Fisher&Paykel appliances

Fisher & Paykel Appliances Holdings Limited

INTERIM REPORT 2008/09

DISHDRAWER TALL: To be released into the North American market February 2009

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CHAIRMAN'S REVIEW

Results

Normalised Group Profit after Taxation for the six months ended 30 September 2008 was $22.395 million, which was ahead of market consensus of $16.11 million.

After one-off costs of $29.742 million after tax ($41.198 million pre tax) associated with implementing Appliances' Global Manufacturing Strategy, the Group reported a loss of $7.347 million after tax compared to a profit of $29.290 million after tax for the previous corresponding period.

Before one-off items, Normalised Group Operating Profit before Interest and Taxation at $44.755 million was down 20.4% on the previous corresponding period.

For Appliances, increased sales revenue in Australia offset lower sales in New Zealand, North America and Rest of World. This resulted in overall revenue being similar to the previous corresponding period. Increased costs for raw materials, combined with volatile currency exchange rates and ongoing competition in our major markets, resulted in Appliances' operating margin declining to 5.3%. In local currency terms, sales in Australia continued to grow to record first half levels, notwithstanding a slowing market. New Zealand and North America experienced reduced revenues reflecting market conditions.

The Finance business delivered a satisfactory first half result especially given the uncertainty within the New Zealand economy. New term funding facilities have been secured and retail debenture reinvestment rates continue at encouraging levels.

The Group has made good progress over the past 6 months in implementing Appliances' Global Manufacturing Strategy and responding to the challenging economic conditions. These include:

- Successfully implementing the relocation of the Laundry manufacturing to Thailand. This was completed on time and within budget. The majority of the DCS lines have been relocated to Mexico.
- Managing a major stock build to facilitate the relocation processes.
- Improved Working Capital efficiencies.
- Significantly improved Cash Flow.
- Successfully introducing new product platforms.
- Managing significant increases in raw material pricing.
- Continued progress in the Cost Out Programme.
- Successfully refinancing Fisher & Paykel Finance with longer term facilities.

These initiatives have positioned the Company well to manage its way through the current turbulent times and improve its long term prospects.

FINANCIAL PERFORMANCE

	Unaudited 6 Months 30 Sep 2008 NZ$000	Unaudited 6 Months 30 Sep 2007 NZ$000	Year 31 Mar 2008 NZ$000
Normalised Operating Profit Before Interest and Taxation			
– Appliances Business	33,183	42,878	83,264
– Finance Business	11,572	13,371	26,888
	44,755	56,249	110,152
One Off Relocation Costs (Global Manufacturing Strategy)			
– Appliances Business	(41,198)	(11,377)	(18,263)
One Off Costs Associated with the Proposed Sale of the Finance Business			
– Appliances Business	-	-	(1,590)
– Finance Business	-	-	(745)
Profit on Sale of Land & Buildings			
– Appliances Business	-	5,021	5,021
Earnings before Interest & Taxation	3,557	49,893	94,575
Interest, excluding Finance Business Operating Interest	(13,154)	(10,413)	(21,566)
Operating Profit/(Loss) before Taxation	(9,597)	39,480	73,009
Taxation	2,250	(10,190)	(18,797)
Group Profit/(Loss) after Taxation	(7,347)	29,290	54,212
Normalised Group Profit after Taxation	22,395	32,305	65,545

IZONA COOLDRAWER: Voted product of the year – Home Beautiful magazine

Revenue

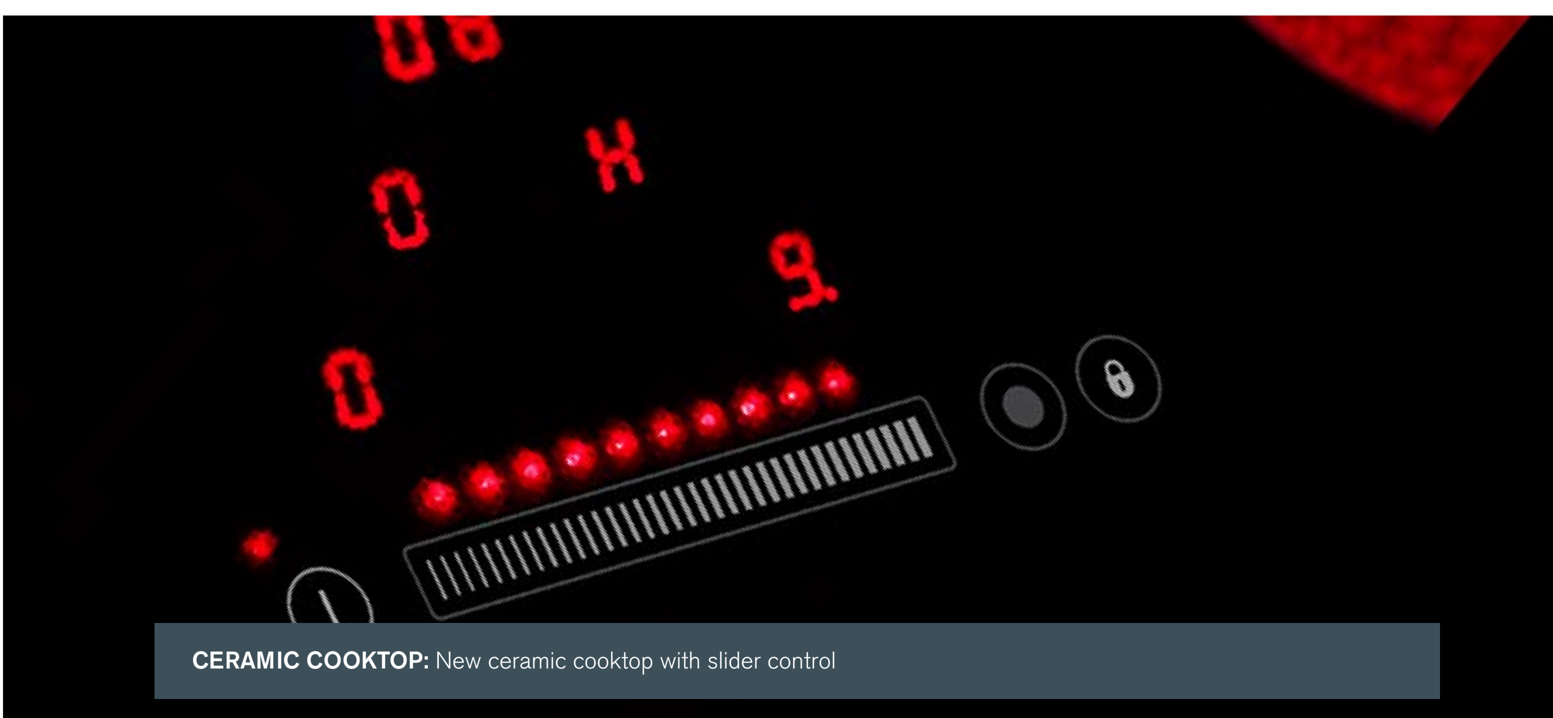
In New Zealand dollar terms, Total Revenue and Other Income increased by $4.0 million (+0.6%) to $697.1 million for the half-year.

Appliances Operating Revenue at $627.8 million was down $0.3 million. Growth in Australia resulted in overall Appliances revenues matching the first half last year.

Finance Operating Revenue increased by 15.1% compared to the corresponding half last year. This was a direct result of higher interest rates and the introduction of card fees.

