

News Release

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

RECORD HALF YEAR RESULT FOR FISHER & PAYKEL HEALTHCARE, EARNINGS GUIDANCE UPGRADED

Auckland, New Zealand, 22 November 2016 - Fisher & Paykel Healthcare Corporation Limited today announced its results for the half year ended 30 September 2016. Net profit after tax was up 26% for the half at a record NZ\$78.2 million. Operating revenue was NZ\$425.2 million, 12% above the prior comparable period, or 16% growth in constant currency.

Chief Executive Officer Lewis Gradon said, "We are very pleased with the record results achieved in the first half of the year, as we continued to execute on the delivery of innovative technologies that improve care and outcomes in hospital and homecare settings. Based on our positive first half performance we are today upgrading our full year earnings guidance and we now expect, at current exchange rates, for full year net profit after tax to be towards the middle of a NZ\$165 to NZ\$170 million range."

In the Hospital product group, operating revenue for the half grew 19% to NZ\$236.6 million, an impressive 23% growth in constant currency.

Operating revenue in the Homecare product group lifted 5% for the half to NZ\$183.2 million or 8% growth in constant currency. Masks used in the treatment of obstructive sleep apnea (OSA) performed strongly, with revenue up 14% in constant currency as the company's mask range continued to take market share.

Revenue generated from consumables and accessories continued to increase, accounting for 86% of operating revenue.

"This half we have seen exceptional results from our new applications in the Hospital product group, with revenue growth of 35% from these products in constant currency terms," said Mr Gradon.

"Several new clinical studies were published this year, which have continued to demonstrate the effectiveness of our Optiflow nasal high flow therapy. This has encouraged uptake from clinicians around the world as the advantages of this therapy in terms of patient outcomes and economic benefits become increasingly evident. We have also made pleasing progress with our hospital distribution model in the United States, building a strong platform to provide for future growth through the new direct sales structure.

"In our Homecare product group we continue to track well, delivering a solid performance in mask sales this half," continued Mr Gradon. "We also recently received FDA regulatory clearance for our Eson 2 mask, and we are now selling this mask in the United States."

Gross margin increased by 157 basis points to 64.9%, or a 307 basis points increase in constant currency, compared to the first half last year, primarily due to favourable product mix, increased production in Mexico and supply chain efficiencies.

The company continued to invest in its growth programme, having signed an agreement for the purchase of a 15 hectare greenfields site in Mexico, which will enable further expansion of its manufacturing capabilities.

Investment in research and development remained strong, increasing 16% to NZ\$41.6 million, representing 9.8% of operating revenue for the period.

“Earlier this year we released some exciting new products, including the F&P 950 heated humidification system, which is used in hospitals for invasive, non-invasive and Optiflow nasal high flow therapies,” said Mr Gradon. “We are pleased with the early customer response in Australasia.

“We also released the innovative F&P Nivairo mask, a hospital mask used for non-invasive ventilation therapy featuring unique TubeFit nasogastric zones. In Homecare, we launched the F&P Brevida, a nasal pillows mask for OSA patients, which has received a very positive response in Australasia, Europe and Canada, the markets in which it has been released so far.”

The company’s directors have approved an increased interim dividend of 8.25 NZ cents per ordinary share, an increase of 23% on the interim dividend last year. The interim dividend, carrying full New Zealand imputation credit, will be paid on 21 December 2016. The dividend reinvestment plan, under which eligible shareholders can elect to reinvest all or part of their cash dividends in additional shares, will again be made available in respect of the 2017 interim dividend. The directors have determined that the DRP will be offered without a discount in respect of the 2017 interim dividend payment.

Outlook for FY2017

“We have shown continued strength this half, buoyed by supportive clinical research, a skilled global team and innovative products. We will continue to build on our existing expertise and educate healthcare providers on the benefits that our products provide. Our longstanding objective is to double our constant currency operating revenue every five or six years. Our performance this financial year to date is consistent with that objective and the opportunities we see to assist more and more caregivers and their patients continue to give us confidence for the future.

“Given the positive first half result we now expect full year net profit after tax to be towards the middle of a NZ\$165 to NZ\$170 million range and we expect full year operating revenue to be approximately NZ\$880 million,” concluded Mr Gradon.

This guidance is provided at exchange rates of NZD:USD = 0.70 and NZD:EUR = 0.66.

Result highlights for the first half

- 26% growth in net profit after tax to a record NZ\$78.2 million.
- 23% increase in interim dividend to 8.25 cps (2016: 6.7 cps).
- 12% growth in operating revenue to a record NZ\$425.2 million, 16% growth in constant currency.
- 19% growth in Hospital operating revenue, 23% growth in constant currency.
- 35% revenue growth for consumables used in non-invasive ventilation, Optiflow and surgical applications, accounting for 52% of Hospital consumables revenue.
- 5% growth in Homecare operating revenue, 8% growth in constant currency.
- Continued strong performance from Homecare masks, with 14% revenue growth in constant currency.
- Investment in R&D increased by 16% to NZ\$41.6 million, representing 9.8% of operating revenue.

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, surgery and the treatment of obstructive sleep apnea. The company’s products are sold in over 120 countries worldwide. For more information about the company, visit our website www.fphcare.com.

Ends

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Accompanying Documents

Please find attached to this news release the following additional documents:

- Results in Brief
- Interim Report 2017, including financial commentary and constant currency analysis
- Appendix 1
- Appendix 7

Constant Currency Information

Constant currency information included within this news release is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and track the company's comparative financial performance without the impacts of spot foreign currency fluctuations and hedging results and has been prepared on a consistent basis each year. A constant currency analysis is included on page 18 of the company's Interim Report 2017 and the company's constant currency income statement framework can be found on the company's website at www.fphcare.com/ccis.

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 2017 financial year. The conference call is scheduled to begin at 10:00am NZDT, 8:00am AEDT (4:00pm USEST, Monday 21 November) and will be broadcast simultaneously over the Internet.

To listen to the webcast, access the company's website at www.fphcare.com/investor. 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 on the site for two weeks.

To attend the conference call, participants will need to dial in to one of the numbers below at least 5 minutes prior to the scheduled call time and identify yourself to the operator. When prompted, please quote the conference code of: **6075151**.

New Zealand Toll Free	0800 423 970	US/Canada Toll Free	888 349 9618
Australia Toll Free	1800 591 251	Hong Kong Toll Free	800 901 530
United Kingdom Toll Free	0800 358 6377	International	+64 9 913 3622

Results in Brief

	Six Months Ended 30 September 2015 NZ\$000 (except as otherwise stated)	Six Months Ended 30 September 2016 NZ\$000 (except as otherwise stated)	% Change
UNAUDITED			
FINANCIAL PERFORMANCE			
Total operating revenue	380,968	425,196	+12%
Cost of sales	(139,758)	(149,313)	+7%
Gross profit	241,210	275,883	+14%
Gross margin	63.3%	64.9%	+157bps
Other income	2,500	2,500	-
Selling, general and administrative expenses	(112,675)	(126,109)	+12%
Research and development expenses	(35,833)	(41,574)	+16%
R&D percentage of operating revenue	9.4%	9.8%	
Total operating expenses	(148,508)	(167,683)	+13%
Operating profit before financing costs	95,202	110,700	+16%
Operating margin	25.0%	26.0%	+105bps
Net financing income (expense)	(10,623)	513	-105%
Profit before tax	84,579	111,213	+31%
Tax expense	(22,541)	(32,995)	+46%
Profit after tax	62,038	78,218	+26%
Revenue by Region:			
North America	174,648	201,943	+16%
Europe	114,379	124,940	+9%
Asia Pacific	73,511	81,901	+11%
Other	18,430	16,412	-11%
Total	380,968	425,196	+12%
Revenue by Product Group:			
Hospital	199,625	236,634	+19%
Homecare	175,312	183,237	+5%
Core products sub-total	374,937	419,871	+12%
Distributed and other	6,031	5,325	-12%
Total	380,968	425,196	+12%
FINANCIAL POSITION			
Tangible assets	663,209	732,403	
Intangible assets (including deferred tax asset)	71,979	72,586	
Total assets	735,188	804,989	
Total liabilities	287,415	215,014	
Shareholders' equity	447,773	589,975	
Gearing	17.0%	7.3%	
Net tangible asset backing (cents per share)	67	94	

Results in Brief (continued)

