19% in constant currency terms over the prior year.

"We are continuing to gain share within the rapidly growing OSA treatment market with particularly pleasing growth from our broad range of masks and our ThermoSmart CPAP flow generators. Constant currency revenue growth from masks and flow generators combined was an encouraging 28%.

Demand for our humidifier controllers and continuing market share gains by adult and neonatal breathing circuits drove constant currency revenue growth of 18% over the prior year in our respiratory humidification product group," commented Mr Daniell.

Neonatal product group constant currency revenue growth of 24% was generated by both neonatal warmers and neonatal breathing systems, which include the company's infant CPAP system and infant resuscitator.

Earnings

Operating profit was NZ\$89.6 million compared to NZ\$104.1 million for the prior year. Net foreign exchange hedging gains contributed NZ\$7.9 million to operating profit compared to NZ\$41.3 million last year. Profit after tax for the year was NZ\$57.6 million.

Dividend

The company's directors have approved a final dividend for the financial year ended 31 March 2007 of NZD 7.0 cents per ordinary share (2006: 7.0 cents), carrying full imputation credit. Non-resident shareholders will receive a supplementary dividend of NZD 1.2353 cents per share. The final dividend will be paid on 29 June 2007, with a record date of 20 June, and an ex-dividend date of 14 June for the ASX and 21 June for the NZSX.

Research & Development, SG&A

Research and development expenses increased by 16% to NZ\$20.2 million or 5.8% of trading revenue for the twelve months ended 31 March 2007. The company continued to expand its research and development teams and current new product projects include flow generators, masks and additional breathing system consumables.

Selling, general and administrative (SG&A) expenses grew 19% to NZ\$97.6 million as the company continued to expand its operations and its sales teams in North America, Europe and Asia/Pacific.

Outlook

“Our opportunities to grow market share in the OSA and intensive care ventilation markets continue to be positive and we expect to see a contribution to growth from recently introduced new products for the treatment of patients in a range of additional applications which include non-invasive ventilation, oxygen therapy, humidity therapy and resuscitation.

For the 2008 financial year we expect a continuation of strong underlying revenue growth across our international markets. At current exchange rates (NZD:USD of 0.73) we expect that trading revenue for the year will grow to approximately US\$270 million or approximately NZ\$370 million, generating an operating profit of approximately NZ\$75 million,” said Mr Daniell.

Financial Statements and Commentary

Attached to this news release are condensed financial statements and commentary in both NZ dollars and US dollars.

Full Year Results Conference Call

Fisher & Paykel Healthcare will host a conference call to review the results and to discuss the outlook for the 2008 financial year. The conference call is scheduled to begin today at 10:00am NZST, 8:00am AEST (6:00pm USEDT) and will be broadcast simultaneously over the Internet.

To listen to the webcast access the company’s website at www.fphcare.com. Please allow extra time prior to the webcast to visit the site and download the streaming media software required. An online archive of the event will be available approximately two hours after the webcast and will remain onsite for two weeks.

To participate in the conference call please dial in to one of the numbers below a few minutes prior to the scheduled call time and identify yourself to the operator:

New Zealand Toll Free	0800 449 118
Australia Toll Free	1800 555 619
USA Toll Free	1866 369 4113
International	+61 3 9221 4420

An audio replay of the conference call will be available approximately 60 minutes after the call and will be accessible for two weeks at +61 3 9221 4752, access code 533024.

About Fisher & Paykel Healthcare

Fisher & Paykel Healthcare is a leading designer, manufacturer and marketer of heated humidification products and systems for use in respiratory care and the treatment of obstructive sleep apnea. It also offers an innovative range of neonatal care products. The company’s products are sold in over 110 countries worldwide. For more information about the company visit www.fphcare.com

Contact: Michael Daniell MD/CEO on +64 9 574 0161 or Tony Barclay CFO on +64 9 574 0119.

**FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED
AND SUBSIDIARIES**

**Condensed Statements of Financial Performance
(In thousands of NZ dollars, except per share data)**

	Twelve Months Ended 31 March		
	2007	2006	% Change
Trading revenue	\$349,242	\$289,547	+21%
Hedging gains (1)	7,223	34,910	-79%
Total operating revenue	356,465	324,457	+10%
Cost of sales	149,094	121,365	+23%
Gross profit	207,371	203,092	+2%
Gross margin on trading revenue	59.4%	70.1%	
Operating expenses:			
Selling, general and administrative	97,593	81,679	+19%
Research and development	20,175	17,348	+16%
Total operating expenses	117,768	99,027	+19%
Operating profit	89,603	104,065	-14%
Operating margin on trading revenue	25.7%	35.9%	
Other income (expenses), net:			
Interest income	824	1,154	-29%
Interest expense	(2,886)	(804)	+259%
Total other income, net	(2,062)	350	
Profit before taxation	87,541	104,415	-16%
Taxation	(29,936)	(34,450)	-13%
Profit after taxation	\$57,605	\$69,965	-18%
Basic earnings per share	11.3 cps	13.8cps	
Diluted earnings per share	11.0 cps	13.3cps	
Weighted average basic shares outstanding	510,849,528	508,382,132	
Weighted average diluted shares outstanding	524,759,124	524,846,569	

(1) Hedging gains on foreign currency option contracts and forward foreign currency contracts relating to sales made via foreign based subsidiaries.

Trading Revenue
(In thousands of NZ dollars)

	Twelve Months Ended 31 March		
	2007	2006	% Change
OSA products	\$162,126	\$128,045	+27%
Respiratory and humidification products	150,218	130,462	+15%
Neonatal care products	26,750	21,394	+25%
Respiratory and acute care products	176,968	151,856	+17%
Core products sub-total	339,094	279,901	+21%
Distributed and other products	10,148	9,646	+5%
Total	\$349,242	\$289,547	+21%

Condensed Statements of Financial Position
(In thousands of NZ dollars)

	As at 31 March	
	2007	2006
Cash and bank	\$7,742	\$16,554
Short-term investments	-	12,000
Debtors and prepayments	57,838	54,310
Inventories	46,697	36,190
Other current assets	5,903	5,582
Total current assets	118,180	124,636
Property, plant and equipment	141,885	128,296
Other assets	14,602	14,538
Total assets	\$274,667	\$267,470
Current liabilities	\$80,117	\$62,341
Long-term liabilities	1,036	1,136
Shareholders' equity	193,514	203,993
Total liabilities and shareholders' equity	\$274,667	\$267,470

Condensed Statements of Cash Flows
(In thousands of NZ dollars)

Twelve Months Ended
31 March

	2007	2006
Cashflow from Operating Activities:		
Receipts from customers	\$347,667	\$339,666
Payments to suppliers and employees	(264,091)	(216,723)
Interest paid	(2,804)	(868)
Interest received	907	1,260
Dividends received	2	6
Tax paid	(25,335)	(26,882)
Net cashflow from operations	56,346	96,459
Cashflow (used in) Investing Activities:		
Net purchase of property, plant and equipment	(27,492)	(52,453)
Patent and trademark registration costs	(1,127)	(1,106)
Net sale of short-term investments	11,874	1,907
Net cashflow (used in) investing	(16,745)	(51,652)
Cashflow (used in) Financing Activities:		
Employee share purchase repayments	445	373
Net issue (repurchase) of share capital	576	(4,465)
Net drawdown of borrowings	19,514	15,419
Dividends paid	(68,532)	(61,989)
Net cashflow (used in) financing	(47,997)	(50,662)
Net (decrease) in cash	(8,396)	(5,855)
Opening cash	11,048	16,816
Effect of foreign exchange rates	(369)	87
Closing cash	\$2,283	\$11,048
Reconciliation of Closing Cash		
Cash and bank	\$7,742	\$16,554
Bank overdrafts	(5,459)	(5,506)
Closing cash	\$2,283	\$11,048

**FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED
AND SUBSIDIARIES**
Condensed Statements of Financial Performance
(In thousands of US dollars, except per share data)

	Twelve Months Ended 31 March		% Change
	2007	2006	
Trading revenue	\$230,500	\$199,556	+16%
Hedging gains (1)	4,767	24,060	-80%
Total operating revenue	235,267	223,616	+5%
Cost of sales	98,402	83,645	+18%
Gross profit	136,865	139,971	-2%
Gross margin on trading revenue	59.4%	70.1%	
Operating expenses:			
Selling, general and administrative	64,411	56,293	+14%
Research and development	13,316	11,956	+11%
Total operating expenses	77,727	68,249	+14%
Operating profit	59,138	71,722	-18%
Operating margin on trading revenue	25.7%	35.9%	
Other income (expenses), net:			
Interest income	544	795	-32%
Interest expense	(1,905)	(554)	+244%
Total other income, net	(1,361)	241	
Profit before taxation	57,777	71,963	-20%
Taxation	(19,758)	(23,743)	-17%
Profit after taxation	\$38,019	\$48,220	-21%
Basic earnings per share	7.4 cps	9.5 cps	
Diluted earnings per share	7.2 cps	9.2 cps	
Weighted average basic shares outstanding	510,849,528	508,382,132	
Weighted average diluted shares outstanding	524,759,124	524,846,569	

(1) Hedging gains on foreign currency option contracts and forward foreign currency contracts relating to sales made via foreign based subsidiaries.

Trading Revenue
(In thousands of US dollars)

	Twelve Months Ended 31 March		
	2007	2006	% Change
OSA products	\$107,075	\$88,174	+21%
Respiratory and humidification products	99,046	89,954	+10%
Neonatal care products	17,704	14,759	+20%
Respiratory and acute care products	116,750	104,713	+11%
Core products sub-total	223,825	192,887	+16%
Distributed and other products	6,675	6,669	+0%
Total	\$230,500	\$199,556	+16%

Condensed Statements of Financial Position
(In thousands of US dollars)

	As at 31 March	
	2007	2006
Cash and bank	\$5,529	\$10,126
Short-term investments	-	7,340
Debtors and prepayments	41,302	33,221
Inventories	33,346	22,137
Other current assets	4,215	3,415
Total current assets	84,392	76,239
Property, plant and equipment	101,320	78,479
Other assets	10,428	8,893
Total assets	\$196,140	\$163,611
Current liabilities	\$57,213	\$38,134
Long-term liabilities	739	694
Shareholders' equity	138,188	124,783
Total liabilities and shareholders' equity	\$196,140	\$163,611

Condensed Statements of Cash Flows
(In thousands of US dollars)

Twelve Months Ended
31 March

	2007	2006
Cashflow from Operating Activities:		
Receipts from customers	\$229,460	\$234,098
Payments to suppliers and employees	(174,578)	(149,365)
Interest paid	(1,851)	(598)
Interest received	599	868
Dividends received	1	4
Tax paid	(16,721)	(18,527)
Net cashflow from operations	36,910	66,480
Cashflow (used in) Investing Activities:		
Net purchase of property, plant and equipment	(18,145)	(36,151)
Patent and trademark registration costs	(744)	(762)
Net sale of short-term investments	7,837	1,314
Net cashflow (used in) investing	(11,052)	(35,599)
Cashflow (used in) Financing Activities:		
Employee share purchase repayments	294	257
Net issue (repurchase) of share capital	381	(3,116)
Net drawdown of borrowings	12,879	10,627
Dividends paid	(44,987)	(43,501)
Net cashflow (used in) financing	(31,433)	(35,733)
Net (decrease) in cash	(5,575)	(4,852)
Opening cash	6,758	11,908
Effect of foreign exchange rates	448	(298)
Closing cash	\$1,631	\$6,758
Reconciliation of Closing Cash		
Cash and bank	\$5,529	\$10,126
Bank overdrafts	(3,898)	(3,368)
Closing cash	\$1,631	\$6,758

Full Year Results Commentary

Trading revenue increased by 21%, or 16% in US dollar terms, and EBIT decreased by 14% to NZ\$89.6 million over the prior year. EBIT margin decreased to 25.7% for the year.