REVENUE

	Unaudited 6 Months 30 Sep 2008 NZ$000	Unaudited 6 Months 30 Sep 2007 NZ$000	Year 31 Mar 2008 NZ$000
Appliances Business			
– New Zealand	112,024	121,701	242,987
– Australia	233,811	208,760	466,808
– North America	191,336	205,892	378,980
– Europe	55,720	54,496	112,284
– Rest of World (including Singapore)	34,885	37,244	74,757
	627,776	628,093	1,275,816
Finance Business	68,252	59,294	123,893
Other Income	1,042	5,687	6,636
Total Revenue & Other Income	697,070	693,074	1,406,345



CERAMIC COOKTOP: New ceramic cooktop with slider control

Cash Flow and Funding

Cash flow from operating activities, before extending additional loans to Finance business customers, was $36.8 million for the half year compared to $0.5 million for the previous corresponding period.

The improved cash flow from operating activities was due to working capital efficiencies. Excluding the stock build, working capital (defined as inventory plus trade receivables less trade payables), was 20% of annual sales as at 30 September 2008 compared to 23.5% for the previous corresponding period (pcp). This equated to an improvement of $47 million.

Stock builds to accommodate the shut down and relocation of the factories in Dunedin (New Zealand), Brisbane (Australia), California (USA) and the Electronics facility in Auckland (New Zealand) absorbed operating cash of $57.7 million (pcp $25.5 million) during the half-year. This was netted to $36.9 million by the sell down of the stock build as at 31 March 2008 to accommodate the now completed relocation of the East Tamaki Laundry factory.

Senior bank debt covered by the Group's Negative Pledge Deed totalled $349.848 million, net of cash at bank, as at 30 September 2008 (pcp $303.056 million).

The relocation stock builds and the effects of currency movements accounted for this increase. Debt levels are expected to peak around the time of the Dunedin and Brisbane factory closures in the second calendar quarter of 2009 before declining as the relocation stock builds are sold down.

The Group was in full compliance with its banking covenants during the half and as at 30 September 2008.

Capital and Depreciation

Capital expenditure, in cash flow terms, has been shown in the table below.

Capital expenditure for Appliances at $39.926 million was on budget and was related predominantly to the Global Manufacturing Strategy. This will be partially funded by property sales which will realise approximately $35 million in the second half of this financial year.

Depreciation and amortisation charges for the half-year, have been shown in the table below.

CAPITAL EXPENDITURE

	Unaudited 6 Months 30 Sep 2008 NZ$000	Unaudited 6 Months 30 Sep 2007 NZ$000	Year 31 Mar 2008 NZ$000
Appliances Business	39,926	15,787	45,292
Finance Business	1,324	634	1,632
	41,250	16,421	46,924

DEPRECIATION AND AMORTISATION

	Unaudited 6 Months 30 Sep 2008 NZ$000	Unaudited 6 Months 30 Sep 2007 NZ$000	Year 31 Mar 2008 NZ$000
Appliances Business	24,269	22,595	42,417
Finance Business	3,919	3,952	7,906
	28,188	26,547	50,323

Dividend

The Directors have approved a final dividend of 5 cents per share (9 cents for the previous corresponding period).

The dividend will carry a partial imputation credit of 0.667 cents per share for New Zealand tax residents and be fully franked for Australian tax residents. Qualifying non-resident shareholders will receive a supplementary dividend of 0.275 cents per share.

Due to the lower normalised result for the half, together with substantial costs associated with implementing Appliances' Global Manufacturing Strategy, the Directors considered it prudent to reduce the interim dividend.

The dividend will be paid on 19 December 2008, with a record date of 28 November 2008. The ex-dividend dates will be 24 November 2008 for the ASX and 1 December for the NZSX.

The Company operates a Dividend Reinvestment Plan (DRP) under which eligible New Zealand and Australian shareholders can elect to apply some or all of their dividend payments to acquire additional ordinary shares.

Shareholders who have previously elected to participate in the DRP, will continue to do so for this dividend unless they complete a Variation Form. Additional Variation Forms can be obtained from the Company's Share Registrar and must be returned by 28 November 2008.

Shareholders who wish to elect to participate in the DRP for this dividend can obtain a copy of the Company's Dividend Reinvestment Plan Offer Document and Participation Form from the Company's Share Registrar. Participation Forms must be returned to the Company's Registrar before 28 November 2008.

The share price used to determine entitlements under the DRP is 97.5% (representing a 2.5% discount) of the average of the volume weighted average sales price of all "price setting trades" of shares which take place through the NZSX and the ASX over a period of 10 days commencing on the third business day after the shares trade ex-dividend on the NZSX.

Appliances Business

The Appliances business segmented result for the six months ended 30 September 2008, has been shown in the table on the next page.

The ongoing drive towards high-end product sales contributed markedly to offset declining global markets.

Global Manufacturing Strategy

One-off relocation costs associated with Appliances' Global Manufacturing Strategy amounted to $41.198 million before tax during the half.

Costs for completing the East Tamaki Laundry factory shift and the relocation of the Electronics facility accounted for approximately $11 million. This first stage of the Thailand shift has now been substantially completed within budget and on time.

The relocation of the DCS cooking factory from California, USA to our new site in Reynosa, Mexico, which was acquired in April 2008, was largely completed during the half. After modification, the side by side refrigerator line on that site commenced production in August 2008.

Production of the North American styled DishDrawer® Tall dishwasher is scheduled to commence in December 2008 in Reynosa. This facility will have the capability of manufacturing all versions of DishDrawer® dishwasher for global markets including New Zealand and Australia as well as Europe, for which Mexico has a Free Trade Agreement with the European Union. Built-in oven and cooking production will also be transferred from the Dunedin, New Zealand factory to our Italy cooking factory in December.

Construction of a new factory has commenced on our Thailand site to house the Brisbane (Australia) refrigerator plant which will be relocated next calendar year. The remaining DishDrawer® dishwasher equipment, currently located in Dunedin, has a number of off-shore commercial options, which are currently under review.

The manufacturing relocations to date have been successfully completed without significant disruption to supply. The relocation timetable and required stock build levels have both been met resulting in the projects coming in on time and within budget. This gives the Company confidence heading into the next set of manufacturing relocations next year.

APPLIANCES BUSINESS FINANCIAL PERFORMANCE

	Unaudited 6 Months 30 Sep 2008 NZ$000	Unaudited 6 Months 30 Sep 2007 NZ$000	Year 31 Mar 2008 NZ$000
Operating Revenue	627,776	628,093	1,275,816
Normalised Operating Profit before Interest and Taxation	33,183	42,878	83,264
– One Off Relocation Costs	(41,198)	(11,377)	(18,263)
– One Off Costs Associated with the Proposed Sale of the Finance Business	-	-	(1,590)
– Profit on Sale of Land & Buildings	-	5,021	5,021
Reported Operating Profit before Interest and Taxation	(8,015)	36,522	68,432
Assets Employed	1,231,016	1,045,120	1,051,612
Operating Margin *	5.3%	6.8%	6.5%

** Normalised Operating Profit before Interest and Taxation to Operating Revenue*

To date indications are that the previously announced cost savings, resulting from the manufacturing relocations, will be exceeded. Manufacturing overheads along with reduced local vendor costs have come in lower than budgeted contributing to better than expected savings.

The sale of surplus land and buildings is progressing well given the current market conditions. Vacant land at the back of East Tamaki site in Auckland has been sold. The Range & Dishwasher facility in Dunedin, New Zealand has been conditionally sold to the Fonterra Co-operative Group. A detailed announcement on this is due shortly. The Fisher & Paykel Production Machinery Limited building situated in East Tamaki, Auckland, has been conditionally sold under a sale and lease back arrangement. The Cleveland refrigeration site in Brisbane, Australia is presently being marketed.

