

## News Release

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

### **FISHER & PAYKEL HEALTHCARE REPORTS RECORD HALF YEAR NET PROFIT, UP 27%**

Auckland, New Zealand, 27 November 2015 - Fisher & Paykel Healthcare Corporation Limited today announced record net profit after tax of NZ\$62.0 million for the half year ended 30 September 2015, an increase of 27% over the first half last year. Operating revenue was a record NZ\$381.0 million, 20% above the prior comparable period.

The company's directors have approved an increased interim dividend of 6.7 NZ cents per ordinary share, an increase of 16% on the previous year.

Chief Executive Officer Michael Daniell said, "The record result is attributable to a continuation of our consistent growth strategy, which has driven strong revenue growth in both of our major product groups and further gross margin improvements."

Operating revenue in the company's respiratory and acute care/hospital (RAC) product group grew 18% to NZ\$200.0 million, or 11% growth in constant currency, for the half. Operating revenue in the obstructive sleep apnea/homecare (OSA) product group grew 23% to NZ\$175.3 million or 14% growth in constant currency, for the half. Revenue generated from recurring items, such as consumables and accessories, continued to increase, accounting for 83% of operating revenue.

"During the first half we introduced the first of a number of innovative new products to international markets and moved to a direct sales model for our RAC products in the US. Historically we have sold our products to hospitals in the US, our largest market, through a distributor. With the move to a direct sales model in the US, as we have already done in our other major markets, we expect that the increased sales focus will enable us to maximise opportunities and increase revenue growth in the US.

"In the hospital setting, our products are designed to assist clinicians to improve the effectiveness and efficiency of care, to improve outcomes and to reduce length of stay. In homecare, our focus is on technologies that improve comfort and are simple to use, which aids patient compliance with their therapy and reduces the need for homecare provider intervention.

"In our RAC product group, revenue from consumables used in non-invasive ventilation, Optiflow nasal high flow therapy and surgical humidification grew 22% in constant currency, and accounted for almost half of RAC consumables revenue. That strong growth was particularly pleasing, given the previously anticipated sell down of our former US distributor's inventory, as we transitioned hospital sales to our own team.

"Sales of masks used in the treatment of OSA continued to be robust, with 25% growth in constant currency. Our customers appreciate the ease of use, functionality and comfort offered by our F&P Simplus and F&P Eson masks in particular," said Mr Daniell.

Gross margin increased by 276 basis points to 63.3%, or a 348 basis points increase in constant currency compared to the first half last year, primarily as a result of favourable product mix, increased production in Mexico and manufacturing efficiencies.

The company again increased its investment in research and development, with expenditure increasing 14.3% to NZ\$35.8 million, representing 9.4% of operating revenue for the half.

"During the first half we announced a number of new products for use with the F&P AIRVO 2 system," said Senior Vice President of Products and Technology and CEO Designate, Lewis Gradon. "These included an uninterruptible power supply transport system, a new range of

Optiflow+ nasal interfaces and new breathing tube technology, all of which have been well received by clinicians. We also recently announced the F&P HumiGard SH870 surgical humidification system and, in our OSA product range, the Eson 2 nasal mask which incorporates over 20 design improvements to enhance comfort and ease of fitting.

“We have a significant pipeline of new products that we expect to release in the coming year including new humidifier controllers, flow generators, masks and consumables,” said Mr Gradon.

The increased interim dividend of 6.7 cps, carrying full New Zealand imputation credit, will be paid on 23 December 2015. 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 2016 interim dividend. The directors have determined that the DRP will be offered without a discount in respect of the 2016 interim dividend payment.

### **Outlook for FY2017**

“Our strategic direction remains consistent as we continue to develop new, innovative products, expand our market opportunities and grow our international presence.

Exchange rates are slightly less favourable than when we provided an earnings guidance update at our annual shareholders’ meeting in August. However, at current exchange rates (NZD:USD = 0.66, NZD:EUR = 0.62) we continue to expect full year operating revenue to be approximately 800 million NZ dollars and net profit after tax to be approximately 135 to 140 million NZ dollars” concluded Mr Daniell.

### **Result highlights for the first half**

- 27% growth in net profit after tax to a record NZ\$62.0 million.
- 16% increase in interim dividend to 6.7 cps (2015: 5.8 cps).
- 20% growth in operating revenue to a record NZ\$381.0 million, 12% growth in constant currency.
- 31% increase in operating profit to NZ\$95.2 million, 25% growth in constant currency.
- 18% growth in RAC operating revenue, 11% growth in constant currency.
- Revenue growth for RAC consumables used in NIV, Optiflow and surgical applications of 22% in constant currency, accounting for almost half of RAC consumables revenue.
- 23% growth in OSA operating revenue, 14% growth in constant currency.
- Continued strong performance from OSA masks, 25% revenue growth in constant currency.
- Investment in R&D increased by 14% to NZ\$35.8 million, representing 9.4% 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](http://www.fphcare.com).

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Contact: Marcus Driller, Investor Relations & Corporate Affairs Manager on +64 9 574 0110.

### **Accompanying Documents**

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

- Results in Brief
- Interim Report 2016, including financial commentary and constant currency analysis
- Appendix 1 and Appendix 4D reports
- 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 17 of the company's Interim Report 2016 and the company's constant currency income statement framework can be found on the company's website at [www.fphcare.com/ccis](http://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 2016 financial year. The conference call is scheduled to begin at 10:00am NZDT, 8:00am AEDT (4:00pm UEST) and will be broadcast simultaneously over the Internet.

To listen to the webcast, access the company's website at [www.fphcare.com/investor](http://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: 73441223.

New Zealand Toll Free	0800 446 046	USA Toll Free	1800 742 9301
Australia Toll Free	1800 725 000	Hong Kong Toll Free	800 906 648
United Kingdom Toll Free	0808 234 1369	International	+61 2 8373 3610

An audio replay of the conference call will be available approximately 2 hours after the call and will be accessible for two weeks by dialing one of the numbers below. When prompted please enter the conference code of: 73441223.

New Zealand Toll Free	0800 453 213	USA Toll Free	1855 452 5696
Australia Toll Free	1800 153 898	Hong Kong Toll Free	800 963 117
United Kingdom Toll Free	0808 234 0072	International	+61 2 900 34211

### Results in Brief

	Six Months Ended 30 September 2014 NZ\$000 (except as otherwise stated)	Six Months Ended 30 September 2015 NZ\$000 (except as otherwise stated)	% Change
<b>UNAUDITED</b>			
<b>FINANCIAL PERFORMANCE</b>			
<b>Total operating revenue</b>	<b>317,442</b>	<b>380,968</b>	<b>+20%</b>
Cost of sales	(125,229)	(139,758)	+12%
Gross profit	192,213	241,210	+25%
Gross margin	60.6%	63.3%	+276bps
Other income	2,500	2,500	-
Selling, general and administrative expenses	(90,752)	(112,675)	+24%
Research and development expenses	(31,338)	(35,833)	+14%
R&D percentage of operating revenue	9.9%	9.4%	
<b>Total operating expenses</b>	<b>(122,090)</b>	<b>(148,508)</b>	<b>+22%</b>
Operating profit before financing costs	72,623	95,202	+31%
Operating margin	22.9%	25.0%	+211bps
Net financing (expense)	(5,714)	(10,623)	+86%
Profit before tax	66,909	84,579	+26%
Tax expense	(17,992)	(22,541)	+25%
<b>Profit after tax</b>	<b>48,917</b>	<b>62,038</b>	<b>+27%</b>
Revenue by Region:			
North America	133,111	174,648	+31%
Europe	106,149	114,379	+8%
Asia Pacific	62,127	73,511	+18%
Other	16,055	18,430	+15%
<b>Total</b>	<b>317,442</b>	<b>380,968</b>	<b>+20%</b>
Revenue by Product Group:			
Respiratory & Acute Care/Hospital	169,131	199,625	+18%
Obstructive Sleep Apnea/Homecare	142,626	175,312	+23%
Core products sub-total	311,757	374,937	+20%
Distributed and other	5,685	6,031	+6%
<b>Total</b>	<b>317,442</b>	<b>380,968</b>	<b>+20%</b>
<b>FINANCIAL POSITION</b>			
Tangible assets	593,371	670,815	
Intangible assets (including deferred tax asset)	32,464	71,979	
Total assets	625,835	742,794	
Tangible liabilities	198,336	294,893	
Intangible liabilities (including deferred tax liability)	13,247	128	
Total liabilities	211,583	295,021	
<b>Shareholders' equity</b>	<b>414,252</b>	<b>447,773</b>	
Gearing	18.6%	17.0%	
Net tangible asset backing (cents per share)	71	67	
Pre-tax return on average shareholders' equity (annualised)	32.6%	36.8%	

