

News Release

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

FISHER & PAYKEL HEALTHCARE REPORTS FULL YEAR RESULTS

Auckland, New Zealand, 21 May 2008 - Fisher & Paykel Healthcare Corporation Limited (NZSX:FPH, ASX:FPH) announced today that continuing strong growth in sales of its respiratory, acute care and obstructive sleep apnea (OSA) products contributed to record operating revenue of NZ\$357.9 million or US\$271.5 million for the year ended 31 March 2008.

Expanding activities in international markets and increasing demand, particularly for its masks, respiratory consumables, humidifier systems and neonatal devices all contributed to growth.

Operating Revenue

During the year the company derived approximately 58% of its operating revenue in US dollars. In US dollar terms, respiratory and acute care product group operating revenue increased by 19% and OSA product group operating revenue increased by 18%, compared to the prior year.

“We continued to gain share within the rapidly growing OSA treatment market, with total mask and flow generator operating revenue growth of 21% in US dollar terms.

Demand for respiratory humidifier systems inventory for major hospital Group Purchasing Organisation (GPO) contracts in the United States was high in the last quarter and we finished the year with substantial orders in hand. Sales of our neonatal care product range, which includes infant warmers, oxygen therapy systems and resuscitators, were also strong”, commented the company’s CEO, Mr Michael Daniell.

During the year the company continued to expand the application of its products and technologies to the care of patients beyond its traditional markets. These include patients requiring non-invasive ventilation, oxygen therapy, humidity therapy and laparoscopic surgery.

“We are very encouraged by the progress we are making in expanding the application of our devices to assist the care of an increasing range of patients. Approximately 20% of our respiratory and acute care consumables revenue for the year was generated by these new applications”, said Mr Daniell.

Earnings

Operating profit for the year was NZ\$58.1 million compared to NZ\$79.3 million for the prior year. Profit after tax was NZ\$35.3 million compared to NZ\$50.5 million for the prior year. The reductions primarily reflect the effect of the weaker US dollar.

Dividend

The company’s directors have approved a final dividend for the financial year ended 31 March 2008 of 7.0 NZ cents per ordinary share (2007: 7.0 cents), carrying 1.5 cents of imputation credit (50% imputed based on a 30% tax rate). Non-resident shareholders will receive a supplementary dividend of 0.618 NZ cents per share. The final dividend will be paid on 27 June 2008, with a record date of 18 June, and an ex-dividend date of 12 June for the ASX and 19 June for the NZSX.

Research & Development, SG&A

Research and development expenses increased by 17% to NZ\$24.1 million representing 6.7% of operating revenue for the year ended 31 March 2008. The company continued to expand its research and development teams and current new product projects include flow generators, masks, a COPD humidifier system and additional respiratory consumables.

Selling, general and administrative (SG&A) expenses grew 2% to NZ\$97.9 million, or 9% in constant currency terms, as the company continued to expand its operations and its sales teams in North America, Europe, Asia/Pacific and South America.

Outlook

For the 2009 financial year the company expects a continuation of strong underlying revenue growth across its product range and expects that operating revenue will grow about 15% in US dollar terms to approximately US\$310 million.

At an average NZD:USD exchange rate of 0.80 the company expects to achieve operating revenue of approximately NZ\$388 million and an operating profit similar to that achieved for the year ended 31 March 2008. At an average NZD:USD exchange rate of 0.75 the company expects to achieve operating revenue of approximately NZ\$415 million and an operating profit increase of approximately 20%.

“The company’s opportunities for growth continue to be very positive. Our US distribution partner, Cardinal Health, has secured another significant GPO contract and we have seen a very robust start to sales in the new financial year.

We have recently begun selling our new SleepStyle Auto flow generator for OSA treatment and have several new masks close to introduction. Demand for our respiratory humidifier systems continues to be very strong and we expect to see steady growth from new applications,” concluded Mr Daniell.

Financial Statements and Commentary

Attached to this news release are condensed NZ dollar financial statements and commentary. For convenience these have been translated into US dollars.

The company’s financial statements for the year ended 31 March 2008 and the comparative financial information for the year ended 31 March 2007 have been prepared under the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The notes to the financial statements include reconciliations and discussion of any significant differences between previous New Zealand GAAP and NZ IFRS.

Conference Call

Fisher & Paykel Healthcare will host a conference call to review the results and to discuss the outlook for the 2009 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.