Market Review

Appliances' revenue, by geographic region and local currency, for the half has been compared to the previous corresponding period in the table below.

New Zealand sales declined 8.0% in the first half. This is reflective of the market which is contracting. The release of the Izona range of products reinforced Fisher & Paykel as a top-end, high profile brand in its home market. The launch of the Elba brand to New Zealand consumers was successfully completed during the first half for entry point and mid market products. This brand now commands a strong percentage of New Zealand sales.

Australian revenue was up 2.9% in local currency terms. Increased sales in high-end products such as the French Door and the Ice and Water refrigeration product ranges helped push first half revenue to a record level. This lift in sales slowed towards the latter part of the first half in line with general market conditions.

Total North American revenues were down 6.9% in local currency terms. This compares favourably with industry statistics showing a decline in total market size of between 11%-16%. The Fisher & Paykel and DCS brands continue to make market share gains. Revenue for those two brands was down 3.4% in the aggregate on the previous corresponding period.

European sales revenue decreased by 9.4% in the first half. Depressed market conditions in the United Kingdom and Ireland combined with a declining Euro-Sterling currency cross rate contributed to this. European sales represented 8.9% of global sales.

REVENUE ANALYSIS IN LOCAL CURRENCY

		Unaudited 6 Months 30 Sep 2008 $000	Unaudited 6 Months 30 Sep 2007 $000	Year 31 Mar 2008 $000	%
Appliances					
– New Zealand	NZD	112,024	121,701	242,987	(8.0)
– Australia	AUD	189,955	184,531	407,907	2.9
– North America	USD	142,232	152,723	287,282	(6.9)
– Europe	EUR	26,991	29,780	60,224	(9.4)
– Rest of World (incl. Singapore)	NZD	34,885	37,244	74,757	(6.3)

Finance Business

The Finance business delivered a satisfactory, above budget Operating Profit before Interest and Taxation of $11.572 million for the six months to 30 September 2008, despite lower net interest margins and higher bad debts. Funding costs have increased significantly due to the impact of the global credit crunch, while increased financial pressure on New Zealand households has resulted in higher bad debts.

However growth in revenue and improved gross yields, together with a continued focus on cost containment has reduced the full impact of the higher funding costs and the additional bad debts.

New term funding facilities of $335 million over 1, 2 and 3 year terms were secured during the period and this has further strengthened liquidity and provided longer term committed funding. Funding for the securitisation programme has been complemented by bank standby facilities when the Commercial Paper market has experienced volatility. Retail debentures have maintained a steady reinvestment rate of funding within a 50%-70% range over the last six months. Cash flow from customers for the period exceeded $300 million.

Receivables have remained flat since March 2008 due to lower lending volumes which reflected tighter credit policies and weaker retail consumer spending.

FINANCE BUSINESS FINANCIAL PERFORMANCE

	Unaudited 6 Months 30 Sep 2008 NZ$000	Unaudited 6 Months 30 Sep 2007 NZ$000	Year 31 Mar 2008 NZ$000
Operating Revenue	68,252	59,294	123,893
Normalised Operating Profit before Interest and Taxation	11,572	13,371	26,888
– One Off Costs Associated with the Proposed Sale of the Finance Business	-	-	(745)
Reported Operating Profit before Interest and Taxation	11,572	13,371	26,143
Finance Receivables	582,008	526,502	584,931

DISHDRAWER TALL: A larger capacity top drawer accommodates 13" (330mm) plates

Outlook

The outlook for the remainder of the financial year remains uncertain with no market exempt from the global economic fallout. In response to the economic climate, the Group continues to focus on cost efficiencies and restructuring opportunities. An expected decline in raw material pricing and the anticipated cost savings associated with the Global Manufacturing Strategy will benefit earnings in the second half.

Appliances

We expect the New Zealand market to remain soft. A slight lift in sales is anticipated following the New Zealand general election and in response to the reduction in interest rates and personal income taxes. The recent price increase in August/September has now been implemented into the market.

Market growth in Australia is not expected to continue in the second half as that market slows. Market conditions are tightening with consumer confidence falling against a weaker economic outlook. However the Company expects to increase its market share.

Some competitors in New Zealand and Australia have already increased prices and others are expected to follow in response to the depreciated New Zealand and Australian dollars.

Market conditions in North America are expected to remain in decline with no immediate recovery foreseen. The Fisher & Paykel and DCS brands continue to make market share gains notwithstanding the slowing market. New product introductions planned for the second half, including the Izona range and the new North American DishDrawer® Tall dishwasher, should see these gains maintained.

Rest of World and European sales revenues are expected to slow in response to deteriorating economic conditions. Arcelik, our strategic partner in Europe, has recently started distributing the Fisher & Paykel brand in Eastern Europe and DishDrawer® dishwasher product under their brand in Turkey. Asian markets remain steady.

There are strong indications that raw material pricing is declining due to the global economic slow down. Steel prices have started to reduce significantly in the wake of slowing global demand. These reductions are likely to be reflected in shipments in the first calendar quarter of 2009. Likewise oil based plastics, chemicals and copper prices have fallen and are being reflected in current new pricing.

The Company continues to develop its stable of new and refreshed products. The imminent release of the DishDrawer® Tall dishwasher to the North American market will be supplemented with a new range of cooking product for all markets. The present side-by-side refrigerator model range will be extended progressively over the coming months. These will also be available for sale in all markets.

Fisher & Paykel Production Machinery Limited, a subsidiary of Appliances, has recently won a contract to supply new machinery to an offshore client. The $15 million project is likely to start prior to Christmas and is expected to take 12 months to complete.

Appliances remains on target with the manufacturing relocation projects currently in progress. The transfer of the DCS plant from California (USA) to Reynosa (Mexico) will be finished by late November.

The new North American DishDrawer® Tall dishwasher line is on track to begin producing products in December. The production line, designed and configured specifically for the North American market, is currently being commissioned. Management is excited with the potential this product has for this market. It is expected to be released in February 2009.

Good progress has been made in the establishment of the Customer Call centre in Dunedin. A limited number of staff are currently taking calls in the existing Mosgiel facility. This team will be expanded and amalgamated with the global cooking and dishwasher engineering team next year and housed in a new leased facility in Dunedin.

Finance

The Finance business has access to a diverse range of funding options and is well placed with strong cash flows to manage the business during these times of economic uncertainty. Application has been made to Treasury to participate in the Government Deposit Guarantee Scheme for retail deposits. This status will likely strengthen the level of retail investments from new and existing debenture holders.

Prudent lending criteria and balance sheet management of receivables is expected to lessen the impact of tighter liquidity whilst cost containment and improving yields will assist to maintain a satisfactory level of earnings. Some households will continue to experience financial difficulties which will likely result in further bad debt provisioning being required.

Underlying interest rates have reduced recently and further falls are expected. This trend will provide the opportunity to assist in restoring margins.