Strong acceptance of new products in each of our obstructive sleep apnea (OSA), and respiratory and humidification and neonatal categories helped generate the strong revenue results. Trading revenue from these three core product groups grew 21% in NZ dollar terms over the prior year, reflecting the valuable contribution made from our expanded product range. Total trading revenue, including distributed and other products, was NZ\$349.2 million. This equates to US\$230.5 million, up 16% on last year.

The Directors have approved a final dividend of NZD 7.0 cents per ordinary share carrying full imputation credit. Non-resident shareholders will receive a supplementary dividend of NZD1.2353 cents per share. The final dividend will be paid on 29 June 2007, with a record date of 20 June 2007 and an ex-dividend date of 14 June 2007 for the ASX and 21 June 2007 for the NZX.

The Directors have maintained the dividend payment for the year at 12.4 cps being 5.4 cps interim and 7.0 cps final on the basis that the Company's underlying cashflow and balance sheet are strong.

In March we announced an extension, to 30 September 2007, of our NZ\$27.5 million share buyback program. No shares were purchased during the year ended 31 March 2007. Since the initiation of this share buyback program in March 2004, we have acquired 5,774,537 shares at an average price of NZ\$2.65 per share.

HISTORICAL FINANCIAL PERFORMANCE

Year ended 31 March 2007 compared to year ended 31 March 2006

The following table sets forth the consolidated statement of financial performance for the years ended 31 March 2007 and 2006:

	Financial year ended 31 March			
	2007 NZ\$millions	2006 NZ\$millions	2007 US\$millions	2006 US\$millions
Trading revenue	\$349.242	\$289.547	\$230.500	\$199.556
Hedging gains (1)	7.223	34.910	4.767	24.060
Total operating revenue	356.465	324.457	235.267	223.616
Cost of sales	149.094	121.365	98.402	83.645
Gross profit	207.371	203.092	136.865	139.971
Gross margin on trading revenue	59.4%	70.1%	59.4%	70.1%
Selling, general and administrative expenses	97.593	81.679	64.411	56.293
Research and development expenses	20.175	17.348	13.316	11.956
Operating profit	89.603	104.065	59.138	71.722
Operating margin on trading revenue	25.7%	35.9%	25.7%	35.9%
Net interest income (expense)	(2.062)	0.350	(1.361)	0.241
Profit before taxation	87.541	104.415	57.777	71.963
Taxation	(29.936)	(34.450)	(19.758)	(23.743)
Profit after taxation	\$57.605	\$69.965	\$38.019	\$48.220

- (1) Hedging gains on foreign currency option contracts and forward foreign currency contracts relating to sales made to foreign based subsidiaries.

Trading revenue

Our trading revenue increased by 21 percent to NZ\$349.242 million for the financial year ended 31 March 2007 from NZ\$289.547 million for the financial year ended 31 March 2006.

The increase was principally due to increased sales volume from our core products, OSA, respiratory and humidification and neonatal care during the financial year, and partially due to a decrease in the average value of the New Zealand dollar against the US dollar, Euro and British pound compared to the prior year.

Our trading revenue benefited by approximately NZ\$1.3 million due to our foreign exchange hedging on export sales from New Zealand to third party distributors when compared to the average spot rates for the financial year ended 31 March 2007. The benefit to trading revenue was approximately NZ\$13.1 million for the financial year ended 31 March 2006.

The following table sets forth trading revenue by product group for the financial years ended 31 March 2007 and 2006:

	Financial year ended 31 March					
	2007 NZ\$millions	2006 NZ\$millions	Percentage variation	2007 US\$millions	2006 US\$millions	Percentage variation
OSA products	162.126	128.045	+27%	107.075	88.174	+21%
Respiratory and humidification products	150.218	130.462	+15%	99.046	89.954	+10%
Neonatal care products	26.750	21.394	+25%	17.704	14.759	+20%
Respiratory and acute care products	176.968	151.856	+17%	116.750	104.713	+11%
Core products sub-total	339.094	279.901	+21%	223.825	192.887	+16%
Distributed products	8.425	7.971	+6%	5.541	5.510	+1%
Other products	1.723	1.675	+3%	1.134	1.159	-2%
Distributed and other products	10.148	9.646	+5%	6.675	6.669	+0%
Total	\$349.242	\$289.547	+21%	\$230.500	\$199.556	+16%

Very robust growth in humidifier controller volume, particularly in the first half, was driven primarily by our MR850 and MR810 controllers. The rapidly growing installed base of MR850s and MR810s generated strong growth in both adult and neonatal breathing circuits. Trading revenue was NZ\$150.2 million dollars with growth of approximately 18 percent in constant currency terms compared with last year.

We have continued to receive good acceptance of the extensive range of new respiratory interfaces announced earlier in the year. These interfaces are assisting entry into the non-invasive ventilation, oxygen therapy and humidity therapy markets.

Pilot marketing of our MR860 humidifier system for use in laparoscopic insufflation has continued positively in New Zealand and Australia and we have now begun promotion in the United Kingdom.

In our OSA product group, total trading revenue was NZ\$162.1 million dollars. Trading revenue excluding the legacy add-on humidifier products increased 28 percent, in constant currency terms, over the last year.

We continued to gain market share in this rapidly growing market and our growth was a result of increasing sales to a wide range of customers, both in North America and international markets.

Sales of our expanding range of masks again grew strongly. Our latest addition, the Opus nasal pillows mask has been well received by customers. This new mask builds on our successful FlexiFit range of nasal and full face masks.

A rapidly growing proportion of our flow generator sales were from our SleepStyle™ 600 series which incorporates our ThermoSmart™ Technology.

Neonatal care revenue growth was again strong with total trading revenue of NZ\$26.8 million. Trading revenue grew 24 percent in constant currency terms. Neonatal breathing systems, including our infant

CPAP system and recently introduced resuscitation masks grew particularly strongly, nearly twice the overall neonatal care rate of growth.

Revenue from a product line, nerve stimulators, that we have ceased to manufacture had previously been recorded within the neonatal care products category. Revenue for nerve stimulators is now recorded as other products within the distributed and other products category, being NZ\$1.723 million (US\$1.134 million) for the current year compared to NZ\$1.675 million (US\$1.159 million) for the prior year.

Distributed and other revenue growth was modest with total trading revenue of NZ\$10.1 million.

Sales of OSA products represented 46 and 44 percent of trading revenue for the financial years ended 31 March 2007 and 2006, respectively. Sales of respiratory and humidification products represented 43 and 45 percent of trading revenue for the financial years ended 31 March 2007 and 2006, respectively. Sales of consumable and accessory products for core products accounted for 66 and 59 percent of trading revenue for the financial years ended 31 March 2007 and 2006, respectively. Trading revenue from OSA, respiratory humidification, and neonatal care products has grown at compound annual growth rates of 16 and 20 percent in New Zealand and US dollar terms respectively, from 31 March 2000 to 31 March 2007, as we have introduced new products and the markets for these products have expanded.

The following table sets forth our trading revenue for each of the primary regional markets for the financial years ended 31 March 2007 and 2006:

	Financial year ended 31 March			
	2007 NZ\$millions	2006 NZ\$millions	2007 US\$millions	2006 US\$millions
North America	171.683	136.598	113.381	93.997
Europe	107.575	83.415	71.069	57.548
Asia Pacific	53.693	54.764	35.342	37.847
Other	16.291	14.770	10.708	10.164
Total	\$349.242	\$289.547	\$230.500	\$199.556

In the financial year ended 31 March 2007, 62 percent of trading revenue was denominated in US dollars. We make a significant proportion of US dollar sales to customers outside the United States. Euros, British pounds and Australian dollars, represented approximately 20, 7 and 6 percent of trading revenue respectively in the past financial year.

Expenses

Expenses consist of cost of sales, research and development, and selling, general and administrative expenses.

Cost of sales consists of manufacturing costs (primarily raw materials and labour), costs of distributed products, an allocation of the overhead costs of the New Zealand facility and freight costs.

Research and development expenses consist primarily of staff payroll and benefits, an allocation of the overhead costs of the New Zealand facility, costs of materials and clinical study costs.

Research and development activities are primarily conducted in New Zealand. Research and development expenses totalled NZ\$20.175 million for the year ended 31 March 2007 compared to NZ\$17.348 million in the previous financial year. The increase was attributable to increases in research and development personnel in connection with the continuing expansion of product and process development activities for the OSA, respiratory and humidification and neonatal care product groups. Research and development expenses represented 5.8 percent of trading revenue for the financial year ended 31 March 2007.

Research and development expenses are expected to continue to grow due to a broadening of the product range and the application of our products.

Selling, general and administrative expenses consist primarily of staff payroll and benefits, travel expenses, marketing and promotional material. Selling, general and administrative expenses increased by 19 percent to NZ\$97.593 million in the financial year ended 31 March 2007 compared to NZ\$81.679 million in the previous financial year. This increase was primarily attributable to an increase in global personnel to support

our growing international sales and marketing activities. Excluding the effects of currency translations, selling, general and administrative expenses have increased by 15 percent in the financial year ended 31 March 2007.

Gross Profit

Gross profit increased to NZ\$207.371 million, or 59% of trading revenue, in the financial year ended 31 March 2007 from NZ\$203.092 million, or 70% of trading revenue, in the financial year ended 31 March 2006. Gross profit increased due to underlying volume growth. Gross margin percentage decreased due to the level of favourable foreign currency hedging in place during the financial year covering a lower proportion of our foreign currency receivables than the previous financial year and at significantly higher rates of exchange, partially offset by product cost-out initiatives and favourable product-mix shifts.

The net benefit of approximately NZ\$7.9 million (2006: NZ\$41.3 million) for the current year from hedging was made up of approximately NZ\$8.5 million (2006: NZ\$48.0 million) related to third party and intercompany revenue offset by approximately NZ\$0.6 million (2006: NZ\$6.7 million) related to purchases of goods and services. The offset is due to the hedging of currency exposures on a net basis.

Operating profit

Operating profit decreased by 14 percent to NZ\$89.603 million in the financial year ended 31 March 2007 from NZ\$104.065 million in the financial year ended 31 March 2006.

Operating profit decreased by 18 percent to US\$59.138 million in the financial year ended 31 March 2007 from US\$71.722 million in the financial year ended 31 March 2006.

Liquidity and capital resources

As at 31 March 2007 we had NZ\$7.742 million in cash and bank and NZ\$40.845 million of borrowings. Our drawn borrowings are held primarily in New Zealand and in the United States in New Zealand dollars and US dollars respectively. We had in place credit facilities that permit us to borrow up to a total of the equivalent of NZ\$121.483 million, denominated primarily in NZ dollars, US dollars and Euros.

Net cash generated from operating activities totalled NZ\$56.346 million for the financial year ended 31 March 2007. Operating cashflow was lower than the prior year as a result of less favourable foreign currency hedging and lower than normal taxation paid in the 2006 as tax on many foreign currency instruments had been paid in previous years.

The Company's capital expenditures totalled NZ\$28.706 million for the financial year ended 31 March 2007. Included within total capital expenditure is NZ\$11.627 million related to the completion of construction of our second facility on our Auckland site. The majority of other expenditures related to the purchase of production tooling and equipment, computer equipment and software and patents.

Net cash used in financing activities was NZ\$47.997 million for the financial year ended 31 March 2007. The payment of our final dividend for the prior financial year and interim dividend for the current financial year was the main contributor to the significant outflow of funds partially offset by net new borrowings in New Zealand to fund the construction of our second facility.

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