

News Release

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

FISHER & PAYKEL HEALTHCARE REPORTS RECORD FIRST HALF REVENUE AND PROFIT

Auckland, New Zealand, 19 November 2009 - Fisher & Paykel Healthcare Corporation Limited (NZSX:FPH, ASX:FPH) today announced a record profit of NZ\$37.0 million for the six months ended 30 September 2009, 31% above the prior comparable period. This was a result of very strong revenue growth in its obstructive sleep apnea (OSA) product group, continuing strong demand for its respiratory products and favourable foreign exchange hedging results.

Operating revenue

Operating revenue for the six months ended 30 September 2009 increased 18%, over the prior comparable period, to a record NZ\$251.4 million. Recurring revenue, from sales of consumables and accessories, was approximately 75% of total operating revenue.

OSA product group operating revenue increased by 31% to NZ\$118.8 million, reflecting strong demand for the company's new premium flow generators and masks. Respiratory and acute care product group operating revenue increased by 8% to NZ\$117.4 million.

"Constant currency operating revenue growth for OSA masks and flow generators was a very robust 20%, as we gained market share with our new premium products.

Growth in underlying demand for our respiratory humidifier systems was pleasing, considering the exceptional first half last year which included backorders and substantial orders for contracts in the United States. Allowing for those sales last year, we estimate that underlying constant currency revenue growth for our respiratory and acute care product group was approximately 14%", commented Fisher & Paykel Healthcare's CEO, Mr Michael Daniell.

"We continued to make very encouraging progress in developing new clinical applications for our technologies beyond our traditional invasive ventilation and OSA markets. An increasing proportion of our respiratory and acute care revenue is derived from devices used to assist in the treatment of patients requiring non-invasive ventilation, oxygen therapy, humidity therapy and laparoscopic surgery."

Dividend

The company's directors have approved an interim dividend for the half year ended 30 September 2009 of 5.4 NZ cents per ordinary share (2009: 5.4 cents), carrying full imputation credit. Non-resident shareholders will receive a supplementary dividend of 0.953 NZ cents per share. The interim dividend will be paid on 18 December 2009, with a record date of 9 December, and an ex-dividend date of 3 December for the ASX and 10 December for the NZSX.

The company has implemented a dividend reinvestment plan under which shareholders may choose to reinvest all or part of their cash dividends in additional ordinary shares.

Research & Development, SG&A

Research and development expenses increased by 23%, over the prior comparable period, to NZ\$16.3 million, representing 6.5% of operating revenue. Current new product projects include flow generators, masks and additional respiratory care consumables.

Selling, general and administrative (SG&A) expenses grew 18% to NZ\$70.8 million, or 14% in constant currency terms. This year the company has established new distribution and clinical sales support centres in Japan and Canada and has continued to expand its operations and sales teams in North America, Europe, Asia/Pacific and South America.

Foreign Exchange Hedging

The company had in place, at 30 September 2009, a mix of foreign exchange contracts and collar options, up to five years forward, with a face value of approximately NZ\$600 million. The US dollar and Euro instruments were at weighted average rates of approximately 0.52 US dollars and 0.42 Euros to the New Zealand dollar and are to protect the company from exchange rate volatility.

During the September-October period the company monetised (closed-out) US\$62 million of forward exchange contracts with maturity dates in the 2012 and 2013 financial years with a cash benefit of NZ\$30 million being realised and applied to reduce bank debt. At 30 September 2009 the company had monetised US\$11 million of forward exchange contracts with a cash benefit of NZ\$5.5 million.

Outlook

For the remainder of the 2010 financial year the company expects continuing growth in demand for its products and estimates that, at an average NZD:USD exchange rate of 0.74, it will achieve operating revenue of approximately NZ\$500 million and profit after tax of approximately NZ\$65 million to NZ\$70 million.

“We are very encouraged by the better than expected growth we have achieved in the first half, which has offset the effect of the appreciating NZ dollar. We expect underlying growth to increase substantially in the second half, with accelerating growth in respiratory product demand. Over the next few months we plan to begin introduction of our new flow generator into the OSA market.

We will be continuing to expand our R&D, sales and distribution operations and will increase our manufacturing capacity with commissioning of our new facility in Mexico and installation of additional equipment in New Zealand,” concluded Mr Daniell.

Financial Statements and Commentary

Attached to this news release are condensed unaudited NZ dollar financial statements and commentary. For convenience the income statement has been translated into US dollars.

The company’s unaudited financial statements for the half year ended 30 September 2009 and the comparative financial information for the six months ended 30 September 2008 have been prepared under the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Half Year Results Conference Call

Fisher & Paykel Healthcare will host a conference call today to review the results and to discuss the outlook for the remainder of the 2010 financial year. The conference call is scheduled to begin at 10:00am NZDT, 8:00am AEDT (4:00pm USEST) 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 if required. An online archive of the event will be available approximately two hours after the webcast and will remain onsite for two weeks.

To attend the conference call, participants should dial in to one of the numbers below at least 5 minutes prior to the scheduled call time and identify themselves to the operator. When prompted, please quote the conference code of: 39555195.

New Zealand Toll Free	0800 446 041
Australia Toll Free	1800 701 269
USA Toll Free	1866 242 1388
International	+61 2 882 36760

Conference Call Audio Replay

An audio replay of the conference call will be available approximately 2 hours after the call and will be accessible for two weeks by dialing one of the numbers below. When prompted please enter the conference code of: 39555195.

New Zealand Toll Free	0800 445 136
Australia Toll Free	1800 766 700
USA Toll Free	1866 214 5335
International	+61 2 823 55000

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 more than 120 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**

Unaudited Income Statements

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

	Six Months Ended 30 September		
	2009	2008	% Change
Operating revenue	251,386	213,271	+18%
Cost of sales	(115,540)	(95,188)	+21%
Gross profit	135,846	118,083	+15%
Gross margin	54.0%	55.4%	
Other income	2,185	1,500	+46%
Selling, general and administrative expenses	(70,796)	(60,224)	+18%
Research and development expenses	(16,327)	(13,308)	+23%
Operating profit before financing costs	50,908	46,051	+11%
Operating margin	20.3%	21.6%	
Financing income	297	980	-70%
Financing expense	(3,352)	(3,877)	-14%
Exchange gain (loss) on foreign currency borrowings	9,349	(3,355)	-379%
Net financing income (expense)	6,294	(6,252)	
Profit before tax	57,202	39,799	+44%
Tax expense	(20,162)	(11,536)	+75%
Profit after tax	37,040	28,263	+31%
Basic earnings per share	7.3 cps	5.5 cps	+33%
Diluted earnings per share	7.0 cps	5.4 cps	+30%
Weighted average basic shares outstanding	510,439,681	509,465,471	
Weighted average diluted shares outstanding	528,787,264	525,826,551	

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

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

Six Months Ended 30 September

	NZ dollars			US dollars		
	2009	2008	% Change	2009	2008	% Change
Respiratory and acute care products	117,405	108,717	+8%	74,577	81,226	-8%
OSA products	118,824	90,856	+31%	75,658	68,041	+11%
Core products sub-total	236,229	199,573	+18%	150,235	149,267	+1%
Distributed and other products	15,157	13,698	+11%	9,638	10,302	-6%
Total operating revenue	<u>\$251,386</u>	<u>\$213,271</u>	<u>+18%</u>	<u>\$159,873</u>	<u>\$159,569</u>	<u>0%</u>

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

As at 30 September

	2009	2008
Cash and cash equivalents	4,522	8,700
Trade and other receivables	73,890	74,213
Inventories	72,540	62,478
Other current assets	27,878	5,192
Total current assets	<u>178,830</u>	<u>150,583</u>
Property, plant and equipment	218,207	189,033
Other non-current assets	80,478	20,109
Total assets	<u>477,515</u>	<u>359,725</u>
Current liabilities	84,247	118,783
Non-current liabilities	115,018	54,843
Shareholders' equity	278,250	186,099
Total liabilities and shareholders' equity	<u>477,515</u>	<u>359,725</u>

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

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

	Six Months Ended 30 September	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	263,158	205,352
Receipt from distribution agency termination agreement compensation	2,185	-
Receipts from derivative financial instruments monetised	5,490	-
Dividends received	-	5
Interest received	297	938
Payments to suppliers and employees	(200,031)	(169,436)
Tax paid	(9,187)	(4,370)
Interest paid	(3,341)	(3,030)
Net cash flows from operations	58,571	29,459
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Net purchase of property, plant and equipment	(22,141)	(8,294)
Purchases of intangible assets	(736)	(813)
Net cash flows (used in) investing activities	(22,877)	(9,107)
CASH FLOWS (USED IN) FINANCING ACTIVITIES		
Employee share purchase schemes	986	338
Issue of share capital	3,715	56
New borrowings	33,721	42,642
Repayment of borrowings	(37,090)	(24,794)
Dividends paid	(38,364)	(36,891)
Net cash flows (used in) financing activities	(37,032)	(18,649)
Net increase (decrease) in cash	(1,338)	1,703
Opening cash	(202)	(3,294)
Effect of foreign exchange rates	(253)	463
Closing cash	(1,793)	(1,128)
RECONCILIATION OF CLOSING CASH		
Cash and cash equivalents	4,522	8,700
Bank overdrafts	(6,315)	(9,828)
Closing cash	(1,793)	(1,128)

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

Unaudited Income Statements

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

	Six Months Ended 30 September		
	2009	2008	% Change
Operating revenue	159,873	159,569	+0%
Cost of sales	(73,480)	(71,220)	+3%
Gross profit	86,393	88,349	-2%
Gross margin	54.0%	55.4%	
Other income	1,390	1,122	
Selling, general and administrative expenses	(45,024)	(45,059)	+0%
Research and development expenses	(10,383)	(9,957)	+4%
Operating profit before financing costs	32,376	34,455	-6%
Operating margin	20.3%	21.6%	
Financing income	189	733	-74%
Financing expense	(2,132)	(2,901)	-27%
Exchange gain (loss) on foreign currency borrowings	5,946	(2,510)	-337%
Net financing income (expense)	4,003	(4,678)	
Profit before tax	36,379	29,777	+22%
Tax expense	(12,822)	(8,631)	+49%
Profit after tax	23,557	21,146	+11%
Basic earnings per share	4.6 cps	4.2 cps	+10%
Diluted earnings per share	4.5 cps	4.0 cps	+13%
Weighted average basic shares outstanding	510,439,681	509,465,471	
Weighted average diluted shares outstanding	528,787,264	525,826,551	

Half Year Review

Our consistent long term growth strategy again delivered strong results, with a 31% increase in net profit to NZ\$37 million for the six months ended 30 September 2009. In keeping with our growth strategy, we continued to expand our range of innovative products, further developed opportunities to serve additional patient groups and increased our international presence. Around the world an increasing number of healthcare providers are choosing to use our medical devices to assist in the care of their patients.

Operating revenue increased 18%, compared to the same period last year, to NZ\$251.4 million. This was a result of very strong revenue growth in our obstructive sleep apnea (OSA) product group, continuing strong demand for our respiratory products and favourable foreign exchange hedging results. Revenue which is recurring, from sales of consumables and accessories, was approximately 75% of our total operating revenue.

Our operating revenue is generated in a variety of currencies, with our products sold in more than 120 countries in total. United States dollars contributed 58% of operating revenue, Euros 23%, Australian dollars 7%, United Kingdom pounds 4%, New Zealand dollars 2%, and other currencies 6%.

The directors have approved an interim dividend for the financial year ending 31 March 2010 of NZ 5.4 cents per ordinary share (2009: 5.4 cents), carrying full imputation credit. Non-resident shareholders will receive a supplementary dividend of NZ 0.953 cents per share. The interim dividend will be paid on 18 December 2009, with a record date of 9 December, and an ex-dividend date of 3 December for the ASX and 10 December for the NZSX.

Currency exchange rates continued to be very volatile. During the six months, the NZD:USD spot exchange rate ranged from 0.5540 to 0.7262 with an average spot rate of 0.6393. Our hedging policy again served us well. We had in place, at 30 September 2009, a mix of foreign exchange contracts and collar options, up to five years forward, with a face value of approximately NZ\$600 million. The US dollar and Euro instruments were at weighted average rates of approximately 0.52 US dollars and 0.44 Euros to the New Zealand dollar and are to protect the company from exchange rate volatility.

During the September-October period we monetised (closed-out) US\$62 million of forward exchange contracts with maturity dates in the 2012 and 2013 financial years with a cash benefit of NZ\$30 million being realised and applied to reduce bank debt. At 30 September 2009 we had monetised US\$11 million of forward exchange contracts with a cash benefit of NZ\$5.5 million.

OPERATING REVENUE BY PRODUCT GROUP

US DOLLARS			NZ DOLLARS			
Six Months Ended 30 September			Six Months Ended 30 September			
Percentage variation	2008 US\$000	2009 US\$000	Product Group	2009 NZ\$000	2008 NZ\$000	Percentage variation
-8%	81,226	74,577	Respiratory & acute care	117,405	108,717	+8%
+11%	68,041	75,658	Obstructive sleep apnea	118,824	90,856	+31%
+1%	149,267	150,235	Core products subtotal	236,229	199,573	+18%
-6%	10,302	9,638	Distributed and other	15,157	13,698	+11%
+0%	\$159,569	\$159,873	Total operating revenue	\$251,386	\$213,271	+18%

RESPIRATORY & ACUTE CARE

Our heated humidifier and respiratory care systems play an important role in improving patient care in the treatment of a variety of medical conditions which interfere with normal respiration. Warming and moistening of the gases delivered through mechanical ventilation or oxygen therapy helps to reproduce the normal functioning of the nose and upper airways and reduces airway moisture loss and the occurrence of adverse side effects.

Our products include humidifier controllers, chambers, breathing circuits which convey medical gases to and from the patient, interfaces, oxygen therapy systems and neonatal care devices. We also offer a humidification system which humidifies the cold, dry carbon dioxide gas which is used to inflate the patient's abdomen during laparoscopic surgery.

Demand for our respiratory and acute care devices continued to be strong during the six months and contributed to respiratory and acute care product group operating revenue of NZ\$117.4 million, up 8% on the same period last year. This growth was pleasing, as during the same period last year we delivered large back orders and substantial volumes for contracts in the United States.

We have previously outlined the opportunities we were pursuing to increase the number of patients our devices can assist, by expanding from our traditional intensive care ventilation market into non-invasive ventilation, oxygen therapy, humidity therapy, neonatal respiratory care and surgery. We continued to make very encouraging progress, with the proportion of our revenue derived from those new applications continuing to grow.

OBSTRUCTIVE SLEEP APNEA

Most people with OSA do not realize that they have a condition which causes excessive daytime fatigue, is associated with cardiovascular disease and strokes, and is directly linked to hypertension. In fact, tens of millions of people worldwide who have untreated OSA stop breathing for short periods many times each night while they are asleep.

Continuous positive airway pressure, or CPAP, therapy is the most common treatment for OSA. CPAP therapy prevents the collapse and blockage of the airway during periods of deep sleep and is delivered using an air flow generator, humidifier, tubing and mask.

For our OSA product group, operating revenue grew 31% to NZ\$118.8 million for the six months, reflecting strong demand for new premium flow generators and masks introduced over the past year.

Our new SleepStyle flow generators are able to collect data during treatment onto a removable USB SmartStick flash memory device which may be conveniently reviewed by the patient's physician without the need for any special card reading hardware. The ability to provide efficacy reporting and removable media has opened up a significant new product category for us and allows us to address a much larger market opportunity. We have also recently expanded our Zest nasal mask range with the introduction of the Zest Petite and Zest Plus masks.

INTERNATIONAL SALES

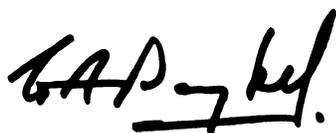
North America generated 47% of our operating revenue for the half year, with Europe contributing 31% and Asia/Pacific and Other 22%.

This year we have established new distribution and clinical sales support centres in Japan and Canada and we have continued to expand our other international sales, marketing and operations teams to increase our geographical coverage and to support ongoing growth. We have our own sales offices or sales support staff located in 30 countries.

RESEARCH AND DEVELOPMENT

Investment in research and development continues to be fundamental to increasing our opportunities for growth and to ensuring that we can offer devices which can improve patient care and outcomes.

Our research and development expenditure grew 23% compared with the same period last year to NZ\$16.3 million, representing 6.5% of operating revenue. We have already introduced a number of new products this year and have a substantial new product pipeline under development, which includes additional masks and breathing system consumables. Over the next few months we expect to begin introduction of our new flow generator range into the OSA market.



GARY PAYKEL

Chairman



MICHAEL DANIELL

Managing Director and
Chief Executive Officer