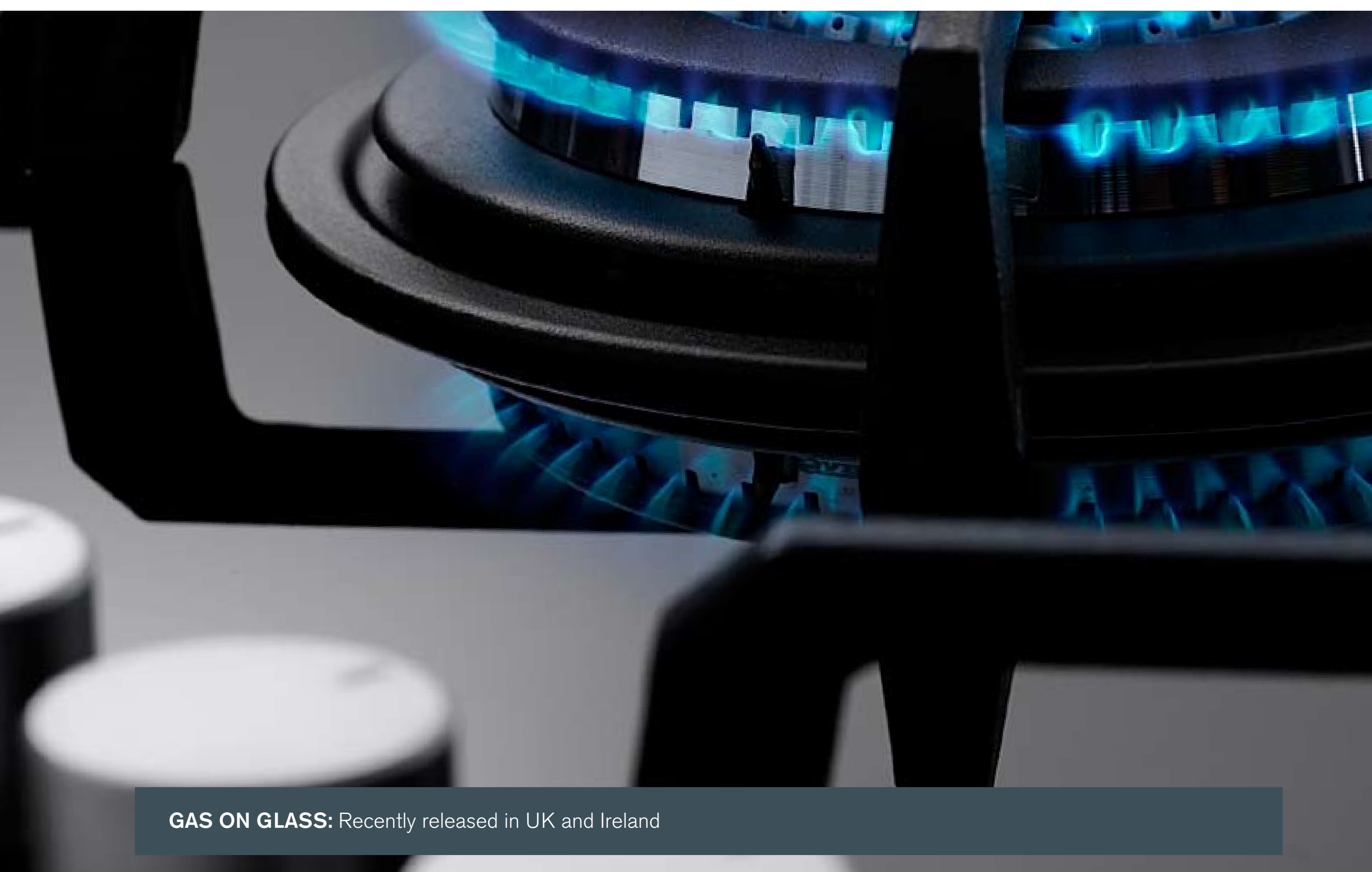
Group

Given the uncertainty in all markets, the Directors have decided against giving guidance on the Group result for the full financial year.

Gary Paykel.

G A Paykel
Chairman

13 November 2008



GAS ON GLASS: Recently released in UK and Ireland

IZONA COOKSURFACE: Winner of the Stringer Supreme Design Award

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Accountants' Report

To the shareholders of Fisher & Paykel Appliances Holdings Limited

We have reviewed the interim consolidated financial statements on pages 14 to 32. The interim consolidated financial statements provide information about the past consolidated financial performance and consolidated cash flows of the Group for the period ended 30 September 2008 and its consolidated financial position as at that date. This information is stated in accordance with the accounting policies set out on page 19.

Directors' responsibilities

The Group's Directors are responsible for the preparation and presentation of the interim consolidated financial statements that present fairly the consolidated financial position of the Group as at 30 September 2008 and their consolidated financial performance and consolidated cash flows for the period ended on that date.

Accountants' responsibilities

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

Basis of opinion

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

We have reviewed the interim consolidated financial statements of the Group for the period ended 30 September 2008 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand.

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

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements do not present fairly the financial position of the Group as at 30 September 2008 and its consolidated financial performance and consolidated cash flows for the period ended on that date.

Our review was completed on 13 November 2008 and our review opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants

Auckland

INCOME STATEMENT

For the 6 months ended 30 September 2008 (Unaudited)

		CONSOLIDATED		
		30 September 2008	30 September 2007	31 March 2008
	Notes	**$'000**	$'000	$'000
Revenue				
Operating revenue	4	**696,028**	687,387	1,399,709
Other income	4	**1,042**	5,687	6,636
Total revenue and other income		**697,070**	693,074	1,406,345
Operating profit		**3,557**	49,893	94,575
Finance costs		**(13,154)**	(10,413)	(21,566)
(Loss)/Profit before income tax		**(9,597)**	39,480	73,009
Income tax expense		**2,250**	(10,190)	(18,797)
(Loss)/Profit for the period		**(7,347)**	29,290	54,212

Earnings per share for profit attributable to the ordinary equity holders of the Company during the year:	**Cents**	Cents	Cents
Basic earnings per share	**(2.6)**	10.3	19.1
Diluted earnings per share	**(2.5)**	10.1	18.7

The above Income Statement should be read in conjunction with the accompanying Notes.

As at 30 September 2008 (Unaudited)