## Results in Brief (continued)

UNAUDITED	Six Months Ended 30 September 2014 NZ\$000 (except as otherwise stated)	Six Months Ended 30 September 2015 NZ\$000 (except as otherwise stated)	% Change
<b>CASH FLOWS</b>			
Net cash flow from operating activities	55,938	35,198	
Net cash flow (used in) investing activities	(25,484)	(36,243)	
Net cash flow (used in) financing activities	(35,540)	(6,549)	
<b>SHARES OUTSTANDING</b>			
Weighted average basic shares outstanding	553,644,907	559,068,535	
Weighted average diluted shares outstanding	568,575,334	571,175,503	
Basic shares outstanding at period end	556,265,334	561,404,254	
<b>DIVIDENDS AND EARNINGS PER SHARE</b>			
Dividends (interim paid/proposed) per share (cents)	5.8	6.7	+16%
Basic earnings per share (cents)	8.8	11.1	+26%

## Constant Currency Analysis

CONSTANT CURRENCY INCOME STATEMENTS UNAUDITED	Six Months Ended 30 September 2014 NZ\$000	Six Months Ended 30 September 2015 NZ\$000	% Change
<b>Total operating revenue</b>	<b>305,380</b>	<b>342,909</b>	<b>+12%</b>
Cost of sales	130,575	134,675	+3%
Gross profit	174,805	208,234	+19%
Gross margin	57.2%	60.7%	+348bps
Other income	2,500	2,500	-
Selling, general and administrative expenses	89,022	103,798	+17%
Research and development expenses	31,338	35,833	+14%
<b>Total operating expenses</b>	<b>120,360</b>	<b>139,631</b>	<b>+16%</b>
Operating profit before financing costs	56,945	71,103	+25%
Operating margin	18.6%	20.7%	+209bps
Financing expenses (net)	3,123	3,056	-2%
<b>Profit before tax</b>	<b>53,822</b>	<b>68,047</b>	<b>+26%</b>

The significant exchange rates used in the constant currency analysis, being the budget exchange rates for the year ending 31 March 2016, are USD 0.74, EUR 0.70, AUD 0.965, GBP 0.50, CAD 0.945, JPY 90 and MXN 11.25.

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 2016 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](http://www.fphcare.com/ccis).



A close-up, high-resolution photograph of a person's nose and mouth, focusing on the texture of the skin and the shape of the nostrils. The image is in a warm, reddish-pink color palette.

Interim Report 2016

Improving care  
and outcomes through  
inspired and world-leading  
healthcare solutions.

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For six months ended  
30 September 2015

# Focus.

# **We are focused.** **Because we care.**

We know there's nothing more precious than human life whether it's seen in the special bond between mother and child, or the amazing way the human body works. That belief informs our commitment to designing innovative products and support systems that are focused on improving patient care and outcomes.

This focus on care shapes the way we partner with healthcare professionals, observing how they operate and designing solutions to make their everyday lives easier. And because others' lives depend on us, we do not compromise on product quality or the customer support we offer.

We also place great importance on understanding the needs and providing improved outcomes for our employees, shareholders, partners and communities.



Simply put, we focus on care.





This report is dated 26 November 2015 and is signed on behalf of Fisher & Paykel Healthcare Corporation Limited by Tony Carter, Chairman and Michael Daniell, Managing Director and Chief Executive Officer.



TONY CARTER, CHAIRMAN



MICHAEL DANIELL, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

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**Our focus on our long-term strategy is delivering increasing returns and value for our shareholders.**

# Half year highlights

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RECORD NET PROFIT AFTER TAX

**\$62.0m**

↑ 27%

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RECORD RAC\* REVENUE

**\$199.6m**

↑ 18%

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INCREASED FULLY IMPUTED INERIM DIVIDEND

**6.7 cps**

↑ 16%

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RECORD OPERATING REVENUE

**\$381.0m**

↑ 20%

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RECORD OSA\*\* REVENUE

**\$175.3m**

↑ 23%

\* RAC: Respiratory and Acute Care/Hospital

\*\* OSA: Obstructive Sleep Apnea/Homecare



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## KEY EVENTS

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### LAUNCHED A NUMBER OF NEW INNOVATIVE PRODUCTS

in our major product groups, Respiratory and Acute Care/Hospital (RAC) and Obstructive Sleep Apnea/Homecare (OSA).

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### TRANSITIONED RAC SALES

to our own team in the US.

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### WINNER OF SUPREME EXPORTER AWARD

at both the recent Air New Zealand Export Awards and at the American Chamber of Commerce Success and Innovation Awards.

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### SCOTT ST JOHN

appointed as director to replace retiring director, Roger France.

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### CEO MIKE DANIELL

announced his retirement with effect from the end of the current financial year.

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### LEWIS GRADON,

currently Senior Vice President of Products and Technology, announced as CEO designate.

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### CEO MIKE DANIELL

announced winner of Leadership Award at prestigious INFINZ event. Fisher & Paykel Healthcare wins Best Corporate Communicator Award.

# 2016 First half strategic progress

## CONTINUOUS PRODUCT IMPROVEMENT

- Launched new range of products for use with AIRVO™ 2 nasal high flow system
- Introduced F&P Eson™ 2 nasal mask for the treatment of OSA
- Introduced F&P HumiGard™ SH870 surgical humidification system
- Significant pipeline of new products to be introduced over the next year

## MORE PRODUCTS FOR EACH PATIENT

- 83% of revenue from the sales of recurring consumable and accessory products
- Continued to expand the range of products offered

## SERVE MORE PATIENT GROUPS

- Positive clinical trial outcomes involving our Optiflow™ therapy, showing benefits for a wide range of patients
- Growing body of clinical and economic evidence that surgical humidification provides significant benefit during surgical procedures
- Increased demand for our products in new applications, in both homecare and hospital settings

## INCREASE OUR INTERNATIONAL PRESENCE

- Transitioned to direct sales model in the US hospital market
- Doubled the size of the US hospital sales and support team
- Established expanded distribution centre in Kentucky, on the East Coast of the US
- Increased manufacturing output at our Tijuana, Mexico facility



**MICHAEL DANIELL**  
Managing Director and Chief Executive Officer

**TONY CARTER**  
Chairman

# Half year review

The first six months of the 2016 financial year saw Fisher & Paykel Healthcare deliver another strong performance with record operating revenue of \$381.0 million and a 27% increase in our net profit after tax to \$62.0 million compared to the first half last year.

We reported very strong revenue growth for both our core product groups, and introduced several innovative new products. In line with our strategy to serve more patients, we continued to see strong demand for new applications of our respiratory products in the hospital setting, in areas such as non-invasive ventilation, Optiflow nasal high flow therapy and surgical humidification.

New products for use with the F&P AIRVO 2 system, which provides high flows of air/oxygen mixtures to patients using our Optiflow technology, have been well received by clinicians. These included new breathing tube technology, a range of comfortable, easy to fit Optiflow+ nasal interfaces and an uninterruptible power supply (UPS).

The UPS transport system allows delivery of Optiflow nasal high flow therapy “on the move” throughout hospitals and long-term care facilities.

It means that patients can stay on the same therapy and same equipment as they move from one care area to the next, for example from the emergency department to the ward, simplifying patient care and reducing workload and costs. We believe this will facilitate accelerated adoption of Optiflow nasal high flow therapy in additional areas of the hospital, including in general care areas and in the emergency department.

We also announced the F&P HumiGard SH870 System for the delivery of warm, humidified CO<sub>2</sub> during open and laparoscopic surgery. In recent years, mounting clinical evidence has demonstrated significant patient benefits from the use of humidification during surgery. We believe that this new HumiGard system will facilitate accelerated growth in the uptake of surgical humidification.

Meanwhile, sales of our very successful continuous positive airway pressure (CPAP) masks continued to grow in our OSA and Homecare category, with customers showing their preference for the comfort, ease of use and effectiveness provided by our masks.

The recent introduction of the F&P Eson 2 nasal mask builds on the success of the original F&P Eson mask. With more than 20 design improvements to further enhance comfort and ease of fitting, we expect the Eson 2 mask to be even more popular with sleep professionals and patients.

## OPERATING REVENUE

**\$381m**

↑ 27 %

Our AIRVO and Optiflow technology is also being used in the home to assist in the treatment of chronic respiratory conditions such as chronic obstructive pulmonary disease (COPD). Chronic respiratory disease, primarily COPD, is the third leading cause of death in the US and approximately 15 million US adults have been diagnosed with COPD.\*

The launch of new products, as well as increasing operating efficiencies and the manufacture of a growing number of our products at our Mexico facility, are all helping to increase our margins.

In early October we successfully transitioned our New Zealand businesses to a new enterprise resource planning (ERP) system, SAP.



The new ERP system will be rolled out to our overseas offices over the course of the next two to three years. The effective completion of this transition was due to the hard work of a large number of people and it will support and benefit the company as we continue to grow the business.

During the half, cash flow from operations reduced to \$35.3 million, predominantly due to an increase in inventory that was built in preparation for the introduction of the new ERP system. We expect cash flow from operations to improve in the second half as we sell down this additional inventory.

### International Presence

An important part of our strategy is for our own people to support our customers in markets around the world, and we are now located in 36 countries.

More than 98% of our sales are made internationally with North America, our largest region, accounting for 46% of revenue in the six month period.

Over the past few months we have transitioned to a new hospital sales model in the United States. We almost doubled the size of our hospital sales and support team in the US, established an expanded distribution centre in Kentucky and, in mid-July, transitioned sales responsibility from our previous distributor to our own team. RAC revenue growth in the first half was reduced as the previous distributor sold down inventory as part of the transition.

We are confident that this completely focused US hospital sales team will enable us to maximise growth opportunities in our largest market.

### Dividend

Our directors have approved an increased interim dividend of 6.7 cents per share for the six months to 30 September 2016. This is equal to 61% of net profit after tax.

### Board Changes

Earlier in the year, Roger France indicated his intention to retire from the board once a replacement director was appointed. We were pleased to welcome Scott St John to the board in October 2015. Scott is CEO of First NZ Capital and is also Pro Chancellor of the University of Auckland. He possesses a broad range of financial skills and experience that will strengthen and complement those of our board, and he will succeed Roger France as the Chair of the Audit & Risk Committee.

Roger will be retiring at the end of this calendar year. He has brought a wealth of valuable corporate and financial experience to the board and been an immense help to both the board and to the company's management team for the last seven years. His wisdom, good humour and expertise will be missed.

We are pleased to support the New Zealand Future Directors program, which provides talented executives the opportunity to observe and participate on a company board for a 12 month period. Our first participant, Franceska Banga, has now finished her term and we are looking to appoint another skilled executive seeking to gain governance experience.

### Focus on Care is Key to Our Success

We have a long standing commitment to help improve care and outcomes for a growing number of patients, to deliver increasing returns for our shareholders and to reward and value our people.

For 45 years we have been helping to improve effectiveness and efficiency of care for patients, clinicians and healthcare organisations around the world.

Our commitment to improving care benefits millions of patients around the world each year, by providing medical devices that can substantially improve their health outcomes. In the past year alone, we estimate that was more than 10 million people.

Our innovative products can help transition and treat patients in less acute and therefore less expensive care settings, including the ability for many patients to be treated in the home rather than the hospital. Improved efficiency of care allows clinicians to provide care for more patients.

\* Nicole M Kosacz, Antonello Punturieri et al. Chronic Obstructive Pulmonary Disease among Adults - United States 2011. US Centers for Disease Control and Prevention, 2012.

Demographics continue to drive growth in demand for healthcare services and support a positive long-term outlook for our company.

The requirement for more effective and efficient healthcare is increasing and Fisher & Paykel Healthcare is well placed to meet this need.

We are a global leader in the medical device markets we serve. We estimate there are currently potentially more than 100 million patients who could benefit from our technology each year. With changing demographics, this could grow to a potential 200 million patients per year in 10 to 15 years' time.

We look forward to delivering another strong result in the second half of the year as we continue to execute on our strategy, benefit from the focused sales model in the US hospital market and continue to build demand for our innovative medical devices.



**TONY CARTER**  
Chairman



**MICHAEL DANIELL**  
Managing Director and Chief Executive Officer

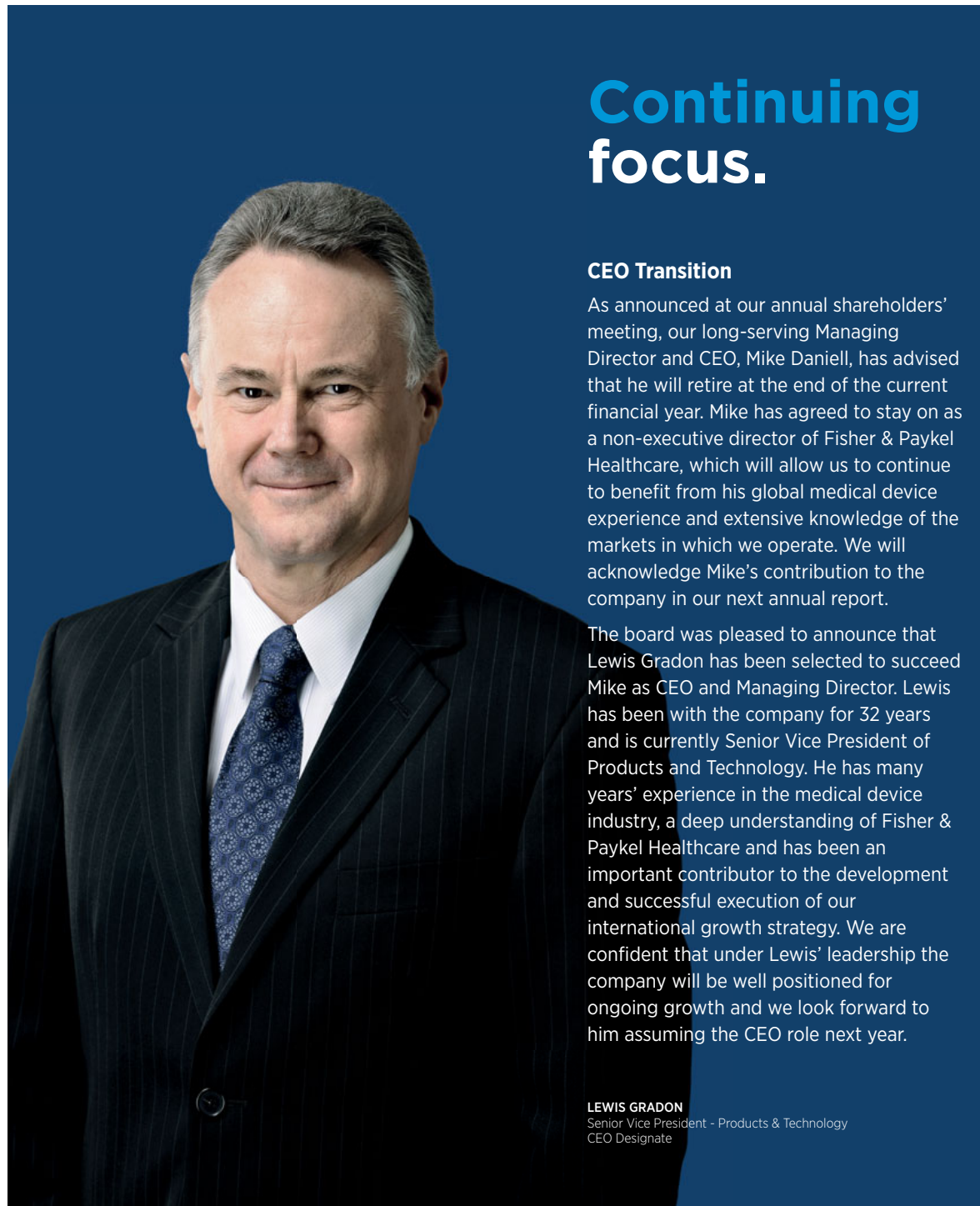
## Continuing focus.

### CEO Transition

As announced at our annual shareholders' meeting, our long-serving Managing Director and CEO, Mike Daniell, has advised that he will retire at the end of the current financial year. Mike has agreed to stay on as a non-executive director of Fisher & Paykel Healthcare, which will allow us to continue to benefit from his global medical device experience and extensive knowledge of the markets in which we operate. We will acknowledge Mike's contribution to the company in our next annual report.

The board was pleased to announce that Lewis Gradon has been selected to succeed Mike as CEO and Managing Director. Lewis has been with the company for 32 years and is currently Senior Vice President of Products and Technology. He has many years' experience in the medical device industry, a deep understanding of Fisher & Paykel Healthcare and has been an important contributor to the development and successful execution of our international growth strategy. We are confident that under Lewis' leadership the company will be well positioned for ongoing growth and we look forward to him assuming the CEO role next year.

**LEWIS GRADON**  
Senior Vice President - Products & Technology  
CEO Designate



# Respiratory and Acute Care / Hospital (RAC)

## FIRST HALF 2016 52% OF OPERATING REVENUE

Our heated humidifier and respiratory care systems play an important role in improving patient care and outcomes during treatment for a variety of medical conditions which interfere with normal respiration.

Our products are transforming how respiratory support is provided and as a result, we continue to see strong customer demand for our Optiflow and AIRVO systems.

Consumables revenue from new applications grew 22% in constant currency compared to the first half last year, and in total generated almost half of our RAC consumables revenue.

The potential for our Optiflow therapy is exciting. Our systems can deliver nasal high flow therapy in the full range of healthcare settings, from adult intensive care, to the respiratory ward, the emergency room, in neonatal care, in long-term care and into the home.

We will continue to innovate and identify new applications where our RAC products can be used to provide better patient care and outcomes, and to increase our share of the devices, consumables and accessories used in the treatment of each patient.

## OPERATING REVENUE (HY16 \$199.6M)

↑ 18%

## CONSTANT CURRENCY REVENUE GROWTH

↑ 11%



The recently launched F&P Optiflow+ nasal cannula.