UNAUDITED	Six Months Ended 30 September 2015 NZ\$000 (except as otherwise stated)	Six Months Ended 30 September 2016 NZ\$000 (except as otherwise stated)	% Change
CASH FLOWS			
Net cash flow from operating activities	35,198	76,226	
Net cash flow (used in) investing activities	(36,243)	(30,419)	
Net cash flow (used in) financing activities	(6,549)	(47,138)	
SHARES OUTSTANDING			
Weighted average basic shares outstanding	559,068,535	564,988,383	
Weighted average diluted shares outstanding	571,175,503	573,426,469	
Basic shares outstanding at period end	561,404,254	566,655,585	
DIVIDENDS AND EARNINGS PER SHARE			
Dividends (interim paid/proposed) per share (cents)	6.7	8.25	+23%
Basic earnings per share (cents)	11.1	13.8	+24%

Constant Currency Analysis

CONSTANT CURRENCY INCOME STATEMENTS UNAUDITED	Six Months Ended 30 September 2015 NZ\$000	Six Months Ended 30 September 2016 NZ\$000	% Change
Total operating revenue	375,599	434,490	+16%
Cost of sales	141,294	150,125	+6%
Gross profit	234,305	284,365	+21%
Gross margin	62.4%	65.4%	+307bps
Other income	2,500	2,500	-
Selling, general and administrative expenses	111,716	130,765	+17%
Research and development expenses	35,833	41,574	+16%
Total operating expenses	147,549	172,339	+17%
Operating profit before financing costs	89,256	114,526	+28%
Operating margin	23.8%	26.4%	+260bps
Financing expenses (net)	3,091	2,160	-30%
Profit before tax	86,165	112,366	+30%

The significant exchange rates used in the constant currency analysis, being the budget exchange rates for the year ending 31 March 2017, are USD 0.68, EUR 0.61, AUD 0.90, GBP 0.475, CAD 0.89, JPY 77 and MXN 11.80.

A constant currency income statement is prepared each month to enable the board and management to monitor and assess the company's underlying comparative financial performance without any distortion from changes in foreign exchange rates. The table above provides estimated NZ dollar income statements for the relevant periods, which have all been restated at the budget foreign exchange rates for the 2017 financial year but after excluding the impact of movements in foreign exchange rates, hedging results and balance sheet translations.

This constant currency analysis is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and assess the company's financial performance without the impacts of spot foreign currency fluctuations and hedging results and has been prepared on a consistent basis each half year. The company's constant currency income statement framework can be found on the company's website at www.fphcare.com/ccis.

A close-up, profile view of a patient's face. The patient is wearing a white nasal cannula and a blue oxygen mask. The patient's eyes are open and looking upwards. The background is a soft, out-of-focus blue and green.

Interim Report 2017

Care by design

For six months ended
30 September 2016



Patient Needs

Our team is dedicated to improving care and outcomes through inspired and world-leading healthcare solutions. Our focus on care drives the way we work, how we approach our design processes and how we support our customers. With more than 10 million people treated with our devices each year, we understand the importance of putting the patients' needs first and striving to deliver our best, every time.



Innovation

Our investment in research and development, 10% of revenue this half year, has built a competitive advantage driving the development of some of the world's most innovative medical systems. Supported by clinical research and protected by patents, our therapies are changing clinical practice.





Design Development

Our business is about people. Helping patients, supporting clinicians, and contributing to the communities in which we work. From design to development, manufacture, marketing and supply, our business touches people in over 120 countries. We design the same level of care into our relationships as we do our products, and we support clinicians and homecare providers every step of the way.

Unbeatable Care

Ours is a long-term story. For forty five years we've designed innovative and world-leading medical products, steadily and consistently building relationships and transforming medical care. We have an exciting product range, an exceptional team and a clear vision guiding us to a future of continued advances in respiratory, surgical and sleep apnea care.

It is care by engineering, care by discipline, care by understanding: it is care by design.

Care by Design™





Dedicated to delivering results.

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Constant currency information contained within this report is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and assess the company's financial performance without the impacts of spot foreign currency fluctuations and hedging results and has been prepared on a consistent basis each financial year. A reconciliation between reported results and constant currency results is available on page 19 of this report. The company's constant currency income statement framework can be found on the company's website at www.fphcare.com/ccis.

This report is dated 21 November 2016 and is signed on behalf of Fisher & Paykel Healthcare Corporation Limited by Tony Carter, Chairman and Lewis Gradon, Managing Director and Chief Executive Officer.



TONY CARTER, CHAIRMAN



LEWIS GRADON, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Half year highlights

RECORD NET PROFIT AFTER TAX

\$78.2m

↑ 26%

RECORD OPERATING REVENUE

\$425.2m

↑ 12%

RECORD HOSPITAL REVENUE

\$236.6m

↑ 19%

NEW APPLICATIONS* CONSUMABLES
REVENUE GROWTH IN CONSTANT CURRENCY

↑ 35%

OSA* MASK REVENUE GROWTH
IN CONSTANT CURRENCY

↑ 14%

INCREASED FULLY IMPUTED INTERIM DIVIDEND

8.25 cps

↑ 23%

* OSA: Obstructive Sleep Apnea.

* New applications: Non-invasive ventilation, hospital respiratory support and surgical humidification.

Business highlights

LAUNCHED THREE INNOVATIVE NEW PRODUCTS: F&P 950™, F&P BREVIDA™ AND F&P NIVAIRO™

ENTERED AGREEMENT FOR PURCHASE OF A NEW 15 HECTARE SITE IN MEXICO

RECEIVED FOREIGN TRADE ZONE LICENSE FOR OUR CALIFORNIAN DISTRIBUTION CENTRE

BEGAN PLANNING FOR THE CONSTRUCTION OF A FOURTH BUILDING ON OUR NEW ZEALAND SITE

CONTINUED THE ROLL OUT OF OUR NEW ENTERPRISE RESOURCE PLANNING SYSTEM, SAP IN BRAZIL AND AUSTRALIA

RECEIVED THE FIRST NZ CAPITAL MARKET LEADERS BEST CORPORATE COMMUNICATOR AWARD

ADMITTED TO THE DOW JONES SUSTAINABILITY ASIA PACIFIC INDEX AND THE DOW JONES SUSTAINABILITY AUSTRALIA INDEX

AWARDED THE 2016 ZENITH AWARD BY THE AMERICAN ASSOCIATION FOR RESPIRATORY CARE

OPENED NEW DIRECT SALES OFFICES IN BRAZIL AND NORWAY

Hospital

56% OF OPERATING REVENUE

OPERATING REVENUE
(HY17 \$236.6M)

HY17 CONSTANT CURRENCY
REVENUE GROWTH

↑19%

↑23%



INVASIVE VENTILATION

Our products for invasive ventilation provide warm, humidified air to intubated patients. This is essential for maintaining the natural balance of heat and moisture in the airways.



OPTIFLOW™

Our Optiflow system is used to deliver nasal high flow therapy. Its considerable benefits, as discussed in clinical research, now mean that this therapy can often displace conventional oxygen therapy.



NON-INVASIVE VENTILATION

For non-invasively ventilated patients, a heated and humidified gas flow can improve patient comfort and compliance, reduce airway drying and improve secretion clearance.



SURGICAL

Our HumiGard™ system delivers warm, humidified CO₂ during open and laparoscopic surgery to support patient outcomes and reduce the risk of postoperative complications.



Homecare

43% OF OPERATING REVENUE

OPERATING REVENUE
(HY17 \$183.2M)

↑5%

HY17 CONSTANT CURRENCY
REVENUE GROWTH

↑8%

**Distributed
and Other**

1% OF OPERATING REVENUE



CPAP THERAPY

Our continuous positive airway pressure (CPAP) devices and masks support patients suffering from obstructive sleep apnea. Our masks are designed for comfort, seal and easy use.



HOME RESPIRATORY SUPPORT

Our range of products are used for delivering Optiflow nasal high flow therapy and ventilation in the home for patients in need of respiratory support.



TONY CARTER
Chairman

Half year review

Putting care into everything we do.

Welcome to Fisher & Paykel Healthcare's interim report for the first half of the 2017 financial year.

We are pleased to again report a record result, with net profit after tax up 26% for the half to NZ\$78.2 million. Operating revenue for the half of NZ\$425.2 million, was 12% above the first half last year, or 16% growth in constant currency.

Product innovation

Our company is a global leader in medical devices and systems for use in respiratory care, acute care, surgery and the treatment of obstructive sleep apnea. Our devices are used to improve patient care and outcomes for millions of people around the world. This financial year, we estimate that our products will be used in the treatment of more than 11 million people.

The 2017 financial year has started with three exciting new additions to our product range: the F&P 950 heated humidification system, the F&P Brevida OSA mask and the F&P Nivairo non-invasive ventilation mask. These products have undergone extensive clinical and usability trials and the early response from customers has been extremely encouraging. We expect the F&P 950 and Nivairo to reinforce our market leading position in respiratory care, and the Brevida to provide an attractive complement to our other popular OSA masks, the Simplus™ and Eson™ 2.

**This is just the beginning
of a very productive time
for new product releases.**

These new products are now available in New Zealand and Australia, and will be launched in other countries once local regulatory clearances have been obtained. The Brevida, Nivairo and F&P 950 launches are just the beginning of a very productive time for new product releases, which we look forward to sharing with you as they occur. Further information on the three new products released so far this year is included later in this report.

In August, we filed patent infringement proceedings against ResMed, one of our competitors, as we believe that several of their OSA products infringe some of our patented technology. They have also filed patent infringement proceedings against us, which we will vigorously contest. Over the past 20 years, we have built a significant portfolio of more than 1,400 issued and pending patents. We respect the valid intellectual property rights of others and are confident in our infringement and validity positions with respect to our own patents.



LEWIS GRADON
Managing Director and Chief Executive Officer

Long term growth

Our consistent growth and quality of earnings are reflective of our long term growth strategy and commitment to our investors.

The strong growth we are achieving in both our Hospital and Homecare product groups is due to the increasing adoption of our products by healthcare providers. There are growing numbers of published clinical studies demonstrating how our products can help deliver improved health outcomes for patients and reduce costs to healthcare systems.

To support our growth we will be expanding our infrastructure in both New Zealand and Mexico.

In August, we announced that we had begun the process to purchase a 15 hectare site in Tijuana, Mexico, close to our existing premises. The preliminary purchase agreement has been completed. We expect earthworks to commence later this year with completion of a new facility by 2018, which will provide further manufacturing capacity to accommodate our growth over the next decade.

In New Zealand, we have begun planning for the construction of a fourth building on our existing Auckland site, to accommodate growth in our R&D teams and associated new product pilot manufacturing. The collaboration and seamless integration of the design and manufacturing processes support product development and new product introduction. This facility is expected to be complete by early 2020, and should accommodate the growth in our R&D operations for the following five years.

Our consistent growth and quality of earnings are reflective of our long term growth strategy.

NET PROFIT AFTER TAX

\$78.2m**↑ 26%**

The development and training of our expanded hospital sales force in the US continues to go well, with major contracts confirmed and market share maintained. We are pleased with progress and look forward to the benefits that we believe the direct sales approach will offer us in the coming years.

Dividend

Our Board of Directors has approved a fully imputed interim dividend of 8.25 cents per share for the six months to 30 September 2016, a 23% increase on the interim dividend last year.

Summary

During the first half, we continued to implement our strategy of continuous product improvement, broadening our product range, serving more patient groups and increasing our international presence. We are committed to ongoing improvement of care and outcomes for many millions of patients around the world.

We provide healthcare practitioners with innovative medical devices that assist them to provide the best possible care for their patients, and to control costs. Demographics continue to drive growth for healthcare services and support the long term growth outlook for our company.

Our longstanding objective is to double our constant currency operating revenue every five or six years. Our performance this financial year to date is consistent with that objective and the opportunities we see to assist more and more caregivers and their patients continue to give us confidence for the future.



TONY CARTER, CHAIRMAN

LEWIS GRADON, MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER

Transforming medical care

F&P Brevida

The F&P Brevida is a nasal pillows mask designed for OSA patients.

It has a unique air pillow seal which inflates in and around the nares to provide comfortable and unobstructed therapy. It incorporates simple, adjustable headgear, a washable diffuser to reduce noise and draft, and VisiBlue™ highlights to assist patients with orientation and assembly. Together, these features are designed for comfort, simplicity of use and to give patients the confidence to adhere to their therapy.



F&P 950

The F&P 950 is an advanced heated humidification system for use across the entire respiratory care continuum, delivering support for invasive ventilation, non-invasive ventilation and nasal high flow therapy.

The system is designed to be easy to set up and use, to minimise unwanted condensate and to provide advanced patient protection. The system includes an interactive touch screen, has minimal assembly connections, integrated measurement of temperature and flows, and Evaqua™ technology to allow humidity to diffuse from the expiratory tube.

F&P Nivairo

The Nivairo is a hospital mask used in non-invasive ventilation.

The mask features a soft, efficient, comfortable seal that conforms to each patient's individual facial shape. It incorporates soft TubeFit™ zones that allow nurses to insert nasogastric feeding tubes when required, without compromising the fit of the seal or creating leaks. The mask also features ErgoFit™ headgear, which is breathable and is designed to maximise comfort for patients.

The Nivairo features a soft, efficient, comfortable seal that conforms to each patient's individual facial shape.



Clinical research

New trial shows benefits of Optiflow nasal high flow therapy

The Journal of the American Medical Association (JAMA) recently published a study led by Associate Professor Hernández M.D, which investigated the use of nasal high flow (NHF) therapy in comparison to non-invasive ventilation (NIV) for patients at high risk of reintubation.¹

The randomised clinical trial, which used Fisher & Paykel Healthcare's Optiflow nasal cannula, showed that among high-risk adults who had undergone extubation, NHF was not inferior to NIV for preventing reintubation and post-extubation respiratory failure.

This research follows on from an earlier study this year by Associate Professor Hernández and colleagues, also published in JAMA, which found that the use of Optiflow NHF therapy reduced the risk of escalation for extubated patients within 72 hours when compared to conventional oxygen therapy.²

Together, these two studies comprise compelling clinical evidence of the benefits of Optiflow NHF therapy.

The much better comfort and tolerance of NHF compared with NIV, permitting nearly 24 hours of daily use, are significant advantages.³

PRIMARY OUTCOMES

Patients requiring reintubation

- Optiflow NHF therapy: 22.8%
- NIV: 19.1%

Post-extubation respiratory failure

- Optiflow NHF therapy: 26.9%
- NIV: 39.8%

SECONDARY OUTCOMES

Median time to reintubation:

- Not significantly different

Median length of stay in ICU

- Optiflow NHF therapy: 3 days
- NIV: 4 days

Adverse effects requiring withdrawal of the therapy

- Optiflow NHF therapy: 0
- NIV: 42.9%



- 1 Hernández G, et al. Effect of Postextubation High-Flow Nasal Cannula vs Noninvasive Ventilation on Reintubation and Postextubation Respiratory Failure in High-Risk Patients. *JAMA*. 2016 doi:10.1001/jama.2016.14194
- 2 Hernández G, et al. Effect of Postextubation High-Flow Nasal Cannula vs Conventional Oxygen Therapy on Reintubation in Low-Risk Patients. *JAMA*. 2016 doi:10.1001/jama.2016.2711
- 3 Spoletini G, et al. High-Flow Nasal Oxygen or Noninvasive Ventilation for Postextubation Hypoxemia, Flow vs Pressure? *JAMA*. 2016 doi:10.1001/jama.2016.2709

HumiGard making an impact

A trial was recently published in *Surgical Endoscopy* that assessed the impact of surgical humidification during laparoscopic colorectal surgery on postoperative hypothermia and surgical site infections (SSIs). The researchers also performed a cost-effectiveness analysis. Our F&P HumiGard surgical humidification system was used for the trial.⁴

The study showed that surgical humidification during laparoscopic colorectal surgery is a safe, feasible and cost-effective treatment that improves the quality of surgical care in relation to SSIs and postoperative hypothermia.

This study provides encouraging evidence of the benefits of HumiGard's warm, humidified CO₂ for peritoneal insufflation during elective colorectal surgery with regard to SSIs, postoperative hypothermia and length of stay.

PRIMARY OUTCOMES

Incidence of postoperative hypothermia

- Surgical humidification: 13%
- Without surgical humidification: 57%

SECONDARY OUTCOMES

Incidence of SSIs

- Surgical humidification: 5.7%
- Without surgical humidification: 13%

Length of stay

- Surgical humidification: 6.4 days
- Without surgical humidification: 8.3 days – NB: Not statistically significant

Average costs incurred

- Surgical humidification: £155 less per patient



⁴ Mason, S.E., Kinross, J.M., Hendricks, J. et al. Surg Endosc (2016). doi:10.1007/s00464-016-5195-0

Financial commentary

CONSTANT CURRENCY ANALYSIS

A constant currency income statement is prepared each month to enable the Board and management to monitor and assess the company's underlying comparative financial performance without any distortion from changes in foreign exchange rates. The table opposite provides estimated NZ dollar income statements for the relevant periods, which have all been restated at the budget foreign exchange rates for the 2017 financial year but after excluding the impact of movements in foreign exchange rates, hedging results and balance sheet translations. This constant currency analysis is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and assess the company's financial performance without the impacts of spot foreign currency fluctuations and hedging results and has been prepared on a consistent basis each year. The company's constant currency income statement framework can be found on the company's website at www.fphcare.com/ccis.

Constant Currency Income Statements (Unaudited)	Six months ended 30 Sep 2014 NZ\$000	Six months ended 30 Sep 2015 NZ\$000	Variation 2014 to 2015 %	Six months ended 30 Sep 2016 NZ\$000	Variation 2015 to 2016 %
Operating revenue	334,652	375,599	+12	434,490	+16
Cost of sales	136,036	141,294	+4	150,125	+6
Gross profit	198,616	234,305	+18	284,365	+21
Gross Margin	59.4%	62.4%	+303bps	65.4%	+307bps
Other income	2,500	2,500	-	2,500	-
Selling, general and administrative expenses	97,955	111,716	+14	130,765	+17
Research & development expenses	31,338	35,833	+14	41,574	+16
Total operating expenses	129,293	147,549	+14	172,339	+17
Operating profit	71,823	89,256	+24	114,526	+28
Operating margin	21.5%	23.8%	+230bps	26.4%	+260bps
Financing expenses (net)	3,254	3,091	-5	2,160	-30
Profit before tax	68,569	86,165	+24	112,366	+30

The significant exchange rates used in the constant currency analysis, being the budget exchange rates for the year ending 31 March 2017, are USD 0.68, EUR 0.61, AUD 0.90, GBP 0.475, CAD 0.89, JPY 77 and MXN 11.80.

A reconciliation of the constant currency income statements on the previous page to the actual income statements for year is provided below.

Reconciliation of Constant Currency to Actual Income Statements (Unaudited)	Six months ended 30 September		
	2014 NZ\$000	2015 NZ\$000	2016 NZ\$000
Profit before tax (constant currency)	68,569	86,165	112,366
Spot exchange rate effect	(23,150)	(2,786)	(6,785)
Foreign exchange hedging result	18,046	(7,124)	9,721
Balance sheet revaluation	3,444	8,324	(4,089)
Profit before tax (as reported)	66,909	84,579	111,213

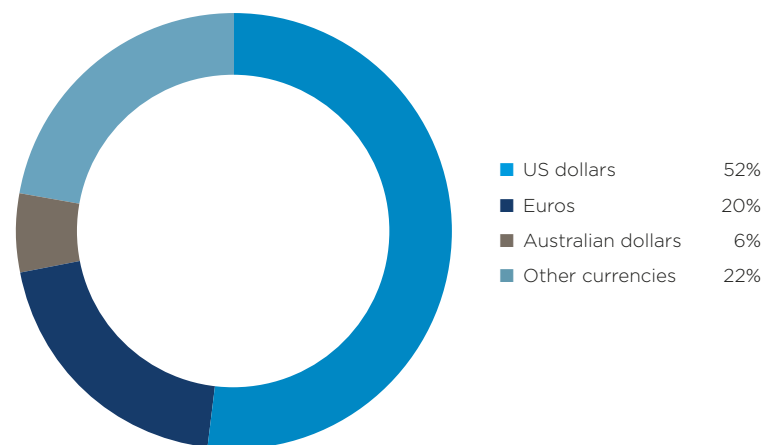
The reconciliation set out above illustrates that, when comparing the NZ dollar profit before tax shown in the actual income statement for the six months to 30 September 2016 with the corresponding period for the prior year:

- the movement in average daily spot exchange rates had an unfavourable impact of NZ\$4.0 million; and
- the company's foreign exchange hedging activities had a favourable impact of NZ\$16.8 million.

Overall, the net favourable effect of movements in exchange rates and the hedging programme was NZ\$0.4 million, including the impact of balance sheet revaluations.

FOREIGN EXCHANGE EFFECTS

The company is exposed to movements in foreign exchange rates, with approximately 52% of operating revenue generated in US dollars, 20% in Euros, 6% in Australian dollars and 22% in other currencies.



In the current period the proportion of revenue which was generated in US dollars has remained at 52%. In the prior full-year the proportion of revenue generated in US dollars grew. This was mainly due to the increased value of the US dollar compared to the comparable period last year and the impact to revenue from the change in Hospital products distribution in the United States from July 2015. The company's cost base continues to be increasingly diverse, as manufacturing output from Mexico has increased to 32% of total output.

The value of the New Zealand dollar moved higher against most of the currencies in which the company receives revenue. As a result of this appreciation the company's hedges for most currencies were above the respective spot rates, and achieved rates were better than last year. As a result of the appreciation of the NZ dollar, a foreign exchange hedging gain of NZ\$9.7 million (2015: NZ\$7.1 million loss) to operating profit was recorded.

The average daily spot rate and the average effective exchange rate (i.e. the accounting rate, incorporating the benefit of forward exchange contracts entered into by the company in respect of the relevant financial year) of the main foreign currency exposures for the six months ended 30 September 2015 and 2016 are set out in the table below:

	Average Daily Spot Rate		Average Effective Exchange Rate	
	Six months ended 30 September		Six months ended 30 September	
	2015	2016	2015	2016
USD	0.6913	0.7069	0.7356	0.6930
EUR	0.6234	0.6298	0.5824	0.5836

The effect of balance sheet translations of offshore assets and liabilities for the six months ended 30 September 2016 resulted in a decrease in operating revenue of NZ\$5.3 million (2015: increase of NZ\$14.5 million) and a decrease in profit before tax of NZ\$4.1 million (2015: increase of NZ\$8.3 million).

Foreign Exchange Hedging Position

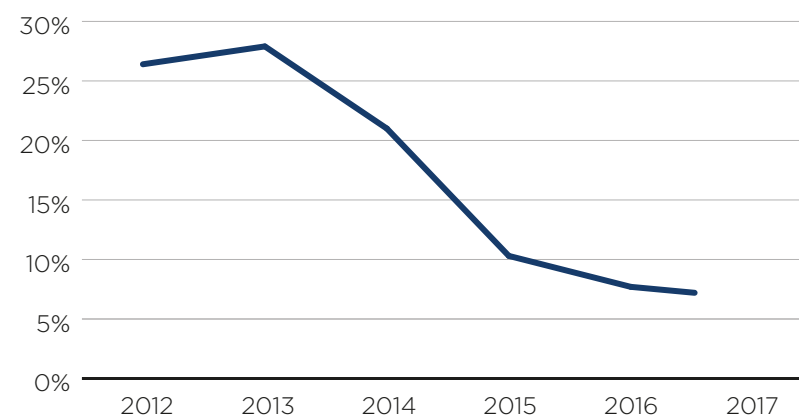
The hedging position for our main exposures, the US dollar and Euro, as at the date of this report is:

	Six months to 31 March	Year to 31 March			
	2017	2018	2019	2020	2021
USD % cover of expected exposure	90%	55%	23%	20%	17%
USD average rate of cover	0.694	0.670	0.643	0.626	0.614
EUR % cover of expected exposure	92%	68%	11%	0%	0%
EUR average rate of cover	0.595	0.588	0.589	NA	NA

BALANCE SHEET

Gearing⁵ at 30 September 2016 was 7.3%, lower than the 7.7% gearing at 31 March 2016. The decrease in gearing since 31 March 2016 is a result of increased profits held in retained earnings and increased reserves partially offset by an increase in working capital, as a consequence of further business growth. The gearing figure remains above the debt to debt plus equity target range of +5% to -5%.

Gearing



⁵ Net interest-bearing debt (debt less cash and cash equivalents) to net interest-bearing debt and equity (less hedge reserve).

FUNDING

The company had total available committed debt funding of NZ\$249 million as at 30 September 2016, of which approximately NZ\$200 million was undrawn, and cash on hand of NZ\$18 million. Bank debt facilities provide all available funding. Over the next 12 months debt facilities totalling NZ\$35 million will mature. As at 30 September 2016, the weighted average maturity of borrowing facilities was 2.7 years.