		CONSOLIDATED			APPLIANCES BUSINESS*			FINANCE BUSINESS		
	Notes	**As at 30 Sep 08 $'000**	As at 30 Sep 07 $'000	As at 31 Mar 08 $'000	**As at 30 Sep 08 $'000**	As at 30 Sep 07 $'000	As at 31 Mar 08 $'000	**As at 30 Sep 08 $'000**	As at 30 Sep 07 $'000	As at 31 Mar 08 $'000
Assets										
Current assets										
Cash and cash equivalents		**90,230**	55,426	95,468	**59,406**	23,993	47,269	**30,824**	31,433	48,199
Debtors and other current assets		**183,123**	189,452	166,594	**177,271**	185,917	161,029	**5,852**	3,535	5,565
Finance receivables		**384,704**	387,616	393,139	**-**	-	-	**384,704**	387,616	393,139
Inventories		**312,613**	286,054	277,379	**312,613**	286,054	277,379	**-**	-	-
Non-current assets classified as held for sale	5	**46,520**	-	-	**46,520**	-	-	**-**	-	-
Derivative financial instruments		**10,737**	1,037	2,117	**10,684**	77	1,532	**53**	960	585
Current tax receivables		**7,886**	6,680	8,561	**6,992**	6,680	7,612	**894**	-	949
Future taxation benefit		**958**	1,006	1,104	**958**	1,006	1,104	**-**	-	-
Total current assets		**1,036,771**	927,271	944,362	**614,444**	503,727	495,925	**422,327**	423,544	448,437
Non-current assets										
Property, plant & equipment		**358,556**	321,208	331,002	**356,909**	319,455	329,463	**1,647**	1,753	1,539
Investment in Finance business					**181,047**	183,474	189,917			
Other non-current assets		**2,358**	1,905	2,062	**1,322**	909	1,053	**1,036**	996	1,009
Finance receivables		**197,304**	159,055	191,792	**-**	-	-	**197,304**	159,055	191,792
Intangible assets		**345,156**	328,546	331,308	**212,023**	189,660	195,473	**133,133**	138,886	135,835
Derivative financial instruments		**792**	484	156	**792**	484	156	**-**	-	-
Future taxation benefit		**7,682**	-	-	**7,682**	-	-	**-**	-	-
Deferred taxation		**37,844**	30,885	29,542	**37,844**	30,885	29,542	**-**	-	-
Total non-current assets		**949,692**	842,083	885,862	**797,619**	724,867	745,604	**333,120**	300,690	330,175
Total assets		**1,986,463**	1,769,354	1,830,224	**1,412,063**	1,228,594	1,241,529	**755,447**	724,234	778,612
Liabilities										
Current liabilities										
Bank overdrafts		**363**	1,722	1,474	**363**	1,722	1,474	**-**	-	-
Current borrowings	6	**140,968**	-	-	**140,968**	-	-	**-**	-	-
Current finance leases		**2,009**	1,991	3,341	**2,009**	1,991	3,341	**-**	-	-
Trade creditors		**156,046**	127,009	119,408	**156,046**	127,009	119,408	**-**	-	-
Provisions	7	**51,166**	20,232	28,682	**51,166**	20,232	28,682	**-**	-	-
Finance borrowings	8	**410,581**	484,813	534,976	**-**	-	-	**410,581**	484,813	534,976
Derivative financial instruments		**3,225**	2,010	3,288	**2,666**	2,010	3,258	**559**	-	30
Current tax liabilities		**5,263**	4,539	1,837	**5,263**	3,454	1,837	**-**	1,085	-
Other current liabilities		**87,656**	75,088	82,139	**69,471**	56,185	61,668	**18,185**	18,903	20,471
Total current liabilities		**857,277**	717,404	775,145	**427,952**	212,603	219,668	**429,325**	504,801	555,477
Non-current liabilities										
Non-current borrowings	6	**267,923**	325,327	337,615	**267,923**	325,327	337,615	**-**	-	-
Non-current finance leases		**720**	2,552	866	**720**	2,552	866	**-**	-	-
Provisions	7	**25,501**	24,656	23,830	**25,501**	24,656	23,359	**-**	-	471
Finance borrowings	8	**122,690**	10,155	9,199	**-**	-	-	**122,690**	10,155	9,199
Other non-current liabilities		**28,665**	4,878	3,728	**28,665**	4,188	3,728	**-**	690	-
Derivative financial instruments		**-**	253	-	**-**	253	-	**-**	-	-
Deferred taxation		**31,329**	35,456	33,393	**8,944**	10,342	9,845	**22,385**	25,114	23,548
Total non-current liabilities		**476,828**	403,277	408,631	**331,753**	367,318	375,413	**145,075**	35,959	33,218
Total Liabilities		**1,334,105**	1,120,681	1,183,776	**759,705**	579,921	595,081	**574,400**	540,760	588,695
Shareholders' equity										
Contributed equity	9	**648,229**	642,082	642,082	**648,229**	642,082	642,082			
(Accumulated losses) / Retained earnings	10(a)	**(14,339)**	19,316	18,623	**(14,339)**	19,316	18,623			
Reserves	10(b)	**18,468**	(12,725)	(14,257)	**18,468**	(12,725)	(14,257)			
Investment in Finance business								**181,047**	183,474	189,917
Total shareholders' equity		**652,358**	648,673	646,448	**652,358**	648,673	646,448	**181,047**	183,474	189,917
Total liabilities and shareholders' equity		**1,986,463**	1,769,354	1,830,224	**1,412,063**	1,228,594	1,241,529	**755,447**	724,234	778,612

** For Balance Sheet disclosure purposes, the Appliances business includes both the Parent entity and AF Investments Limited*

The above Balance Sheet should be read in conjunction with the accompanying Notes.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the 6 months ended 30 September 2008 (Unaudited)

		CONSOLIDATED		
		30 September 2008	30 September 2007	31 March 2008
	Notes	**$'000**	$'000	$'000
Exchange differences on translation of foreign operations	10	**23,968**	(4,161)	(4,635)
Cash flow hedges taken to equity, net of tax	10	**8,178**	(5,998)	(4,094)
Interest rate hedges taken to equity, net of tax	10	**1,002**	(243)	(3,724)
Commodity hedges taken to equity, net of tax	10	**(503)**	316	776
Net income and expense recognised directly in equity		**32,645**	(10,086)	(11,677)
(Loss)/Profit for the period		**(7,347)**	29,290	54,212
Total recognised income and expense for the period		**25,298**	19,204	42,535

The above Statement of Recognised Income & Expense should be read in conjunction with the accompanying Notes.

For the 6 months ended 30 September 2008 (Unaudited)

		CONSOLIDATED		
		30 September 2008	30 September 2007	31 March 2008
	Notes	**$'000**	$'000	$'000
Cash flows from operating activities				
Receipts from customers		**610,922**	640,024	1,305,914
Financing interest and fee receipts		**66,226**	56,833	122,551
Interest received		**625**	783	805
Payments to suppliers and employees		**(593,440)**	(654,769)	(1,254,365)
Income taxes paid		**(9,721)**	(13,125)	(27,892)
Interest paid		**(37,816)**	(29,261)	(63,341)
		36,796	485	83,672
Principal on loans repaid by Finance business customers		**306,198**	304,108	607,292
New loans to Finance business customers		**(312,534)**	(321,787)	(670,942)
Net cash inflow / (outflow) from operating activities	15	**30,460**	(17,194)	20,022
Cash flows from investing activities				
Sale of property, plant & equipment		**26**	9,777	9,815
Purchase of property, plant & equipment		**(38,094)**	(14,506)	(40,084)
Capitalisation of intangible assets		**(3,156)**	(1,915)	(6,840)
Acquisition of Mexico Operations - Instalment 1	13	**(9,049)**	-	-
Net cash inflow / (outflow) from investing activities		**(50,273)**	(6,644)	(37,109)
Cash flows from financing activities				
New non-current borrowings		**68,459**	26,853	44,258
New Finance business borrowings		**289,745**	141,133	173,554
Repayment of non-current borrowings		**(30,943)**	(3,738)	(10,289)
Repayment of Finance business borrowings		**(298,912)**	(134,147)	(117,811)
Lease liability payments		**(46)**	-	(721)
Issue of share capital		**-**	2,619	2,619
Dividends paid		**(19,468)**	(25,555)	(51,170)
Net cash inflow / (outflow) from financing activities		**8,835**	7,165	40,440
Net increase (decrease) in cash and cash equivalents		**(10,978)**	(16,673)	23,353
Cash and cash equivalents at the beginning of the period		**93,994**	71,502	71,502
Cash obtained from acquisitions		**1,767**	-	-
Effects of foreign exchange rate changes on cash and cash equivalents		**5,084**	(1,125)	(861)
Cash and cash equivalents at end of the half-year		**89,867**	53,704	93,994

The above Cash Flow Statement should be read in conjunction with the accompanying Notes.