The F&P Eson 2 nasal mask with patented RollFit technology.

# Obstructive Sleep Apnea / Homecare (OSA)

## FIRST HALF 2016 46% OF OPERATING REVENUE

We are recognised as one of the world's leading innovators of CPAP systems for use in the treatment of obstructive sleep apnea. This is a condition which causes people to stop breathing for short periods of time, many times each night while they are asleep.

We are also seeing an increasing use of our technology and products in the home to assist in the treatment of chronic respiratory conditions such as chronic obstructive pulmonary disease.

Our products are designed to be easy to fit, comfortable to wear and simple to use to encourage ongoing use. Our masks, particularly the F&P Simplus full face mask and F&P Eson nasal mask, continue to gain share, and our mask revenue grew 25% in constant currency for the half year compared to the same period last year, well above market growth rates.

The launch of the Eson 2 nasal mask provides another reason for our customers to choose Fisher & Paykel Healthcare and we expect to see strong demand for this new mask.

## OPERATING REVENUE (HY16 \$175.3M)

↑ 23%

## CONSTANT CURRENCY REVENUE GROWTH

↑ 14%

# Financial commentary

Net profit after tax was a record NZ\$62.0 million for the six months ended 30 September 2015, an increase of 27% compared to the prior corresponding period's NZ\$48.9 million. The increase in the half year net profit after tax reflects revenue growth, further gross margin expansion, partially offset by an increase in selling, general and administration expenses associated with the change to a direct sales model for our hospital products in the US from July.

Operating revenue was a record NZ\$381.0 million, 20% above the prior half year, and 12% growth in constant currency. The company's Respiratory and Acute Care/Hospital (RAC) product group operating revenue increased by 11% and Obstructive Sleep Apnea/Homecare (OSA product group revenue increased by 14% over the prior comparable period, in constant currency.

Strong growth in the RAC product group was driven by increasing acceptance of products which are used in applications outside of intensive care ventilation, including non invasive ventilation, oxygen therapy and humidity therapy. Consumables revenue from those new applications increased 22% in the first half, in constant currency. RAC revenue growth was affected by the previously anticipated sell down of a former US distributor's inventory as the company transitioned hospital sales to the new distribution model.

OSA mask constant currency revenue grew 25% in the first half, reflecting strong demand for both Simplus and Eson masks. Total flow generator revenue growth in constant currency for the first half declined 14% compared to the prior comparable period.

Constant currency gross margin percentage increased by 348 basis points due to a number of factors, including positive RAC and OSA product mixes, and manufacturing improvements, including increased production in Mexico.

Research and development (R&D) activities are primarily conducted in New Zealand. R&D expenses totalled NZ\$35.8 million for the six months ended 30 September 2015 compared to NZ\$31.3 million in the prior corresponding period last year, growth of 14%. The increase was attributable to increases in R&D personnel and costs in connection with the continuing expansion of product and process development activities for the RAC and OSA product groups. R&D expenses represented 9.4% of operating revenue for the six months ended 30 September 2015.

Selling, general and administrative (SG&A) expenses increased by 24% to NZ\$112.7 million for the six months ended 30 September 2015 compared to NZ\$90.8 million in the corresponding period last year. This increase was primarily attributable to an increase in personnel to support our growing international sales and marketing activities, particularly in the US. The significant reduction in the value of the NZ dollar against most currencies in which our SG&A expenses are denominated also increased SG&A expenses in NZ dollars. SG&A expenses increased by 17%, in constant currency, for the six months ended 30 September 2015.

The company's financial statements for the six months ended 30 September 2015 and the comparative financial information for the six months ended 30 September 2014 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 directors have approved an increased interim dividend of NZ 6.7 cents per ordinary share carrying a full imputation credit of 2.6056 cents per share. Eligible non resident shareholders will receive a supplementary dividend of NZ 1.1824 cents per share. The interim dividend will be paid on 23 December 2015, with a record date of 11 December 2015 and an ex-dividend date of 9 December 2015 for the NZSX and ASX.

The dividend payment for the first half of 6.7 cps equates to 61% of net profit after tax and represents an increase of 16%.

The company offers eligible shareholders the opportunity to receive ordinary shares rather than cash under the company's dividend reinvestment plan (DRP). Shareholders who have not yet elected to participate in the DRP will need to provide a participation notice to the company's Share Registrar by 14 December 2015. No discount will apply to the DRP.

### 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 2016 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](http://www.fphcare.com/ccis).

Constant Currency Income Statements (Unaudited)	Six months ended 30 Sep 2013 NZ\$000	Six months ended 30 Sep 2014 NZ\$000	Variation 2013 to 2014 %	Six months ended 30 Sep 2015 NZ\$000	Variation 2014 to 2015 %
<b>Revenue</b>	271,397	305,380	+13	342,909	+12
Cost of sales	128,658	130,575	+1	134,675	+3
Gross profit	142,739	174,805	+22	208,234	+19
<b>Gross Margin</b>	<b>52.6%</b>	<b>57.2%</b>	<b>+465bps</b>	<b>60.7%</b>	<b>+348bps</b>
Other income	1,200	2,500	+108	2,500	-
Selling, general and administrative expenses	82,889	89,022	+7	103,798	+17
Research & development expenses	25,818	31,338	+21	35,833	+14
Total operating expenses	108,707	120,360	+11	139,631	+16
<b>Operating profit</b>	<b>35,232</b>	<b>56,945</b>	<b>+62</b>	<b>71,103</b>	<b>+25</b>
<b>Operating margin</b>	<b>13.0%</b>	<b>18.6%</b>	<b>+567bps</b>	<b>20.7%</b>	<b>+209bps</b>
Financing expenses (net)	3,810	3,123	-18	3,056	-2
<b>Profit before tax</b>	<b>31,422</b>	<b>53,822</b>	<b>+71</b>	<b>68,047</b>	<b>+26</b>

The significant exchange rates used in the constant currency analysis, being the budget exchange rates for the year ending 31 March 2016, are USD 0.74, EUR 0.70, AUD 0.965, GBP 0.50, CAD 0.945, JPY 90 and MXN 11.25.



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

Reconciliation of Constant Currency to Actual Income Statements (Unaudited)	Six months ended 30 September		
	2013 NZ\$000	2014 NZ\$000	2015 NZ\$000
<b>Profit before tax (constant currency)</b>	<b>31,422</b>	<b>53,822</b>	<b>68,047</b>
Spot exchange rate effect	(260)	(8,404)	15,332
Foreign exchange hedging result	31,084	18,046	(7,124)
Balance sheet revaluation	347	3,444	8,324
<b>Profit before tax (as reported)</b>	<b>62,593</b>	<b>66,908</b>	<b>84,579</b>

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 2015 with the corresponding period for the prior year:

- the movement in average daily spot exchange rates had a favourable impact of NZ\$23.7 million; and
- the unfavourable impact from the company's foreign exchange hedging activities was higher by NZ\$25.2 million.

Overall, the net favourable effect of movements in exchange rates and the hedging programme was NZ\$3.4 million, including the impact of balance sheet revaluations.

## Foreign Exchange Effects

The company is exposed to movements in foreign exchange rates, with approximately 51% of operating revenue generated in US dollars, 21% in Euros, 6% in Australian dollars, 5% in British pounds, 4% in Japanese yen, 3% in Canadian dollars, 2% in New Zealand dollars and 8% in other currencies.

As the number of direct sales operations increases, an increasing proportion of the company's revenue is generated in local currency which has reduced revenue exposure to the US dollar over recent periods. However, in the current period the proportion of revenue which was generated in US dollars has increased from 47% to 51%. This was mainly due to the increased value of the US dollar compared to the comparable period last year. The company's cost base continues to be increasingly diverse, as manufacturing output from Mexico has increased to 33% of consumables output.

The value of the New Zealand dollar depreciated significantly against most of the currencies in which the company receives revenue. As a result of this depreciation the company's hedges for the first half for most currencies were above the respective spot rates, although achieved rates were significantly better than the corresponding period last year. As a result of the significant depreciation of the NZ dollar, a foreign exchange hedging loss of NZ\$7.1 million (2014: NZ\$18.0 million gain) 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 2014 and 2015 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	
	2014	2015	2014	2015
USD	0.8519	0.6913	0.7969	0.7356
EUR	0.6319	0.6234	0.5147	0.5824

The effect of balance sheet translations of offshore assets and liabilities for the six months ended 30 September 2015 resulted in an increase in operating revenue of NZ\$14.5 million (2014: NZ\$5.4 million) and an increase in profit before tax of NZ\$8.3 million (2014: NZ\$3.6 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		
	2016	2017	2018	2019	2020	2021
USD % cover of expected exposure	93%	66%	33%	23%	21%	12%
USD average rate of cover	0.719	0.693	0.662	0.643	0.626	0.615
EUR % cover of expected exposure	94%	60%	22%	0%	0%	0%
EUR average rate of cover	0.579	0.577	0.585	NA	NA	NA

### Balance Sheet

Gearing<sup>1</sup> at 30 September 2015 was 17.0%, lower than the 18.6% gearing at 30 September 2014, however higher than the 10.3% at 31 March 2015. The increase in gearing since 31 March 2015 is a result of an increase in working capital, principally inventory, to accommodate both the change in RAC distribution in the US and in preparation for the introduction of a new ERP system at the beginning of October 2015. We estimate that approximately 5 weeks of extra inventory to cover the ERP implementation was in the supply chain at 30 September 2015. We expect a substantial proportion of that inventory to have been sold through by year end.

The gearing figure remains above the debt to debt plus equity target range of +5% to -5%.

### Funding

The company had total available committed debt funding of NZ\$208 million as at 30 September 2015, of which approximately NZ\$115 million was undrawn, and cash on hand of NZ\$12 million. Bank debt facilities provide all available funding given the modest level of requirements. Over the next 12 months debt facilities totalling NZ\$100 million will mature. New debt facilities totalling approximately NZ\$100 million were entered into after 30 September 2015. As at 30 September 2015, the weighted average maturity of borrowing facilities was 1.6 years.

### Debt maturity

The average maturity of the debt of NZ\$88 million was 0.9 years and the currency split was 47% New Zealand dollars; 27% US dollars; 18% Euros; 4% Australian dollars and 2% Canadian dollars.

### 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 2015 \$29.5 million of these de-designated interest rate swaps were either closed out or had expired leaving \$61.5 million outstanding. An amount of \$0.8 million (\$0.5 million after tax) was included in financing expense in relation to these de-designated hedges during the period.

Exclusive of ineffective interest rate swaps, approximately 44% of all borrowings were at fixed interest rates with an average duration of 3.3 years and an average rate of 3.2%. Inclusive of floating rate borrowings, the average interest rate on the debt is currently 3.4%. All interest rates are inclusive of margins but not fees.

### Cash flow

Cash flow from operations was NZ\$35.2 million compared with NZ\$55.9 million for the six months ended 30 September 2014. The decrease was mainly related to an increase in working capital, predominantly inventory. Inventory increased significantly through the first half in preparation for the introduction of the new ERP system in NZ in early October and to a lesser extent for the distribution change in the US.

In addition, tax paid for the period was significantly higher due to increased earnings and, to a lesser extent, the timing of payments in the prior half. We expect cash flow from operations to improve in the second half as we sell through the inventory built for the ERP introduction.

Capital expenditure for the period was NZ\$36.2 million compared with NZ\$25.5 million in the prior half year. The capital expenditure related predominantly to new product tooling and manufacturing equipment. The increase in intangible expenditure related to further implementation costs, NZ\$8.1 million, for the ERP project.

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

[illegible]

# Financial Statements.



## INDEPENDENT REVIEW REPORT

To the shareholders of Fisher & Paykel Healthcare Corporation Limited

### REPORT ON THE INTERIM FINANCIAL STATEMENTS

We have reviewed the interim condensed financial statements (“financial statements”) of Fisher & Paykel Healthcare Corporation Limited (the “Company”) and its controlled entities (the “Group”) on pages 23 to 41 which comprise the consolidated balance sheet as at 30 September 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

#### Directors’ Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation 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 the 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 the NZ IAS 34. As the auditor of Fisher & Paykel Healthcare Corporation Limited, 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 auditor performs 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). Accordingly we do not express an audit opinion on those financial statements.

We are independent of the Group. Other than in our capacity as auditors and providers of other assurance and advisory services we have no relationship with or interests in, the Group.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of Fisher & Paykel Healthcare Corporation Limited 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.

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in black ink.



## CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited Six Months Ended 30 September 2014 NZ\$000	Audited Year Ended 31 March 2015 NZ\$000	Unaudited Six Months Ended 30 September 2015 NZ\$000
Operating revenue	3	317,442	672,348	380,968
Cost of sales		(125,229)	(261,369)	(139,758)
<b>Gross profit</b>		<b>192,213</b>	<b>410,979</b>	<b>241,210</b>
Other income	4	2,500	5,000	2,500
Selling, general and administrative expenses		(90,752)	(180,909)	(112,675)
Research and development expenses		(31,338)	(64,987)	(35,833)
<b>Total operating expenses</b>		<b>(122,090)</b>	<b>(245,896)</b>	<b>(148,508)</b>
Operating profit before financing costs		72,623	170,083	95,202
Financing income		80	144	54
Financing expense		(3,159)	(9,329)	(3,251)
Exchange (loss) on foreign currency borrowings		(2,635)	(2,132)	(7,426)
Net financing (expense)		(5,714)	(11,317)	(10,623)
Profit before tax	5	66,909	158,766	84,579
Tax expense	6	(17,992)	(45,593)	(22,541)
<b>Profit after tax</b>		<b>48,917</b>	<b>113,173</b>	<b>62,038</b>
Basic earnings per share		8.8 cps	20.4 cps	11.1 cps
Diluted earnings per share		8.6 cps	19.9 cps	10.9 cps
Weighted average basic ordinary shares outstanding		553,644,907	555,542,677	559,068,535
Weighted average diluted ordinary shares outstanding		568,575,334	569,548,997	571,175,503

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six Months Ended 30 September 2014 NZ\$000	Audited Year Ended 31 March 2015 NZ\$000	Unaudited Six Months Ended 30 September 2015 NZ\$000
<b>Profit after tax</b>	<b>48,917</b>	<b>113,173</b>	<b>62,038</b>
<b>Other comprehensive income</b>			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedge reserve – unrealised			
Changes in fair value	(8,284)	12,211	(59,639)
Transfers to profit before tax	(20,244)	(29,746)	(10,880)
Tax on changes in fair value and transfers to profit before tax	7,988	4,910	19,745
Items that will not be reclassified to profit or loss			
Revaluation of land	-	8,359	-
<b>Other comprehensive income, net of tax</b>	<b>(20,540)</b>	<b>(4,266)</b>	<b>(50,774)</b>
<b>Total comprehensive income</b>	<b>28,377</b>	<b>108,907</b>	<b>11,264</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital NZ\$000	Treasury shares NZ\$000	Retained earnings NZ\$000	Asset revaluation reserve NZ\$000	Cash flow hedge reserve - unrealised NZ\$000	Employee share entitlement reserve NZ\$000	Employee share option reserve NZ\$000	Total equity NZ\$000
<b>Unaudited</b>								
<b>Balance at 31 March 2014</b>	<b>121,932</b>	<b>(1,559)</b>	<b>224,511</b>	<b>24,100</b>	<b>34,259</b>	<b>130</b>	<b>2,749</b>	<b>406,122</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>48,917</b>	<b>-</b>	<b>(20,540)</b>	<b>-</b>	<b>-</b>	<b>28,377</b>
Dividends paid	-	-	(38,626)	-	-	-	-	(38,626)
Issue of share capital under dividend reinvestment plan	16,690	-	-	-	-	-	-	16,690
Issue of share capital	13	-	-	-	-	-	-	13
Movement in employee share entitlement reserve	-	-	-	-	-	70	-	70
Movement in employee share option reserve	-	-	-	-	-	-	(33)	(33)
Movement in treasury shares	-	5	-	-	-	-	-	5
Increase in share capital under share option schemes for employee services	1,632	-	-	-	-	-	-	1,632
Employee share scheme shares issued for employee services	2	-	-	-	-	-	-	2
<b>Balance at 30 September 2014</b>	<b>140,269</b>	<b>(1,554)</b>	<b>234,802</b>	<b>24,100</b>	<b>13,719</b>	<b>200</b>	<b>2,716</b>	<b>414,252</b>
<b>Audited</b>								
<b>Balance at 31 March 2014</b>	<b>121,932</b>	<b>(1,559)</b>	<b>224,511</b>	<b>24,100</b>	<b>34,259</b>	<b>130</b>	<b>2,749</b>	<b>406,122</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>113,173</b>	<b>8,359</b>	<b>(12,625)</b>	<b>-</b>	<b>-</b>	<b>108,907</b>
Dividends paid	-	-	(70,913)	-	-	-	-	(70,913)
Issue of share capital under dividend reinvestment plan	23,012	-	-	-	-	-	-	23,012
Issue of share capital	1,580	-	-	-	-	-	-	1,580
Movement in employee share entitlement reserve	-	-	-	-	-	145	-	145
Movement in employee share option reserve	-	-	-	-	-	-	1,431	1,431
Movement in treasury shares	-	16	-	-	-	-	-	16
Increase in share capital under share option schemes for employee services	878	-	-	-	-	-	-	878
Employee share scheme shares issued for employee services	12	-	-	-	-	-	-	12
<b>Balance at 31 March 2015</b>	<b>147,414</b>	<b>(1,543)</b>	<b>266,771</b>	<b>32,459</b>	<b>21,634</b>	<b>275</b>	<b>4,180</b>	<b>471,190</b>