Debt maturity

The average maturity of the debt of NZ\$44 million was 3.2 years and the currency split was 62% US dollars; 26% Euros; 8% Australian dollars and 4% Canadian dollars (no NZD denominated debt).

Interest rates

As at 31 March 2015 NZ dollar interest rate swaps with a face value of \$91 million were de-designated as effective hedges due to the low likelihood that there will be an equivalent amount of NZ dollar debt on an ongoing basis. Through to 30 September 2016 \$34.5 million of these de-designated interest rate swaps were either closed out or had expired leaving \$56.5 million outstanding. An amount of \$0.5 million after tax (2016: \$0.8 million) was included in financing expense in relation to these de-designated hedges during the period. Exclusive of ineffective interest rate swaps, approximately 78% of all borrowings were at fixed interest rates with an average duration of 2.5 years and an average rate of 3.0%. Inclusive of floating rate borrowings, the average interest rate on the debt is currently 2.7%. All interest rates are inclusive of margins but not fees.

Cash flow

Cash flow from operations was NZ\$76.2 million compared with NZ\$35.2 million for the six months ended 30 September 2015. The significant increase was mainly related to an increase in working capital, mainly inventory, recorded in the prior corresponding period. Significant inventory was built last year prior to the implementation of SAP in New Zealand soon after balance date. This inventory was consumed throughout the second half of the prior financial year.

Capital expenditure for the six months was NZ\$30.4 million compared with NZ\$36.2 million in the prior year. The capital expenditure related predominantly to new product tooling and manufacturing equipment. Intangible expenditure related to patent acquisition costs and further implementation costs, NZ\$3.8 million, for the SAP project.





Financial Statements.

CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited Six Months Ended 30 September 2015 NZ\$000	Audited Year Ended 31 March 2016 NZ\$000	Unaudited Six Months Ended 30 September 2016 NZ\$000
Operating revenue	3	380,968	815,488	425,196
Cost of sales		(139,758)	(293,840)	(149,313)
Gross profit		241,210	521,648	275,883
Other income		2,500	5,000	2,500
Selling, general and administrative expenses		(112,675)	(242,279)	(126,109)
Research and development expenses		(35,833)	(73,288)	(41,574)
Total operating expenses		(148,508)	(315,567)	(167,683)
Operating profit before financing costs		95,202	211,081	110,700
Financing income		54	102	139
Financing expense		(3,251)	(6,384)	(2,235)
Exchange gain (loss) on foreign currency borrowings		(7,426)	(3,969)	2,609
Net financing income (expense)		(10,623)	(10,251)	513
Profit before tax	4	84,579	200,830	111,213
Tax expense		(22,541)	(57,405)	(32,995)
Profit after tax		62,038	143,425	78,218
Basic earnings per share		11.1cps	25.6cps	13.8cps
Diluted earnings per share		10.9cps	25.1cps	13.6cps
Weighted average basic ordinary shares outstanding		559,068,535	561,036,045	564,988,383
Weighted average diluted ordinary shares outstanding		571,175,503	572,037,753	573,426,469

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six Months Ended 30 September 2015 NZ\$000	Audited Year Ended 31 March 2016 NZ\$000	Unaudited Six Months Ended 30 September 2016 NZ\$000
Profit after tax	62,038	143,425	78,218
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedge reserve			
Changes in fair value	(59,639)	6,540	28,277
Transfers to profit before tax	(10,880)	(19,797)	(3,970)
Tax on changes in fair value and transfers to profit before tax	19,745	3,712	(6,806)
Cost of hedging reserve			
Changes in fair value	-	-	(1,470)
Transfers to profit before tax	-	-	161
Tax on changes in fair value and transfers to profit before tax	-	-	367
Other comprehensive income, net of tax	(50,774)	(9,545)	16,559
Total comprehensive income	11,264	133,880	94,777

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital NZ\$000	Treasury shares NZ\$000	Retained earnings NZ\$000	Asset revaluation reserve NZ\$000	Hedge reserve NZ\$000	Share based payments reserve NZ\$000	Total equity NZ\$000
Unaudited							
Balance at 31 March 2015	147,414	(1,543)	266,771	32,459	21,634	4,455	471,190
Total comprehensive income	-	-	62,038	-	(50,774)	-	11,264
Dividends paid	-	-	(44,652)	-	-	-	(44,652)
Issue of share capital under dividend reinvestment plan	7,648	-	-	-	-	-	7,648
Issue of share capital	29	-	-	-	-	-	29
Movement in share based payments reserve	-	-	-	-	-	(266)	(266)
Movement in treasury shares	-	532	-	-	-	-	532
Increase in share capital under share option schemes for employee services	1,836	-	-	-	-	-	1,836
Employee share scheme shares issued for employee services	192	-	-	-	-	-	192
Balance at 30 September 2015	157,119	(1,011)	284,157	32,459	(29,140)	4,189	447,773
Audited							
Balance at 31 March 2015	147,414	(1,543)	266,771	32,459	21,634	4,455	471,190
Total comprehensive income	-	-	143,425	-	(9,545)	-	133,880
Dividends paid	-	-	(82,342)	-	-	-	(82,342)
Issue of share capital under dividend reinvestment plan	14,150	-	-	-	-	-	14,150
Issue of share capital	2,086	-	-	-	-	-	2,086
Movement in share based payments reserve	-	-	-	-	-	1,568	1,568
Movement in treasury shares	-	(851)	-	-	-	-	(851)
Increase in share capital under share option schemes for employee services	1,573	-	-	-	-	-	1,573
Employee share scheme shares issued for employee services	415	-	-	-	-	-	415
Balance at 31 March 2016	165,638	(2,394)	327,854	32,459	12,089	6,023	541,669

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital NZ\$000	Treasury shares NZ\$000	Retained earnings NZ\$000	Asset revaluation reserve NZ\$000	Hedge reserve NZ\$000	Share based payments reserve NZ\$000	Total equity NZ\$000
Unaudited							
Adjustment on adoption of NZ IFRS 9 (net of tax)	-	-	(2,759)	-	2,759	-	-
Total comprehensive income	-	-	78,218	-	16,559	-	94,777
Dividends paid	-	-	(56,454)	-	-	-	(56,454)
Issue of share capital under dividend reinvestment plan	8,181	-	-	-	-	-	8,181
Issue of share capital	306	-	-	-	-	-	306
Movement in share based payments reserve	-	-	-	-	-	(329)	(329)
Movement in treasury shares	-	12	-	-	-	-	12
Increase in share capital under share option schemes for employee services	1,810	-	-	-	-	-	1,810
Employee share scheme shares issued for employee services	3	-	-	-	-	-	3
Balance at 30 September 2016	175,938	(2,382)	346,859	32,459	31,407	5,694	589,975

CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 September 2015 NZ\$000	Audited 31 March 2016 NZ\$000	Unaudited 30 September 2016 NZ\$000
ASSETS				
Current assets				
Cash and cash equivalents		12,075	18,741	18,000
Trade and other receivables		130,395	131,361	121,497
Inventories		127,222	120,948	132,734
Derivative financial instruments	7	7,035	12,792	23,940
Tax receivable		709	1,878	2,646
Total current assets		277,436	285,720	298,817
Non-current assets				
Derivative financial instruments	7	3,507	20,986	33,970
Other receivables		2,189	5,006	2,086
Property, plant and equipment		380,077	389,609	397,530
Intangible assets		30,653	35,757	40,515
Deferred tax asset		41,326	29,725	32,071
Total assets		735,188	766,803	804,989
LIABILITIES				
Current liabilities				
Interest-bearing liabilities		77,930	16,286	17,453
Trade and other payables		92,168	101,376	96,668
Provisions		3,550	3,875	3,696
Tax payable		14,792	19,117	7,449
Derivative financial instruments	7	31,163	8,869	6,294
Total current liabilities		219,603	149,523	131,560
Non-current liabilities				
Interest-bearing liabilities		31,517	46,853	44,275
Provisions		2,273	2,389	2,342
Other payables		6,584	7,860	8,446
Derivative financial instruments	7	27,310	8,336	11,778
Deferred tax liability		128	10,173	16,613
Total liabilities		287,415	225,134	215,014

CONSOLIDATED BALANCE SHEET (continued)

	Notes	Unaudited 30 September 2015 NZ\$000	Audited 31 March 2016 NZ\$000	Unaudited 30 September 2016 NZ\$000
EQUITY				
Share capital		157,119	165,638	175,938
Treasury shares		(1,011)	(2,394)	(2,382)
Retained earnings		284,157	327,854	346,859
Asset revaluation reserve		32,459	32,459	32,459
Hedge reserve		(29,140)	12,089	31,407
Share based payments reserve		4,189	6,023	5,694
Total equity		447,773	541,669	589,975
Total liabilities and equity		735,188	766,803	804,989

On behalf of the Board.

21 November 2016



Tony Carter
Chairman



Lewis Gradon
Managing Director and Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six Months Ended 30 September 2015 NZ\$000	Audited Year Ended 31 March 2016 NZ\$000	Unaudited Six Months Ended 30 September 2016 NZ\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	366,443	800,451	433,564
Grants received	2,250	5,000	2,250
Interest received	24	102	76
Payments to suppliers and employees	(291,768)	(591,968)	(307,713)
Tax paid	(39,413)	(63,976)	(49,860)
Interest paid	(2,338)	(5,035)	(2,091)
Net cash flows from operations	35,198	144,574	76,226
CASH FLOWS (USED IN) INVESTING ACTIVITIES			
Sales of property, plant and equipment	-	45	73
Purchases of property, plant and equipment	(25,607)	(48,017)	(22,739)
Purchases of intangible assets	(10,636)	(17,743)	(7,753)
Net cash flows (used in) investing activities	(36,243)	(65,715)	(30,419)
CASH FLOWS (USED IN) FINANCING ACTIVITIES			
Employee share purchase schemes	198	631	379
Issue of share capital	594	939	756
New borrowings	29,663	29,683	-
Repayment of borrowings	-	(37,736)	-
Dividends paid	(37,004)	(68,191)	(48,273)
Net cash flows (used in) financing activities	(6,549)	(74,674)	(47,138)
Net increase (decrease) in cash	(7,594)	4,185	(1,331)
Opening cash	(533)	(533)	2,455
Effect of foreign exchange rates	(1,061)	(1,197)	(577)
Closing cash	(9,188)	2,455	547
RECONCILIATION OF CLOSING CASH			
Cash and cash equivalents	12,075	18,741	18,000
Bank overdrafts	(21,263)	(16,286)	(17,453)
Closing cash	(9,188)	2,455	547

CASH FLOW RECONCILIATION

	Unaudited Six Months Ended 30 September 2015 NZ\$000	Audited Year Ended 31 March 2016 NZ\$000	Unaudited Six Months Ended 30 September 2016 NZ\$000
Profit after tax	62,038	143,425	78,218
Add (deduct) non-cash items:			
Depreciation of property, plant and equipment	14,399	30,128	15,505
Amortisation of intangibles	1,951	5,075	4,384
Accrued financing income / expense	138	(31)	29
Movement in provisions	1,385	1,826	(226)
Movement in deferred tax asset / liability	(17,195)	(18,330)	4,402
Movement in foreign currency option contracts time value	2,058	(4,168)	-
Movement in working capital:			
Trade and other receivables	(28,883)	(25,579)	12,784
Inventory	(31,079)	(24,805)	(11,786)
Trade and other payables	18,833	20,068	(5,901)
Provision for taxation	1,756	11,660	(19,184)
Foreign currency translation	9,797	5,305	(1,999)
Net cash flows from operations	35,198	144,574	76,226

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2016

1. GENERAL INFORMATION

Fisher & Paykel Healthcare Corporation Limited (the "Company" or "Parent") together with its subsidiaries (the "Group") is a leading designer, manufacturer and marketer of medical device products and systems for use in respiratory care, acute care, surgery and in the treatment of obstructive sleep apnea. Products are sold in over 120 countries worldwide.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 15 Maurice Paykel Place, East Tamaki, Auckland.

These consolidated interim financial statements were approved by the Board of Directors on 21 November 2016, and are not audited, but were reviewed by PwC in accordance with the New Zealand Standard on Review Engagements 2410.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These general purpose financial statements for the six months ended 30 September 2016 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IAS 34 and IAS 34, *Interim Financial Reporting*. The Group is a for-profit entity for the purposes of complying with NZ GAAP.

Statutory base

The Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The Company is also listed on the New Zealand Stock Exchange (NZX) and the Australian Stock Exchange (ASX).

These consolidated interim financial statements do not include all the notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements for the year ended 31 March 2016, which have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and NZ GAAP. The financial statements for the year ended 31 March 2016 also comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Except as amended by the early adoption of NZ IFRS 9, all accounting policies have been applied on a basis consistent with those used in the audited financial statements for the year ended 31 March 2016, as described in those annual financial statements.

Early adoption of NZ IFRS 9: Financial Instruments

NZ IFRS 9 - Financial Instruments was adopted with effect from 1 April 2016. The only significant change on adoption of NZ IFRS 9 is that changes in option time value for options that expire in future periods are recognised in the Cost of Hedging Reserve rather than the Income Statement. The adoption of NZ IFRS 9 has reduced the Income Statement volatility caused by changes in time value of options that expire in future periods, and the standard aligns more closely with the Group's risk management policies and strategy.

To give effect to this change, at 1 April 2016 an amount of \$3,831,000 (\$2,759,000 after tax) has been transferred from Retained Earnings to the Cost of Hedging Reserve. This amount represents the time value portion of option valuations at 31 March 2016 that had previously been credited to the Income Statement. The balance of the Cost of Hedging portion of the Hedge Reserve at 30 September 2016 is \$1,816,000.

The Income Statements for the 6 months ended 30 September 2015 and the year ended 31 March 2016 have not been restated as the impact of doing so is not considered to be significant. If these had been restated the profit after tax for the 6 months ended 30 September 2015 would be increased by \$1,853,000 to \$63,891,000 and the profit after tax for the 12 months ended 31 March 2016 would be decreased by \$2,486,000 to \$140,939,000.

There are no other new standards or amendments to existing standards effective for the financial year ending 31 March 2017 which have or will have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

3. OPERATING REVENUE

	Unaudited Six Months Ended 30 September 2015 NZ\$000	Audited Year Ended 31 March 2016 NZ\$000	Unaudited Six Months Ended 30 September 2016 NZ\$000
Revenue before hedging:			
North America	182,445	394,327	199,454
Europe	114,011	250,321	118,471
Asia Pacific	72,096	139,591	80,151
Other	19,285	34,253	16,266
Total revenue before hedging	387,837	818,492	414,342
Foreign exchange gain (loss) on hedged sales	(6,869)	(3,004)	10,854
Total operating revenue	380,968	815,488	425,196

The breakdown of revenue before hedging presented above is based on the geographical location of the customer. This presentation is different to that shown in Note 9.

4. EXPENSES

	Unaudited Six Months Ended 30 September 2015 NZ\$000	Audited Year Ended 31 March 2016 NZ\$000	Unaudited Six Months Ended 30 September 2016 NZ\$000
Profit before tax includes the following expenses:			
Depreciation	14,399	30,128	15,505
Amortisation	2,470	5,075	4,384
Employee benefits expense	139,751	281,726	154,296
Rental and lease expense	4,183	9,525	4,877

NOTES TO THE FINANCIAL STATEMENTS

5. CAPITAL EXPENDITURE COMMITMENTS

	Unaudited 30 September 2015 NZ\$000	Audited 31 March 2016 NZ\$000	Unaudited 30 September 2016 NZ\$000
Capital expenditure commitments contracted for but not recognised as at the reporting date:			
Within one year	12,053	5,558	15,748
Between one and two years	–	204	–
	12,053	5,762	15,748

6. CONTINGENT LIABILITIES

Periodically the Group is party to litigation including product liability and patent claims.

In August 2016, Fisher & Paykel Healthcare filed patent infringement proceedings in the U.S. District Court for the Southern District of California seeking judgment that ResMed's AirSense 10 and AirCurve 10 range of flow generator products, ClimateLineAir heated air tubing, and water chambers for use with such flow generator products, as well as Swift LT and Swift FX masks infringe patents held by Fisher & Paykel Healthcare. ResMed responded that the patents asserted are not infringed and/or are invalid. ResMed also filed a counterclaim in the U.S. District Court for the Southern District of California seeking judgment that Fisher & Paykel Healthcare's Simplus and Eson range of masks used in the treatment of OSA infringe patents held by ResMed. Fisher & Paykel Healthcare responded that it does not infringe and/or the patents of ResMed are invalid.

ResMed has initiated proceedings in the High Court of New Zealand in relation to Fisher & Paykel Healthcare's ICON CPAP device and Simplus and Eson range of masks and in the Regional Court of Munich, Germany in relation to the Simplus and Eson range of masks. Fisher & Paykel Healthcare has filed a counterclaim in the High Court of New Zealand for non-infringement and revocation and has filed proceedings at the European Patent Office to oppose the patents asserted by ResMed in Germany. In October 2016, Fisher & Paykel Healthcare also sought a declaration of non-infringement and invalidity in the High Court of Justice Chancery Division Patents Court in the United Kingdom in respect of patents asserted against Fisher & Paykel Healthcare in Germany.

In November 2016, Fisher & Paykel Healthcare filed patent infringement proceedings against ResMed in Germany in relation to ResMed's AirSense 10 and AirCurve 10 range of flow generator products and Lumis series of noninvasive ventilators.

Both parties are seeking injunctions and damages in relation to the proceedings described above. As at the date of the issue of these financial statements, an estimate of the financial effect cannot be made.

Except as noted above, the Directors are unaware of the existence of any claim or other contingencies that would have a material impact on the operations of the Group.

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCIAL INSTRUMENTS

Derivative Financial Instruments

	Unaudited 30 September 2015		Audited 31 March 2016		Unaudited 30 September 2016	
	Assets NZ\$000	Liabilities NZ\$000	Assets NZ\$000	Liabilities NZ\$000	Assets NZ\$000	Liabilities NZ\$000
CURRENT						
Foreign currency forward exchange contracts	6,897	21,978	11,295	4,510	17,694	4,138
Foreign currency option contracts	138	7,332	1,497	2,254	6,246	-
Interest rate instruments	-	1,853	-	2,105	-	2,156
	7,035	31,163	12,792	8,869	23,940	6,294
NON-CURRENT						
Foreign currency forward exchange contracts	3,195	15,378	9,600	4,179	18,643	8,510
Foreign currency option contracts	312	7,799	11,376	190	15,327	-
Interest rate instruments	-	4,133	10	3,967	-	3,268
	3,507	27,310	20,986	8,336	33,970	11,778

Contractual amounts of forward exchange and option contracts outstanding were as follows:

	Unaudited 30 September 2015 NZ\$000	Audited 31 March 2016 NZ\$000	Unaudited 30 September 2016 NZ\$000
Purchase commitments forward exchange contracts	27,632	50,988	61,641
Sale commitments forward exchange contracts	472,096	431,972	372,937
Foreign currency borrowing forward exchange contracts	26,178	4,259	3,939
NZD call option contracts purchased	23,281	3,008	-
Collar option contracts - NZD call option purchased ⁽ⁱ⁾	262,686	274,527	235,756
Collar option contracts - NZD call option sold ⁽ⁱ⁾	287,981	307,381	260,293

(i) Foreign currency contractual amounts are equal.

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCIAL INSTRUMENTS (continued)

Foreign currency contractual amounts hedged in relation to sale commitments were as follows:

	Foreign Currency		
	Unaudited 30 September 2015 000s	Audited 31 March 2016 000s	Unaudited 30 September 2016 000s
United States dollars	US\$323,550	US\$302,250	US\$251,450
European Union euros	€91,359	€87,959	€73,500
Australian dollars	A\$6,150	A\$8,150	A\$4,500
British pounds	£19,500	£15,500	£12,350
Canadian dollars	C\$14,400	C\$8,200	C\$6,250
Japanese yen	¥2,625,000	¥2,680,000	¥3,185,000
Chinese yuan	¥56,750	¥44,250	¥27,000
Korean won	₩1,839,678	₩2,110,665	₩3,055,410
Swedish kronor	kr23,750	kr12,500	kr5,000

Foreign currency contractual amounts hedged in relation to purchase commitments were as follows:

	Foreign Currency		
	Unaudited 30 September 2015 000s	Audited 31 March 2016 000s	Unaudited 30 September 2016 000s
Mexican pesos	MEX\$341,500	MEX\$628,500	MEX\$797,000

Contractual amounts of interest rate derivative contracts outstanding were as follows:

	Unaudited 30 September 2015 NZ\$000	Audited 31 March 2016 NZ\$000	Unaudited 30 September 2016 NZ\$000
Interest rate instruments	97,071	89,821	108,583

The interest rate instruments have terms of up to 10 years.

As at 30 September 2016, \$56.5M (2015: \$61.5M) of the total face value of interest rate instruments of \$108.6M were classified as ineffective hedges. The ineffective interest rate instruments will expire through to financial year 2021. Future changes in the mark to market valuation of these interest rate instruments will be expensed or credited to the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS

8. RELATED PARTY TRANSACTIONS

During the period the Group has not entered into any material contracts involving related parties or directors' interests. No amounts owed by related parties have been written off or forgiven during the period. Apart from directors' fees, key executive remuneration and dividends paid by the Group to its directors, there have been no related party transactions.

9. SEGMENT INFORMATION

The Group's operating segments consist of New Zealand, North America, Europe and Asia-Pacific. The composition of these segments is unchanged from the 31 March 2016 annual financial statements. Performance is measured based on segment operating profit, as the chief operating decision-maker believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry.

Operating Segments - 30 September 2015 (Unaudited)

	New Zealand NZ\$000	North America NZ\$000	Europe NZ\$000	Asia-Pacific NZ\$000	Eliminations NZ\$000	Total NZ\$000
Sales revenue - external	32,667	182,445	112,389	60,336	-	387,837
Sales revenue - internal	321,831	-	-	-	(321,831)	-
Foreign exchange (loss) on hedged sales	(6,869)	-	-	-	-	(6,869)
Total operating revenue	347,629	182,445	112,389	60,336	(321,831)	380,968
Other income	2,500	-	-	-	-	2,500
Depreciation and amortisation	15,431	759	352	327	-	16,869
Segment operating profit before financing costs	120,185	17,805	9,160	3,697	(55,645)	95,202
Financing income	1,295	-	-	-	(1,241)	54
Financing expense	(2,849)	(1,232)	(258)	(153)	1,241	(3,251)
Exchange (loss) on foreign currency borrowings	(7,077)	-	(349)	-	-	(7,426)
Segment net profit before tax	111,554	16,573	8,553	3,544	(55,645)	84,579
Segment assets	705,228	146,834	119,002	56,754	(292,630)	735,188
Segment capital expenditure	35,342	410	153	338	-	36,243

NOTES TO THE FINANCIAL STATEMENTS

9. SEGMENT INFORMATION (continued)

Operating Segments - 30 September 2016 (Unaudited)

	New Zealand NZ\$000	North America NZ\$000	Europe NZ\$000	Asia-Pacific NZ\$000	Eliminations NZ\$000	Total NZ\$000
Sales revenue - external	29,426	199,454	117,141	68,321	-	414,342
Sales revenue - internal	316,999	-	-	-	(316,999)	-
Foreign exchange gain on hedged sales	10,854	-	-	-	-	10,854
Total operating revenue	357,279	199,454	117,141	68,321	(316,999)	425,196
Other income	2,500	-	-	-	-	2,500
Depreciation and amortisation	17,847	1,310	397	335	-	19,889
Segment operating profit before financing costs	113,804	2,509	565	3,474	(9,652)	110,700
Financing income	1,347	-	-	-	(1,208)	139
Financing expense	(1,747)	(1,244)	(311)	(141)	1,208	(2,235)
Exchange gain (loss) on foreign currency borrowings	2,674	-	(65)	-	-	2,609
Segment net profit before tax	116,078	1,265	189	3,333	(9,652)	111,213
Segment assets	768,409	134,192	110,079	57,882	(265,573)	804,989
Segment capital expenditure	26,233	3,592	100	567	-	30,492

NOTES TO THE FINANCIAL STATEMENTS

9. SEGMENT INFORMATION (continued)

Product Segments

The Group's products and systems are for use in respiratory care, acute care, surgery and the treatment of obstructive sleep apnea and are sold in over 120 countries worldwide. Revenues are managed on a regional basis, but a split by product group is set out below. Assets are not split by product group. Segment revenue is based on product codes and customer types.

Product Group Information

	Unaudited Six Months Ended 30 September 2015 NZ\$000	Unaudited Six Months Ended 30 September 2016 NZ\$000
Hospital products	199,625	236,634
Homecare products	175,312	183,237
Core products subtotal	374,937	419,871
Distributed and other products	6,031	5,325
Total revenue	380,968	425,196

10. SUBSEQUENT EVENTS

On 21 November 2016 the directors approved the payment of a fully imputed 2017 interim dividend of \$46,756,985 (8.25 cents per share) to be paid on 21 December 2016.