Intending participants may register for the conference call prior to the event, using this link: <http://www.fphcare.com/investor/conference/>. Once registered, participants will be assigned a conference passcode and user PIN. Registered participants can dial in to one of the numbers below and use their codes for instant access to the conference. Alternatively, 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 500 686
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 008642.

About Fisher & Paykel Healthcare

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

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

Condensed Income Statements

(In thousands of NZ dollars, except per share data)

	Year Ended 31 March		% Change
	2008	2007	
Operating revenue	357,893	347,157	+3.1%
Cost of sales	(177,811)	(151,298)	+17.5%
Gross profit	180,082	195,859	-8.1%
Gross margin	50.3%	56.4%	
Selling, general and administrative expenses	(97,859)	(95,909)	+2.0%
Research and development expenses	(24,091)	(20,668)	+16.6%
Operating profit before financing costs	58,132	79,282	-26.7%
Operating margin	16.2%	22.8%	
Financing income	711	824	-13.7%
Financing expense	(5,748)	(2,949)	+94.9%
Exchange gain on foreign currency borrowings	1,215	2,462	-50.6%
Net financing income (expense)	(3,822)	337	
Profit before tax	54,310	79,619	-31.8%
Income tax expense	(19,034)	(29,115)	-34.6%
Profit after tax	35,276	50,504	-30.2%
Basic earnings per share	6.9 cps	9.9 cps	
Diluted earnings per share	6.7 cps	9.6 cps	
Weighted average basic shares outstanding	509,402,778	510,849,528	
Weighted average diluted shares outstanding	524,856,394	524,759,124	

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

Condensed Income Statements

(In thousands of US dollars, except per share data)

	Year Ended 31 March		% Change
	2008	2007	
Operating revenue	271,462	229,124	+18.5%
Cost of sales	(134,870)	(99,857)	+35.1%
Gross profit	136,592	129,267	+5.7%
Gross margin	50.3%	56.4%	
Selling, general and administrative expenses	(74,226)	(63,300)	+17.3%
Research and development expenses	(18,273)	(13,641)	+34.0%
Operating profit before financing costs	44,093	52,326	-15.7%
Operating margin	16.2%	22.8%	
Financing income	539	544	-0.9%
Financing expense	(4,360)	(1,946)	+124%
Exchange gain on foreign currency borrowings	922	1,625	-43.3%
Net financing income (expense)	(2,899)	223	
Profit before tax	41,194	52,549	-21.6%
Income tax expense	(14,437)	(19,216)	-24.9%
Profit after tax	26,757	33,333	-19.7%
Basic earnings per share	5.3 cps	6.5 cps	
Diluted earnings per share	5.1 cps	6.4 cps	
Weighted average basic shares outstanding	509,402,778	510,849,528	
Weighted average diluted shares outstanding	524,856,394	524,759,124	

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

**Operating Revenue
(In thousands of dollars)**

Year Ended 31 March

	NZ dollars			US dollars		
	2008	2007	% Change	2008	2007	% Change
Respiratory and acute care products	182,043	175,950	+3.5%	138,126	116,097	+19.0%
OSA products	165,377	161,059	+2.7%	125,411	106,349	+17.9%
Core products sub-total	347,420	337,009	+3.1%	263,537	222,446	+18.5%
Distributed and other products	10,473	10,148	+3.2%	7,925	6,678	+18.7%
Total	\$357,893	\$347,157	+3.1%	\$271,462	\$229,124	+18.5%

**Condensed Balance Sheets
(In thousands of NZ dollars)**

As at 31 March

	2008	2007
Cash and cash equivalents	5,263	7,742
Trade and other receivables	60,262	56,010
Inventories	50,770	46,697
Other current assets	13,279	9,232
Total current assets	129,574	119,681
Property, plant and equipment	186,489	188,592
Other assets	15,604	18,502
Total assets	331,667	326,775
Current liabilities	110,381	80,895
Non-current liabilities	25,622	9,333
Shareholders' equity	195,664	236,547
Total liabilities and shareholders' equity	331,667	326,775

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

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

	Year Ended 31 March	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	356,551	347,667
Interest received	590	907
Payments to suppliers and employees	(291,423)	(264,089)
Taxation paid	(15,740)	(25,335)
Interest paid	(5,627)	(2,804)
Net cash flow from operations	44,351	56,346
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Net purchase of property, plant and equipment	(11,632)	(26,884)
Purchase of intangible assets	(1,825)	(1,735)
Net sale of short-term investments	-	11,874
Net cash flow (used in) investing activities	(13,457)	(16,745)
CASH FLOWS (USED IN) FINANCING ACTIVITIES		
Employee share purchase schemes	488	445
Net issue (repurchase) of share capital	(11,161)	576
Short term borrowings, net	42,847	19,514
Dividends paid	(68,022)	(68,532)
Net cash flow (used in) financing activities	(35,848)	(47,997)
Net (decrease) in cash	(4,954)	(8,396)
Opening cash	2,283	11,048
Effect of foreign exchange rates	(623)	(369)
Closing cash	(3,294)	2,283
RECONCILIATION OF CLOSING CASH		
Cash and cash equivalents	5,263	7,742
Bank overdrafts	(8,557)	(5,459)
Closing cash	(3,294)	2,283

FULL YEAR RESULTS COMMENTARY

The company's financial statements for the year ended 31 March 2008 and the comparative financial information for the year ended 31 March 2007 have been prepared under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The notes to the financial statements include reconciliations and discussion of differences between previous New Zealand GAAP and NZ IFRS.

Operating revenue increased by 3%, or 18% in US dollar terms, and EBIT decreased by 27% to NZ\$58.1 million over the prior year. EBIT margin decreased to 16.2% for the year.

The Directors have approved a final dividend of NZD 7.0 cents per ordinary share carrying a partial imputation credit of 1.5 cents per share (50% imputed based on a 30% tax rate). Non-resident shareholders will receive a supplementary dividend of NZD 0.618 cents per share. The final dividend will be paid on 27 June 2008, with a record date of 18 June 2008 and an ex-dividend date of 12 June 2008 for the ASX and 19 June 2008 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 August we announced the completion of our NZ\$27.5 million share buyback programme. Since the initiation of this share buyback programme in March 2004 the Company acquired and cancelled 9,423,727 ordinary shares at an average price of NZ\$2.92 per share.

HISTORICAL FINANCIAL PERFORMANCE

Year ended 31 March 2008 compared to year ended 31 March 2007

The following table sets forth the consolidated statement of financial performance for the years ended 31 March 2008 and 2007:

	Financial year ended 31 March			
	2008	2007	2008	2007
	NZ\$millions	NZ\$millions	US\$millions	US\$millions
Operating revenue	357.893	347.157	271.462	229.124
Cost of sales	177.811	151.298	134.870	99.857
Gross profit	180.082	195.859	136.592	129.267
Gross margin	50.3%	56.4%	50.3%	56.4%
Selling, general and administrative expenses	97.859	95.909	74.226	63.300
Research and development expenses	24.091	20.668	18.273	13.641
Operating profit before financing costs	58.132	79.282	44.093	52.326
Operating margin	16.2%	22.8%	16.2%	22.8%
Net financing income (expense)	(3.822)	0.337	(2.899)	0.223
Profit before taxation	54.310	79.619	41.194	52.549
Taxation	(19.034)	(29.115)	(14.437)	(19.216)
Profit after taxation	\$35.276	\$50.504	\$26.757	\$33.333

Operating revenue

Our operating revenue increased by 3 percent to NZ\$357.893 million for the financial year ended 31 March 2008 from NZ\$347.157 million for the financial year ended 31 March 2007.

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

Our operating revenue benefited by approximately NZ\$11.927 million due to our foreign exchange hedging when compared to the average spot rates for the financial year ended 31 March 2008. The benefit to operating revenue was approximately NZ\$4.179 million for the financial year ended 31 March 2007.

The following table sets forth operating revenue by product group for the financial years ended 31 March 2008 and 2007:

	Financial year ended 31 March					
	2008 NZ\$millions	2007 NZ\$millions	Percentage variation	2008 US\$millions	2007 US\$millions	Percentage Variation
Respiratory and acute care products	182.043	175.950	+3.5%	138.126	116.097	+19.0%
OSA products	165.377	161.059	+2.7%	125.411	106.349	+17.9%
Core products sub-total	347.420	337.009	+3.1%	263.537	222.446	+18.5%
Distributed and other products	10.473	10.148	+3.2%	7.925	6.678	+18.7%
Total	\$357.893	\$347.157	+3.1%	\$271.462	\$229.124	+18.5%

Strong humidifier controller volume, particularly in the second half, was driven primarily by our MR850 controller. The rapidly growing installed base of MR850s generated strong growth in both adult and neonatal breathing circuits and breathing systems. Respiratory and acute care products operating revenue was NZ\$182.0 million dollars with growth of approximately 11 percent in constant currency terms compared with last year.

We have continued to receive good acceptance of the extensive range of new respiratory interfaces previously announced. These interfaces are assisting entry into the non-invasive ventilation, oxygen therapy and humidity therapy markets and have resulted in approximately 20% of our respiratory and acute care consumables revenue for the current year.

Neonatal care revenue growth was again strong with good growth in all product areas again in evidence.

In our OSA product group, total operating revenue was NZ\$165.4 million dollars. Operating revenue excluding the legacy add-on humidifier products increased 13 percent, in constant currency terms, over the last year.

We estimate the OSA treatment market continued to grow strongly at around 15% to 16% in US dollars.

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

Distributed and other revenue growth was modest with total operating revenue of NZ\$10.5 million.

Sales of respiratory and acute care products represented 51 percent of operating revenue for both the financial years ended 31 March 2008 and 2007. Sales of OSA products represented 46 percent of operating revenue for both the financial years ended 31 March 2008 and 2007. Sales of consumable and accessory products for core products accounted for 71 and 66 percent of operating revenue for the financial years ended 31 March 2008 and 2007, respectively. Operating revenue from OSA, respiratory and acute care products has grown at compound annual growth rates of 14 and 20 percent in New Zealand and US dollar terms respectively, from 31 March 2000 to 31 March 2008, as we have introduced new products and the markets for these products have expanded.

The following table sets forth our operating revenue for each of the primary regional markets for the financial years ended 31 March 2008 and 2007:

	Financial year ended 31 March			
	2008 NZ\$millions	2007 NZ\$millions	2008 US\$millions	2007 US\$millions
North America	165.685	169.689	125.624	112.044
Europe	115.999	107.938	88.062	71.297
Asia Pacific	58.287	53.412	44.180	35.170
Other	17.922	16.118	13.596	10.613
Total	\$357.893	\$347.157	\$271.462	\$229.124

In the financial year ended 31 March 2008, 58 percent of operating revenue was denominated in US dollars. We make a significant proportion of US dollar sales to customers outside the United States. Euros, Australian dollars and British pounds, represented approximately 22, 8 and 6 percent of operating 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\$24.091 million for the year ended 31 March 2008 compared to NZ\$20.668 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 respiratory and acute care and OSA product groups. Research and development expenses represented 6.7 percent of operating revenue for the financial year ended 31 March 2008.

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 2 percent to NZ\$97.859 million in the financial year ended 31 March 2008 compared to NZ\$95.909 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 9 percent in the financial year ended 31 March 2008.

Gross Profit

Gross profit decreased to NZ\$180.082 million, or 50% of operating revenue, in the financial year ended 31 March 2008 from NZ\$195.859 million, or 56% of operating revenue, in the financial year ended 31 March 2007. Gross profit decreased principally due to the strength of the NZ dollar compared to the US dollar. Gross margin percentage also decreased due to the level of the NZ dollar versus the US dollar, with underlying margin reflecting some selling price reductions in OSA, customer mix in respiratory and acute care, and input cost increases.

The net benefit of approximately NZ\$11.7 million (2007: NZ\$4.1 million) for the current year from hedging was made up of approximately NZ\$11.9 million (2007: NZ\$4.2 million) related to operating revenue offset by approximately NZ\$0.2 million (2007: NZ\$0.1 million) related to purchases of goods and services.

Operating profit

Operating profit decreased by 27 percent to NZ\$58.132 million in the financial year ended 31 March 2008 from NZ\$79.282 million in the financial year ended 31 March 2007.

Operating profit decreased by 16 percent to US\$44.093 million in the financial year ended 31 March 2008 from US\$52.326 million in the financial year ended 31 March 2007.

Liquidity and capital resources

As at 31 March 2008 we had NZ\$5.263 million in cash and cash equivalents and NZ\$86.114 million of interest bearing liabilities. 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\$177.396 million, denominated primarily in NZ dollars, US dollars and Euros.

Net cash generated from operating activities totalled NZ\$44.351 million for the financial year ended 31 March 2008. Operating cashflow was lower than the prior year as a result of less favourable foreign currency hedging and less favourable foreign currency rates of exchange than experienced in the prior year.

The Company's capital expenditures totalled NZ\$13.491 million for the financial year ended 31 March 2008. 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\$35.848 million for the financial year ended 31 March 2008. 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 along with funds used to complete our on-market share buy-back programme, partially offset by net new borrowings in New Zealand.

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