Contents of the Notes to the Financial Statements

1 General information

The Group and Company are profit oriented limited liability entities incorporated and domiciled in New Zealand. Under dual listing rules for the New Zealand and Australian Stock Exchanges, the Company is required to have registered offices in each country and the addresses are:

- 78 Springs Road, East Tamaki, Auckland, New Zealand
- Weippin Street, Cleveland, Queensland 4163, Australia

The Group has two principal areas of business:

- Appliance manufacturer, distributor and marketer (Appliances business)
- Financial services in New Zealand (Finance business)

The principal activity of the Appliances business is the design, manufacture and marketing of innovative major household appliances. Its major markets are New Zealand, Australia, North America and Europe. The Appliances business has manufacturing operations in New Zealand, Australia, USA, Mexico, Thailand and Italy.

The Finance business is a leading provider of retail point of sale consumer finance (including the Farmers Finance Card and Q Card), insurance services and rental & leasing finance entirely within New Zealand.

The financial statements were authorised for issue by the Board of Directors on 13 November 2008.

2 Summary of significant accounting policies

These general purpose financial statements for the interim 6 month reporting period ended 30 September 2008 have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP) and comply with the New Zealand Equivalent to International Accounting Standard 34 and International Accounting Standard 34 Interim Financial Reporting.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 March 2008.

These interim financial statements are stated in New Zealand dollars rounded to the nearest thousand unless stated otherwise.

(a) Changes in accounting policies

There have been no significant changes in accounting policies during the current year. Accounting policies have been applied on a basis consistent with prior interim and annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 Segment information

(a) Description of segments

Business segments

The company is organised into the following main business segments:

Appliances business
Manufacturer, distributor and marketer of major household appliances.

Finance business
Financial services sector entirely within New Zealand.

Geographic segments

The Appliances business operates in the following geographic areas:

New Zealand
Comprises corporate head office, manufacturing operations in Auckland and Dunedin, product development & engineering services, customer services, and sales & distribution operations.

Australia
Comprises a manufacturing operation in Cleveland, Brisbane; customer services, distribution and sales operations.

North America
Comprises manufacturing operations in Huntington Beach, California; Clyde, Ohio and Reynosa, Mexico; and North American distribution and sales operations. The Huntington Beach manufacturing operation is in the process of being relocated to Reynosa, Mexico.

Italy
Comprises a manufacturing operation in Borso del Grappa, near Treviso; distribution operation and the Europe sales office.

Thailand
Comprises a manufacturing operation in Amata City, Rayong province and the Asia sales office.

Overseas sales companies
Comprises UK, Ireland, Singapore and Rest of World sales and distribution operations.

(b) Segmental analysis

For the period ended 30 September 2008

	APPLIANCES BUSINESS $'000	FINANCE BUSINESS $'000	CONSOLIDATED OPERATIONS $'000
External operating revenue	627,776	68,252	696,028
Other income	1,003	39	1,042
Total revenue and other income	628,779	68,291	697,070
Cost of goods sold	(446,422)		
Gross margin	182,357		
Administration expenses	(116,024)		
Selling, marketing and distribution expenses	(74,348)		
Impairment charge for credit losses		(8,284)	
Interest expenses and similar charges		(26,784)	
Other Finance business expenses		(21,651)	
Operating (loss) / profit before amortisation	(2,480)	15,116	12,636
Operating (loss) / profit	(8,015)	11,572	3,557
Depreciation expense	(18,734)	(375)	(19,109)
Impairment loss	(593)	-	(593)
Amortisation expense	(5,535)	(3,544)	(9,079)
Employee benefits expense	(151,619)	(8,363)	(159,982)
[1] One-off costs of implementing Appliances' Global Manufacturing Strategy*	(41,198)	-	(41,198)
Total assets	1,231,016	755,447	1,986,463

* Includes staff redundancy costs of $20.0 million also reported as part of employee benefits expense.

[1] These costs represent staff redundancies and other costs associated with implementing Appliances' Global Manufacturing Strategy.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2007

	APPLIANCES BUSINESS $'000	FINANCE BUSINESS $'000	CONSOLIDATED OPERATIONS $'000
External operating revenue	628,093	59,294	687,387
Other income	5,656	31	5,687
Total revenue and other income	633,749	59,325	693,074
Cost of goods sold	(436,080)		
Gross margin	197,669		
Administration expenses	(81,441)		
Selling, marketing and distribution expenses	(79,706)		
Impairment charge for credit losses		(6,239)	
Interest expenses and similar charges		(19,814)	
Other Finance business expenses		(19,901)	
Operating profit before amortisation	39,710	16,885	56,595
Operating profit	36,522	13,371	49,893
Depreciation expense	(19,407)	(438)	(19,845)
Amortisation expense	(3,188)	(3,514)	(6,702)
Employee benefits expense	(146,371)	(8,204)	(154,575)
[1] One-off costs of Factory Relocation to Thailand*	(11,377)	-	(11,377)
Total assets	1,045,120	724,234	1,769,354

* Includes staff redundancy costs of $8.6 million also reported as part of employee benefits expense.

[1] These costs represent staff redundancies and other costs associated with implementing Appliances' Global Manufacturing Strategy.

For the year ended 31 March 2008

	APPLIANCES BUSINESS $'000	FINANCE BUSINESS $'000	CONSOLIDATED OPERATIONS $'000
External operating revenue	1,275,816	123,893	1,399,709
Other income	6,556	80	6,636
Total revenue and other income	1,282,372	123,973	1,406,345
Cost of goods sold	(897,812)		
Gross margin	384,560		
Administration expenses	(159,160)		
Selling, marketing and distribution expenses	(156,968)		
Impairment charge for credit losses		(13,310)	
Operating interest expenses and similar charges		(43,427)	
Other Finance business expenses		(41,093)	
Operating profit before amortisation	76,339	33,203	109,542
Operating profit	68,432	26,143	94,575
Depreciation expense	(34,510)	(846)	(35,356)
Impairment loss	(718)	(308)	(1,026)
Amortisation expense	(7,907)	(7,060)	(14,967)
Employee benefits expense	(282,616)	(16,605)	(299,221)
[1] One-off costs of Factory relocations to Thailand and Mexico*	(18,263)	-	(18,263)
Costs associated with proposed sale of Finance business	(1,590)	(745)	(2,335)
Total assets	1,051,612	778,612	1,830,224

* Includes staff redundancy costs of $9.2 million also reported as part of employee benefits expense.

[1] These costs represent staff redundancies and other costs associated with implementing Appliances' Global Manufacturing Strategy.

(c) Notes to and forming part of the segment information

(i) Inter-segment transfers

Inter-segment transactions between the Appliances and Finance businesses are immaterial and those that do occur are arm's length transactions.

NOTES TO THE FINANCIAL STATEMENTS

4 Revenue & other income

		CONSOLIDATED		
		30 September 2008	30 September 2007	31 March 2008
	Notes	**$'000**	$'000	$'000
From continuing operations				
Sales revenue				
New Zealand		**112,024**	121,701	242,987
Australia		**233,811**	208,760	466,808
North America		**191,336**	205,892	378,980
Europe		**55,720**	54,496	112,284
Rest of World		**34,885**	37,244	74,757
Finance business revenue		**68,252**	59,294	123,893
Total operating revenue		**696,028**	687,387	1,399,709
Other income				
Interest income		**625**	405	805
Gains on disposal of property, plant & equipment	(a)	**-**	4,993	4,952
Fee income		**417**	289	477
Other		**-**	-	402
		1,042	5,687	6,636
Total revenue & other income		**697,070**	693,074	1,406,345

(a) Net gains on disposal of property, plant & equipment
Net gains on disposal of property, plant & equipment for the 6 months ended 30 September 2007 and year ended 31 March 2008 include a gain of $5.0 million on the sale of land & buildings.

5 Non-current assets classified as held for sale

	CONSOLIDATED		
	30 September 2008	30 September 2007	31 March 2008
	$'000	$'000	$'000
Land	**2,864**	-	-
Buildings	**43,656**	-	-
	46,520	-	-

As part of the Appliances business' Global Manufacturing Strategy announced on 17 April 2008, land & buildings at locations in Auckland and Dunedin, New Zealand and Cleveland, Australia have been classified as non-current assets held for sale. All assets were transferred at current net book value and management expect sale transactions to be completed in the second half of the 2008/09 financial year.

6 Borrowings

	CONSOLIDATED		
	30 September 2008	30 September 2007	31 March 2008
	$'000	$'000	$'000
Current borrowings	**140,968**	-	-
Total current borrowings	**140,968**	-	-
Non-current borrowings	**242,741**	296,769	323,157
Bills payable	**25,182**	28,558	14,458
Total non-current borrowings	**267,923**	325,327	337,615

The Group had unused non-current borrowing facilities of $155.8 million available as at 30 September 2008.

(a) Assets pledged as security

Current and non-current borrowings are secured by a Negative Pledge Deed with the Group's bankers. The Guaranteeing Group, under the Negative Pledge Deed, excludes all Finance business entities.

The Negative Pledge Deed imposes certain covenants on the Group including to limit any other security over its assets to 10% of total tangible assets and to ensure that the following financial ratios are met:

(i) the Debt Cover ratio of the Guaranteeing Group at 30 September 2008 and 31 March 2009 shall not exceed 4.00, except that if the Parent entity raises more than $150 million in Capital Notes the ratio at 31 March 2009 shall not exceed 3.50. After 31 March 2009, the ratio shall not exceed 3.50 for each calculation period. Certain relocation costs are excluded from the Debt Cover ratio

(ii) the Interest Cover ratio (excluding interest payable on any Capital Notes issued) of the Guaranteeing Group for each calculation period shall not be less than 3.00 and the Interest Cover ratio (on all interest paid) of the Guaranteeing Group for each calculation period shall not be less than 2.00. Certain relocation costs are excluded from the Interest Cover ratio

(iii) Net tangible assets of the Guaranteeing Group at all times shall not be less than NZ$300 million

(iv) Total tangible assets of the Guaranteeing Group and EBITDA of the Guaranteeing Group shall constitute not less than 95% of Total tangible assets and EBITDA of the Consolidated Group (excluding all Finance business entities) for each calculation period

NOTES TO THE FINANCIAL STATEMENTS

7 Provisions

	CONSOLIDATED		
	30 September 2008	30 September 2007	31 March 2008
	$'000	$'000	$'000
Current			
Employee benefits	**185**	185	185
Warranty	**25,573**	20,047	20,857
Redundancy	**22,393**	-	7,381
Other	**279**	-	259
Onerous contract	**2,736**	-	-
	51,166	20,232	28,682
Non-current			
Employee benefits	**12,380**	12,954	12,748
Warranty	**12,761**	11,702	11,082
Onerous contract	**360**	-	-
	25,501	24,656	23,830
Total Provisions	**76,667**	44,888	52,512

(a) Employee benefits
In certain jurisdictions, the Group is required to accrue for accumulating short-term benefits such as sick leave.

Provision is made for both vested and unvested long service leave accruing to employees. Vested long service leave is calculated on unused entitlements according to Group policy and unvested long service leave is calculated on an actuarial basis taking into account future entitlements under Group policy.

(b) Warranty
Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at Balance Date. The majority of these claims are expected to be settled within the next 24 months but this may extend to 5 years for certain refrigeration components. Management estimates the present value of the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

The warranty provision has been discounted using an interest rate of 8.34% at Balance Date.

(c) Redundancy
Provision has been made for estimated retention and redundancy costs from staff retrenchment, owing to the relocation of factories to Thailand, Mexico and Italy as part of the Appliances business' Global Manufacturing Strategy.

(d) Onerous contract
As part of the Appliances business' Global Manufacturing Strategy announced on 17 April 2008, provision has been made for the unavoidable costs associated with exiting the operating lease for a building located at Huntington Beach, California. The provision represents management's current estimate of the unavoidable costs, which may be reduced should a sub-lease agreement be entered into.

8 Finance borrowings

	CONSOLIDATED		
	30 September 2008	30 September 2007	31 March 2008
	$'000	$'000	$'000
Current			
Secured			
Bank loans	**123,089**	147,235	211,456
Debentures	**70,919**	138,631	95,854
Notes	**103,764**	109,144	167,018
Committed liquidity facilities	**112,809**	89,803	60,648
Total current Finance borrowings	**410,581**	484,813	534,976
Non-current			
Secured			
Bank loans	**105,000**	-	-
Debentures	**17,690**	10,155	9,199
Total non-current Finance borrowings	**122,690**	10,155	9,199
Total Finance borrowings	**533,271**	494,968	544,175

There were no unsecured borrowings for all periods disclosed.

(a) Movements in Finance borrowings

On 23 September 2008, Fisher & Paykel Finance Limited put in place a $335 million syndicated banking facility with three banks, replacing bilateral banking facilities totalling $320 million previously provided by the same banks.

The syndicated facility agreement comprises multiple tranches of one, two and three year terms with tranche sizes of $125 million, $105 million and $105 million respectively.

The syndicated banking facility increases the number of financial covenants which the Charging Group (consisting of Fisher & Paykel Finance Limited and all its subsidiaries excluding Consumer Insurance Services Limited) must comply with and requires a formal compliance certificate to be provided to the facility agent and the lending banks on a monthly basis.

The financial covenants comprise a liquidity ratio, an interest cover ratio, a minimum capitalisation requirement, a limit on lending concentration and a prior charges limit. In addition, two impaired asset tests are required, one relating to asset write-offs and the other relating to the level of 3 month impaired assets compared to total receivables.

If a covenant breach occurs, the Charging Group is generally able to remedy the breach by sourcing additional capital from its parent entity in the form of equity or subordinated debt. Under the facility agreement, the Charging Group is only permitted one remedy in any twelve month period.

In the event of a Market Disruption Event occurring and depending on the exact circumstances, each party to the facility agreement will enter into negotiations either to agree a substitute basis for maintaining advances or to agree the rate of interest applicable to further advances.

If agreement cannot be reached between the Charging Group and one or more Lenders, then the Charging Group must repay to that Lender that Lender's participation in each advance plus accrued interest thereon on its repayment date.

The facility agreement defines "Market Disruption Events" as:

(i) circumstances such as adverse funding conditions or market liquidity constraints, which result in a Lender becoming unable to participate in an advance requested under the facility, or

(ii) notification to the facility agent by a Lender that its cost of obtaining matching deposits in the interbank market would be in excess of the base rate for an advance

For the period ended 30 September 2008 and between Balance Date and the date the Board authorised these financial statements for issue, no Market Disruption Event has occurred.

NOTES TO THE FINANCIAL STATEMENTS

9 Contributed equity

(a) Movements in ordinary share capital:

	At			At		
	30 September 2008	30 September 2007	31 March 2008	**30 September 2008**	30 September 2007	31 March 2008
	Shares	Shares	Shares	**$'000**	$'000	$'000
Opening balance of ordinary shares authorised and issued	**284,608,307**	283,453,478	283,453,478	**642,082**	639,463	639,463
Issues of ordinary shares during the year						
Dividend reinvestment plan	**3,273,191**	-	-	**6,147**	-	-
Exercise of options	**-**	1,154,829	1,154,829	**-**	2,619	2,619
Closing balance of ordinary shares authorised and issued	**287,881,498**	284,608,307	284,608,307	**648,229**	642,082	642,082

(b) Ordinary shares

All shares issued are fully paid and have no par value. All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

10 Retained earnings and reserves

	CONSOLIDATED		
	30 September 2008	30 September 2007	31 March 2008
	$'000	$'000	$'000
(a) Retained earnings / (Accumulated losses)			
Movements in retained earnings were as follows:			
Balance at the beginning of the period	**18,623**	15,581	15,581
Net (loss)/profit for the period	**(7,347)**	29,290	54,212
Dividends	**(25,615)**	(25,555)	(51,170)
Balance at the end of the period	**(14,339)**	19,316	18,623

One-off costs associated with the implementation of the Appliances business' Global Manufacturing Strategy have amounted to $43.2 million after tax since 1 April 2007.

(b) Reserves

Treasury stock	**512**	512	512
Cash flow hedge reserve	**8,780**	(1,302)	602
Share-based payments reserve	**1,970**	1,831	1,890
Foreign currency translation reserve	**9,647**	(13,847)	(14,321)
Interest rate hedge reserve	**(2,441)**	38	(3,443)
Commodity hedge reserve	**-**	43	503
	18,468	(12,725)	(14,257)

(c) Nature and purpose of reserves

(i) Treasury Stock

Treasury stock is used to recognise those shares held and controlled by Fisher & Paykel Employee Share Purchase Trustee Limited.

(ii) Cash flow hedge reserve

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(iii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options granted but not exercised and discounted employee share scheme entitlements.

(iv) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when any net investment is disposed of.

(v) Interest rate hedge reserve

The interest rate hedge reserve is used to record gains or losses on a hedging instrument in an interest rate hedge that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(vi) Commodity hedge reserve

The commodity hedge reserve is used to record gains or losses on a hedging instrument in a commodity hedge that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

11 Contingencies

As at 30 September 2008 the company had no contingent liabilities or assets, other than a contingent liability for Directors' retirement allowances of $704, 375 (2007 $704,375).

Periodically, the Group is party to litigation including product liability claims. To date, such claims have been settled for relatively small monetary amounts, which have either been expensed or covered by insurance.

12 Commitments

(a) Capital commitments

Capital expenditure contracted for at Balance Date but not recognised as liabilities is as follows:

	CONSOLIDATED		
	30 September 2008 $'000	30 September 2007 $'000	31 March 2008 $'000
Within one year	**12,724**	5,153	5,949
Between one and two years	**-**	1,540	-
	12,724	6,693	5,949

(b) Lease commitments

(i) Operating leases

These relate mainly to building occupancy leases under non-cancellable operating leases expiring within two to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	CONSOLIDATED		
	30 September 2008 $'000	30 September 2007 $'000	31 March 2008 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year	**20,162**	18,700	19,864
Between one and two years	**15,931**	18,846	16,169
Between two and three years	**11,519**	14,758	12,347
Between three and four years	**8,351**	11,341	9,423
Between four and five years	**7,512**	9,574	8,519
Over five years	**16,403**	27,785	19,728
	79,878	101,004	86,050

13 Business combination

On 17 April 2008, the Appliances business acquired Maytag Mexico Appliance Products, S. de R.L. de C.V. (since renamed Fisher & Paykel Appliances Mexico, S. de R.L. de C.V.) and refrigeration manufacturing assets located at Reynosa, Mexico from subsidiaries of Whirlpool Corporation Inc. The initial purchase consideration was US$33.4 million to be paid in four equal annual instalments. Subsequently, a completion working capital adjustment was made and professional fees capitalised, reducing total acquisition costs by US$1.6 million to US$31.8 million. This reduction was reflected in the first instalment - refer Cash Flow Statement.

Details of the value of the assets and liabilities arising from the acquisition are as follows:

As at 17 April 2008

	At 30 September 2008	
	Acquiree's carrying amount	Acquiree's carrying amount
	US$'000	NZ$'000
Current assets	2,985	3,779
Deferred assets	88	111
Land & buildings	15,760	19,949
Plant & equipment	17,240	21,823
Goodwill	329	416
Current liabilities	(4,616)	(5,843)
Net identifiable assets acquired	31,786	40,235

All amounts are shown as at acquisition date and the applicable exchange rate was NZ$1 to US$0.7900.

Contribution to Group Operating profit for the period from 17 April 2008 to 30 September 2008 was $0.25 million.

Fair values will be confirmed within 12 months of the acquisition date in accordance with NZ IFRS3 following completion of a purchase price allocation.

14 Events occurring after the Balance Sheet date

On 13 November 2008, the Directors approved an interim dividend of 5.0 cents per share for the six months ended 30 September 2008, carrying a partial imputation credit of 0.67 cents per share (equivalent to 11.8 cents in the dollar). Non-resident shareholders will receive a supplementary dividend of 0.275 cents per share. The dividend will be paid on 19 December 2008.

On 14 October 2008, the Board confirmed that Fisher & Paykel Finance Limited has applied to join the New Zealand Government's Deposit Guarantee Scheme.

On 14 October 2008, the Board confirmed that a vacant parcel of land in East Tamaki had been sold for a tax free capital gain of approximately $6.3 million. In addition, conditional agreement had been reached with the Fonterra Co-Operative Group for the sale of land & buildings at the Dunedin manufacturing site, with agreement expected to be confirmed in November 2008.

NOTES TO THE FINANCIAL STATEMENTS

15 Reconciliation of (loss)/profit after income tax to net cash inflow from operating activities

	CONSOLIDATED		
	30 September 2008	30 September 2007	31 March 2008
	$'000	$'000	$'000
(Loss)/Profit after taxation	**(7,347)**	29,290	54,212
Add/(deduct) non-cash items:			
Depreciation of property, plant & equipment to recoverable amount	**19,109**	19,845	35,356
Impairment loss on plant & equipment	**593**	-	1,026
Amortisation of intangible assets	**9,079**	6,702	14,967
Profit on sale of non-current assets	**-**	(4,993)	(4,952)
Finance business bad debts written off	**9,128**	7,730	15,874
Movement in accrued interest	**1,274**	2,126	337
Net increase/(decrease) in loans and advances to customers	**(6,336)**	(17,679)	(63,650)
Movement in provisions	**24,626**	(2,682)	5,190
Movement in tax	**(12,564)**	(2,093)	(7,484)
Movement in payables and accruals	**27,712**	(6,368)	(8,032)
Movement in debtors and other current assets	**(19,144)**	6,766	32,269
Movement in inventories	**(34,102)**	(52,380)	(43,705)
Fair value adjustment to derivative financial instruments	**(233)**	250	(566)
Non-cash share based payments expense	**104**	387	532
Foreign currency exchange translation	**18,561**	(4,095)	(11,352)
Net cash inflow from operating activities	**30,460**	(17,194)	20,022

16 Foreign currency exchange rates

	CONSOLIDATED		
	30 September 2008	30 September 2007	31 March 2008
	$'000	$'000	$'000
NZ$1.00 =			
United States dollar	**0.6699**	0.7576	0.7931
Australian dollar	**0.8379**	0.8579	0.8646
Euro	**0.4666**	0.5350	0.5019
British pound	**0.3721**	0.3746	0.3976
Thai baht	**22.72**	24.74	25.01

The above foreign currency exchange rates have been applied at Balance Date.

Directors

Gary A Paykel – Chairman

John W Gilks – Deputy Chairman

John H Bongard – Chief Executive Officer & Managing Director

Norman M T Geary

W Lindsay Gillanders

Peter D Lucas

Ralph G Waters

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