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)**

	Share capital NZ\$000	Treasury shares NZ\$000	Retained earnings NZ\$000	Asset revaluation reserve NZ\$000	Cash flow hedge reserve - unrealised NZ\$000	Employee share entitlement reserve NZ\$000	Employee share option reserve NZ\$000	Total equity NZ\$000
<b>Unaudited</b>								
<b>Total comprehensive income</b>	-	-	<b>62,038</b>	-	<b>(50,774)</b>	-	-	<b>11,264</b>
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 employee share entitlement reserve	-	-	-	-	-	(131)	-	(131)
Movement in employee share option reserve	-	-	-	-	-	-	(135)	(135)
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
<b>Balance at 30 September 2015</b>	<b>157,119</b>	<b>(1,011)</b>	<b>284,157</b>	<b>32,459</b>	<b>(29,140)</b>	<b>144</b>	<b>4,045</b>	<b>447,773</b>

## CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 September 2014 NZ\$000	Audited 31 March 2015 NZ\$000	Unaudited 30 September 2015 NZ\$000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		6,882	13,621	12,075
Trade and other receivables		98,967	107,416	130,395
Inventories		100,415	96,143	127,222
Derivative financial instruments	10	16,942	24,240	7,035
Tax receivable		1,368	1,871	709
<b>Total current assets</b>		<b>224,574</b>	<b>243,291</b>	<b>277,436</b>
<b>Non-current assets</b>				
Property, plant and equipment		356,654	367,428	380,077
Intangible assets		13,309	22,430	30,653
Other receivables		1,366	3,372	2,189
Derivative financial instruments	10	10,777	13,364	3,507
Deferred tax asset	6	19,155	19,931	41,326
<b>Total assets</b>		<b>625,835</b>	<b>669,816</b>	<b>735,188</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Interest-bearing liabilities	7	17,126	14,154	77,930
Trade and other payables		71,569	81,075	92,168
Provisions		2,956	2,614	3,550
Tax payable		8,648	14,198	14,792
Derivative financial instruments	10	4,832	5,073	31,163
<b>Total current liabilities</b>		<b>105,131</b>	<b>117,114</b>	<b>219,603</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	7	81,306	51,342	31,517
Provisions		2,556	1,824	2,273
Other payables		5,519	6,349	6,584
Derivative financial instruments	10	3,824	6,324	27,310
Deferred tax liability	6	13,247	15,673	128
<b>Total liabilities</b>		<b>211,583</b>	<b>198,626</b>	<b>287,415</b>



**CONSOLIDATED BALANCE SHEET (continued)**

Notes	Unaudited 30 September 2014 NZ\$000	Audited 31 March 2015 NZ\$000	Unaudited 30 September 2015 NZ\$000
<b>EQUITY</b>			
Share capital	140,269	147,414	157,119
Treasury shares	(1,554)	(1,543)	(1,011)
Retained earnings	234,802	266,771	284,157
Asset revaluation reserve	24,100	32,459	32,459
Cash flow hedge reserve - unrealised	13,719	21,634	(29,140)
Employee share entitlement reserve	200	275	144
Employee share option reserve	2,716	4,180	4,045
<b>Total equity</b>	<b>414,252</b>	<b>471,190</b>	<b>447,773</b>
<b>Total liabilities and equity</b>	<b>625,835</b>	<b>669,816</b>	<b>735,188</b>

On behalf of the Board.

26 November 2015



**Tony Carter**  
Chairman



**Michael Daniell**  
Managing Director and Chief Executive Officer

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Unaudited Six Months Ended 30 September 2014 NZ\$000	Audited Year Ended 31 March 2015 NZ\$000	Unaudited Six Months Ended 30 September 2015 NZ\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers		318,709	659,513	366,443
Grants received		2,250	4,750	2,250
Interest received		63	90	24
Payments to suppliers and employees		(239,477)	(467,300)	(291,768)
Tax paid		(22,405)	(44,274)	(39,413)
Interest paid		(3,202)	(5,947)	(2,338)
<b>Net cash flows from operations</b>		<b>55,938</b>	<b>146,832</b>	<b>35,198</b>
<b>CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>				
Sales of property, plant and equipment		3	10	-
Purchases of property, plant and equipment		(20,532)	(39,271)	(25,607)
Purchases of intangible assets		(4,955)	(14,314)	(10,636)
<b>Net cash flows (used in) investing activities</b>		<b>(25,484)</b>	<b>(53,575)</b>	<b>(36,243)</b>
<b>CASH FLOWS (USED IN) FINANCING ACTIVITIES</b>				
Employee share purchase schemes		237	529	198
Issue of share capital		901	1,580	594
New borrowings		5,000	5,000	29,663
Repayment of borrowings		(19,742)	(50,207)	-
Dividends paid		(21,936)	(47,901)	(37,004)
<b>Net cash flows (used in) financing activities</b>		<b>(35,540)</b>	<b>(90,999)</b>	<b>(6,549)</b>
Net increase (decrease) in cash		(5,086)	2,258	(7,594)
Opening cash		(3,761)	(3,761)	(533)
Effect of foreign exchange rates		221	970	(1,061)
<b>Closing cash</b>		<b>(8,626)</b>	<b>(533)</b>	<b>(9,188)</b>
<b>RECONCILIATION OF CLOSING CASH</b>				
Cash and cash equivalents		6,882	13,621	12,075
Bank overdrafts	7	(15,508)	(14,154)	(21,263)
<b>Closing cash</b>		<b>(8,626)</b>	<b>(533)</b>	<b>(9,188)</b>

## CASH FLOW RECONCILIATION

	Notes	Unaudited Six Months Ended 30 September 2014 NZ\$000	Audited Year Ended 31 March 2015 NZ\$000	Unaudited Six Months Ended 30 September 2015 NZ\$000
<b>Profit after tax</b>		48,917	113,173	62,038
Add (deduct) non-cash items:				
Depreciation and writedown of property, plant and equipment to recoverable amount		13,917	27,943	14,399
Amortisation of intangibles		1,754	3,705	1,951
Accrued financing income / expense		(43)	(259)	138
Movement in provisions		(359)	(1,433)	1,385
Movement in deferred tax asset / liability		(4,282)	(5,710)	(17,195)
Movement in foreign currency option contracts time value		662	1,762	2,058
Movement in working capital:				
Trade and other receivables		(4,805)	(15,260)	(28,883)
Inventory		(5,940)	(1,668)	(31,079)
Trade and other payables		1,538	14,070	18,833
Provision for taxation		1,890	6,937	1,756
Foreign currency translation		2,689	3,572	9,797
Add non-Income Statement items:				
Monetised cash flow hedges		-	-	-
<b>Net cash flows from operations</b>		<b>55,938</b>	<b>146,832</b>	<b>35,198</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 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 and 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 26 November 2015, 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 2015 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 Company and Group are designated as profit-oriented entities for financial reporting purposes.

#### 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 2015, 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 2015 also comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

All accounting policies have been applied on a basis consistent with those used in the audited financial statements for the year ended 31 March 2015, as described in those annual financial statements.

#### Standards, Interpretations and Amendments to Published Standards

There are no new standards or amendments to existing standards effective for the financial year ending 31 March 2016 which have or will have a material impact on the Group.

The following accounting standards and amendments to existing standards are not yet effective and have not been early adopted by the Group:

**NZ IFRS 9, ‘Financial instruments’**, addresses the classification, measurement and recognition of financial assets and financial liabilities. The specific features of NZ IFRS 9 were outlined in the annual report for the year ended 31 March 2015. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group intends to adopt NZ IFRS 9 for the first period beginning after its effective date and has yet to assess its full impact.

**NZ IFRS 15, ‘Revenue from contracts with customers’** deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 ‘Revenue’ and NZ IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group intends to adopt NZ IFRS 15 for the first period beginning after its effective date and is currently assessing its full impact.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. OPERATING REVENUE

	Unaudited Six Months Ended 30 September 2014 NZ\$000	Audited Year Ended 31 March 2015 NZ\$000	Unaudited Six Months Ended 30 September 2015 NZ\$000
<b>Revenue before hedging:</b>			
North America	128,965	289,514	182,445
Europe	95,489	202,234	114,011
Asia Pacific	59,103	121,237	72,096
Other	15,657	31,028	19,285
<b>Total revenue before hedging</b>	<b>299,214</b>	<b>644,013</b>	<b>387,837</b>
Foreign exchange gain (loss) on hedged sales	18,228	28,335	(6,869)
<b>Total operating revenue</b>	<b>317,442</b>	<b>672,348</b>	<b>380,968</b>

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 12 as described in that note.

### 4. OTHER INCOME

	Unaudited Six Months Ended 30 September 2014 NZ\$000	Audited Year Ended 31 March 2015 NZ\$000	Unaudited Six Months Ended 30 September 2015 NZ\$000
R&D growth grant	2,500	5,000	2,500



## NOTES TO THE FINANCIAL STATEMENTS

### 5. EXPENSES

Profit before tax includes the following expenses:

	Unaudited Six Months Ended 30 September 2014 NZ\$000	Audited Year Ended 31 March 2015 NZ\$000	Unaudited Six Months Ended 30 September 2015 NZ\$000
Depreciation	13,917	27,943	14,399
Amortisation	1,754	3,705	2,470
Employee benefits expense	118,073	237,442	139,751
Rental and lease expense	3,842	8,049	4,183

## NOTES TO THE FINANCIAL STATEMENTS

### 6. INCOME TAX

	Unaudited 30 September 2014 NZ\$000	Audited 31 March 2015 NZ\$000	Unaudited 30 September 2015 NZ\$000
<b>TAX EXPENSE</b>			
Profit before tax	66,909	158,766	84,579
Tax expense at the New Zealand rate of 28%	18,735	44,454	23,682
Adjustments to tax for:			
Non-assessable income	(72)	(283)	(141)
Non-deductible expenses	338	898	686
Foreign tax rates other than 28%	(188)	797	348
Effect of foreign currency translations	(819)	(50)	(2,034)
Other	(2)	(223)	-
<b>Total tax expense</b>	<b>17,992</b>	<b>45,593</b>	<b>22,541</b>
<b>DEFERRED TAX ASSET/LIABILITY</b>			
<b>OPENING BALANCE</b>			
Deferred tax asset	14,671	14,671	19,931
Deferred tax liability	(21,033)	(21,033)	(15,673)
	<b>(6,362)</b>	<b>(6,362)</b>	<b>4,258</b>
<b>MOVEMENTS</b>			
Credited / (charged) to the Income Statement	4,282	5,710	17,195
Credited / (charged) to Other Comprehensive Income	7,988	4,910	19,745
	<b>12,270</b>	<b>10,620</b>	<b>36,940</b>
<b>CLOSING BALANCE</b>			
Deferred tax asset	19,155	19,931	41,326
Deferred tax liability	(13,247)	(15,673)	(128)
	<b>5,908</b>	<b>4,258</b>	<b>41,198</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 7. INTEREST-BEARING LIABILITIES

	Unaudited 30 September 2014 NZ\$000	Audited 31 March 2015 NZ\$000	Unaudited 30 September 2015 NZ\$000
<b>CURRENT</b>			
Bank overdrafts	15,508	14,154	21,263
Borrowings	1,618	-	56,667
	<b>17,126</b>	<b>14,154</b>	<b>77,930</b>
<b>NON-CURRENT</b>			
Borrowings	81,306	51,342	31,517
	<b>81,306</b>	<b>51,342</b>	<b>31,517</b>

### 8. CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments contracted for but not recognised as at the reporting date:

	Unaudited 30 September 2014 NZ\$000	Audited 31 March 2015 NZ\$000	Unaudited 30 September 2015 NZ\$000
Within one year	7,991	11,411	12,053
Between one and two years	-	194	-
	<b>7,991</b>	<b>11,605</b>	<b>12,053</b>

### 9. CONTINGENT LIABILITIES

In the ordinary course of business the Group is occasionally subject to product liability and patent claims. 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

### 10. FINANCIAL INSTRUMENTS

#### Derivative Financial Instruments

	Unaudited 30 September 2014		Audited 31 March 2015		Unaudited 30 September 2015	
	Assets NZ\$000	Liabilities NZ\$000	Assets NZ\$000	Liabilities NZ\$000	Assets NZ\$000	Liabilities NZ\$000
<b>CURRENT</b>						
Foreign currency forward exchange contracts	16,194	3,140	21,614	2,943	6,897	21,978
Foreign currency option contracts	583	695	2,579	756	138	7,332
Interest rate swaps	165	997	47	1,374	-	1,853
	<b>16,942</b>	<b>4,832</b>	<b>24,240</b>	<b>5,073</b>	<b>7,035</b>	<b>31,163</b>
<b>NON-CURRENT</b>						
Foreign currency forward exchange contracts	10,388	880	12,213	1,457	3,195	15,378
Foreign currency option contracts	139	149	1,134	805	312	7,799
Interest rate swaps	250	2,795	17	4,062	-	4,133
	<b>10,777</b>	<b>3,824</b>	<b>13,364</b>	<b>6,324</b>	<b>3,507</b>	<b>27,310</b>

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

	Unaudited 30 September 2014 NZ\$000	Audited 31 March 2015 NZ\$000	Unaudited 30 September 2015 NZ\$000
Purchase commitments forward exchange contracts	27,165	30,594	27,632
Sale commitments forward exchange contracts	288,666	350,147	472,096
Foreign currency borrowing forward exchange contracts	6,082	14,557	26,178
NZD call option contracts purchased	-	8,304	23,281
Collar option contracts – NZD call option purchased (i)	79,323	137,859	262,686
Collar option contracts – NZD call option sold (i)	85,405	153,304	287,981

(i) Foreign currency contractual amounts are equal.

## NOTES TO THE FINANCIAL STATEMENTS

### 10. FINANCIAL INSTRUMENTS (continued)

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

	Foreign Currency		
	Unaudited 30 September 2014 000s	Audited 31 March 2015 000s	Unaudited 30 September 2015 000s
United States dollars	US\$109,500	US\$205,750	US\$323,550
European Union euros	€ 69,750	€ 76,150	€ 91,359
Australian dollars	A\$7,650	A\$4,700	A\$6,150
British pounds	£12,750	£13,475	£19,500
Canadian dollars	C\$10,600	C\$5,450	C\$14,400
Japanese yen	¥2,437,500	¥2,197,500	¥2,625,000
Chinese yuan	¥32,500	¥45,000	¥56,750
Korean won	₩2,092,613	₩2,479,504	₩1,839,678
Swedish kronor	kr6,000	kr0	kr23,750

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

	Foreign Currency		
	Unaudited 30 September 2014 000s	Audited 31 March 2015 000s	Unaudited 30 September 2015 000s
Mexican pesos	MEX\$290,000	MEX\$366,000	MEX\$341,500

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

	Unaudited 30 September 2014 NZ\$000	Audited 31 March 2015 NZ\$000	Unaudited 30 September 2015 NZ\$000
Interest rate swaps	126,684	121,324	97,071

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



## NOTES TO THE FINANCIAL STATEMENTS

### 10. FINANCIAL INSTRUMENTS (continued)

As at 31 March 2015 interest rate swaps with a face value of NZ\$91 million were de-designated as effective hedges with the mark to market valuation of NZ\$3,542,000 (\$2,550,000 after tax) expensed to financing expense in the Income Statement. This action was taken due to uncertainty whether there would be an equivalent amount of NZ dollar debt on an ongoing basis. Prior to the de-designation the mark to market valuation of these interest rate swaps was held within the Cashflow Hedge Reserve, net of tax.

In the 6 months to 30 September 2015 interest rate swaps with a face value totalling NZ\$29.5 million were either closed out or have expired, leaving swaps with a face value of \$61.5M outstanding as ineffective hedges.

Interest rate swaps will expire from financial years 2016 through to 2024. Future changes in the mark to market valuation of these interest rate swaps will be expensed or credited to the Income Statement.

Financial instruments are measured at fair value using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

All the Group's financial instruments have been measured at the fair value measurement hierarchy of level 2 (2015: level 2)

Financial liabilities measured at amortised cost are fair valued using the contractual cashflows. The effects of discounting are generally insignificant.

Derivative liabilities designated in a hedging relationship:

- Foreign currency forward exchange contracts and option contracts have been fair valued using forward exchange rates and option volatilities that are quoted in active markets
- Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant.

All financial assets other than derivatives are classified as loans and receivables. All financial liabilities other than derivatives are classified as measured at amortised cost. The fair value of financial assets and liabilities approximates their carrying value.

## NOTES TO THE FINANCIAL STATEMENTS

### 11. 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.

### 12. SEGMENT INFORMATION

The operating segments of the Group have been determined based on the components of the Group that the chief operating decision-maker (CODM) monitors in making decisions about operating matters. These components have been identified on the basis of internal reports that the CODM reviews regularly in order to allocate resources and to assess the performance of the Group. For the purposes of NZ IFRS 8 the CODM is a group comprising the Board of Directors (which includes the Chief Executive Officer), Senior Vice-President - Products and Technology, Senior Vice-President - Sales and Marketing and Chief Financial Officer. This has been determined on the basis that it is this group which determines the allocation of the resources to segments and assesses their performance.

The Group has four operating segments reportable under NZ IFRS 8, as described below, which are the Group's strategic business units or groupings of business units. All other operating segments have been included in 'New Zealand segments'.

The strategic business units all offer the same products, being medical device products and systems for use in respiratory and acute care and the treatment of obstructive sleep apnea. Products are sold in over 120 countries worldwide through the Group's distribution subsidiaries, third party distributors and original equipment manufacturers (OEMs), with these sales being managed geographically from New Zealand and other locations worldwide. It is the management of these worldwide sales relationships that forms the basis for the Group's reportable segments. The following summary describes the operations in each of the Group's reportable segments:

- 1) *New Zealand*. Includes all activities controlled by entities or employees based in New Zealand, principally research and development, manufacturing, marketing, sales and distribution and administration. The research and development activity relates to New Zealand. The manufacturing activity principally relates to New Zealand, however the Mexico manufacturing activity is also included in this segment as the Mexico facility is ultimately managed by New Zealand-based employees. The sales and distribution activity principally relates to

New Zealand, Latin America, Africa, the Middle East and other countries in Asia not included in 4) below. Also included are sales made to countries within Europe and Asia-Pacific where the management of the sale is from New Zealand.

- 2) *North America*. Includes all activities controlled by entities or employees based in the United States of America and Canada, principally sales, distribution and administration activities.
- 3) *Europe*. Includes all activities controlled by entities or employees based in the United Kingdom, France, Germany, Sweden, Turkey and Russia, principally sales, distribution and administration activities. These sales and distribution hubs also distribute product into neighbouring European countries.
- 4) *Asia-Pacific*. Includes all activities controlled by entities or employees based in Australia, Japan, India, China, South Korea, Taiwan and Hong Kong, principally sales, distribution and administration activities.

All minor or other activities have been included in the New Zealand segment as they are controlled by New Zealand entities or employees.

There are varying levels of integration between these geographical segments. This integration includes transfers of finished product, principally from New Zealand to other segments, and shared costs. The accounting policies of the reportable segments are the same as described in the audited financial statements for the year ended 31 March 2015.

Information regarding the operations of each reportable segment is included below. Performance is measured based on segment operating profit. Segment profit is used to measure performance as the CODM believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry. Inter-segment pricing is determined on an arm's length basis.

## NOTES TO THE FINANCIAL STATEMENTS

### 12. SEGMENT INFORMATION (continued)

#### Operating Segments – 30 September 2014 (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	27,777	128,965	92,349	50,123	–	299,214
Sales revenue – internal	216,406	–	–	–	(216,406)	–
Foreign exchange gain on hedged sales	18,228	–	–	–	–	18,228
<b>Total operating revenue</b>	<b>262,411</b>	<b>128,965</b>	<b>92,349</b>	<b>50,123</b>	<b>(216,406)</b>	<b>317,442</b>
Other income	2,500	–	–	–	–	2,500
Depreciation and amortisation	14,802	173	295	401	–	15,671
<b>Reportable segment operating profit before financing costs</b>	<b>77,651</b>	<b>5,544</b>	<b>3,789</b>	<b>3,606</b>	<b>(17,967)</b>	<b>72,623</b>
Financing income	1,077	–	–	–	(997)	80
Financing expense	(2,983)	(705)	(319)	(149)	997	(3,159)
Exchange (loss) on foreign currency borrowings	(2,590)	–	(45)	–	–	(2,635)
<b>Reportable segment assets</b>	<b>591,773</b>	<b>81,279</b>	<b>84,007</b>	<b>36,684</b>	<b>(167,908)</b>	<b>625,835</b>
<b>Reportable segment capital expenditure</b>	<b>25,065</b>	<b>54</b>	<b>123</b>	<b>245</b>	<b>–</b>	<b>25,487</b>

#### 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)
<b>Total operating revenue</b>	<b>347,629</b>	<b>182,445</b>	<b>112,389</b>	<b>60,336</b>	<b>(321,831)</b>	<b>380,968</b>
Other income	2,500	–	–	–	–	2,500
Depreciation and amortisation	15,431	759	352	327	–	16,869
<b>Reportable segment operating profit before financing costs</b>	<b>120,185</b>	<b>17,805</b>	<b>9,160</b>	<b>3,697</b>	<b>(55,645)</b>	<b>95,202</b>
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)
<b>Reportable segment assets</b>	<b>705,228</b>	<b>146,834</b>	<b>119,002</b>	<b>56,754</b>	<b>(292,630)</b>	<b>735,188</b>
<b>Reportable segment capital expenditure</b>	<b>35,342</b>	<b>410</b>	<b>153</b>	<b>338</b>	<b>–</b>	<b>36,243</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 12. SEGMENT INFORMATION (continued)

#### Product Segments

The Group's products and systems are for use in respiratory care, acute care 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 2014 NZ\$'000	Unaudited Six Months Ended 30 September 2015 NZ\$'000
Respiratory & acute care / hospital	169,131	199,625
Obstructive sleep apnea / homecare	142,626	175,312
Core products subtotal	311,757	374,937
Distributed and other	5,685	6,031
<b>Total revenue</b>	<b>317,442</b>	<b>380,968</b>

#### Major Customer

The Group's distribution relationship with its major customer in the North America segment ended on 19 July 2015. Revenue from that customer therefore decreased to approximately \$29.7 million (2015: \$35.8 million) of the Group's total revenues.

### 13. SUBSEQUENT EVENTS

On 26 November 2015 the directors approved the payment of a fully imputed 2016 interim dividend of \$37,644,644 (6.7 cents per share) to be paid on 23 December 2015.

# Directory

## DIRECTORS

Tony Carter	Chairman, Non-Executive, Independent
Michael Daniell	Managing Director and Chief Executive Officer
Roger France	Non-Executive, Independent
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

Michael Daniell	Managing Director and Chief Executive Officer
Lewis Gradon	Senior Vice-President – Products & Technology (MD/CEO designate)
Paul Shearer	Senior Vice-President – Sales & Marketing
Tony Barclay	Chief Financial Officer & Company Secretary
Deborah Bailey	Vice President – Human Resources
Winston Fong	Vice President – Information & Communication Technology
Brian Schultz	Vice President – Quality & Regulatory

## 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:	<a href="http://www.fphcare.com">www.fphcare.com</a>
Email:	<a href="mailto:investor@fphcare.co.nz">investor@fphcare.co.nz</a>

### 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 7, Zurich House, 21 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:	<a href="http://www.linkmarketservices.co.nz">www.linkmarketservices.co.nz</a>
Email:	<a href="mailto:enquiries@linkmarketservices.co.nz">enquiries@linkmarketservices.co.nz</a>

### 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:	<a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>
Email:	<a href="mailto:registrars@linkmarketservices.com.au">registrars@linkmarketservices.com.au</a>





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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 and ASX Appendix 4D Information

### Results for announcement to the market

#### FULL YEAR REPORTING PERIODS

Reporting Period	6 months to 30 September 2015
Previous Reporting Period	6 months to 30 September 2014

#### EARNINGS

	Amount (NZ\$000)	Percentage change
Operating revenue from ordinary activities	380,968	+20%
Earnings before interest and tax	95,202	+31%
Net profit attributable to shareholders	62,038	+27%

#### DIVIDENDS

	Amount per share NZ cents	Imputed amount per share* NZ cents	Gross amount per share* NZ cents	Franked amount per share
Interim Dividend	6.7 cents	2.6056 cents	9.3056 cents	N/A

\* NZ resident shareholders

Record Date	11 December 2015
Dividend Payment Date	23 December 2015

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](http://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 2016 Interim Report. This appendix should be read in conjunction with the company's interim financial statements for the six months to 30 September 2015, contained in the company's 2016 Interim Report, and the company's most recent audited financial statements.

#### NET TANGIBLE ASSETS PER SECURITY

	30 September 2014	30 September 2015
Net tangible assets per security	NZ\$0.71	NZ\$0.67

#### CONTROL OF ENTITIES GAINED OR LOST

There was no gain or loss of control of entities during the six months to 30 September 2015.

#### 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 interim company financial statements. PwC has provided a review report on the financial statements, which is contained in the 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.

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(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

**26 / 11 / 2015**

**Nature of event**  
Tick as appropriate

Bonus  
Issue

☐

If ticked,  
state whether:

Taxable

☐

/ Non Taxable

☐

Conversion

☐

Interest

☐

Rights Issue  
Renounceable

☐

Rights Issue  
non-renounceable

☐

Capital  
change

☐

Call

☐

Dividend

☒

If ticked, state  
whether:

☒

Interim

☒

Full  
Year

☐

Special

☐

DRP Applies

☒
**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**

If unknown, contact NZX

**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

If unknown, contact NZX

Number of Securities to  
be issued following event

Minimum  
Entitlement

Ratio, e.g.  
① for ②

for

Conversion, Maturity, Call  
Payable or Exercise Date

Treatment of Fractions

Enter N/A if not  
applicable

Tick if  
pari passu

☐

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.

In dollars and cents

Amount per security  
(does not include any excluded income)

**6.7 cents/share**

Source of  
Payment

**Revenue Reserves**

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

**1.182353 cents/share**

Total monies

**\$37,644,644**

Date Payable

**23 December, 2015**

**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

**0.465278 cents/share**

Imputation Credits  
(Give details)

**2.605556 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 -

**11 December, 2015**

**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.

**23 December, 2015**

**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:

