

CARE



Continued Investment leads to Record sales in USA

The Directors of Fisher & Paykel Appliances Holdings Limited reported a result in line with expectations for the half-year ended 30 September 2005. The Group posted a Profit after taxation of \$26.2 million compared to \$34.5 million for the same period last year. The appreciating New Zealand dollar, raw material prices, and rising interest rates all had a negative impact on performance.

Appliances achieved strong overall sales growth of 7.7 percent in unit terms (a 23.8 per cent increase in NZD terms). Further investment in the United States market generated excellent sales growth with revenues at \$198.0 million, compared to \$89.5 million last year. This included revenue from Dynamic Cooking Systems Inc (DCS), which was acquired in October 2004.

New Zealand revenues were ahead of those for the same period last year but there was some slowing in revenues from Australia. Other international markets were slightly ahead of the same period last year at \$21.3 million.

The Finance group continued to operate satisfactorily in an environment of intense competition. Increases in New Zealand interest rates and operating costs affected earnings.

Group profit before taxation was \$38.8 million compared to \$52.7 million for the previous corresponding period.

There were no abnormal items in the current or comparative periods.






Financial Performance

	Unaudited 6 months 30 Sep 2005 NZ\$000	Unaudited 6 months 30 Sep 2004 NZ\$000	Audited Year 31 Mar 2005 NZ\$000
Operating Profit Before Interest and Taxation			
Appliances	30,995	39,129	77,223
Finance	13,723	15,582	30,032
	44,718	54,711	107,255
Interest *	(5,890)	(2,056)	(6,231)
Operating Profit Before Taxation	38,828	52,655	101,024
Taxation	(12,622)	(18,131)	(32,463)
Profit after Taxation	26,206	34,524	68,561

* Excludes operating interest of the Finance Group.

Revenue

Total Operating Revenue increased by \$100.5 million to \$569.9 million for the half-year.

	Unaudited 6 months 30 Sep 2005 NZ\$000	Unaudited 6 months 30 Sep 2004 NZ\$000	Audited Year 31 Mar 2005 NZ\$000
Appliances			
 New Zealand	119,225	115,326	233,022
 Australia	167,162	183,390	379,892
 USA	198,039	89,459	261,115
 Singapore	5,290	3,429	7,394
 Europe	7,681	6,385	12,073
Rest of World	8,322	10,565	20,744
Total Appliances Revenue	505,719	408,554	914,240
Finance New Zealand	63,215	60,596	124,118
Interest	1,015	268	375
Total Operating Revenue	569,949	469,418	1,038,733

Appliances' revenue of \$505.7 million was up \$97.2 million (23.8 per cent) on the previous corresponding period – a pleasing result achieved despite a negative impact of approximately \$23.0 million from New Zealand's appreciated currency.

Finance revenue increased by 4.3 per cent, reflecting increased levels in consumer credit lending.

Cash Flow

Cash flow from operations was \$37.8 million compared to \$30.9 million in the first half of 2004/05 and \$28.4 million for the full 2004/05 year.

The temporary stock build of washers ahead of the relocation of the Australian washer plant to Clyde, Ohio (USA) increased the Appliance group's working capital (inventories and trade debtors net of trade creditors) by \$11.6 million during the reporting period. This will reduce during the second half of the financial year as production in the USA is ramped up.

Inventories across the group are generally well balanced to the current sales levels and include cover for the seasonal Australian and New Zealand refrigeration sales that normally begin in late October.

Capital and Depreciation

Capital expenditure, in cash flow terms, was as follows:

	Unaudited 6 months 30 Sep 2005 NZ\$000	Unaudited 6 months 30 Sep 2004 NZ\$000
Appliances	18,914	30,305
Finance	2,140	3,486

As previously advised capital expenditure for the full year is expected to be \$58 million, which includes \$8 million for the relocation of the washer and motor plants to the USA.

Depreciation charges were:

	Unaudited 6 months 30 Sep 2005 NZ\$000	Unaudited 6 months 30 Sep 2004 NZ\$000
Appliances	15,403	13,773
Finance	1,004	828

Dividend

The Directors have approved an interim dividend of 9 cents per share (unchanged from 9 cents for the previous corresponding period), carrying a full imputation credit. Non-resident shareholders will receive a supplementary dividend of 1.588 cents per share.

The interim dividend will be paid on 5 December 2005. The record date will be 24 November 2005 and the ex-dividend dates 18 November 2005 for the ASX and 25 November 2005 for the NZX.

Appliances Group

The Appliances group segmented result for the six months ended 30 September 2005 was:

	Unaudited 6 months 30 Sep 2005 NZ\$000	Unaudited 6 months 30 Sep 2004 NZ\$000	Audited Year 31 Mar 2005 NZ\$000
Total Appliances Revenue	506,116	408,793	914,550
Operating Profit before Interest and Taxation	30,995	39,129	77,223
Assets Employed	726,366	534,715	675,720
Earnings to Sales Margin	6.1%	9.6%	8.4%

Margin erosion continued through the reporting period. This was due to continued increases in material costs (\$7.0 million at EBIT) and adverse currency effects (\$3.1 million at EBIT). Global steel prices seem to have peaked, but the outlook for oil-based chemicals and plastics is less certain. The Group continues to aggressively pursue "cost down" opportunities. This programme extends to refining product designs and sourcing cheaper components from Asia.

In a market that was slowing the Group recovered some New Zealand market share following changes to distribution and the introduction of the Designer series of products. A new advertising campaign was launched to support the new products.

In Australia the overall market has declined by 8 to 10 per cent, but has accepted a price increase put in place in May. Although there was some reduction in sales volumes following the price adjustment, market shares have since returned to previous levels. The Designer series of products has also been introduced to this market, assisting acceptance of the new prices and the restoration of market share.






In the USA market the high revenue growth includes sales of DCS manufactured products. Total unit sales increased by 72.7 per cent. The growth in sales of Fisher & Paykel branded products continues to meet expectations, especially for *Smart Drive*[®] washers, *Smartload*[®] dryers and *DishDrawer*[®] dishwashers. Growth has occurred across the whole customer base. This has been helped by efficiency gains in logistics following the roll out of the regional training and warehousing facilities.

With the growth of clothes washers expected in this market the Company announced that it would move plant and equipment from Cleveland, Australia, to Clyde, USA. Motor manufacturing equipment will also be relocated from New Zealand to the Clyde facility. These moves are expected to be complete in the new financial year.

In Singapore a more aggressive approach and the addition of the Whirlpool product lines to our business increased sales.

Following the restructuring in the United Kingdom our business has progressed well and has seen a recovery of sales volumes in the latter part of the period.

Unit sales are shown in the following table:

		6 months 30 Sep 2005 Units	6 months 30 Sep 2004 Units	Increase (Decrease) %
	New Zealand	153,600	150,900	1.8
	Australia	273,000	302,300	(9.7)
	USA	168,700	97,700	72.7
	Singapore	8,800	5,000	76.0
	Europe	9,300	9,500	(2.1)
	Rest of World	19,300	22,100	(12.7)
	Total	632,700	587,500	7.7

New Zealand unit sales at 153,600 showed an increase of 1.8 per cent on the previous corresponding period, (resulting in a 2.5 per cent increase in NZD terms).

Australian sales volumes declined by 9.7 per cent to 273,000 units (resulting in a 7.9 per cent decrease in AUD terms).

The USA continued its growth in sales to 168,700 units, up 72.7 per cent on the previous corresponding period (and 151.5 per cent in USD terms). This includes of DCS manufactured products that were not present in the previous comparative period.

Singapore has showed good growth in a competitive market with unit sales up by 76.0 per cent (122.8 per cent growth in SGD terms).

In Europe sales volumes declined by 2.1 per cent (but sales in NZD terms were up by 20.3 per cent). The other export markets showed a decline of 12.7 per cent.

Finance Group

The Finance group segmented result for the half-year was as follows:

	Unaudited 6 months 30 Sep 2005 NZ\$000	Unaudited 6 months 30 Sep 2004 NZ\$000	Audited Year 31 Mar 2005 NZ\$000
Revenue	63,833	60,625	124,183
Operating Profit Before Acquisition Interest, Taxation and Amortisation	17,723	19,590	38,021
Operating Profit Before Acquisition Interest and Taxation	13,723	15,582	30,032
Finance Receivables	571,916	553,003	567,367

Intense competition, while driving consumer spending, has lowered margins. Higher operating costs have been incurred in meeting the increased disclosure requirements of the Credit Contracts and Consumer Finance Act, and integrating Farmers finance business.

While asset quality across the receivables portfolio has been satisfactory there are signs that consumers are facing increasing pressure in servicing their household debts. Additional provisions have been made against receivables where customers' arrears have increased.

Good growth has been experienced in Q Card instalment credit and in Farmers card lending volumes.

Fee income has increased, while earnings from Insurance and Extended Warranty have been above expectations.

Outlook

During the first half-year the Company has demonstrated its ability to grow revenues against a background of challenging business conditions. The platform has been built for further expansion in the USA and Europe in particular. The establishment of the plant in Clyde, USA demonstrates our long-term commitment to that market and its importance to our business.

While the outlook for the New Zealand and Australian economies is uncertain the Company's brand recognition and a strong sales effort should ensure that market shares will be at expected levels. Currency exposure relates to the NZD/AUD cross rate. For exports to Australia 50 per cent of the forecast net NZD/AUD exposure, to 31 March 2006, has been hedged at an average exchange rate of \$A0.91. Imports and exports in US dollars over the second half-year are expected to match, and there will thus be minimal exchange rate exposure with this currency.

In the Finance group competition will remain strong. Growth is expected in the Q card and Farmers Card business as the number of merchants accepting these cards increases.

Barring major unforeseen external circumstances, the Directors expect the after tax earnings of the Group for the full year to be between \$63 million and \$66 million.



G A Paykel
Chairman

10 November 2005

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FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED

Result (Unaudited)

	Consolidated		
	6 months 30 Sep 05 \$000	6 months 30 Sep 04 \$000	Year 31 Mar 05 \$000
Operating profit before interest and taxation from:			
Appliances	30,995	39,129	77,223
Finance New Zealand	13,723	15,582	30,032
	44,718	54,711	107,255
Interest *	(5,890)	(2,056)	(6,231)
Operating profit before taxation	38,828	52,655	101,024
Taxation	(12,622)	(18,131)	(32,463)
Profit after taxation	26,206	34,524	68,561
Earnings per share			
Basic	10c	13c	26c
Diluted	10c	13c	25c

* Excludes operating interest of the Finance Group

Revenue (Unaudited)

	Consolidated		
	6 months 30 Sep 05 \$000	6 months 30 Sep 04 \$000	Year 31 Mar 05 \$000
Appliances			
New Zealand	119,225	115,326	233,022
Australia	167,162	183,390	379,892
USA	198,039	89,459	261,115
Singapore	5,290	3,429	7,394
Europe	7,681	6,385	12,073
Rest of World	8,322	10,565	20,744
Total Appliances Revenue	505,719	408,554	914,240
Finance			
New Zealand	63,215	60,596	124,118
Interest	1,015	268	375
Total Operating Revenue	569,949	469,418	1,038,733

Unaudited Interim Condensed Financial Statements

FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED

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Statement of Financial Position (Unaudited)

	Consolidated			Appliances Group			Finance Group		
	As at 30 Sep 05 \$000	As at 31 Mar 05 \$000	As at 30 Sep 04 \$000	As at 30 Sep 05 \$000	As at 31 Mar 05 \$000	As at 30 Sep 04 \$000	As at 30 Sep 05 \$000	As at 31 Mar 05 \$000	As at 30 Sep 04 \$000
Assets									
Current assets									
Cash and bank balances	34,256	31,824	28,414	5,689	3,774	313	28,567	28,050	28,101
Debtors and other current assets	120,176	134,292	86,053	113,311	127,670	77,196	6,865	6,622	8,857
Finance receivables	361,880	351,451	332,167				361,880	351,451	332,167
Inventories	235,717	186,734	184,617	235,717	186,734	184,617			
Taxation	11,642	12,523	–	11,642	11,535	–	–	988	297
Total current assets	763,671	716,824	631,251	366,359	329,713	262,126	397,312	387,111	369,422
Non current assets									
Property plant and equipment	299,767	290,545	264,768	282,074	273,988	254,308	17,693	16,557	10,460
Investment in finance group				218,046	218,291	219,318			
Other assets	2,217	3,344	3,266	1,185	2,305	2,219	1,032	1,039	1,047
Finance receivables	210,036	215,916	220,836				210,036	215,916	220,836
Intangible assets	197,135	194,049	153,056	52,488	45,402		144,647	148,647	153,056
Deferred taxation	28,212	29,021	20,051	24,260	24,312	16,359	3,952	4,709	3,692
Total non current assets	737,367	732,875	661,977	578,053	564,298	492,204	377,360	386,868	389,091
Total assets	1,501,038	1,449,699	1,293,228	944,412	894,011	754,330	774,672	773,979	758,513
Liabilities									
Current liabilities									
Bank overdrafts	13,626	7,683	11,272	13,626	7,683	11,272			
Current borrowings	20,000	20,000		20,000	20,000	–			
Trade creditors	72,417	50,977	53,158	72,417	50,977	53,158			
Provisions	25,214	28,848	23,570	25,214	28,848	23,570			
Finance borrowings	464,005	493,523	436,803				464,005	493,523	436,803
Term borrowings	–	–	496	–	–	496			
Taxation	116	80	611	–	80	908	116	–	–
Other liabilities	69,705	66,858	63,865	41,599	38,852	35,328	28,106	28,006	28,537
Total current liabilities	665,083	667,969	589,775	172,856	146,440	124,732	492,227	521,529	465,340
Term liabilities									
Term borrowings	178,479	157,903	51,496	178,479	157,903	51,496			
Finance borrowings	64,399	34,159	73,855				64,399	34,159	73,855
Provisions	14,989	13,598	14,371	14,989	13,598	14,371			
Total term liabilities	257,867	205,660	139,722	193,468	171,501	65,867	64,399	34,159	73,855
Total liabilities	922,950	873,629	729,497	366,324	317,941	190,599	556,626	555,688	539,195
Shareholders' equity									
Shareholders' equity	578,088	576,070	563,731	578,088	576,070	563,731			
Investment in finance group							218,046	218,291	219,318
Total shareholders' equity	578,088	576,070	563,731	578,088	576,070	563,731			
Total liabilities and shareholders' equity	1,501,038	1,449,699	1,293,228	944,412	894,011	754,330	774,672	773,979	758,513

Statement of Cash Flows (Unaudited)

	Consolidated		
	6 months 30 Sep 05 \$000	6 months 30 Sep 04 \$000	Year to 31 Mar 05 \$000
Cash flows from (used in) operating activities			
Receipts from customers	545,291	410,014	884,661
Financing interest and fee receipts	63,370	61,290	132,249
Interest received	1,015	271	352
Payments to suppliers and employees	(537,877)	(411,372)	(912,303)
Taxation paid	(9,458)	(11,901)	(37,404)
Interest paid - borrowings and Finance Group	(24,574)	(17,439)	(39,181)
Net cash flow from operations	37,767	30,863	28,374
Cash flows from (used in) investing activities			
Sale of fixed assets	24	1,653	2,380
Principal on loans repaid by customers	353,066	336,331	667,234
Purchase of fixed assets	(21,054)	(33,791)	(76,091)
New loans to customers	(362,153)	(328,827)	(680,137)
Acquisition of Prime Distributors (Prime)	(6,187)	–	–
Acquisition of Dynamic Cooking Systems (DCS)	–	–	(50,820)
Net cash flow used in investing activities	(36,304)	(24,634)	(137,434)
Cash flows from (used in) financing activities			
Employee Share Purchase Scheme	411	732	1,267
New term borrowings	29,346	41,549	163,519
New finance borrowings	40,158	47,505	77,172
Repayment of term borrowings	(11,743)	(6,028)	(1,542)
Repayment of finance borrowings	(37,971)	(47,414)	(60,128)
Issue of share capital	371	674	4,857
Dividends paid	(23,747)	(30,110)	(53,808)
Supplementary dividends paid to overseas shareholders	(1,767)	(1,850)	(3,457)
Net cash flows from (used in) financing activities	(4,942)	5,058	127,880
Net increase (decrease) in cash	(3,479)	11,287	18,820
Opening cash	24,141	5,867	5,867
Cash obtained from acquisitions	77	–	(3,867)
Effect of foreign exchange rates	(109)	(12)	3,321
Closing cash	20,630	17,142	24,141
Reconciliation of closing cash			
Bank	34,256	28,414	31,824
Bank overdrafts	(13,626)	(11,272)	(7,683)
	20,630	17,142	24,141

Statement of Cash Flows (Unaudited) Con't

	Consolidated		
	6 months 30 Sep 05 \$000	6 months 30 Sep 04 \$000	Year to 31 Mar 05 \$000
Reconciliation of profit to cash flows from operating activities			
Profit after taxation	26,206	34,524	68,561
Add/(deduct) non-cash items			
Depreciation and writedown of fixed assets to recoverable amount	16,407	14,601	30,665
Accrued Finance Group interest expense	(1,590)	659	46
Accrued interest expense	1,015	–	948
Movement in provisions	(2,243)	3,588	(9,965)
Movement in deferred tax/future tax benefit	809	(1,142)	773
Movement in working capital			
Payables and accruals	17,834	12,523	(15,942)
Debtors	16,039	4,349	(20,928)
Finance Receivables	4,556	2,056	11,830
Inventory	(48,568)	(50,199)	(36,042)
Provision for taxation	917	2,053	(11,001)
Amortisation of intangible assets	4,153	4,010	8,546
Supplementary dividend paid	1,767	1,850	3,457
Foreign currency exchange translation	465	1,991	(2,574)
Net cash flow from operations	37,767	30,863	28,374

Statement of Movements in Equity (Unaudited)

	Consolidated		
	6 months 30 Sep 05 \$000	Year 31 Mar 05 \$000	6 months 30 Sep 04 \$000
Shareholders' equity at the beginning of the period	576,070	560,175	560,175
Profit after taxation	26,206	68,561	34,524
Movement in currency translation reserve	(812)	(3,715)	(1,565)
Total recognised revenues and expenses for the period	25,394	64,846	32,959
Issue of share capital	371	4,857	707
Dividends	(23,747)	(53,808)	(30,110)
Shareholders' equity at the end of the period	578,088	576,070	563,731

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Segments (Unaudited)

	Appliances \$000	Finance \$000	Consolidated Operations \$000
For the six months ended 30 September 2005			
Operating revenue	506,116	63,833	569,949
Operating profit before interest, taxation and amortisation	31,163	17,723	48,886
Operating Profit before interest and taxation	30,995	13,723	44,718
Depreciation	(15,403)	(1,004)	(16,407)
Capital expenditure	18,914	2,140	21,054
Total Assets	726,366	774,672	1,501,038

	Appliances \$000	Finance \$000	Consolidated Operations \$000
For the six months ended 30 September 2004			
Operating revenue	408,793	60,625	469,418
Operating profit before interest, taxation and amortisation	39,129	19,590	58,719
Operating Profit before interest and taxation	39,129	15,582	54,711
Depreciation	(13,773)	(828)	(14,601)
Capital expenditure	30,305	3,486	33,791
Total Assets	534,715	758,513	1,293,228

	Appliances \$000	Finance \$000	Consolidated Operations \$000
For the year ended 31 March 2005			
Operating revenue	914,550	124,183	1,038,733
Operating profit before interest, taxation and amortisation	77,350	38,021	115,371
Operating Profit before interest and taxation	77,223	30,032	107,255
Depreciation	(28,980)	(1,685)	(30,665)
Capital expenditure	65,631	10,460	76,091
Total Assets	675,720	773,979	1,449,699

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FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED

Financial Statements

The interim condensed consolidated financial statements of Fisher & Paykel Appliances Holdings Limited ("the Group") have been prepared in accordance with Financial Reporting Standard No. 24: Interim Financial Statements, issued by the New Zealand Institute of Chartered Accountants. These financial statements should be read in conjunction with the financial statements and related notes included in the Group's Annual Report for the year ended 31 March 2005.

The financial statements for the six months ended 30 September 2005 and 30 September 2004 are unaudited. The financial information for the year ended 31 March 2005 has been extracted from the audited financial statements of the Group for that year.

Accounting Policies

The accounting policies used in the preparation of the financial statements for the six months ended 30 September 2005 and 30 September 2004 are consistent with those used in the preparation of the financial statements for the year ended 31 March 2005.

Investment In Subsidiaries

On 29 July 2005, the Group acquired all the shares in Prime Distributors Limited (Prime). Prime is a leading distributor of spare parts for home appliances in New Zealand. The total consideration paid for Prime was \$6.2 million, which was funded from debt.

The financial effect of the acquisition has been summarised below:-

	NZ\$ Million
Total Assets	
Current assets	3.2
Property plant and equipment	0.2
	3.4
Total liabilities	
Current liabilities	(1.3)
Net assets acquired	2.1
Goodwill on acquisition	4.1
Total acquisition cost	6.2

Contribution to operating profit before interest and taxation from 29 July 2005 to 30 September 2005 was \$0.3 million.

FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED

Contingent liabilities

Periodically the company is a party to litigation including product liability claims. To date such claims have been settled for relatively small monetary amounts which have been expensed or covered by insurance. The Directors are unaware of the existence of any claim that would have a material impact on the operations of the company.

Commitments

	Sept 2005 \$000	March 2005 \$000	Sept 2004 \$000
Capital expenditure commitments			
Within one year	6,119	4,950	7,682
Between one and two years	1,564	–	–
Between two and three years	1,459	3,023	–
Total	9,142	7,973	7,682
Lease commitments under non-cancellable Operating Leases			
Within one year	14,865	12,769	9,852
Between one and two years	14,735	12,721	7,865
Between two and three years	13,449	12,325	6,845
Between three and four years	9,946	10,697	6,343
Between four and five years	5,326	5,975	5,619
Over five years	16,134	7,923	11,911
Total	74,455	62,410	48,435

Subsequent Events

On 10 November 2005 the Directors approved an interim dividend of 9 cents per share for the six months ended 30 September 2005, carrying a full imputation credit. The dividend will be paid on 5 December 2005.

Implementation of International Financial Reporting Standards

The New Zealand Accounting Standards Review Board have announced that New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) will apply to all New Zealand entities for periods commencing on or after 1 January 2007, with the option to early adopt for periods beginning on or after 1 January 2005.

In early 2004 the Group established a project team to plan for the implementation of NZ IFRS and will report for the first time under these standards for the year ended 31 March 2008 including comparative financial information for the year ended 31 March 2007. This allows time to ensure both the best application of the new standards and increased shareholder and analyst understanding of the effects of the transition.

To date the project team has identified a number of key accounting policy changes that will be required to move from current New Zealand Generally Accepted Accounting Practice (NZ GAAP) to NZ IFRS. These are set out over.

Accounting for Goodwill

Under current NZ GAAP the Group's accounting policy is that the excess of cost over the fair value of the net assets of subsidiaries is recognised as goodwill at the time of acquisition and is amortised to earnings on a straight line basis over the shorter of its estimated useful life or 20 years.

Under NZ IFRS (NZ IAS38) goodwill cannot be amortised but will be subject to an impairment test annually and also whenever there is an indication that the goodwill may be impaired. Current amortisation of goodwill amounts to \$2.3 million per annum.

Accounting for Taxation

Under current NZ GAAP the Group accounts for deferred tax on an income basis.

Under NZ IFRS (NZ IAS12) deferred tax will be calculated using a "balance sheet" approach. Deferred tax assets and liabilities will be recognised where there are differences between the accounting and tax value of balance sheet items. There will be an initial impact on retained earnings on implementation of NZ IFRS and the Group expects to recognise additional deferred tax assets and liabilities under NZ IFRS.

Employee share ownership and share option schemes

The Group operates both employee share ownership and employee share option schemes. Under current NZ GAAP no compensatory expense is recognised in the statement of financial performance.

Under NZ IFRS (NZ IFRS2) the compensatory component of these schemes will be valued at the date of issue or grant using an appropriate valuation methodology and allocated over the vesting period of the share ownership or share option schemes.

Employee Benefits

Currently employee entitlements to salaries and wages, annual leave, long service and other benefits are recognised when they accrue to employees and are fully vested.

Under NZ IFRS (NZ IAS19) long service leave is recognised on an actuarial basis.

The Group operates a pension plan for employees. The majority of the Group's employees are members of a defined contribution plan and under NZ GAAP contributions to the plan are expensed when made, consistent with the treatment required under NZ IFRS. There is also a defined benefit plan for a small number of employees. Under NZ IFRS, the Group will be required to recognise the surplus or deficit of the defined benefit plan as an asset or liability in the Statement of Financial Position with the resulting movement recognised in the Statement of Financial Performance.

There will be an initial impact on retained earnings on implementation of NZ IFRS and the Group expects to recognise higher employee expenses under NZ IFRS.

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Hedge Accounting

The Group maintains an off-balance sheet portfolio of forward exchange contracts and currency options to hedge the currency risks associated with both future sales and purchasing requirements. The Group also uses financial instruments as hedges to manage exposure to interest rate risks.

Under NZ IFRS (NZ IAS39) all derivative contracts, whether used as hedging instruments or otherwise will be recognised at fair value in the Statement of Financial Position. Changes in the fair value of the derivatives will be recognised in the Statement of Financial Performance unless strict hedge criteria are met. The Group is still evaluating the standard but expects to meet the hedge accounting requirements for the majority of its exposures.

Foreign Currencies

It has been assessed, based on the criteria in NZ IAS21 and the current nature of the Groups operations, that the functional currencies of the foreign subsidiaries are unchanged from current NZ GAAP.

The areas identified above should not be taken as an exhaustive list of all the differences between NZ GAAP and NZ IFRS.

The impacts discussed are based on management's current interpretation of the standards that have been released to date. There is potential for the significance of the impact to change when the Group prepares its first set of NZ IFRS financial statements due to changes in the standards, changes in our business, or changes in managements interpretation of the standards.

As we progress toward 1 April 2007 the Group will continue to provide users of the financial statements with updated information about the likely impacts of NZ IFRS on the Group's earnings, cash flows and financial position.



Accountants' Report

To the shareholders of Fisher & Paykel Appliances Holdings Limited

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We have reviewed the interim consolidated financial statements. The interim consolidated financial statements provide information about the past consolidated financial performance and consolidated cash flows of the Group for the period ended 30 September 2005 and its consolidated financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 44 to 47 of the most recent Annual Report.

Directors' responsibilities

The Company's Directors are responsible for the preparation and presentation of the interim financial statements that present fairly the consolidated financial position of the Group as at 30 September 2005 and its consolidated financial performance and consolidated cash flows for the period ended on that date.

Accountants' responsibilities

We are responsible for reviewing the interim financial statements presented by Management and the Directors in order to report whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the interim consolidated financial statements do not present fairly the matters to which they relate.

Basis of opinion

A review is limited primarily to enquiries of Group personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the interim financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the interim financial statements of the Group for the period ended 30 September 2005 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand.

We have no relationship with or interests in the Group or any of its subsidiaries other than in our capacity as accountants conducting this review, auditors of the annual financial statements and providers of accounting advisory services.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements do not present fairly the consolidated financial position of the Group as at 30 September 2005 and its consolidated financial performance and consolidated cash flows for the period ended on that date.

Our review was completed on 10 November 2005 and our review opinion is expressed

A handwritten signature in black ink that reads "PricewaterhouseCoopers". The signature is written in a cursive, flowing style.



Designer Series kitchen - Oven **BI602MDE2**; *DishDrawer*[®] **DS603MFD**; Vertical refrigerator **C450RMD**; Vertical freezer **N388LMD**; Cooktop **CG913TM**; Rangehood **RH361M**