INDEPENDENT REVIEW REPORT

To the shareholders of Fisher & Paykel Healthcare Corporation Limited

REPORT ON THE INTERIM FINANCIAL STATEMENTS

We have reviewed the accompanying financial statements of Fisher & Paykel Healthcare Corporation Limited ("the Company"), including its subsidiaries ("The Group") on pages 24 to 39, which comprise the consolidated balance sheet as at 30 September 2016, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period ended on that date, and a summary of significant accounting policies and selected explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible on behalf of the Group for the preparation and presentation of these financial statements in accordance with *New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting* (NZ IAS 34) and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditors of the Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditors perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly we do not express an audit opinion on these financial statements.

We are independent of the Group. Our firm carries out other services for the Group in the areas of advisory, tax and other assurance services. The provision of these other services has not impaired our independence.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Group are not prepared, in all material respects, in accordance with NZ IAS 34.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders, for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', written over a faint, larger version of the same text.

PricewaterhouseCoopers
Chartered Accountants
21 November 2016

Auckland

Directory

DIRECTORS

Tony Carter	Chairman, Non-Executive, Independent
Lewis Gradon	Managing Director and Chief Executive Officer
Michael Daniell	Non-Executive
Lindsay Gillanders	Non-Executive, Independent
Geraldine McBride	Non-Executive, Independent
Arthur Morris	Non-Executive, Independent
Donal O'Dwyer	Non-Executive, Independent
Scott St John	Non-Executive, Independent

EXECUTIVE MANAGEMENT TEAM

Lewis Gradon	Managing Director and Chief Executive Officer
Paul Shearer	Senior Vice President – Sales & Marketing
Tony Barclay	Chief Financial Officer & Company Secretary
Winston Fong	Vice President – Information & Communication Technology
Brian Schultz	Vice President – Quality & Regulatory
Andrew Somervell	Vice President – Products & Technology
Jonti Rhodes	General Manager – Supply Chain

REGISTERED OFFICES

New Zealand:

Physical address:	15 Maurice Paykel Place, East Tamaki, Auckland 2013, New Zealand
Telephone:	+64 9 574 0100
Postal address:	PO Box 14348, Panmure, Auckland 1741, New Zealand
Website:	www.fphcare.com
Email:	investor@fphcare.co.nz

Australia:

Physical address:	36-40 New Street, Ringwood, Victoria 3134, Australia
Telephone:	+61 3 9879 5022
Postal address:	PO Box 167, Ringwood, Victoria 3134, Australia

STOCK EXCHANGES

The Company's ordinary shares are listed on the NZX Main Board and the ASX.

SHARE REGISTRAR

In New Zealand:

Link Market Services Limited

Physical address:	Level 11, Deloitte Centre, 80 Queen Street, Auckland 1010, New Zealand
Postal address:	PO Box 91976, Auckland 1142, New Zealand
Facsimile:	+64 9 375 5990
Investor enquiries:	+64 9 375 5998
Website:	www.linkmarketservices.co.nz
Email:	enquiries@linkmarketservices.co.nz

In Australia:

Link Market Services Limited

Physical address:	Level 12, 680 George Street, Sydney, NSW 2000, Australia
Postal address:	Locked Bag A14, Sydney South, NSW 1235, Australia
Facsimile:	+61 2 9287 0303
Investor enquiries:	+61 2 8280 7111
Internet address:	www.linkmarketservices.com.au
Email:	registrars@linkmarketservices.com.au

Fisher & Paykel Healthcare is a world leader in medical devices and systems for use in respiratory care, acute care, surgery and in the treatment of obstructive sleep apnea.

NZX Appendix 1 Information

Results for announcement to the market

HALF YEAR REPORTING PERIODS

Reporting Period	6 months to 30 September 2016
Previous Reporting Period	6 months to 30 September 2015

EARNINGS

	Amount (NZ\$000)	Percentage change
Operating revenue from ordinary activities	\$425.2	12%
Earnings before interest and tax	\$110.7	16%
Net profit attributable to shareholders	\$78.2	26%

DIVIDENDS

	Amount per share NZ cents	Imputed amount per share* NZ cents	Gross amount per share* NZ cents
Final Dividend	8.25 cents	3.2083 cents	11.4583 cents

* NZ resident shareholders

Record Date	7 December 2016
Dividend Payment Date	21 December 2016

The company operates a dividend reinvestment plan for New Zealand and Australian resident shareholders. For the Interim Dividend no discount will be applied. Participation notices must be received on or before the first business day after the Record Date to be eligible to participate in entitlements under the plan. A copy of the plan offer document is available at www.fphcare.com/drp.

FINANCIAL INFORMATION AND COMMENTARY

For commentary on the results please refer to the news release and financial commentary section of the company's 2017 Interim Report. This appendix should be read in conjunction with the company's financial statements for the 6 months to 30 September 2016, contained in the company's 2017 Interim Report, and the Company's most recent audited financial statements.

NET TANGIBLE ASSETS PER SECURITY

	30 September 2015	30 September 2016
Net tangible assets per security	NZ\$0.67	NZ\$0.94

CONTROL OF ENTITIES GAINED OR LOST

There was no gain or loss of control of entities during the 6 months to 30 September 2016.

ASSOCIATES AND JOINT VENTURES

The company does not have any associates or joint ventures.

ACCOUNTING STANDARDS

The company's interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with NZ IAS 34 and IAS 34, *Interim Financial Reporting*. They should be read in conjunction with the company's most recent audited financial statements.

BASIS OF REPORT

This report is based on the unaudited company financial statements. PwC has provided a review report on the financial statements, which is contained in the 2017 Interim Report.

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one
(Please provide any other relevant
details on additional pages)

Full name of Issuer	Fisher & Paykel Healthcare Corporation Limited				
Name of officer authorised to make this notice	Antony G. Barclay		Authority for event, e.g. Directors' resolution	Directors' Resolution	
Contact phone number	(09) 574 0119	Contact fax number	(09) 574 0176	Date	21 / 11 / 2016
Nature of event Tick as appropriate	Bonus Issue <input type="checkbox"/>	If ticked, state whether: Capital change <input type="checkbox"/> Call <input type="checkbox"/>	Taxable <input type="checkbox"/> / Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>	Interest <input type="checkbox"/>
	Rights Issue non-renounceable <input type="checkbox"/>	Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input checked="" type="checkbox"/>	Full Year <input type="checkbox"/>	Special <input type="checkbox"/>
				DRP Applies <input checked="" type="checkbox"/>	

EXISTING securities affected by this *If more than one security is affected by the event, use a separate form.*

Description of the class of securities	Ordinary Shares	ISIN	NZFAPE0001S2
			<i>If unknown, contact NZX</i>

Details of securities issued pursuant to this event *If more than one class of security is to be issued, use a separate form for each class.*

Description of the class of securities		ISIN	
			<i>If unknown, contact NZX</i>
Number of Securities to be issued following event		Minimum Entitlement	
Conversion, Maturity, Call Payable or Exercise Date		Treatment of Fractions	
	<i>Enter N/A if not applicable</i>	Tick if <i>pari passu</i> <input type="checkbox"/> OR provide an explanation of the ranking	
Strike price per security for any issue in lieu or date Strike Price available.			

Monies Associated with Event *Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.*

<i>In dollars and cents</i>		Source of Payment	Revenue Reserves
Amount per security (does not include any excluded income)	8.25 cents/share		
Excluded income per security (only applicable to listed PIEs)			
Currency	New Zealand Dollars	Supplementary dividend details - NZSX Listing Rule 7.12.7	Amount per security in dollars and cents: 1.455882 cents/share
Total monies	\$46,756,985	Date Payable	21 December, 2016

Taxation *Amount per Security in Dollars and cents to six decimal places*

In the case of a taxable bonus issue state strike price	\$	Resident Withholding Tax	0.572917 cents/share	Imputation Credits (Give details)	3.208333 cents/share
		Foreign Withholding Tax	\$	FWP Credits (Give details)	

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm For calculation of entitlements -	7 December, 2016	Application Date Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.	21 December, 2016
Notice Date Entitlement letters, call notices, conversion notices mailed		Allotment Date For the issue of new securities. Must be within 5 business days of application closing date.	

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:
Security Code:

