FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED

YEAR END INFORMATION 12 MONTHS TO 31 MARCH 2011

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Rules 4.1, 4.3A

Appendix 4E

Preliminary final report

Name of entity

FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED

ABN or equivalent company reference	Preliminary final (tick)	Year ended ('current period')
98026263	✓	**31 MARCH 2011**
		Year ended ('previous corresponding period')
		31 MARCH 2010

Results for announcement to the market

Extracts from this report for announcement to the market (see note 1). $NZ'000

Revenues from ordinary activities (item 2.1)	up/(down)	**(3.7)**	%	to	**1,120,943**
Profit/(loss) from ordinary activities after tax attributable to members (item 2.2)	up/(down)	**140.3**	%	to	**33,545**
Net profit/(loss) for the period attributable to members (item 2.3)	up/(down)	**140.3**	%	to	**33,545**

Dividends (distributions) **(Please refer to commentary for further details)**	Amount per security	Franked amount per security
Final dividend (item 2.4)	**-** ¢	**-** ¢

Record date for determining entitlements to the dividend,
(in the case of a trust, distribution) (item 2.5)

N/A

Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood. (item 2.6)

Please refer to attached commentary.

NTA backing

	Current period	Previous corresponding period
3.0 Net tangible asset backing per ordinary security	**0.56**	**0.53**

Control gained over entities having material effect

4.1 Name of entity (or group of entities)	
4.2 Date from which such profit has been calculated	N/A
	$NZ'000
4.3 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	

Loss of control of entities having material effect

4.1 Name of entity (or group of entities)	N/A
4.2 Date to which the profit (loss) has been calculated	
4.3 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	$
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	$
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	$

Dividends (in the case of a trust, distributions)

5 Date the dividend (distribution) is payable	N/A
Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	N/A
If it is a final dividend, has it been declared? (Preliminary final report only)	N/A

Amount per security

			Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
	Final dividend:	Current year	**N/A** ¢	**N/A** ¢	**N/A** ¢
		Previous year	**N/A** ¢	**N/A** ¢	**N/A** ¢

Dividend or distribution plans in operation (item 6.0)

The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). (For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)

No dividend declared.

Details of associates and joint venture entities (item 7.0)

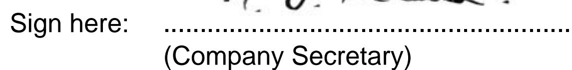
Group's share of associates' and joint venture entities':	Current period $NZ'000	Previous corresponding period $NZ'000
Profit (loss) from ordinary activities before tax	**NIL**	**NIL**
Income tax on ordinary activities	**NIL**	**NIL**
Profit (loss) from ordinary activities after tax	**NIL**	**NIL**
Extraordinary items net of tax	**NIL**	**NIL**
Net profit (loss)	**NIL**	**NIL**
Adjustments	**NIL**	**NIL**
Share of net profit (loss) of associates and joint venture entities	**NIL**	**NIL**

Compliance statement

8.0 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used: **NEW ZEALAND EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

9.0 This report is based on accounts which have been audited. The audit report, which was unqualified, will be made available with the Company's financial report.



Sign here: .... (Company Secretary)

Date: **27 May 2011**

Print name: **Mark David Richardson**

Independent Auditors' Report

to the shareholders of Fisher & Paykel Appliances Holdings Limited

Report on the Financial Statements

We have audited the financial statements of Fisher & Paykel Appliances Holdings Limited on pages 1 to 99, which comprise the statements of financial position as at 31 March 2011, the income statements, statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 March 2011 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's and Group's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have no relationship with, or interests in Fisher & Paykel Appliances Holdings Limited or any of its subsidiaries other than in our capacities as providers of audit, assurance and other services. These services have not impaired our independence as auditors of the Company and Group.

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 (9) 355 8000, F:+64 (9) 355 8001, www.pwc.com/nz

Independent Auditors' Report
Fisher & Paykel Appliances Holdings Limited

Opinion
In our opinion, the financial statements on pages 1 to 99:

(i) comply with generally accepted accounting practice in New Zealand;

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company and Group as at 31 March 2011, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements
We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2011:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use
This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit 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 an auditors' 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 Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
27 May 2011

Auckland

Fisher & Paykel Appliances Holdings Limited and subsidiaries
Financial statements
for the year ended 31 March 2011

Income Statement

For the year ended 31 March 2011

	Notes	Consolidated 31 March 2011 $'000	Consolidated 31 March 2010 $'000	Parent 31 March 2011 $'000	Parent 31 March 2010 $'000
Revenue					
Operating revenue	7	**1,110,342**	1,157,029	**-**	-
Other income					
Profit on sale of land & buildings	7	**6,508**	3,904	**-**	-
Other income		**4,093**	3,130	**-**	-
Total other income	7	**10,601**	7,034	**1**	70
Total revenue and other income		**1,120,943**	1,164,063	**1**	70
Items affecting comparability:					
Costs associated with implementing the Global Manufacturing Strategy	8	**-**	(14,620)	**-**	-
Redundancy costs related to restructuring	8	**-**	(8,321)	**-**	-
Debt restructuring costs	8	**-**	(11,110)	**-**	-
Onerous contracts	8	**(882)**	(731)	**-**	-
Fair valuation of other assets	8	**-**	(21,722)	**-**	-
Fair valuation of non-current assets held for sale	8	**(500)**	(4,083)	**-**	-
Impairment losses	8	**-**	(76,515)	**-**	-
	8	**(1,382)**	(137,102)	**-**	-
Other operating expenses		**(1,056,038)**	(1,101,836)	**111**	(286)
Total operating expenses		**(1,057,420)**	(1,238,938)	**111**	(286)
Operating profit/(loss)		**63,523**	(74,875)	**112**	(216)
Finance costs	8	**(15,403)**	(28,393)	**-**	-
Profit/(loss) before income tax		**48,120**	(103,268)	**112**	(216)
Income tax (expense)/credit	9	**(14,575)**	19,940	**35**	(612)
Profit/(loss) for the year		**33,545**	(83,328)	**147**	(828)
Profit/(loss) per share attributable to the ordinary equity holders of the Company during the year:					
Basic and diluted profit/(loss) per share	27	**4.6**	(13.6)		

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

For and on behalf of the Board

K S Turner
Chairman
Date: 27 May 2011

S B Broadhurst
Managing Director & Chief Executive Officer

Statement of Comprehensive Income

For the year ended 31 March 2011

	Notes	Consolidated		Parent	
		31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Profit/(loss) for the year		**33,545**	(83,328)	**147**	(828)
Other comprehensive income					
Cash flow hedges	36	**(15,041)**	(11,275)	**-**	-
Exchange differences on translation of foreign operations	28	**(10,352)**	(63,539)	**-**	-
Income tax relating to components of other comprehensive income	36	**5,644**	3,383	**-**	-
Other comprehensive income for the year net of tax		**(19,749)**	(71,431)	**-**	-
Total comprehensive income for the year		**13,796**	(154,759)	**147**	(828)

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

Statement of Financial Position

As at 31 March 2011

		Consolidated		Appliances business*		Finance business		Parent	
		31 March 2011	31 March 2010	**31 March 2011**	31 March 2010	**31 March 2011**	31 March 2010	**31 March 2011**	31 March 2010
	Notes	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Assets									
Current assets									
Cash & cash equivalents	10	**113,529**	82,814	**21,375**	39,994	**92,154**	42,820	**1**	-
Trade receivables & other current assets	11	**150,628**	178,044	**140,547**	169,463	**10,081**	8,581	**27**	24
Finance business receivables	12	**369,876**	383,714	**-**	-	**369,876**	383,714	**-**	-
Inventories	13	**195,108**	205,641	**195,108**	205,641	**-**	-	**-**	-
Non-current assets classified as held for sale	14	**15,021**	40,242	**15,021**	40,242	**-**	-	**-**	-
Derivative financial instruments	15	**2,654**	729	**2,654**	729	**-**	-	**-**	-
Tax receivables		**1,162**	13,175	**1,162**	13,175	**-**	-	**-**	3
Intergroup advances	39	**-**	-	**-**	-	**-**	-	**637,585**	637,184
Total current assets		**847,978**	904,359	**375,867**	469,244	**472,111**	435,115	**637,613**	637,211
Non-current assets									
Property, plant & equipment	16	**202,155**	218,374	**200,909**	217,058	**1,246**	1,316	-	-
Investment in subsidiaries	33							100,263	100,263
Investment in Finance business				**205,383**	199,426				
Intangible assets	17	**210,948**	218,231	**90,649**	93,731	**120,299**	124,500	-	-
Finance business receivables	12	**231,719**	231,979	**-**	-	**231,719**	231,979	-	-
Derivative financial instruments	15	**4**	173	**3**	-	**1**	173	-	-
Tax receivables		**7,015**	-	**7,015**	-	**-**	-	6	-
Deferred taxation	18	**55,857**	76,206	**75,385**	76,206	**-**	-	228	127
Other non-current assets		**2,738**	2,877	**1,694**	1,820	**1,044**	1,057	-	-
Total non-current assets		**710,436**	747,840	**581,038**	588,241	**354,309**	359,025	**100,497**	100,390
Total assets		**1,558,414**	1,652,199	**956,905**	1,057,485	**826,420**	794,140	**738,110**	737,601
Liabilities									
Current liabilities									
Bank overdrafts	10	**-**	164	**-**	164	**-**	-	-	-
Finance business borrowings	20	**328,917**	357,190	**-**	-	**328,917**	357,190	-	-
Trade creditors	21	**99,141**	125,598	**99,141**	125,598	**-**	-	-	-
Current finance leases		**17**	328	**17**	328	**-**	-	-	-
Provisions	22	**18,341**	18,681	**18,333**	18,673	**8**	8	-	-
Derivative financial instruments	15	**21,000**	9,170	**20,397**	8,897	**603**	273	-	-
Tax liabilities		**6,869**	5,412	**6,869**	2,563	**3,857**	2,849	-	-
Other current liabilities	23	**73,534**	66,107	**49,600**	43,777	**23,934**	22,330	820	279
Total current liabilities		**547,819**	582,650	**194,357**	200,000	**357,319**	382,650	**820**	279
Non-current liabilities									
Non-current borrowings	19	**121,557**	212,906	**121,557**	212,906	**-**	-	-	-
Finance business borrowings	20	**244,998**	191,466	**-**	-	**244,998**	191,466	-	-
Non-current finance leases		**-**	18	**-**	18	**-**	-	-	-
Provisions	22	**14,195**	15,650	**13,696**	15,033	**499**	617	-	-
Derivative financial instruments	15	**5,701**	5,894	**3,151**	5,392	**2,550**	502	-	-
Deferred taxation	24	**6,871**	27,730	**6,871**	8,251	**15,671**	19,479	-	-
Other non-current liabilities	25	**2,325**	14,733	**2,325**	14,733	**-**	-	61	240
Total non-current liabilities		**395,647**	468,397	**147,600**	256,333	**263,718**	212,064	**61**	240
Total liabilities		**943,466**	1,051,047	**341,957**	456,333	**621,037**	594,714	**881**	519
Shareholders' equity									
Contributed equity	26	**841,869**	841,869	**841,869**	841,869			**842,381**	842,381
Accumulated losses	28	**(166,423)**	(199,968)	**(166,423)**	(199,968)			**(107,122)**	(107,269)
Reserves	28	**(60,498)**	(40,749)	**(60,498)**	(40,749)			**1,970**	1,970
Investment in Finance business						**205,383**	199,426		
Total shareholders' equity		**614,948**	601,152	**614,948**	601,152	**205,383**	199,426	**737,229**	737,082
Total liabilities and shareholders' equity		**1,558,414**	1,652,199	**956,905**	1,057,485	**826,420**	794,140	**738,110**	737,601

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

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

Statement of Changes in Equity

For the year ended 31 March 2011

	Attributable to equity holders of the Company							
Consolidated	**Share capital $'000**	**(Accumulated losses)/ Retained earnings $'000**	**Translation of foreign operations $'000**	**Foreign exchange hedges $'000**	**Interest rate hedges $'000**	**Treasury Stock $'000**	**Share-based payments $'000**	**Total equity $'000**
Balance at 1 April 2010	**841,869**	**(199,968)**	**(40,018)**	**(3,213)**	**-**	**512**	**1,970**	**601,152**
Changes in equity for:								
Other comprehensive income for the year	**-**	**-**	**(10,352)**	**(8,137)**	**(1,260)**	**-**	**-**	**(19,749)**
Profit for the year	**-**	**33,545**	**-**	**-**	**-**	**-**	**-**	**33,545**
Total comprehensive income	**-**	**33,545**	**(10,352)**	**(8,137)**	**(1,260)**	**-**	**-**	**13,796**
Balance at 31 March 2011	**841,869**	**(166,423)**	**(50,370)**	**(11,350)**	**(1,260)**	**512**	**1,970**	**614,948**

	Attributable to equity holders of the Company							
Consolidated	**Share capital $'000**	**(Accumulated losses)/ Retained earnings $'000**	**Translation of foreign operations $'000**	**Foreign exchange hedges $'000**	**Commodity hedges $'000**	**Treasury Stock $'000**	**Share-based payments $'000**	**Total equity $'000**
Balance at 1 April 2009	651,510	(116,640)	23,521	4,642	37	512	1,970	565,552
Changes in equity for:								
Other comprehensive income for the year	-	-	(63,539)	(7,855)	(37)	-	-	(71,431)
Loss for the year	-	(83,328)	-	-	-	-	-	(83,328)
Total comprehensive income	-	(83,328)	(63,359)	(7,855)	(37)	-	-	(154,759)
Issue of share capital	190,359	-	-	-	-	-	-	190,359
Balance at 31 March 2010	841,869	(199,968)	(40,018)	(3,213)	-	512	1,970	601,152

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Statement of Changes in Equity (continued)

Parent	Attributable to equity holders of the Company			
	Share capital $'000	(Accumulated losses)/ Retained earnings $'000	Share-based payments $'000	Total equity $'000
Balance at 1 April 2010	**842,381**	**(107,269)**	**1,970**	**737,082**
Changes in equity for:				
Profit for the year	**-**	**147**	**-**	**147**
Total comprehensive income	**-**	**147**	**-**	**147**
Balance at 31 March 2011	**842,381**	**(107,122)**	**1,970**	**737,229**

Parent	Attributable to equity holders of the Company			
	Share Capital $'000	(Accumulated losses)/ Retained earnings $'000	Share-based payments $'000	Total equity $'000
Balance at 1 April 2009	652,022	(106,441)	1,970	547,551
Changes in equity for:				
Loss for the year	-	(828)	-	(828)
Total comprehensive income		(828)	-	(828)
Issue of share capital	190,359	-	-	190,359
Balance at 31 March 2010	842,381	(107,269)	1,970	737,082

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Cash Flow Statement

For the year ended 31 March 2011

	Notes	Consolidated 31 March 2011 $'000	Consolidated 31 March 2010 $'000	Parent 31 March 2011 $'000	Parent 31 March 2010 $'000
Cash flows from operating activities					
Receipts from customers		**985,208**	1,021,130	**-**	-
Financing interest and fee receipts		**144,808**	133,589	**-**	-
Interest received		**504**	599	**1**	70
Payments to suppliers and employees		**(958,656)**	(1,000,734)	**(1,785)**	(1,265)
Income taxes refunded/(paid)		**(1,896)**	1,458	**-**	(1)
Interest paid		**(57,066)**	(68,440)	**-**	-
		112,902	87,602	**(1,784)**	(1,196)
Principal on loans repaid by Finance business customers		**579,958**	546,400	**-**	-
New loans to Finance business customers		**(586,699)**	(596,378)	**-**	-
Net cash inflow / (outflow) from operating activities	35	**106,161**	37,624	**(1,784)**	(1,196)
Cash flows from investing activities					
Sale of property, plant & equipment	7	**29,335**	58,448	**-**	-
Purchase of property, plant & equipment	16	**(17,734)**	(27,705)	**-**	-
Capitalisation of intangible assets	17	**(10,607)**	(4,069)	**-**	-
Acquisition of Mexican operations - Instalment three		**(12,419)**	-	**-**	-
Net cash inflow / (outflow) from investing activities		**(11,425)**	26,674	**-**	-
Cash flows from financing activities					
New non-current borrowings	19	**50,426**	485,470	**-**	-
New Finance business borrowings	20	**104,057**	103,576	**-**	-
Repayment of borrowings	19	**(140,159)**	(755,884)	**-**	-
Repayment of Finance business borrowings	20	**(79,102)**	(96,541)	**-**	-
Lease liability payments		**(344)**	(731)	**-**	-
Issue of share capital	26	**-**	190,359	**-**	190,359
Dividends paid		**-**	-	**-**	-
Intercompany borrowings		**-**	-	**1,785**	(189,164)
Net cash inflow / (outflow) from financing activities		**(65,122)**	(73,751)	**1,785**	1,195
Net increase / (decrease) in cash & cash equivalents		**29,614**	(9,453)	**1**	(1)
Cash & cash equivalents at the beginning of the year		**82,650**	95,395	**-**	1
Effects of foreign exchange rate changes on cash & cash equivalents		**1,265**	(3,292)	**-**	-
Cash & cash equivalents at the end of the year	10	**113,529**	82,650	**1**	-

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

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1 General information

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

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

The financial statements were authorised for issue by the Board of Directors on 27 May 2011.

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 major household appliances. Its major markets are New Zealand, Australia, North America and Europe. The Appliances business has manufacturing operations in New Zealand, United States of America, Mexico, Italy and Thailand.

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

The Directors do not have the authority to amend the financial statements after issue.

2 Summary of significant accounting policies

These general purpose financial statements for the year ended 31 March 2011 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

(a) Basis of preparation

Entities reporting and statutory base
The Parent Company's financial statements are for Fisher & Paykel Appliances Holdings Limited as a separate legal entity ("the Company") and the consolidated financial statements are for the Fisher & Paykel Appliances Holdings Limited Group ("the Group"), which includes all its subsidiaries. The Group and Company are reporting entities for the purpose of the Financial Reporting Act 1993 and the financial statements comply with that Act and the Companies Act 1993.

Going concern

The financial statements have been prepared under the going concern convention, which assumes the Group continues to operate in full compliance with banking covenants.

In the absence of an unanticipated deterioration in the Group's operating performance, the Directors consider there is reasonable headroom between the forecast financial performance of the Guaranteeing Group and that required to meet banking covenants. This is supportive of the financial statements being prepared on a going concern basis.

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

In accordance with NZ IAS 1 (Revised), Presentation of Financial Statements, items which are relevant to understanding the Group's financial performance are disclosed on the face of the Income Statement.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are highlighted in Note 3.

2 Summary of significant accounting policies (continued)

(b) Principles of consolidation

Subsidiaries are entities that are controlled either directly by the Company or where the substance of the relationship between the Company and the entity indicates the Company controls it. A list of subsidiaries appears in Note 33. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the date of acquisition or up to the date of disposal.

The Company and subsidiary company accounts (including special purpose entities) are consolidated using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed immediately in the Income Statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

All material intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with those adopted by the Group.

(c) Business combinations

The purchase method of accounting is used to account for all business combinations. Cost is measured as the fair value of assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained under the Group's existing funding arrangements.

(d) Segment reporting

An operating segment is presented on the same basis as that used for internal reporting purposes and its results are regularly reviewed by the chief operating decision maker, which consists of the Board of Directors together with the Executives of the Appliances and Finance businesses.

All costs are directly allocated to the segment in which they are incurred, otherwise they are presented as unallocated.

(e) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ('the functional currency'), which is currently the country of domicile for each overseas subsidiary. The consolidated and Company financial statements are presented in New Zealand dollars, which is the Group's presentation currency and Company's functional currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at the hedged rate if financial instruments have been used to reduce exposure.

At balance date, monetary assets and liabilities in foreign currency are translated at the year-end closing or hedged rates.

Translation differences are recognised in the Income Statement, except when deferred in equity as qualifying cash flow hedges or net investment hedges.

(iii) Foreign Operations
The financial statements of foreign operations with a different functional currency are translated to the presentation currency at the following exchange rates:

- year-end closing exchange rate for assets and liabilities
- monthly weighted average exchange rates for revenue and expense transactions

2 Summary of significant accounting policies (continued)

Exchange differences arising from the translation of any net investment in foreign operations are taken to shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(f) Revenue recognition

(i) Sales of goods
Revenue from sales of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer.

(ii) Sales of services
Revenue from sales of services is recognised when the service, such as installation or repair of products, has been performed.

(iii) Long-term contracts
Revenue on long-term contracts is recognised over the period of the project, once the outcome can be estimated reliably. The stage of completion method is used to determine the appropriate amount of revenue to recognise at balance date. The stage of completion is determined by reference to contract terms agreed with the customer. The full amount of any expected loss, including that related to future work on the contract, is recognised in the Income Statement as soon as it becomes probable.

(iv) Income on Finance receivables

Income on Finance receivables is recognised on an actuarial basis (effective interest method) calculated on the net amount outstanding.

Yield related fees for Finance receivables are accrued to income over the term of the loan on an actuarial basis. Facility fee income on amounts advanced to bulk finance retailers is accrued to income over the term of the facility.

Fees charged to customer accounts in arrears are recognised as income at the time the fees are charged.

(v) Premium revenue

Premium revenue comprises revenue from direct business and includes amounts charged to the insured but excludes fire service levies, GST and other amounts collected on behalf of third parties.

Premium revenue is recognised in the Income Statement when it has been earned from the attachment date over the period of the contract for direct business. The proportion of premium received or receivable not earned in the Income Statement as at balance date is recognised in the Statement of Financial Position as an unearned premium liability.

(vi) Interest income
Interest income is recognised on a time-proportionate basis using the effective interest method, which takes into account the effective yield on the financial asset.

(vii) Royalty income
Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(viii) Dividend income
Dividend income from investments is recognised when the shareholder's right to receive payment is established.

2 Summary of significant accounting policies (continued)

(g) Government grants

Government grants include government assistance relating to specific research activities, amounts received to encourage retention of employees and also amounts received to encourage set up of operations in certain regions. Grants are deducted against the expenses they are intended to compensate.

(h) Income tax

The income tax expense for the period is the total of the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction. This is then adjusted for any changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and any unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(i) Goods and Services Tax (GST)

The financial statements have been prepared so that all components are stated exclusive of GST except where the GST is not recoverable from the IRD. In these circumstances the GST component is recognised as part of the underlying item. Trade and other receivables and payables are stated GST inclusive. The net amount of GST recoverable from or payable to the IRD is included within these categories.

(j) Leases

(i) Group as lessee

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the term of the lease. Assets acquired under finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and any impairment losses.

(ii) Group as lessor

Assets leased out to third parties under a finance lease are recognised as a receivable at an amount equal to the present value of the minimum lease payments. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Finance lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

2 Summary of significant accounting policies (continued)

(k) Insurance expenses (Finance business)

Claims handling costs include costs that can be associated directly with individual claims, such as legal and other professional fees, and costs that can only be indirectly associated with individual claims, such as claims administration costs. Discounting is not applied as claims are typically resolved within one year.

Amounts paid to insurers under insurance contracts are recorded as an outwards reinsurance expense and are recognised in the Income Statement from the attachment date over the period of the indemnity of the reinsurance contract in accordance with the expected pattern of the incidence of risk ceded.

(l) Cash & cash equivalents

Cash & cash equivalents includes cash on hand, deposits held at call with financial institutions, bank overdrafts and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within current liabilities on the Statement of Financial Position.

The Finance business has determined that certain money market deposits and government stock are held to support general insurance liabilities. These assets are designated at fair value through profit or loss. Initial recognition is at fair value in the Statement of Financial Position and subsequent measurement is at fair value with any resultant fair value gains or losses recognised in the Income Statement. The fair value of these assets is recorded at amounts based on valuations using rates of interest equivalent to the yields obtainable on comparable investments at balance date.

(m) Trade receivables

Trade receivables are recognised initially at fair value less transaction costs and subsequently measured at amortised cost less an allowance account for impaired receivables. The amount of any loss is recognised in the Income Statement within Administration expenses.

Collectability of trade receivables is reviewed on an ongoing basis. When there is objective evidence the Appliances business will not be able to collect all amounts due, they are written off against the allowance account for impaired trade receivables.

(n) Inventories

Inventories are valued at the lower of cost, on a first-in, first-out basis, or net realisable value. Cost includes direct materials, direct labour, an appropriate proportion of variable and fixed overhead expenditure (the latter being allocated on the basis of normal operating capacity) but excludes finance, administration, research & development and selling & distribution overheads. Net realisable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and the costs incurred in marketing, selling and distribution.

2 Summary of significant accounting policies (continued)

(o) Financial assets

Regular purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held to maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity.

Loans & receivables

Loans & receivables are non-derivative instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are classified as non-current assets. Loans & Receivables are reported separately in Trade or Finance receivables on the Statement of Financial Position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the company intends to dispose of the investment within 12 months of the balance date.

Available-for-sale financial assets and financial assets at fair value through profit or loss are carried at fair value. Held to maturity investments and loans & receivables are carried at amortised cost less impairment using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets through profit or loss category are recognised in the Income Statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold, the accumulated fair value adjustments are included in the Income Statement as gains and losses from investment securities.

(p) Insurance assets (Finance business)

Assets that support general insurance liabilities are designated at fair value through profit or loss. Initial recognition is at cost in the Statement of Financial Position and subsequent measurement is at fair value with any resultant fair value gains or losses recognised in the Income Statement. The fair value of these assets is recorded at amounts based on valuations using rates of interest equivalent to the yields obtainable on comparable investments at the reporting date.

Other insurance assets with fixed or determinable payments, fixed maturities and which management has the intention and ability to hold, are classified as held to maturity at inception.

Acquisition costs incurred in obtaining general insurance contracts are deferred and recognised as assets where they can be reliably measured and where it is probable they will give rise to premium revenue that will be recognised in the Income Statement in subsequent reporting periods.

Deferred acquisition costs are amortised systematically in accordance with the expected pattern of the incidence of risk under the general insurance contracts to which they relate. This pattern of amortisation corresponds to the earning pattern of the corresponding premium revenue.

2 Summary of significant accounting policies (continued)

(q) Derivatives

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk and interest rate risk including forward foreign exchange contracts, interest rate swaps and options. Further details of derivative financial instruments are provided in Note 15.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. Recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. As appropriate, the Group designates derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the asset or liability.

When a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the hedge accounting criteria, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the Income Statement when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is immediately transferred to the Income Statement.

(iii) Derivatives that do not qualify for hedge accounting
Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the Income Statement.

(r) Non-current assets held for sale

Non-current assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell. Non-current assets are not depreciated or amortised while they are classified as held for sale.

(s) Property, plant & equipment

Property, plant & equipment is stated at historical cost less accumulated depreciation and any impairment losses if applicable. Historical cost includes all expenditure directly attributable to the acquisition or construction of the item, including interest.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

2 Summary of significant accounting policies (continued)

Property, plant & equipment, other than Freehold Land and Capital Work-in-Progress, is depreciated on a straight-line basis over its estimated useful life as follows:

Freehold buildings	50 years
Leasehold improvements	Life of lease
Plant & equipment	3-15 years
Fixtures & fittings	3-10 years
Motor vehicles	5 years

An asset's useful life is reviewed and adjusted, if appropriate, at each balance date.

Property, plant & equipment which is temporarily idle (mothballed) is held at historical cost and is depreciated on a straight-line basis over its estimated useful life as above.

(t) Intangible assets

Acquired intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Impairment losses on goodwill are not reversed.

Goodwill is allocated to those cash generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(ii) Patents, trademarks and licences
Patents, trademarks and licences are finite life intangible assets and are recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives, which vary from 10 to 20 years. The estimated useful life and amortisation method is reviewed at each balance date.

(iii) Computer software
External software costs together with payroll and related costs for employees directly associated with the development of software are capitalised. Costs associated with upgrades and enhancements are capitalised to the extent they result in additional functionality. Amortisation is charged on a straight-line basis over the estimated useful life of the software of 3-10 years.

(iv) Brands

Acquired brands, for which all relevant factors indicate there is no limit to the foreseeable net cash flows, are not amortised on the basis that they have an indefinite useful life and are carried at fair value acquired less any accumulated impairment losses. The carrying amount of acquired brands is tested annually for impairment.

(v) Customer relationships
Customer relationships are finite life intangible assets and are recorded at fair value acquired less accumulated amortisation and any impairment losses. Amortisation is charged on a straight-line basis over their estimated useful life of 10 years. The estimated useful life and amortisation method is reviewed at each balance date.

Internally generated intangible assets

(vi) Research & development
Research expenditure is expensed as it is incurred. Development expenditure is expensed as incurred, unless that expenditure directly relates to new or improved products where the level of certainty of their future economic benefits and useful life is probable, in which case the expenditure is capitalised and amortised on a systematic basis reflecting the period of consumption of the benefit, which varies from 3-5 years.

2 Summary of significant accounting policies (continued)

(u) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(v) Impairment of financial assets (Finance business)

The Finance business classifies its receivables at amortised cost (using the effective interest method) less any impairment adjustment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

At each balance date, Finance receivables are assessed for objective evidence of any impairment. Impairment losses are incurred if, and only if:

(a) objective evidence exists of impairment as a result of one or more events ("loss events") that occurred after the initial recognition of the asset and on or before the balance date; and

(b) the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

Loss events include:

- significant financial difficulty of the issuer or obligor
- breach of contract, such as default or delinquency in interest principal payments
- granting of concessions to borrowers, for economic or legal reasons relating to the borrowers financial difficulty
- likelihood of the borrower entering bankruptcy or other financial reorganisation becomes probable
- disappearance of an active market for that financial asset because of financial difficulties
- adverse changes in the payment status of borrowers
- national or local economic conditions that correlate with defaults on Finance receivables

Assessment of Finance receivables is completed at both an individual (if significant) and group level. Receivables with similar credit risk characteristics are grouped together for the purpose of impairment assessment.

If impaired, the carrying amount of the receivable is reduced indirectly through the use of an allowance account and the amount of the loss is recognised in the Income Statement.

Realised and unrealised gains and losses arising from derecognition of these receivables are included in the Income Statement in the period in which they arise.

(w) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowing costs are expensed, except for costs directly attributable to assets under construction, which are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

2 Summary of significant accounting policies (continued)

(x) Trade and other payables

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchases of goods and services.

Trade and other payables are recognised initially at fair value and, if applicable, subsequently measured at amortised cost using the effective interest method.

(y) Employee benefits

(i) Wages & salaries, annual leave and sick leave

Liabilities for wages & salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

Liabilities for long service leave, which are not expected to be settled within 12 months of the balance date are measured as the present value of estimated future cash outflows from the Group in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, periods of service and age.

(iii) Defined contribution plan

Contributions to the defined contribution superannuation plans are recognised as employee benefit expenses when incurred. The Group has no further payment obligations once the contributions have been paid.

(iv) Defined benefit plan

The cost of providing benefits is determined using the Projected Unit Credit Method, with independent actuarial valuations being carried out annually. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of the plan assets or 10% of the defined benefit obligation are charged or credited to income over the expected average remaining working lives of employees' participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Net provision for post-employment benefits in the Statement of Financial Position represents the present value of the Group's obligations at year-end less market value of plan assets, together with adjustments for unrecognised actuarial gains and losses and unrecognised past service costs.

Where the calculation results in a net benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(v) Share-based payments

The Group has operated equity-settled share option and share ownership schemes and a cash settled share-based payment scheme. As at 31 March 2011, one cash settled scheme is active.

The fair value of share options and shares is expensed on a straight-line basis over the vesting period with a corresponding increase in equity. The fair value of options granted is measured using a binomial model taking into consideration factors such as expected dividends and estimates of the number of options that are expected to become exercisable and shares expected to be distributed. Advances from within the Group fund the initial purchase of shares in the share ownership scheme, which is taken into consideration in arriving at fair value.

For cash-settled schemes, the Group recognises an employee benefit expense over the life of the scheme and remeasures the fair value of the associated liability at each reporting date, with any change in fair value recognised in profit or loss for the period.

(vi) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company’s shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2 Summary of significant accounting policies (continued)

(z) Insurance liabilities (Finance business)

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date under general insurance contracts issued by the Finance business, with an additional risk margin to allow for the inherent uncertainty in the central estimate.

The expected future payments include those in relation to claims reported but not yet paid; claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and anticipated claims handling costs.

(aa) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount recognised is the present value of the estimated expenditures.

Warranty

Provisions for warranty costs are recognised at the date of sale of the relevant products or resultant from specific issues, at management's best estimate of the expenditure required to settle the Group's liability based on historical warranty trends. Warranty terms vary, but generally are 1-2 years parts & labour (dependent on region) with selected parts (only) covered for periods up to 10 years.

Redundancy

A redundancy provision is recognised when as part of a publicly announced restructuring plan a reliable estimate can be made of the direct costs associated with the plan and where it has raised a valid expectation of its implementation for those employees affected.

Onerous contracts

An onerous contract provision is recognised where the unavoidable costs of meeting the contract obligations exceed the economic benefits expected to be received under the contract.

(ab) Contributed equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are included in the cost of the acquisition as part of the purchase consideration.

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

(ac) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

2 Summary of significant accounting policies (continued)

(ad) New and amended accounting Standards adopted by the Group

During the year the Group adopted the following new and amended NZ IFRSs as of 1 April 2010:

(i) NZ IFRS 3, Business Combinations (Revised) and NZ IAS27, Consolidated and Separate Financial Statements (Revised)

The revised standard continues to apply the acquisition method to business combinations but with some significant changes to the treatment of transaction costs and contingent consideration. This required no material changes to the Group's measurement of acquisitions and disclosures in the financial statements.

(ii) NZ IFRS 5 (Amendment), Non-current assets held-for-sale and discontinued operations

The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. This has not affected the Group's financial statements in the year ended 31 March 2011.

(ae) Standards, interpretations and amendments to published standards that are not yet effective

New standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board (IASB) and the Accounting Standards Review Board in New Zealand (ASRB) that are mandatory for future periods and which the Group will adopt when they become mandatory. These new standards, amendments and interpretations include:

- **NZ IFRS 9 Financial Instruments: Classification and Measurement** (mandatory for annual periods beginning on or after 1 January 2013). The major changes under the standard are:

  - NZ IFRS 9 replaces the multiple classification and measurement models in NZ IAS 39 Financial Instruments: Recognition and Measurement with a single model that has two classification categories: amortised cost and fair value

  - a financial asset is measured at amortised cost if two criteria are met: a) the objective of the business model is to hold the financial assets for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent the payment of principal and interest

  - when a financial asset is eligible for amortised cost measurement, an entity can elect to measure it at fair value if it eliminates or significantly reduces an accounting mismatch

  - no bifurcation of an embedded derivative where the host is a financial asset

  - Equity instruments must be measured at fair value however, an entity can elect on initial recognition to present the fair value changes on equity investments directly in other comprehensive income. There is no subsequent recycling of fair value gains and losses to profit or loss, however dividends from such investments will continue to be recognised in profit and loss

  - when an entity holds a tranche in a waterfall structure it must determine the classification of that tranche by looking through to the assets ultimately underlying that portfolio and assess the credit quality of the tranche compared with the underlying portfolio. If an entity is unable to look though, then the tranche must be measured at fair value

  The Group will apply NZ IFRS 9 prospectively from 1 April 2013

- **NZ IAS 24 (Revised), Related Party Disclosures** (mandatory for annual periods beginning on or after 1 January 2011). The revised standard clarifies and simplifies the definition of a related party. The Group will apply the revised standard from 1 April 2011. When the revised standard is applied, the Group and the Parent will need to disclose any transactions between its subsidiaries and its associates. The Group is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures

- Other interpretations and amendments are unlikely to have an impact on the Group's accounts and have therefore not been analysed in detail.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill and other indefinite life intangible assets
The Group annually tests whether goodwill or brands have suffered any impairment, in accordance with the accounting policy stated in Note 2(t). The recoverable amounts of cash generating units for goodwill impairment testing have been determined based on value-in-use calculations and recoverable amounts for brands have been based on relief-from-royalty calculations. These calculations require the use of assumptions. Refer Note 17 for details of these assumptions and the potential impact of changes to these assumptions.

(ii) Impairment of property, plant & equipment
The Group tests for impairment of property, plant & equipment when indicators exist that an impairment may have occurred. The recoverable amount of property is based on fair market valuation less costs to sell and the recoverable amount of plant & equipment assets is based on value-in-use calculations requiring the use of assumptions. Refer Note 16 for details of these assumptions and the impact on the performance for the years ended 31 March 2011 and 2010.

(iii) Warranty provision

Provision is made for 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 10 years for certain washer components. Management estimates the present value of the provision based on historical warranty claim information and any recent specific trends that may suggest future claims could differ from historical amounts.

While changes in management's assumptions would result in different valuations, management considers the effect of any likely changes would be immaterial to the Group's result or financial position.

As at 31 March 2011, the Group had recognised a warranty provision amounting to $21.8 million (2010 $23.7 million).

(iv) Finance receivables
Allowance is made for losses to Finance receivables where there is objective evidence that impairment has occurred due to one or more loss events. Management assesses whether these loss events have an impact upon the estimated future cash flows of the receivables on either an individual (if significant) or collective (if similar characteristics) basis.

While changes in management's assumptions would result in different valuations, management considers the effect of any likely changes would be immaterial to the Group's result or financial position.

As at 31 March 2011, the Group had recognised an allowance for impairment losses amounting to $26.7 million (2010 $25.4 million).

(v) Inventories

The cost of inventory is sensitive to currency fluctuations. Management applies a blended exchange rate to account for purchases covered by forward foreign exchange contracts. As at 31 March 2011, a 10% movement in the blended rate used is estimated to have a $7.1 million impact on the value of inventory.

The provision for raw materials obsolescence has reduced in the year ended 31 March 2011 to $8.1 million (2010 $12.3 million). Whilst Management are satisfied the provision is fairly stated, this involves significant judgement on forecast usage of materials.

(vi) Income taxes
The Group is subject to income taxes in New Zealand and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may be uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

3 Critical accounting estimates and judgements (continued)

As at 31 March 2011, the Group had recognised $49.4 million net deferred tax assets in excess of deferred tax liabilities. The Group has assumed continuity of shareholdings as required by New Zealand and USA tax legislation and therefore has included all available tax loss carry forwards and other deductible temporary differences in the computation of deferred tax assets except for $0.8 million of New Zealand operating losses, $2.4 million of USA operating losses and $18.8 million of USA energy tax credits.

(vii) Employment benefits
The Group provides long service leave benefits to employees in certain countries and calculation of the provision for the unvested component of these obligations is based on assumptions about future salary/wage increases, promotion rates and employee turnover. The discount rates used to calculate the present value of these obligations are based on 10 year Government bond yields as no deep market is deemed to exist for high quality corporate bonds in these countries.

While changes in management's assumptions would result in different liabilities, management considers the effect of any likely changes would be immaterial to the Group's result or financial position.

As at 31 March 2011, the Group had recognised a provision for unvested long service leave amounting to $8.2 million (2010 $8.4 million).

(viii) Restructuring charges
Restructuring charges comprise estimated costs for associated redundancies and relocation costs. These charges are calculated based on detailed plans that are expected to improve the Group's cost structure and productivity. The outcomes of similar historical restructuring plans are used as a guideline to minimise any uncertainties arising. The restructuring plans announced during the year ended 31 March 2011 resulted in restructuring charges of $0.9 million (2010 $15.4 million).

(b) Critical judgements in applying the entity’s accounting policies

Special purpose entity
The activities of Retail Financial Services Limited are funded through a master trust securitisation structure established on 8 May 2006. This structure allows for the creation of multiple, separate, standalone trusts. The first trust created under the master trust structure was the RFS Trust 2006-1 (the Trust). Fisher & Paykel Financial Services Limited is the residual income and capital beneficiary of the Trust and therefore the financial statements of the Trust have been consolidated in the Group's financial statements. Refer Note 33.

4 Financial risk management - Appliances business & Parent

The Group's business activities expose it to a variety of financial risks, namely market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. Derivative financial instruments such as foreign exchange contracts, foreign exchange options and interest rate swaps are used to hedge certain risk exposures.

The Board of Directors has approved policy guidelines for the Appliances business and Parent that identify, evaluate and authorise various financial instruments to hedge financial risks.

The principal financial risks and hedging policies for the Appliances business and Parent are shown below.

(a) Market risk

(i) Foreign exchange risk
The Appliances business operates internationally and is exposed to foreign exchange risk arising from both transacting in foreign currencies and from translation of the net assets of overseas subsidiaries into New Zealand dollars for consolidation purposes.

The principal currency exposures are the United States dollar cross rates with the Australian dollar and Thai baht.

The Appliances business monitors current and anticipated future foreign currency operating cash flows to determine net exposures, which are hedged with forward exchange contracts within prescribed bands for up to a maximum period of 24 months (36 months by exception). Major capital expenditure in foreign currency is hedged with forward foreign exchange contracts. The Group's exposure to translation risk of foreign currency denominated net assets is not hedged.

Notional principal of foreign exchange agreements outstanding at 31 March 2011 were as follows:

- Purchase commitments forward exchange contracts $280.0 million (2010 $214.0 million)

- Sale commitments forward exchange contracts $122.9 million (2010 $81.5 million)

(ii) Interest rate risk
Debt funding for the Appliances business is subject to floating interest rates which can impact on the segment's financial result. When considered appropriate, in accordance with the policy guidelines, the Appliances business enters into interest rate swaps to manage its exposure to such fluctuations. These financial instruments are subject to the risk that interest rates may change subsequent to implementation.

Notional principal or contract amounts outstanding on interest rate swaps at 31 March 2011 were $80.7 million (2010 $127.9 million). Following the debt restructuring in March 2009, these contracts were deemed to be ineffective and are fair valued through profit or loss.

(iii) Commodity risk
Pricing for some of the Appliances business' raw material purchases is subject to fluctuations in commodity indices for base metals and crude oil. This is routinely managed through agreements with suppliers however, when considered appropriate and in accordance with the policy guidelines, the Appliances business enters into commodity derivatives to manage its exposure to such fluctuations.

Appliances had no commodity derivatives as at 31 March 2011 (2010 Nil).

4 Financial risk management - Appliances business & Parent (continued)

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Appliances business' financial assets and financial liabilities (with all other variables held constant) to interest rate risk and foreign exchange risk. The sensitivity analyses represent the range of movements for each type of risk that are considered reasonably possible as at balance date. The risk profile will vary throughout the financial year.

Figures disclosed within profit in the sensitivity analyses represent the after tax impact of the variable movements.

Appliances business		**Interest rate risk**				**Foreign exchange risk**			
		-1%		**+2%**		**-15%**		**+15%**	
31 March 2011	**Carrying amount $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Financial assets									
Cash & cash equivalents	**21,375**	**(135)**	**(135)**	**270**	**270**	**3,678**	**3,678**	**(2,719)**	**(2,719)**
Trade receivables	**128,117**	**-**	**-**	**-**	**-**	**11,902**	**11,902**	**(8,797)**	**(8,797)**
Foreign exchange derivatives	**2,657**	**-**	**-**	**-**	**-**	**(1,887)**	**(1,635)**	**1,394**	**1,208**
Financial liabilities									
Borrowings	**(121,557)**	**910**	**910**	**(1,819)**	**(1,819)**	**(11,051)**	**(11,051)**	**8,168**	**8,168**
Trade creditors	**(99,141)**	**-**	**-**	**-**	**-**	**(9,057)**	**(9,057)**	**6,694**	**6,694**
Other creditors	**(10,934)**	**-**	**-**	**-**	**-**	**(1,343)**	**(1,343)**	**993**	**993**
Foreign exchange derivatives	**(20,213)**	**-**	**-**	**-**	**-**	**3,000**	**22,529**	**(886)**	**(12,663)**
Interest rate derivatives	**(3,334)**	**(196)**	**(196)**	**371**	**371**	**412**	**412**	**(305)**	**(305)**
Total increase/ (decrease)		**579**	**579**	**(1,178)**	**(1,178)**	**(4,346)**	**15,435**	**4,542**	**(7,421)**

Appliances business		**Interest rate risk**				**Foreign exchange risk**			
		-1%		**+2%**		**-15%**		**+15%**	
31 March 2010	**Carrying amount $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Financial assets									
Cash & cash equivalents	39,994	(268)	(268)	536	536	8,592	8,592	(6,351)	(6,351)
Trade receivables	147,216	-	-	-	-	15,318	15,318	(11,322)	(11,322)
Foreign exchange derivatives	729	-	-	-	-	(205)	(205)	151	151
Financial liabilities									
Borrowings	(212,906)	1,551	1,551	(3,102)	(3,102)	(13,662)	(13,662)	10,098	10,098
Trade creditors	(125,598)	-	-	-	-	(12,982)	(12,982)	9,595	9,595
Other creditors	(23,259)	-	-	-	-	(2,873)	(2,873)	2,124	2,124
Foreign exchange derivatives	(7,577)	-	-	-	-	1,755	(27,508)	(1,297)	20,332
Interest rate derivatives	(6,712)	(1,279)	(1,279)	2,559	2,559	1,184	1,184	(875)	(875)
Total increase/ (decrease)		4	4	(7)	(7)	(2,873)	(32,136)	2,123	23,752

Parent		**Interest rate risk**				**Foreign exchange risk**			
		-1%		**+2%**		**-15%**		**+15%**	
31 March 2011	**Carrying amount $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Financial assets									
Cash & cash equivalents	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other current assets	**27**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Intergroup advances	**637,585**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total increase/ (decrease)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Parent		**Interest rate risk**				**Foreign exchange risk**			
		-1%		**+2%**		**-15%**		**+15%**	
31 March 2010	**Carrying amount $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Financial assets									
Other current assets	24	-	-	-	-	-	-	-	-
Intergroup advances	637,184	-	-	-	-	-	-	-	-
Total increase/ (decrease)		-	-	-	-	-	-	-	-

4 Financial risk management - Appliances business & Parent (continued)

(b) Credit risk

The Appliances business incurs credit risk with trade receivables and has a credit policy which is used to manage exposure to this credit risk. As part of this policy, limits are reviewed on a regular basis. In addition, risk is selectively mitigated through trade indemnity policies and letters of credit where an unacceptably high credit risk is perceived to exist.

Foreign currency forward exchange contracts and interest rate swaps have been entered into with trading banks. The Appliances business' exposure to credit risk from these financial instruments is limited because it does not expect non-performance of the obligations contained therein due to the credit rating of the financial institutions concerned. The Appliances business does not require collateral or other security to support financial instruments. Further disclosure on Trade receivables is reported in Note 11.

(i) *Concentrations of credit exposure*

As at 31 March 2011, the Appliances business had trade receivables from certain major customers of $25.0 million (2010 $22.9 million). However, this largely comprises Australian receivables and all Australian receivables balances are covered by trade indemnity insurance, the main terms of which include:

- maximum sum insured of A$30 million
- insured percentage of 90% subject to A$5,000 excess
- discretionary credit limit up to A$300,000
- maximum payment terms of 60 days from the end of the month following delivery of goods

Excluding the Australian customers above, the Appliances business had no other significant concentration of credit exposure.

(ii) *Geographic concentrations of trade receivables*

The Appliances business' maximum exposure to credit risk for trade receivables by geographic region is as follows:

	31 March 2011 $'000	31 March 2010 $'000
New Zealand	**17,456**	10,505
Australia	**51,699**	56,193
North America	**31,144**	45,224
Europe	**18,167**	31,798
Rest of World	**9,651**	3,496
	128,117	147,216

4 Financial risk management - Appliances business & Parent (continued)

(c) Liquidity risk

Prudent liquidity risk management requires maintaining sufficient cash to meet contractual obligations, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Pursuant to its banking facilities, Management is required to maintain sufficient headroom to meet facility requirements.

The Board of Directors approves all new loans and funding facilities and is updated at least monthly on liquidity risk.

The table below analyses the Appliances business' financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, except for interest rate swaps.

31 March 2011	**On Call**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**
	$'000	**$'000**	**$'000**	**$'000**
Bank overdrafts & loans	**-**	**-**	**128,151**	**-**
Trade creditors	**-**	**99,141**	**-**	**-**
Finance lease liabilities	**-**	**17**	**-**	**-**
Interest rate swaps *	**-**	**2,353**	**933**	**49**
31 March 2010				
Bank overdrafts & loans	173	-	-	245,035
Trade creditors	-	125,598	-	-
Finance lease liabilities	-	328	18	-
Interest rate swaps *	-	3,156	2,039	988

* The amounts expected to be payable in relation to the interest rate swaps have been estimated using forward interest rates applicable at the reporting date.

The table below analyses the Appliances business' derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period to the contractual maturity date at balance date. The amounts disclosed in the table are the contractual undiscounted cash flows. They are expected to occur and affect profit or loss at various dates between balance date and the following 24 months.

31 March 2011	Less than 1 year	Between 1 and 2 years
	$'000	$'000
Forward foreign exchange contracts		
- inflow	**378,718**	**6,155**
- outflow	**399,171**	**6,557**

31 March 2010	Less than 1 year	Between 1 and 2 years
	$'000	$'000
Forward foreign exchange contracts		
- inflow	267,183	17,621
- outflow	275,367	19,426

4 Financial risk management - Appliances business & Parent (continued)

(d) Fair value estimation

The fair value of financial instruments are estimated using discounted cash flows. Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at balance date.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Appliances business for similar financial instruments.

Unless otherwise stated, all other carrying amounts are assumed to equal or approximate fair value.

Financial instruments are measured in the Statement of Financial Position at fair value, which requires disclosure of fair value measurements by level of 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).

31 March 2011	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total balance $'000**
Assets				
Derivative financial instruments - held for trading	**-**	**1,205**	**-**	**1,205**
Derivative financial instruments - cash flow hedges	**-**	**1,452**	**-**	**1,452**
Total assets	**-**	**2,657**	**-**	**2,657**
Liabilities				
Derivative financial instruments - held for trading	**-**	**6,193**	**-**	**6,193**
Derivative financial instruments - cash flow hedges	**-**	**17,355**	**-**	**17,355**
Total liabilities	**-**	**23,548**	**-**	**23,548**

31 March 2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total balance $'000
Assets				
Derivative financial instruments - cash flow hedges	-	729	-	729
Total assets	-	729	-	729
Liabilities				
Derivative financial instruments - held for trading	-	11,815	-	11,815
Derivative financial instruments - cash flow hedges	-	2,474	-	2,474
Total liabilities	-	14,289	-	14,289

There are no financial instruments carried at fair value in the Parent entity.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

4 Financial risk management - Appliances business & Parent (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at balance date, with the resulting value discounted back to present value

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for other financial instruments.

Note that all of the resulting fair value estimates for the Appliances business are included in Level 2.

4 Financial risk management - Appliances business & Parent (continued)

(e) Financial instruments by category

Assets as per Statement of Financial position

	Fair value through profit or loss - held for trading $'000	Derivatives used for hedging $'000	Loans and receivables $'000	Total $'000
Appliances business				
31 March 2011				
Cash & cash equivalents	**-**	**-**	**21,375**	**21,375**
Trade receivables	**-**	**-**	**128,117**	**128,117**
Derivative financial instruments	**1,205**	**1,452**	**-**	**2,657**
	1,205	**1,452**	**149,492**	**152,149**
31 March 2010				
Cash & cash equivalents	-	-	39,994	39,994
Trade receivables	-	-	147,216	147,216
Derivative financial instruments	-	729	-	729
	-	729	187,210	187,939
Parent				
31 March 2011				
Cash & cash equivalents	**-**	**-**	**1**	**1**
Intergroup advances	**-**	**-**	**637,585**	**637,585**
	-	**-**	**637,586**	**637,586**
31 March 2010				
Intergroup advances	-	-	637,184	637,184
	-	-	637,184	637,184

Liabilities as per Statement of Financial Position

	Fair value through profit or loss - held for trading $'000	Derivatives used for hedging $'000	Measured at amortised cost $'000	Total $'000
Appliances business				
31 March 2011				
Borrowings	**-**	**-**	**121,557**	**121,557**
Derivative financial instruments	**6,193**	**17,355**	**-**	**23,548**
Finance leases	**-**	**-**	**17**	**17**
	6,193	**17,355**	**121,574**	**145,122**
31 March 2010				
Borrowings	-	-	213,070	213,070
Derivative financial instruments	11,815	2,474	-	14,289
Finance leases	-	-	346	346
	11,815	2,474	213,416	227,705

5 Financial risk management - Finance business

The Finance business' activities expose it to a variety of financial risks including credit risk, liquidity risk and interest rate risk. The Finance business has a separate Board of Directors, which has appointed the following committees and other specialists to manage these risks and report key outcomes to the Board in accordance with approved policy:

Asset & Liability Committee

Comprises the Managing Director, Chief Operating Officer, Chief Financial Officer (Chair) and Treasury & Funding Manager. The Committee is responsible for managing interest rate risk, liquidity risk and Statement of Financial Position and capital structure. The Committee's activities are governed by a formal charter to ensure all treasury risk management policies are followed.

Pricing, Marketing & Operations Committee

Comprises the Managing Director, Chief Operating Officer (Chair) and Chief Financial Officer. Its principal responsibility is to establish and review interest rates on money advanced to customers and productivity, performance and compliance of Finance business operations.

Credit Committee

Comprises the Managing Director, Chief Operating Officer, Chief Financial Officer and Chief Risk Officer (Chair). The committee's principal responsibility is to oversee all aspects of credit risk assessment and management and operates within formal credit policies and guidelines that ensure any credit risk incurred falls within acceptable parameters.

Insurance Committee

Comprises the Managing Director, Chief Operating Officer (Chair), Chief Financial Officer and Marketing Manager. The committee's principal responsibility is to oversee all aspects of the insurance business; including approving and recommending strategies, monthly review of risks and returns and the delivery of and compliance to current prudential and regulatory requirements for the insurance sector.

Treasury

The Treasury function's principal responsibility is the day-to-day management of the liability side of the statement of financial position, especially focusing on maintaining the appropriate level and mix of funding sources and ensuring that the Finance business has sufficient liquidity for its requirements. In addition, Treasury is responsible for:

(i) execution of interest rate risk management strategies including the use of derivative financial instruments in accordance with formal treasury risk management policies
(ii) ensuring compliance with all internal and external measures, covenants and ratios.

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Finance business is exposed to fluctuations in the prevailing levels of market interest rates on both fair value and cash flow risks relating to its financial instruments. Interest margins may increase or decrease, as the case may be, as a result of changes in market interest rates.

(i) Interest rate risk management process
The Asset & Liability Committee is responsible for managing interest rate risk in accordance with its Charter and treasury risk management policy. A Pricing Committee is responsible for establishing and reviewing interest rates on money lent.

The Finance business manages interest rate risk through:

- monitoring the maturity profile of assets and liabilities and seeking, where appropriate, to match the date at which these mature and reprice
- monitoring market interest rates and reviewing the impact of these on interest rate risk exposure
- economically hedging a portion of any residual risk exposure using financial derivative instruments. This activity is undertaken in accordance with treasury risk management policies approved by the Finance business Board of Directors.
- reviewing lending rates from time to time

5 Financial risk management - Finance business (continued)

(ii) Concentrations of interest rate exposure
The Finance business' borrowings are generally short term in nature to match the profile of the maturing assets. Borrowings issued at variable rates expose the Finance business to cash flow interest rate risk. Borrowings issued at fixed rates expose the Finance business to fair value interest rate risk.

(iii) Repricing schedule
The Finance business has a policy which establishes risk control limits for the net repricing gap. Interest rate exposure is monitored on a regular basis and reported to and reviewed monthly by the Asset and Liability Committee and the Finance business Board of Directors.

The table below summarises the Finance business' exposure to interest rate risks. It includes the Finance business' financial instruments at carrying amounts, categorised by the earlier of their contractual repricing or expected maturity dates.

5 Financial risk management - Finance business (continued)

31 March 2011	Weighted average effective interest rate %	0 to 6 months $'000	7 to 12 months $'000	13 to 24 months $'000	25 to 60 months $'000	Over 60 months $'000	Non interest bearing $'000	Total $'000
Financial assets								
Cash & cash equivalents	**3.6**	**92,154**	**-**	**-**	**-**	**-**	**-**	**92,154**
Derivative financial instruments	**2.8**	**-**	**-**	**1**	**-**	**-**	**-**	**1**
Finance receivables	**18.0**	**466,733**	**43,229**	**74,400**	**17,164**	**69**	**-**	**601,595**
Other financial assets	**0.7**	**-**	**1,044**	**-**	**-**	**-**	**2,682**	**3,726**
		558,887	**44,273**	**74,401**	**17,164**	**69**	**2,682**	**697,476**
Financial liabilities								
Finance borrowings								
Bank loans	**4.2**	**224,837**	**-**	**-**	**-**	**-**	**-**	**224,837**
Debentures	**7.0**	**79,422**	**39,568**	**17,232**	**4,190**	**-**	**-**	**140,412**
Notes	**4.1**	**134,805**	**-**	**-**	**-**	**-**	**-**	**134,805**
Committed liquidity facilities	**4.0**	**73,861**	**-**	**-**	**-**	**-**	**-**	**73,861**
Derivative financial instruments	**4.0**	**170**	**432**	**1,325**	**1,225**	**-**	**-**	**3,152**
Other financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**5,143**	**5,143**
		513,095	**40,000**	**18,557**	**5,415**	**-**	**5,143**	**582,210**
Net effective interest rate gap		**45,792**	**4,273**	**55,844**	**11,749**	**69**	**(2,461)**	**115,266**

31 March 2010	Weighted average effective interest rate %	0 to 6 months $'000	7 to 12 months $'000	13 to 24 months $'000	25 to 60 months $'000	Over 60 months $'000	Non interest bearing $'000	Total $'000
Financial assets								
Cash & cash equivalents	3.0	42,820	-	-	-	-	-	42,820
Derivative financial instruments	3.7	-	-	21	152	-	-	173
Finance receivables	17.8	497,701	62,097	43,141	12,561	193	-	615,693
Other financial assets	1.1	-	-	1,057	-	-	2,624	3,681
		540,521	62,097	44,219	12,713	193	2,624	662,367
Financial liabilities								
Finance borrowings								
Bank loans	3.8	176,200	-	-	-	-	-	176,200
Debentures	7.3	108,620	32,271	11,740	4,281	-	-	156,912
Notes	3.9	158,688	-	-	-	-	-	158,688
Committed liquidity facilities	3.8	56,856	-	-	-	-	-	56,856
Derivative financial instruments	3.8	135	138	329	173	-	-	775
Other financial liabilities	-	-	-	-	-	-	4,636	4,636
		500,499	32,409	12,069	4,454	-	4,636	554,067
Net effective interest rate gap		40,022	29,688	32,150	8,259	193	(2,012)	108,300

5 Financial risk management - Finance business (continued)

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Finance business' financial assets and financial liabilities to interest rate risk in terms of the effect on post-tax profit and equity. The analysis is based on the assumption that all other variables remain constant and incorporates the effect a -/+ 100 basis point movement in interest rates has on the financial assets and financial liabilities held at balance date.

		Interest rate risk			
		-1%		+1%	
31 March 2011	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash & cash equivalents	**92,154**	**(648)**	**(648)**	**648**	**648**
Finance receivables	**601,595**	**(4,211)**	**(4,211)**	**4,211**	**4,211**
Derivative financial instruments	**1**	**-**	**-**	**-**	**-**
Other financial assets	**3,726**	**-**	**-**	**-**	**-**
Financial liabilities					
Finance borrowings	**573,915**	**4,010**	**4,010**	**(4,010)**	**(4,010)**
Derivative financial instruments	**3,153**	**(778)**	**(2,254)**	**763**	**2,807**
Other financial liabilities	**5,143**	**-**	**-**	**-**	**-**
Total increase/ (decrease)		**(1,627)**	**(3,103)**	**1,612**	**3,656**

		Interest rate risk			
		-1%		+1%	
31 March 2010	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash & cash equivalents	42,820	(300)	(300)	300	300
Finance receivables	615,393	(4,311)	(4,311)	4,311	4,311
Derivative financial instruments	173	(300)	(300)	292	292
Other financial assets	3,681	-	-	-	-
Financial liabilities					
Finance borrowings	548,656	3,837	3,837	(3,837)	(3,837)
Derivative financial instruments	775	(1,632)	(1,632)	1,595	1,595
Other financial liabilities	4,636	-	-	-	-
Total increase/ (decrease)		(2,706)	(2,706)	2,661	2,661

The sensitivity analyses above represent the range of movements for each type of risk that are considered reasonably possible as at balance date. The risk profile will vary throughout the financial year.

(b) Credit risk

The Finance business is exposed to credit risk, which is the risk that a counterparty will cause a financial loss for the Finance Business by failing to discharge an obligation. Credit risk arises principally on advances made to customers and deposits held with other entities and also in off-statement of financial position items such as loan commitments.

(i) *Credit risk management process*

A Credit Committee oversees all aspects of credit risk assessment and management and operates within credit policies and guidelines approved by the Finance business Board of Directors. These policies ensure that any credit risk incurred falls within acceptable parameters.

The Finance business manages credit risk in a number of ways:

- In consumer lending, robust credit processes are employed to originate new loans to customers. These processes incorporate credit scorecards, credit checks, fraud detection software, business rules and review of customer credit history to assess a customer's creditworthiness. Wherever appropriate, a charge will be taken by way of reservation of title over the asset financed, except for personal loans, where advances are generally unsecured. The personal loans business ceased originating new loans in January 2006

5 Financial risk management - Finance business (continued)

- In commercial lending, the integrity and financial standing of approved borrowers is relied upon. All equipment finance and rental & leasing contracts are assessed in accordance with a range of credit criteria and the amount of each advance. Criteria include credit checks, trade references and financial account analysis. These contracts are secured over the goods financed and guarantees are requested from business proprietors in certain circumstances. Assets financed include machinery and plant & equipment but do not include residential or commercial property
- In bulk funding, security is a general security interest charging all present and after acquired personal property and a specific security interest (first mortgage) over the Finance receivables sold to Smithcorp Finance Limited. In addition, several factors are taken into account in determining the amount of money advanced, including average yield and arrears levels. A general security reserve is also maintained to ensure a margin exists between the amounts advanced and the estimated market value of the underlying Finance receivables
- Interest rate instruments have been entered into with trading banks. The Finance business' exposure to credit risk from these financial instruments is limited because it does not expect non-performance of the obligations contained therein due to the credit rating of the financial institutions concerned. The Finance business does not require collateral or other security to support these financial instruments

(ii) *Concentrations of Credit Exposure*

As at 31 March 2011, the Finance business had advanced $75.4 million to Smithcorp Finance Limited, a bulk finance merchant (2010 $80.1 million). Security is a general security interest charging all present and after acquired property and a specific interest over finance receivables. These receivables, taken as individual finance receivable agreements, are largely low value advances to retail customers.

Excluding Smithcorp Finance Limited, the Finance business had no exposure to retailers, commercial accounts or individual receivable agreements that exceeded 10% of Finance business equity (2010 Nil).

Maximum exposure to credit risk before collateral held or other credit enhancements is shown in the table below:

	31 March 2011 $'000	31 March 2010 $'000
Credit exposures relating to on-statement of financial position assets:		
Cash & cash equivalents	**92,154**	42,820
Derivative financial instruments	**1**	173
Finance receivables	**601,595**	615,693
Other financial assets	**3,726**	3,681
Credit exposures relating to off-statement of financial position items:		
Undrawn lending commitments*	**1,775,323**	1,772,622
	2,472,799	2,434,989

*Undrawn lending commitments include unutilised Q Card and Farmers Finance Card limits, which can be unconditionally cancelled at any time.

The above table represents a maximum credit risk exposure at 31 March 2011, without taking into account any collateral, other credit enhancements attached or the cancellation of undrawn lending commitments. For on-statement of financial position assets, the exposures set out above are based on net carrying amounts as reported in the Statement of Financial Position.

Further details on Finance receivables and impairment are disclosed in Note 12.

5 Financial risk management - Finance business (continued)

(iii) *Geographic Concentrations of Finance Receivables*

The table below details the geographic split of Finance receivables:

	31 March 2011 $'000	31 March 2010 $'000
Upper North Island	**212,691**	212,521
Central North Island	**138,386**	144,013
Lower North Island	**77,049**	80,528
South Island	**173,469**	178,631
	601,595	615,693

Upper North Island comprises the Auckland and Northland regions. Lower North Island comprises the Wellington and Manawatu regions.

(c) Liquidity risk

Liquidity risk is the risk that the Finance business is unable to meet its payment obligations associated with its financial liabilities when they fall due. It includes the risk that the Finance business may have insufficient liquid funds or may not be able to raise sufficient funds at short notice to meet its payment obligations associated with financial liabilities when they fall due. This situation can arise if there is a significant mismatch of its financial assets and financial liabilities.

(i) *Liquidity risk management process*

The Finance business operates an Asset & Liability Committee that oversees all aspects of statement of financial position risk. This Committee has a formal charter, which outlines its role and responsibilities. All treasury related activity must comply with treasury risk management policies approved by the Finance business Board of Directors.

Liquidity risk is managed through:

- day to day funding requirements and future cash flows are monitored to ensure requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Finance business maintains an active presence in local money markets to enable this to happen
- regularly forecasting future cash flows to assess maturity mismatches between financial assets and financial liabilities in advance
- not relying on one funding source, but maintaining a diverse and stable funding base
- maintaining strong bank relationships and committed bank credit balances
- monitoring statement of financial position liquidity ratios against internal and external requirements

The Asset & Liability Committee also monitors the level and type of undrawn lending commitments against committed credit facilities to ensure there is sufficient capacity.

The table below analyses the Finance business' financial assets and financial liabilities and net settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, except for derivative financial instruments.

5 Financial risk management - Finance business (continued)

31 March 2011	Call $'000	0 to 6 months $'000	7 to 12 months $'000	13 to 24 months $'000	25 to 60 months $'000	Over 60 months $'000	Total $'000
Financial assets							
Cash & cash equivalents	**23,653**	**68,758**	**-**	**-**	**-**	**-**	**92,411**
Derivative financial instruments*	**-**	**(1)**	**-**	**1**	**-**	**-**	**-**
Finance receivables	**-**	**225,663**	**151,043**	**174,366**	**205,551**	**53,344**	**809,967**
Other financial assets	**-**	**2,537**	**1,030**	**-**	**-**	**-**	**3,567**
	23,653	**296,957**	**152,073**	**174,367**	**205,551**	**53,344**	**905,945**
Financial liabilities							
Finance borrowings							
Bank loans	**-**	**4,761**	**4,735**	**112,310**	**124,645**	**-**	**246,451**
Debentures	**8,288**	**74,478**	**41,012**	**19,516**	**4,630**	**-**	**147,924**
Notes	**-**	**135,500**	**-**	**-**	**-**	**-**	**135,500**
Committed liquidity facilities	**-**	**1,840**	**73,728**	**-**	**-**	**-**	**75,568**
Derivative financial instruments*	**-**	**1,491**	**1,242**	**708**	**(172)**	**-**	**3,269**
Other financial liabilities	**-**	**4,968**	**-**	**-**	**-**	**-**	**4,968**
	8,288	**223,038**	**120,717**	**132,534**	**129,103**	**-**	**613,680**

31 March 2010	Call $'000	0 to 6 months $'000	7 to 12 months $'000	13 to 24 months $'000	25 to 60 months $'000	Over 60 months $'000	Total $'000
Financial assets							
Cash & cash equivalents	24,819	18,111	-	-	-	-	42,930
Derivative financial instruments*	-	(118)	4	67	247	-	200
Finance receivables	-	229,304	157,832	179,861	205,255	53,559	825,811
Other financial assets	-	2,654	30	1,060	-	-	3,744
	24,819	249,951	157,866	180,988	205,502	53,559	872,685
Financial liabilities							
Finance borrowings							
Bank loans	-	3,350	3,333	178,586	-	-	185,269
Debentures	6,732	105,488	33,448	13,664	4,751	-	164,083
Notes	-	159,400	-	-	-	-	159,400
Committed liquidity facilities	-	1,320	56,723	-	-	-	58,043
Derivative financial instruments*	-	1,214	181	(194)	(449)	-	752
Other financial liabilities	-	4,636	-	-	-	-	4,636
	6,732	275,408	93,685	192,056	4,302	-	572,183

* The amounts expected to be receivable/payable in relation to the derivative financial instruments have been estimated using forward interest rates applicable at the reporting date.

(d) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined using generally accepted valuation techniques. The Finance business uses a variety of methods and makes assumptions that are based on market conditions existing at each Balance Date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

5 Financial risk management - Finance business (continued)

The fair value of financial liabilities and financial assets for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Finance business for similar financial instruments. For short-term financial assets and liabilities, their carrying amount is a reasonable approximation of their fair values.

Where present value techniques are used to value future cash flows deriving from interest rate derivative contracts, the Finance business uses an MS Excel based valuation model licensed from a reputable third party vendor. Market data used for valuation purposes (i.e. interest rate yield curves) are provided by independent third party data providers where possible. In addition, month-end derivative portfolio valuations are obtained from all derivative counterparties for comparison with internal valuations.

Financial instruments are measured in the Statement of Financial Position at fair value, which requires disclosure of fair value measurements by level of 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).

The following table presents the Group's and Parent's assets and liabilities that are measured at fair value.

31 March 2011	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total balance $'000**
Assets				
Deposits	**-**	**20,123**	**-**	**20,123**
Derivative financial instruments - fair value hedges	**-**	**1**	**-**	**1**
Government stock	**1,044**	**-**	**-**	**1,044**
Total assets	**1,044**	**20,124**	**-**	**21,168**
Liabilities				
Derivative financial instruments - cash flow hedges	**-**	**1,881**	**-**	**1,881**
Derivative financial instruments - held for trading	**-**	**991**	**-**	**991**
Derivative financial instruments - fair value hedges	**-**	**281**	**-**	**281**
Total liabilities	**-**	**3,153**	**-**	**3,153**

31 March 2010	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total balance $'000**
Assets				
Deposits	-	20,128	-	20,128
Derivative financial instruments - held for trading	-	173	-	173
Bulk finance receivables	-	-	11,292	11,292
Government stock	1,057	-	-	1,057
Total assets	1,057	20,301	11,292	32,650
Liabilities				
Derivative financial instruments - held for trading	-	599	-	599
Derivative financial instruments - fair value hedges	-	176	-	176
Total liabilities	-	775	-	775

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Government stock has been included in Level 1.

5 Financial risk management - Finance business (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the changes in Level 3 instruments.

31 March 2011	**Bulk finance receivables $'000**
Balance at the beginning of the year	**11,292**
Gains & losses recognised in the Income Statement	**(17)**
Interest & similar charges	**148**
Repayments	**(11,423)**
Balance at the end of the year	**-**

31 March 2010	**Bulk finance receivables $'000**
Balance at the beginning of the year	84,873
Gains & losses recognised in the Income Statement	(609)
Interest & similar charges	2,790
Repayments	(75,762)
Balance at the end of the year	11,292

As at 31 March 2011, all bulk finance receivables were measured at amortised cost.

Total loss for the year ended 31 March 2011 included in the Income Statement (included within Finance business revenue) for assets held at 31 March 2011 was $Nil (2010 $357,000).

5 Financial risk management - Finance business (continued)

(e) Financial instruments by category

Assets as per Statement of Financial Position

	Fair value through profit or loss - designated $'000	Fair value through profit or loss - held for trading $'000	Loans and receivables $'000	Derivatives used for hedging $'000	Total $'000
31 March 2011					
Cash & cash equivalents	**20,123**	**-**	**72,031**	**-**	**92,154**
Derivative financial instruments	**-**	**-**	**-**	**1**	**1**
Finance receivables	**-**	**-**	**601,595**	**-**	**601,595**
Other financial assets	**1,044**	**-**	**2,682**	**-**	**3,726**
	21,167	**-**	**676,308**	**1**	**697,476**
31 March 2010					
Cash & cash equivalents	20,128	-	22,692	-	42,820
Derivative financial instruments	-	173	-	-	173
Finance receivables	11,292	-	604,401	-	615,693
Other financial assets	1,057	-	2,624	-	3,681
	32,477	173	629,717	-	662,367

Liabilities as per Statement of Financial Position

	Fair value through profit or loss - held for trading $'000	Derivatives used for hedging $'000	Measured at amortised cost $'000	Total $'000
31 March 2011				
Finance borrowings	**-**	**-**	**573,915**	**573,915**
Derivative financial instruments	**991**	**2,162**	**-**	**3,153**
Other financial liabilities	**-**	**-**	**5,143**	**5,143**
	991	**2,162**	**579,058**	**582,211**
31 March 2010				
Finance borrowings	-	-	548,656	548,656
Derivative financial instruments	599	176	-	775
Other financial liabilities	-	-	4,636	4,636
	599	176	553,292	554,067

6 Segment information

Chief Operating Decision Maker
The 'Chief Operating Decision Maker' has been identified as the Board of Directors together with the Executives of the Appliances and Finance businesses, who review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Reportable segments
The Appliances business' reportable segments are based primarily on the nature of activities undertaken (factory operations and sales/customer service companies) and are then split by geographic location. Factory operations include sites that manufacture goods for both the Group and external customers. Sales & service includes sales & distribution operations and also customer service operations.

The Finance business is considered as one reportable segment.

Other segment information
Performance of operating segments is assessed based on a measure of earnings before interest and taxation (operating profit or loss). This excludes interest costs associated with core funding and other overheads that are held at Group level and cannot be allocated.

Intersegment revenue is recognised on the basis of arm’s length transactions and reflects returns required for taxation transfer pricing purposes where applicable.

Other information provided, except as noted below, is measured in a manner consistent with that in the financial statements.

Significant one-off costs have been excluded from the segment disclosures to reflect underlying segment operating performance.

Segment total assets exclude certain elements of deferred tax that are associated with adjustments held for consolidation purposes, derivative financial instruments and non-current assets held for sale that are managed on a central basis and fair value adjustments held on consolidation. These form part of the reconciliation to total assets in the Statement of Financial Position.

6 Segment information (continued)

Segment revenue & profit analysis

	31 March 2011				31 March 2010			
	Revenue from external customers $'000	Inter-segment revenue $'000	Total segment revenue $'000	Operating profit $'000	Revenue from external customers $'000	Inter-segment revenue $'000	Total segment revenue $'000	Operating profit $'000
Factory operations								
New Zealand	12,220	135,550	147,770	19,736	32,656	133,939	166,595	22,081
Australia	-	-	-	(1,629)	2,225	10,892	13,117	10,231
North America	33,071	105,614	138,685	(7,758)	39,856	119,757	159,613	(4,765)
Thailand	-	225,338	225,338	43,173	3,861	205,578	209,439	33,495
Europe	106,283	44,687	150,970	4,484	122,889	24,118	147,007	(5,655)
	151,574	511,189	662,763	58,006	201,487	494,284	695,771	55,387
Sales & customer service								
New Zealand	162,825	7,801	170,626	8,462	185,128	6,457	191,585	14,164
Australia	423,263	3,145	426,408	39,204	388,132	5,306	393,438	26,336
North America	172,863	-	172,863	(9,802)	211,451	-	211,451	(15,184)
Europe	18,270	-	18,270	118	21,832	-	21,832	620
Rest of World	36,258	-	36,258	112	12,936	-	12,936	1,073
	813,479	10,946	824,425	38,094	819,479	11,763	831,242	27,009
Unallocated overheads				(59,122)				(43,536)
Currency Fluctuations				(14,185)				(9,441)
One-off expenses*				(500)				(137,102)
One-off income*				6,508				3,904
Appliances business	965,053	522,135	1,487,188	28,801	1,020,966	506,047	1,527,013	(103,779)
Finance business	145,289	-	145,289	34,722	136,063	-	136,063	28,904
Total	1,110,342	522,135	1,632,477	63,523	1,157,029	506,047	1,663,076	(74,875)

Segment revenue reconciliation to the Income Statement

	2011 $'000	2010 $'000
Total segment revenue	1,632,477	1,663,076
Inter-segment revenue elimination	(522,135)	(506,047)
Interest income	1,484	194
Other miscellaneous income	9,117	6,840
Total revenue & other income as per the Income Statement	1,120,943	1,164,063

* Refer Notes 8, 11, 13, 16 & 17

6 Segment information (continued)

Segment total assets

	31 March 2011 $'000	31 March 2010 $'000
Factory operations		
New Zealand	**22,209**	32,884
Australia	**-**	22,651
North America	**127,344**	143,819
Thailand	**101,177**	111,106
Europe	**92,157**	102,664
	342,887	413,124
Sales & customer service		
New Zealand	**52,140**	53,077
Australia	**130,667**	147,431
North America	**45,433**	65,987
Europe	**8,072**	8,426
Rest of World	**8,835**	5,396
	245,147	280,317
Inter-segment eliminations	**(16,799)**	(42,716)
Unallocated assets	**160,759**	207,334
Appliances business	**731,994**	858,059
Finance business	**826,420**	794,140
Total assets as per the Statement of Financial Position	**1,558,414**	1,652,199

6 Segment information (continued)

Other Segment disclosures

	Depreciation		Amortisation		Interest Expense*		Interest Income**		Capital expenditure		Working Capital	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Factory operations												
New Zealand	**3,806**	5,960	**4**	1,752	**1**	-	**(51)**	335				
Australia	**-**	696	**-**	-	**-**	394	**-**	-				
North America	**7,976**	10,520	**165**	534	**1,418**	3,173	**-**	-				
Thailand	**7,669**	6,052	**19**	12	**1,614**	2,454	**(2)**	(2)				
Europe	**2,102**	2,847	**4,556**	6,034	**964**	3,474	**(46)**	(25)				
	21,553	26,075	**4,744**	8,332	**3,996**	9,495	**(99)**	308				
Sales & customer service												
New Zealand	**73**	15	**93**	133	**-**	-	**-**	-				
Australia	**766**	241	**35**	686	**-**	1,793	**(366)**	(423)				
North America	**843**	1,091	**9**	11	**-**	399	**-**	(1)				
Europe	**116**	159	**-**	-	**-**	4	**(2)**	-				
Rest of World	**117**	34	**-**	-	**17**	2	**()**	-				
	1,915	1,540	**137**	830	**17**	2,198	**(368)**	(424)				
Inter-segment eliminations	**-**	-	**-**	-	**-**	-	**-**	-				
Unallocated	**283**	(239)	**3,919**	1,558	**11,390**	16,700	**(15)**	-				
One-Off Costs	**-**	-	**-**	-	**-**	-	**-**	-				
Appliances business	**23,751**	27,376	**8,799**	10,720	**15,403**	28,393	**(482)**	(116)	**24,263**	29,737	**224,084**	227,259
Finance business	**483**	564	**7,860**	7,446	**-**	-	**(1,002)**	(78)	**4,078**	2,037	**-**	-
Total	**24,234**	27,940	**16,659**	18,166	**15,403**	28,393	**(1,484)**	(194)	**28,341**	31,774	**224,084**	227,259

Refer also Note 8

* *Excludes Finance business operating interest*

** *Excludes interest on Finance business receivables, which forms part of revenue from external customers*

7 Revenue & other income

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Appliances business sales of goods revenue				
New Zealand	**162,429**	181,482	**-**	-
Australia	**419,035**	387,871	**-**	-
North America	**207,883**	252,469	**-**	-
Europe	**81,330**	102,055	**-**	-
Rest of World	**69,505**	66,097	**-**	-
Appliances business other sales of goods revenue	**12,217**	19,818	**-**	-
Appliances business sales of services revenue	**12,654**	10,304	**-**	-
Finance business revenue	**145,289**	136,063	**-**	-
Total operating revenue	**1,110,342**	1,157,029	**-**	-
Other income				
Interest	**1,484**	194	**1**	70
Net gains on disposal of property, plant & equipment	**6,300**	4,017	**-**	-
Appliances business fee income	**1,250**	827	**-**	-
Appliances business miscellaneous income	**2,341**	1,991	**-**	-
Finance business fair valuation adjustments	**(774)**	5	**-**	-
Total other income	**10,601**	7,034	**1**	70
Total revenue & other income	**1,120,943**	1,164,063	**1**	70

(a) Sales revenue

Revenue figures reported above are disclosed by location of customer and therefore do not agree directly to Segment disclosures at Note 6, where revenue is reported by country or region of operation.

(b) Net gains on disposal of property, plant & equipment

Net gains on disposal of property, plant & equipment for the period ending 31 March 2011 includes a gain on sale of land & buildings of $6.5 million (2010 $3.9 million).

8 Expenses

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Net gains and expenses				
Profit before income tax includes the following specific expenses:				
Appliances business				
Cost of goods sold ("COGS")	**673,118**	735,767	**-**	-
Items affecting comparability	**1,382**	137,102	**-**	-
Net foreign exchange (gains) / losses	**14,185**	9,441	**-**	-
Other administration expenses	**134,834**	125,216	**-**	-
Administration expenses	**150,401**	271,759	**-**	-
Selling, marketing & distribution expenses	**123,106**	124,170	**-**	-
Total operating expenses - Appliances business	**946,625**	1,131,696	**-**	-
The above expenses include:				
Movement of inventory within COGS	**573,312**	635,233	**-**	-
Employee benefits	**189,718**	192,237	**-**	-
Depreciation	**23,751**	27,376	**-**	-
Amortisation	**8,799**	10,720	**-**	-
Rental expense relating to operating leases	**25,383**	23,141	**-**	-
Defined contribution superannuation expense	**12,500**	13,230	**-**	-
Research & development	**15,668**	10,596	**-**	-
Donations	**352**	45	**-**	-
Impairment/fair valuation of assets - Appliances business				
Land & buildings (non-current assets held for sale)	**500**	4,083	**-**	-
Barter credits - fair valuation	**-**	11,762	**-**	-
Raw materials inventory - fair valuation	-	9,960	**-**	-
Plant & equipment impairment	-	34,915	**-**	-
Brand impairment	**-**	36,682	**-**	-
Capitalised research & development	**-**	4,918	**-**	-
Appliances business finance costs				
External interest expense	**15,403**	28,393	**-**	-
Finance costs expensed	**15,403**	28,393	**-**	-

8 Expenses (continued)

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Finance business				
Receivables written off during the year	**19,545**	18,114	**-**	-
Recovery of amounts previously written off	**(1,509)**	(1,474)	**-**	-
Movement in allowance for impairment	**1,312**	2,835	**-**	-
Impairment charge for credit losses (refer sub-note (i))	**19,348**	19,475	**-**	-
Interest expense & similar charges	**41,360**	38,814	**-**	-
Other Finance business expenses before unearned premium movements	**47,548**	45,073	**-**	-
Movement in unearned insurance & warranty premiums	**2,539**	3,880	**-**	-
Other Finance business expenses	**50,087**	48,953	**-**	-
Total operating expenses - Finance business	**110,795**	107,242	**-**	-
Other Finance business expenses includes:				
Employee benefits	**15,585**	14,940	**-**	-
Depreciation	**483**	564	**-**	-
Amortisation	**7,860**	7,446	**-**	-
Marketing & promotion	**5,529**	4,361	**-**	-
Insurance and warranty commissions & claims	**3,392**	3,161	**-**	-
Rental expense relating to operating leases	**1,988**	1,928	**-**	-
Defined contribution superannuation expense	**686**	681	**-**	-
Donations	**-**	41	**-**	-

(i) Christchurch earthquake adjustment

In the year ended 31 March 2011, the impairment charge for credit losses includes a provision overlay of $2.0 million in relation to the Christchurch earthquake that occurred in February 2011.

(ii) Asset Impairments

In the year ended 31 March 2011 on fair valuing the remaining East Tamaki, Auckland land & buildings, an impairment of $0.5 million was recognised - refer also Note 14.

In the year ended 31 March 2010, as a result of adverse trading conditions affecting North American performance, plant & equipment assets with a book value of $34.9 million, intangible assets with a book value of $26.9 million and other assets with a book value of $21.7 million were impaired. In addition, on fair valuing the remaining East Tamaki, Auckland land & buildings, an impairment of $4.1 million was recognised.

In addition, owing to a change in brand strategy in the New Zealand market, the Board impaired the Elba brand carrying value by $14.7 million.

Further details on impairment losses in the year ended 31 March 2010 are provided in Notes 16 and 17.

8 Expenses (continued)

Auditors' fees

During the year the following fees were paid or payable for services provided by the auditor of the Company and the Group, its related practices and non-related audit firms:

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
(a) Assurance services				
Audit services				
PricewaterhouseCoopers				
Statutory audit - current year	**1,181**	1,260	**-**	-
Statutory audit - prior year	**-**	181	**-**	-
Compliance audits - Appliances Thailand	**31**	31	**-**	-
Fisher & Paykel Finance Limited Debenture Prospectus audit	**10**	14	**-**	-
Farmers Finance securitisation compliance audit	**30**	25	**-**	-
Other audit firm				
Statutory audit - current year	**23**	20	**-**	-
Share register audit	**-**	4	**-**	-
Total remuneration for audit services	**1,275**	1,535	**-**	-
Other assurance services				
PricewaterhouseCoopers				
Review of Group Interim Financial Statements	**106**	116	**-**	-
Advice re International Financial Reporting Standards	**28**	41	**-**	-
Financial due diligence services[1]	**-**	1,195	**-**	-
Other assurance services[2]	**128**	206	**-**	-
Total remuneration for other assurance services	**262**	1,558	**-**	-
Total remuneration for assurance services	**1,537**	3,093	**-**	-
(b) Other services				
PricewaterhouseCoopers				
Statutory reporting software	**28**	32	**-**	-
Total remuneration for other services	**28**	32	**-**	-
Total remuneration	**1,565**	3,125	**-**	-

[1]In the year ended 31 March 2010, fees for financial due diligence services comprised assurance work performed in conjunction with the debt restructuring and equity raising in May/June 2009.

[2]Other assurance services primarily relates to assurance work performed directly on behalf of the Audit & Risk Management Committee or the Board.

9 Income tax expense

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
(a) Income tax expense				
Current tax	**23,259**	(5,109)	**66**	739
Deferred tax	**(8,684)**	(14,831)	**(101)**	(127)
	14,575	(19,940)	**(35)**	612
Deferred income tax (credit)/expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets (Note 18)	**(8,313)**	(11,920)	**(101)**	(127)
(Decrease)/increase in deferred tax liabilities (Note 24)	**(371)**	(2,911)	**-**	-
	(8,684)	(14,831)	**(101)**	(127)
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
(Loss)/profit from continuing operations before income tax expense	**48,120**	(103,268)	**112**	(216)
Tax at the New Zealand tax rate of 30%	**14,436**	(30,980)	**34**	(65)
Tax effect of a change in New Zealand tax rate to 28%	**1,116**	-	**16**	-
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Other non-assessable income	**(2,541)**	(2,290)	**-**	-
Forfeited NRWT and CFC income (2009/10 only) not sheltered by foreign tax credits	**823**	3,689	**-**	-
Unrealised losses/(gains) on New Zealand FC1 debenture	**182**	2,845	**-**	-
Recognition / (Derecognition) of deferred tax	**(1,680)**	-	**-**	-
Credits provided to/from Group companies	**-**	-	**(151)**	677
Other non-deductible amounts	**3,144**	8,699	**-**	-
	15,480	(18,037)	**(101)**	612
Difference in overseas tax rates	**(126)**	(1,496)	**-**	-
Under/(over) provision in prior years	**(779)**	(407)	**66**	-
	(905)	(1,903)	**66**	-
Income tax expense	**14,575**	(19,940)	**(35)**	612

Tax legislation passed in 2010 reduced the New Zealand company tax rate from 30% to 28%, effective 1 April 2011.

The weighted average applicable effective tax rate for the year ended 31 March 2011 was 30.3% (2010 31.2%). The decrease from the year ended 31 March 2010 is primarily due to prior year adjustments in New Zealand and the USA.

The Group has estimated New Zealand tax losses available to carry forward of $15.9 million (2010 $18.9 million), subject to shareholder continuity being maintained as required by New Zealand tax legislation. In addition, the Group has unrecognized New Zealand tax losses of $0.8 million.

The Group has estimated North American tax losses available to carry forward of $14.8 million (2010 $8.9 million) and tax credits of $4.3 million. These are subject shareholder continuity being maintained as required by US tax legislation. In addition, the Group has unrecognized US tax losses and credits totalling $26.8 million.

10 Cash & cash equivalents

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Cash at bank and on hand	**40,654**	54,364	**1**	-
Deposits	**72,875**	28,450	**-**	-
	113,529	82,814	**1**	-

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the Cash Flow Statement as follows:

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Balance as above	**113,529**	82,814	**1**	-
Bank overdrafts (Note 19)	**-**	(164)	**-**	-
Balances per Cash Flow Statement	**113,529**	82,650	**1**	-

(b) Cash at bank and on hand

This consists of both interest and non-interest bearing balances denominated in various currencies. The weighted average interest rate as at 31 March 2011 was 1.8% (2010 1.9%).

(c) Deposits

These are Finance business call and term deposits. The call deposits bear a weighted average interest rate of 2.5% (2010 2.5%). The term deposits bear a weighted average interest rate ranging between 3.3% to 4.3% (2010 3.4% to 4.0%) and an average maturity period of 39 days (2010 61 days).

(d) Fair value

The carrying amount for cash & cash equivalents equals the fair value.

11 Trade receivables & other current assets

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Net trade receivables				
Trade receivables	**129,222**	148,784	**-**	-
Allowance account for impairment of trade receivables	**(1,105)**	(1,568)	**-**	-
	128,117	147,216	**-**	-
Other debtors & prepayments	**22,511**	30,828	**27**	24
	150,628	178,044	**27**	24

(a) Impaired receivables

As at 31 March 2011 current trade receivables of the Group with a nominal value of $1.1 million (2010 $1.6 million), which relate to a number of customers, were impaired. The amount of the provision was $1.1 million (2010 $1.6 million). There were no impaired trade receivables in the Parent in 2011 or 2010.

The ageing of these impaired receivables is as follows:

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
0 to 60 days	**390**	65	**-**	-
61 to 120 days	**66**	79	**-**	-
Over 120 days	**649**	1,424	**-**	-
	1,105	1,568	**-**	-

As of 31 March 2011, trade receivables of $5.1 million (2010 $9.8 million) were past due but not impaired. These relate to a number of customers who pay outside terms (but consistent with custom & practice for their sector) and for whom there is no recent history of default. The ageing analysis of these past due but not impaired receivables is as follows:

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
0 to 60 days	**3,638**	5,011	**-**	-
61 to 120 days	**888**	3,178	**-**	-
Over 120 days	**584**	1,576	**-**	-
	5,110	9,765	**-**	-

11 Trade receivables & other current assets (continued)

Movements in the provision for impairment of receivables are as follows:

	Consolidated		**Parent**	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Carrying amount at the start of the year	**1,568**	1,683	**-**	-
Exchange rate variance on opening balance	**(46)**	(289)	**-**	-
Additional provision recognised	**749**	733	**-**	-
Utilised during the year	**(1,166)**	(559)	**-**	-
	1,105	1,568	**-**	-

The creation and release of the provision for impaired receivables has been included in Administration expenses in the Income Statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other current assets do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(b) Bad and doubtful trade receivables

The Group has recognised a net loss of $373,000 in respect of bad and doubtful trade receivables during the year ended 31 March 2011 owing to recovery of debts previously written off (2010 loss of $911,000). This expense has been included in Administration expenses.

(c) Other debtors & prepayments

Other debtors & prepayments as at 31 March 2011 includes $2.0 million deferred sale proceeds from the sale of land & buildings in East Tamaki, Auckland. These are expected to be received during the first half of the year ended 31 March 2012 – refer also Note 14.

These amounts generally arise from transactions outside the usual operating activities of the Group.

(d) Foreign exchange and interest rate risk

A summarised analysis of the sensitivity of trade and other receivables to foreign exchange and interest rate risk can be found in Note 4.

(e) Fair value and credit risk

Due to the short-term nature of these trade receivables, carrying value is assumed to approximate their fair value.

12 Finance receivables

	31 March 2011 $'000	31 March 2010 $'000
Current		
Finance receivables	**391,475**	406,036
Provision for unearned interest	**(5,186)**	(6,503)
Allowance for impairment	**(16,413)**	(15,819)
Total current Finance receivables	**369,876**	383,714
Non-current		
Finance receivables	**245,250**	245,475
Provision for unearned interest	**(3,249)**	(3,932)
Allowance for impairment	**(10,282)**	(9,564)
Total non-current Finance receivables	**231,719**	231,979
Total Finance receivables	**601,595**	615,693

The Finance business recognised an impairment charge for credit losses of $19.3 million in respect of impaired receivables for the year ended 31 March 2011 (2010 $19.5 million). Refer to Note 8.

(a) Finance business leases

The Finance business provides lease finance to customers for purchase of office and other equipment.

	31 March 2011 $'000	31 March 2010 $'000
Finance lease receivables		
Gross receivables from finance leases:		
Not later than 1 year	**21,624**	23,727
Later than 1 year and not later than 5 years	**21,626**	21,808
Later than 5 years	**83**	221
	43,333	45,756
Unearned finance income	**(2,511)**	(3,166)
Allowance for uncollectible minimum lease payments receivable	**(1,914)**	(1,129)
	(4,425)	(4,295)
Net investment in finance leases	**38,908**	41,461

The net investment in finance leases is analysed as follows:

	31 March 2011 $'000	31 March 2010 $'000
Not later than 1 year	**19,151**	21,200
Later than 1 year and not later than 5 years	**19,689**	20,072
Later than 5 years	**68**	189
	38,908	41,461

12 Finance receivables (continued)

(b) Impaired receivables

Net finance receivables are summarised as follows:

	31 March 2011 $'000	31 March 2010 $'000
Neither past due nor impaired	**562,002**	568,580
Past due but not impaired	**32,252**	35,487
Impaired – individually assessed	**34,036**	37,009
Gross	**628,290**	641,076
Less:		
Allowance for impairment – individually assessed	**21,005**	22,095
Allowance for impairment – collectively assessed	**5,690**	3,288
Net	**601,595**	615,693

The past due but not impaired category includes those Finance receivables for which the customer has failed to make a payment when contractually due and for which the receivable has not been individually assessed for impairment. The gross figures disclosed include the customers' entire balance rather than the overdue portion.

The carrying amount of Finance receivables that would otherwise be past due whose terms have been renegotiated at 31 March 2011 was $44.5 million (2010 $37.3 million). These receivables are included in the Neither past due nor impaired category and are considered by Management to be fully performing.

The table below shows a reconciliation of the movement in gross Finance receivables (after provision for unearned interest) that are individually determined to be impaired.

	31 March 2011 $'000	31 March 2010 $'000
Balance at 1 April	**37,009**	34,813
Net additions/(deletions) to class	**14,300**	18,646
Receivables written off during the year	**(17,273)**	(16,450)
Balance at 31 March	**34,036**	37,009

12 Finance receivables (continued)

The ageing of other gross Finance receivables past due but not impaired is as follows:

	31 March 2011 $'000	31 March 2010 $'000
Up to 30 days	**22,324**	23,946
31-60 days	**7,312**	8,334
61-90 days	**2,546**	3,111
Over 90 days	**70**	96
	32,252	35,487

Collateral held for Finance receivables individually determined to be impaired and Finance receivables past due but not impaired is as follows:

- Q Card advances are generally secured by way of reservation of title over the asset financed. Personal Loans are generally unsecured

- Farmers credit card receivables are unsecured. Farmers fixed instalment receivables are generally secured over the goods financed

- It is impracticable to estimate the fair value of collateral held because of the average size of each advance outstanding, the number of advances outstanding, the term to maturity of each advance and the wide variety and condition of each asset financed. The Finance business will, in the first instance, attempt to collect the outstanding debt without recourse to the secured asset. In many instances third party collection agencies are utilised. Repossession of secured assets occurs only in limited circumstances and where it is economic to do so. The carrying amount of these collateralised assets at balance date was immaterial

Movements in the '*Allowance for impairment - collectively assessed'* is as follows:

	31 March 2011 $'000	31 March 2010 $'000
Balance at 1 April	**3,288**	1,542
Movement in allowance for impairment during the year	**2,402**	1,746
Balance at 31 March	**5,690**	3,288

Movements in the '*Allowance for impairment - individually assessed*' is as follows:

	31 March 2011 $'000	31 March 2010 $'000
Balance at 1 April	**22,095**	21,006
Movement in allowance for impairment during the year	**(1,090)**	1,089
Balance at 31 March	**21,005**	22,095

The creation and release of the allowances for impaired Finance receivables has been included in the 'Impairment charge for credit losses' in Note 8. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

12 Finance receivables (continued)

(c) Fair values

The fair values and carrying values of Finance receivables are as follows:

	31 March 2011		31 March 2010	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Finance receivables	**601,595**	**598,640**	615,693	610,794

The fair values of Finance receivables other than bulk finance receivables are based on cash flows discounted using current lending rates ranging between 15.4% to 15.7% (2010 15.8% to 15.9%).

The fair value of finance lease receivables are based on cash flows discounted using a current lending rate of 14.8% (2010 13.9%).

The fair values of bulk Finance receivables are based on cash flows discounted using current lending rates ranging between 2.5% to 2.9% (2010 7.2% to 8.5%).

The fair value of other Finance receivables equals their carrying amount as the effect of discounting was immaterial.

(d) Interest rate risk

For an analysis of the sensitivity of Finance receivables to interest rate risk, refer to Note 5.

(e) Credit risk

Refer to Note 5 for more information on credit risk from Finance receivables including objectives, policies and processes for managing credit risk.

13 Inventories

	Consolidated		**Parent**	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Raw materials	**54,355**	56,513	**-**	-
Spare parts	**15,909**	16,234	**-**	-
Work-in-progress	**13,605**	14,558	**-**	-
Finished goods	**111,239**	118,336	**-**	-
	195,108	205,641	**-**	-

Inventory expense

Raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of goods sold in the year ending 31 March 2011 was $573.3million (2010 $635.2 million).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 31 March 2011 amounted to $0.5 million (2010 $11.5 million). The large adjustment in the year ended 31 March 2010 related to the fair valuation adjustment to raw materials inventory in conjunction with the downturn in North American performance. This expense is included in Administration expenses in the Income Statement.

The carrying value of inventories carried at fair value less costs to sell as at 31 March 2011 was $8.1 million (2010 $12.3 million).

14 Non-current assets classified as held for sale

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Land	**9,501**	12,493	**-**	-
Buildings	**5,520**	27,558	**-**	-
Plant & equipment	**-**	191	**-**	-
	15,021	40,242	**-**	-

Pursuant to the Appliances business' Global Manufacturing Strategy, land & buildings in East Tamaki, New Zealand are classified as assets held for sale and stated at fair value less anticipated costs to sell.

In October 2010, part of the land & buildings in Cleveland, Australia were sold for $28.3 million.

In March 2011, land & buildings at the East Tamaki site were sold for $2.25 million and sale proceeds of $2.0 million were deferred pending issue of separate legal title and are expected to be received in June 2011 - refer also Notes 7 and 11.

In March 2011, the remaining parcel of land in Cleveland was sold for $1.6 million.

An impairment charge of $0.5 million (2010 $4.1 million) was recognised in the year ended 31 March 2011 relating to fair value adjustments on the remaining land & buildings comprising the East Tamaki site. These assets are classified as unallocated assets in the Segment Note - refer Note 6.

15 Derivative financial instruments

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Current assets				
Forward foreign exchange contracts ((a)(i))	**2,654**	729	**-**	-
Non-current assets				
Forward foreign exchange contracts ((a)(i))	**3**	-	**-**	-
Interest rate swaps ((a)(ii))	**1**	173	**-**	-
Total non-current derivative financial instrument assets	**4**	173	**-**	-
Total derivative financial instrument assets	**2,658**	902	**-**	-
Current liabilities				
Forward foreign exchange contracts ((a)(i))	**20,029**	6,561	**-**	-
Interest rate swaps ((a)(ii))	**971**	2,609	**-**	-
Total current derivative financial instrument liabilities	**21,000**	9,170	**-**	-
Non-current liabilities				
Forward foreign exchange contracts ((a)(i))	**183**	1,016	**-**	-
Interest rate swaps ((a)(ii))	**5,518**	4,878	**-**	-
Total non-current derivative financial instrument liabilities	**5,701**	5,894	**-**	-
Total derivative financial instrument liabilities	**26,701**	15,064	**-**	-
Total derivative financial instruments	**(24,043)**	(14,162)	**-**	-

Derivative financial assets and liabilities are classified as current or non-current according to the underlying hedge relationship. Where an effective hedged item has a remaining maturity of more than 12 months it is classified as non-current.

15 Derivative financial instruments (continued)

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies (Refer Notes 4 & 5).

(i) Forward foreign exchange contracts

The Appliances business hedges net receipts of US dollars from related parties for products manufactured in Thailand.

The Appliances business hedges net payments in US dollars for imported raw materials and appliances from third parties and finished products manufactured in Thailand and Mexico into New Zealand, Australia, Canada, Singapore and the United Kingdom.

These contracts are hedging highly probable forecasted purchases and receipts for up to two years and the contracts are timed to mature when payments are scheduled to be made or when sales have been recognised.

The Appliances business also hedges significant capital expenditure transactions with a policy de minimis of NZ$500,000.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Appliances business adjusts the initial measurement of the component recognised in the Statement of Financial Position by the related amount deferred in equity.

During the year ended 31 March 2011 a loss of $11.6 million (2010 loss of $11.5 million) was reclassified from equity and included in gross margin. There was no hedge ineffectiveness in the current or prior year.

(ii) Interest rate derivatives

Appliances business

The Appliances business has loans totalling US$8.5million, €16million and THB800million that form part of the core borrowings rather than operational floats. The Group Treasury Policy states between 30 and 70 percent of these loans should be fixed via interest rate derivatives to protect the Group from exposure to fluctuations in interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Following the debt restructuring completed in May 2009, all interest rate derivatives were deemed ineffective and consequently the fair value movements on these derivatives are recognised in profit or loss in each period.

Swaps currently in place cover approximately 370% (2010 190%) of the US dollar, 78% (2010 156%) of the Euro and 44% (2010 69%) of the Thai baht loan principals outstanding and the swaps are timed to expire as each loan repayment falls due. The swap cover on the US dollar and Euro loans in outside policy limits (with Board consent) owing to the reduction of foreign currency denominated loans as debt levels have fallen.

The fixed interest rates average 4.89% for the US dollar loan (2010 4.91%), 4.25% for the Euro loan (2010 4.26%) and 4.64% (2010 4.63%) for the Thai baht loan. The variable rates are set at the LIBOR 90 day settlement rates for the US dollar and Euro loans and the Reuters THBFIX 180 day settlement rate for the Thai baht loan, which at balance date were 0.30% (2010 0.29%) for the US dollar, 1.18% (2010 0.64%) for the Euro and 1.88% (2010 1.55%) for the Thai baht.

The contracts require settlement of net interest receivable or payable each 90/180 days as appropriate. The contracts are settled on a net basis.

15 Derivative financial instruments (continued)

Finance business

The Finance business only applies fair value hedge accounting for hedging fixed interest on its bulk Finance receivables and uses fair value hedges to protect against movements in the fair value of its fixed rate receivables due to movements in market interest rates. Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in the Income Statement (within "Finance business fair value adjustments" in Other Income - refer Note 7), together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

The Finance business has designated certain interest rate swaps as hedging instruments against loans and advances made to Smithcorp Finance Limited (bulk Finance receivables). The notional principal outstanding at 31 March 2011 for these interest rate swaps was $74.0 million (2010 $67.4 million).

The fair value movement on the hedging instrument (interest rate swaps) for the year ended 31 March 2011 was a loss of $211,000 (2010 gain of $106,000). The fair value movement on the hedged item (attributable risk of bulk Finance receivables) for the year ended 31 March 2011 was a gain of $184,000 (2010 loss of 106,000).

The Finance business only applies cash flow hedge accounting for hedging the variability in cash flows arising from the rollover of its bank loans and uses cash flow hedges to protect against variability in future cash flows due to movements in market interest rates. Changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are recorded in equity (Interest rate hedge reserve).

The Finance business has designated a portion of certain interest rate swaps as hedging instruments against the variability in the cash outflows arising on the rollover of bank loans after 1 April 2010. The notional principal outstanding at 31 March 2011 for these interest rate swaps was $99 million (2010 N/A).

The fair value movement on the hedging instrument for the year ended 31 March 2011 recognised in equity was a loss of $1.3 million. For the year ended 31 March 2011 there was no ineffectiveness recognised in the Income Statement arising from these cash flow hedges.

The Finance business uses interest rate swaps to economically hedge a portion of its asset/liability gap. The notional principal outstanding at 31 March 2011 for these interest rate swaps was $104.0 million (2010 $215.8 million).

Refer also to 'Financial risk management - Finance business' Note 5(d) & (e) for further details on Finance business derivatives.

(b) Credit risk exposures

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. At balance date $2.7 million is receivable (New Zealand dollar equivalents) for the Appliances business from forward foreign exchange contracts (2010 $729,000).

The Appliances business undertakes 100% of its transactions in foreign exchange, interest rate and commodity price contracts with financial institutions. Management spreads this risk across several counterparties, all of which are required to hold a minimum Standard & Poor's long-term credit rating of “BBB+”. Credit risk control limits are then applied to Board approved counterparties dependent on the rating.

The Finance business enters into interest rate derivatives with Board approved financial institutions. All approved counterparties have a minimum Standard & Poor's long-term credit rating of “AA” and the Finance business does not require collateral or other security to support these financial instruments. At balance date $1,000 (2010 $173,000) is receivable in respect of these financial instruments.

(c) Interest rate risk exposures

For an analysis of the sensitivity of derivatives to interest rate risk refer to Notes 4 and 5.

16 Property, plant & equipment

		Freehold land $'000	Freehold buildings $'000	Leasehold improvements $'000	Plant & equipment $'000
1 April 2009					
Cost		22,370	57,918	8,441	492,804
Accumulated depreciation & impairment		-	(5,748)	(4,089)	(302,934)
Net book amount		22,370	52,170	4,352	189,870
Year ended 31 March 2010					
Opening net book amount		22,370	52,170	4,352	189,870
Additions		-	11,043	69	26,182
Disposals		-	(252)	-	(3,627)
Transfers to/(from) assets held for sale		-	-	-	653
Depreciation charge		-	(724)	(1,067)	(24,964)
Impairment charge	(b)	-	-	(292)	(34,626)
Exchange differences		(3,155)	(5,500)	(679)	(22,421)
Closing net book amount		19,215	56,737	2,383	131,067
31 March 2010					
Cost		19,215	61,387	6,317	529,132
Accumulated depreciation & impairment		-	(4,650)	(3,934)	(398,065)
Net book amount		19,215	56,737	2,383	131,067

		Fixtures & fittings $'000	Motor vehicles $'000	Capital Work-in -Progress $'000	Total $'000
1 April 2009					
Cost		9,741	2,221	27,250	620,745
Accumulated depreciation & impairment		(5,428)	(2,032)	-	(320,231)
Net book amount		4,313	189	27,250	300,514
Year ended 31 March 2010					
Opening net book amount		4,313	189	27,250	300,514
Additions		1,231	6	(19,542)	18,989
Disposals		-	(2)	-	(3,881)
Transfers to/(from) assets held for sale		10	-	-	663
Depreciation charge		(1,045)	(140)	-	(27,940)
Impairment charge	(b)	-	-	-	(34,918)
Exchange differences		(338)	5	(2,965)	(35,053)
Closing net book amount		4,171	58	4,743	218,374
31 March 2010					
Cost		11,131	1,984	4,743	633,909
Accumulated depreciation & impairment		(6,960)	(1,926)	-	(415,535)
Net book amount		4,171	58	4,743	218,374

16 Property, plant & equipment (continued)

	Freehold land $'000	Freehold buildings $'000	Leasehold improvements $'000	Plant & equipment $'000
Year ended 31 March 2011				
Opening net book amount	19,215	56,737	2,383	131,067
Additions	-	42	1,660	13,011
Reclassification*	-	(2,738)	-	2,738
Disposals	-	-	(19)	(5,185)
Depreciation charge	-	(997)	(933)	(21,305)
Exchange differences	(343)	(1,174)	(56)	(4,241)
Closing net book amount	18,872	51,870	3,035	116,085
31 March 2011				
Cost	18,872	57,490	7,437	511,501
Accumulated depreciation & impairment	-	(5,620)	(4,402)	(395,416)
Net book amount	18,872	51,870	3,035	116,085

	Fixtures & fittings $'000	Motor vehicles $'000	Capital Work-in -Progress $'000	Total $'000
Year ended 31 March 2011				
Opening net book amount	4,171	58	4,743	218,374
Additions	633	72	3,906	19,324
Reclassification*	-	-	-	-
Disposals	(102)	(1)	-	(5,307)
Depreciation charge	(952)	(47)	-	(24,234)
Exchange differences	56	(1)	(243)	(6,002)
Closing net book amount	3,806	81	8,406	202,155
31 March 2011				
Cost	11,552	1,953	8,406	617,211
Accumulated depreciation & impairment	(7,746)	(1,872)	-	(415,056)
Net book amount	3,806	81	8,406	202,155

* Assets incorrectly classified as "Buildings" in prior periods were reclassified in the current period to "Plant & equipment". Depreciation rates were unaffected and remain valid for these assets, which are infrastructure related items located in Thailand.

(a) Leased assets

Plant & equipment includes the following amounts where the Group is a lessee under a finance lease:

	31 March 2011 $'000	31 March 2010 $'000
Cost	**131**	3,373
Accumulated depreciation	**(54)**	(1,945)
Net book amount	**77**	1,428

16 Property, plant & equipment (continued)

(b) Impairment charges in the year ended 31 March 2010

Management has reviewed the recoverable amounts of assets impaired in the year ended 31 March 2010 and these continue to be fairly stated as at 31 March 2011. Washer production has not resumed in Ohio and the premium market segment in North America continues to be adversely affected by global economic conditions.

North American performance

Total impairment charges for property, plant & equipment in the year ended 31 March 2010 were $34.9 million. Refer also Note 17 for details of impairment charges relating to associated intangible assets.

Washer production transferred from Ohio to Thailand in November 2009 and owing to uncertainty over timing of a resumption of washing machine production in Ohio, the assets were fully impaired resulting in an impairment loss of $7.7 million.

Following the downturn in the North American market, an impairment review was performed on the Ohio clothes dryer production line. Projected cashflows for this line did not support the carrying value and it was fully impaired, resulting in an impairment loss of $5.1 million.

The downturn in the North American market was especially pronounced in the premium segment. Impairment reviews in the year ended 31 March 2010 on assets associated with premium refrigeration production in Mexico, resulted in a total impairment loss of $19.2 million on plant & equipment as projected cashflows indicated the recoverable amount was lower than the carrying amount. Intangible assets were also impaired as part of the review - refer Note 17.

The recoverable amount was based on value-in-use calculations and in calculating the value-in-use, Management made the following assumptions:

- growth rate: budgeted sales in 2010/11, 20% reduction on annualised forecast sales in 2011/12, 10% growth 2012/13, 15% growth 2013/14 with a growth rate of 2.5% thereafter

- 10 year useful economic life

- pre tax discount rate: 20.7%

- budgeted margins for 2010/11 and thereafter

Owing to the current state of trading in the North American market, the refrigeration manufacturing facility at Reynosa, Mexico is forecast to run at low capacity in the year ending 31 March 2011. The carrying amount of these assets at 31 March 2011 was $10.5 million. Management view this as a temporary situation and these assets will continue to depreciate as normal, in accordance with the Group's accounting policies.

CoolDrawer assets

In the year ended 31 March 2010, the Board impaired plant & equipment assets associated with CoolDrawer by $2.5 million as projected cashflows indicated that the recoverable amount was lower than the carrying amount. The review also resulted in impairment of intangible assets associated with production of CoolDrawer - refer Note 17.

The recoverable amount was based on value-in-use calculations and in calculating the value-in-use, Management made the following assumptions:

- growth rate: budgeted sales in 2010/11, with a growth rate of 15% thereafter

- 10 year useful economic life

- pre tax discount rate: 17.9%

- budgeted margins for 2010/11 and thereafter

Leasehold improvements

Leasehold improvements related to closed facilities totalling $0.3 million were impaired in the year ended 31 March 2010.

17 Intangible assets

	Development costs $'000	Goodwill $'000	Patents & trademarks $'000	Computer software $'000
1 April 2009				
Cost	19,479	136,030	7,879	35,149
Accumulated amortisation & impairment	(4,659)	(69,689)	(3,522)	(23,384)
Net book amount	14,820	66,341	4,357	11,765
Year ended 31 March 2010				
Opening net book amount	14,820	66,341	4,357	11,765
Additions	5,240	-	470	2,306
Disposals	-	-	-	(228)
Amortisation charge	(3,273)	-	(1,685)	(3,277)
Impairment charge*	(4,918)	-	-	-
Exchange differences	(1,638)	(5,357)	(20)	95
Closing net book amount	10,231	60,984	3,122	10,661
31 March 2010				
Cost	23,820	117,422	6,579	34,844
Accumulated amortisation & impairment	(13,589)	(56,438)	(3,457)	(24,183)
Net book amount	10,231	60,984	3,122	10,661

	Brands $'000	Licences $'000	Customer Relationships $'000	Total $'000
1 April 2009				
Cost	73,856	151,017	44,271	467,681
Accumulated amortisation & impairment	-	(56,039)	(12,543)	(169,836)
Net book amount	73,856	94,978	31,728	297,845
Year ended 31 March 2010				
Opening net book amount	73,856	94,978	31,728	297,845
Additions	-	-	-	8,016
Disposals	-	-	-	(228)
Amortisation charge	-	(5,963)	(3,968)	(18,166)
Impairment charge*	(36,682)	-	-	(41,600)
Exchange differences	(15,073)	8	(5,651)	(27,636)
Closing net book amount	22,101	89,023	22,109	218,231
31 March 2010				
Cost	22,101	147,430	35,853	388,049
Accumulated amortisation & impairment	-	(58,407)	(13,744)	(169,818)
Net book amount	22,101	89,023	22,109	218,231

17 Intangible assets (continued)

	Development costs $'000	Goodwill $'000	Patents & trademarks $'000	Computer software $'000
Year ended 31 March 2011				
Opening net book amount	10,231	60,984	3,122	10,661
Additions	7,588	-	497	4,618
Disposals	-	-	(157)	-
Amortisation charge	(3,228)	-	(614)	(2,836)
Exchange differences	(476)	(765)	36	(228)
Closing net book amount	14,115	60,219	2,884	12,215
31 March 2011				
Cost	32,609	115,890	6,104	39,899
Accumulated amortisation & impairment	(18,494)	(55,671)	(3,220)	(27,684)
Net book amount	14,115	60,219	2,884	12,215

	Brands $'000	Licences $'000	Customer Relationships $'000	Total $'000
Year ended 31 March 2011				
Opening net book amount	22,101	89,023	22,109	218,231
Additions	-	4	-	12,707
Disposals	-	-	-	(157)
Amortisation charge	-	(6,555)	(3,426)	(16,659)
Exchange differences	(1,241)	(89)	(411)	(3,174)
Closing net book amount	20,860	82,383	18,272	210,948
31 March 2011				
Cost	20,860	147,091	35,366	397,819
Accumulated amortisation & impairment	-	(64,708)	(17,094)	(186,871)
Net book amount	20,860	82,383	18,272	210,948

* In the year ended 31 March 2010, the Elba brand allocated to the factory operations Italy cash generating unit and capitalised development costs held in New Zealand were impaired, Further details are shown in sub-Notes (b)(iv) & (c) below.

Management has reviewed the recoverable amounts of assets impaired in the year ended 31 March 2010 and these continue to be fairly stated as at 31 March 2011. The Elba brand has largely been withdrawn from Australasian markets and the premium market segment in North America continues to be adversely affected by global economic conditions.

17 Intangible assets (continued)

(a) Goodwill

(i) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) according to the operations expected to benefit from the synergies of the business combination.

A summary of the goodwill allocation is shown below:

2011	**Sales & customer services**	**Factory operations**	**Consumer finance**	**Other**	**Total**
	$'000	$'000	$'000	$'000	$'000
Appliances New Zealand	7,921	-	-	-	7,921
Appliances North America	2,833	8,467	-	-	11,300
Appliances Australia	4,167	-	-	-	4,167
Appliances Rest of World	3,107	-	-	-	3,107
Finance business	-	-	32,118	1,606	33,724
	18,028	8,467	32,118	1,606	60,219

2010	**Sales & customer services**	**Factory operations**	**Consumer finance**	**Other**	**Total**
	$'000	$'000	$'000	$'000	$'000
Appliances New Zealand	7,974	-	-	-	7,974
Appliances North America	2,872	9,040	-	-	11,912
Appliances Australia	4,224	-	-	-	4,224
Appliances Rest of World	3,150	-	-	-	3,150
Finance business	-	-	32,118	1,606	33,724
	18,220	9,040	32,118	1,606	60,984

(ii) Key assumptions used for value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets prepared by management and approved by the Board covering a five-year period. Cashflow projections are derived using past experience, expectations for the future and external sources of financial and economic data where appropriate.

In arriving at the projected cashflows, management has made assumptions about sales revenue growth, key raw material prices and foreign currency average exchange rates based on industry and economic indicators.

The following EBITDA (operating earnings before interest, taxation, depreciation & amortisation) growth rates (Finance business uses NPBT or net profit before taxation) have been applied by management in the budgeted cashflow projections:

- EBITDA growth rate applied to North American factory operations goodwill: Nil
- EBITDA growth rate applied to sales & customer services goodwill: Nil
- NPBT growth rate applied to Consumer Finance goodwill: 9.5% (on average; ranges from 4.8%-12.6%)

The terminal growth rates used to extrapolate cash flows beyond the budget period were:

- North American factory operations goodwill: 2%
- Sales & customer services goodwill: 2.0%
- Consumer Finance goodwill: 2.0%

17 Intangible assets (continued)

The following pre-tax discount rates have been applied to the cash flow projections:

- Goodwill allocated to North American factory operations: 12.13%
- Goodwill allocated to Sales & customer services: ranges between 16.35% and 116.56%
- Goodwill allocated to Consumer Finance: 15.54%

(iii) Impact of possible changes in key assumptions

The recoverable amount of the North American factory operations CGU was $63.5 million, which exceeded the carrying amount by $14.1 million. If the pre-tax discount rate applied to the cash flow projections of the North American factory operations CGU was 15.39% instead of 12.13%, the recoverable amount of the CGU would equal its carrying amount.

The above analysis assumes nil EBITDA growth for 4 years until the terminal year.

Management does not consider any reasonably possible change in other key assumptions applied to other goodwill balances would reduce the recoverable amounts below their carrying amounts.

(b) Brands

(i) Impairment tests for brands

Acquired brands are allocated to the Group's CGUs identified according to country of operation.

2011	**"DCS"** $'000	**"Elba"** $'000	**Total** $'000
Sales & customer services North America	17,135	-	17,135
Sales & customer services New Zealand	-	3,725	3,725
	17,135	3,725	20,860

2010	**"DCS"** $'000	**"Elba"** $'000	**Total** $'000
Sales & customer services North America	18,325	-	18,325
Sales & customer services New Zealand	-	3,776	3,776
	18,325	3,776	22,101

(ii) Key assumptions used for relief-from-royalty calculations

The recoverable amount for brands is determined based on relief-from-royalty calculations. These calculations use cash flow projections based on financial budgets prepared by management and approved by the Board covering a five-year period. Cashflow projections are derived using past experience, expectations for the future and external sources of financial and economic data where appropriate.

In arriving at the projected cashflows, management has made assumptions about sales revenue growth and foreign currency average exchange rates based on industry and economic indicators.

The following growth rates have been applied to brand sales revenue by management in the cash flow projections:

- "DCS": Nil
- "Elba": Nil

The royalty rates used in the relief-from-royalty calculations were as follows:

- "DCS": 3.0%
- "Elba": 2.0%

17 Intangible assets (continued)

The terminal growth rates used to extrapolate cash flows beyond the budget period were:

- "DCS": 2%
- "Elba": Nil

The following pre-tax discount rates have been applied to the cash flow projections:

- "DCS": 10.08%
- "Elba": 11.72%

(iii) Impact of possible changes in key assumptions

DCS Brand

The recoverable amount of the DCS brand at 31 March 2011 is estimated to be $20.5 million, which exceeds the carrying amount by $3.4 million.

Detailed sales figures for the DCS brand are considered commercially sensitive and therefore are not disclosed. Management has used budgeted sales revenues for 2011/12, with a growth rate of 2% thereafter for the following 4 years and a terminal growth rate of 2%.

The recoverable amount is sensitive to changes in the assumed royalty rate. If the royalty rate decreased from 3.0% to 2.5%, the recoverable amount is reduced to $17.0 million, which is $0.1 million below the carrying amount.

The recoverable amount is sensitive to changes in the assumed discount rate. If the pre-tax discount rate increased from 10.08% to 11.74%, the recoverable amount would equal the carrying amount.

Management does not consider any reasonably possible change in other key assumptions would reduce the recoverable amount below the carrying amount.

Elba Brand

The recoverable amount of the Elba brand at 31 March 2011 is estimated to be $4.7 million, which is $0.9 million above the carrying amount. The recoverable amount is based on nil sales growth over the next 5 years and nil terminal growth.

Detailed sales figures for the Elba brand are considered commercially sensitive and therefore are not disclosed.

The recoverable amount is sensitive to changes in the assumed royalty rate. If the royalty rate decreased from 2.0% to 1.6%, the recoverable amount is equal to the carrying amount.

Management does not consider any reasonably possible change in other key assumptions would reduce the recoverable amount below the carrying amount.

(iv) Impairment charges in the year ended 31 March 2010

The Board assessed the recoverable amount of the Elba brand as at 31 March 2010 as equal to $3.8 million, resulting in an impairment loss of $14.7 million from the carrying amount.

(c) Other intangible asset impairments in the year ended 31 March 2010

As part of the impairment review of assets associated with refrigeration production in Mexico, $4.1 million of capitalised research & development assets were impaired as projected cashflows indicated a recoverable amount lower than the carrying amount. Refer also Note 16 for the assumptions made in determining value-in-use.

As part of the impairment review of assets associated with CoolDrawer production, $0.8 million of capitalised research & development assets were impaired as projected cashflows indicated a recoverable amount lower than the carrying amount. Refer also Note 16 for the assumptions made in determining value-in-use.

(d) Other material intangible assets

The Finance business has a license with a net book value of $76.5 million as at 31 March 2011 (2010 $82.6 million). This is an exclusive license to provide financial services to the Farmers Trading Company for a period of 20 years. The license has a remaining amortisation period of 12.6 years.

There were no indicators of impairment in the year ended 31 March 2011.

18 Deferred tax assets

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
The balance comprises temporary differences attributable to:				
Receivables provisions	**8,216**	209	**-**	-
Employee benefits	**5,633**	4,651	**228**	127
Inventories	**2,429**	10,145	**-**	-
Warranty provisions	**4,130**	4,430	**-**	-
Property, plant & equipment	**9,969**	(5,800)	**-**	-
Intangibles (excl DCS brand)	**(21,425)**	-	**-**	-
DCS brand	**2,841**	5,142	**-**	-
Cessation of business (Australian manufacturing)	**-**	2,649	**-**	-
Impairment of barter credits	**4,230**	4,667	**-**	-
Derivative financial instruments	**2,005**	(253)	**-**	-
USA energy tax credit*	**4,260**	4,941	**-**	-
Tax losses to carry forward*	**30,605**	39,989	**-**	-
Other temporary differences	**2,964**	5,436	**-**	-
	55,857	76,206	**228**	127
Movements:				
Opening balance at 1 April	**76,206**	67,830	**127**	-
Effect of a change in New Zealand tax rate to 28%	**800**	-	**(16)**	-
Credited (charged) to the Income Statement (Note 9)	**8,313**	11,920	**101**	127
Credited/(charged) to equity	**(5,646)**	1,999	**-**	-
Prior period adjustment	**(5,140)**	-	**6**	-
Transfer from Deferred tax liabilities	**(19,487)**	-	**-**	-
Foreign exchange differences	**2,406**	(5,543)	**-**	-
Other movements	**(1,595)**	-	**10**	-
Closing balance at 31 March	**55,857**	76,206	**228**	127
Expected settlement				
Within 12 months	**17,167**	11,851	**204**	55
In excess of 12 months	**38,690**	64,355	**24**	72
	55,857	76,206	**228**	127

* The utilisation of these deferred tax assets is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences and shareholder continuity being maintained in accordance with New Zealand tax legislation requirements. The recognition of these deferred tax assets is evidenced by forecasts of taxable income arising in the next ten years.

19 Non-current borrowings

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Non-current borrowings	**121,557**	212,906	**-**	-
	121,557	212,906	**-**	-

(a) Assets pledged as security

Appliances business borrowings are secured through the Guaranteeing Group by a Security Trust Deed with the Group's banking syndicate. The Guaranteeing Group comprises Fisher & Paykel Appliances Holdings Limited and subsidiary companies except for Finance business entities. All borrowings are drawn down at interest rates current at draw down date. The weighted average interest rate at 31 March 2011 was 5.42% (2010 5.33%).

The Security Trust Deed, together with subsequent amendments, imposes certain financial covenants on the Group including to limit any other security over its assets and to ensure that the following financial ratios are met:

(i) Total Leverage ratio of the Guaranteeing Group each quarter < 3.0 times

(ii) Total Interest Cover ratio of the Guaranteeing Group each quarter > 3.0 times

(iii) Total tangible assets of the Guaranteeing Group shall constitute no less than 95% of Total tangible assets of the Consolidated Group for each period end

(iv) Capital expenditure was not to exceed $33 million in the year ended 31 March 2011 and must not exceed $44 million in the year ending 31 March 2012

For the purposes of the financial covenants above:

"Total Leverage Ratio" is the ratio of total net bank debt to Normalised EBITDA.

"Total Interest Cover" means the ratio of Normalised EBITDA to Total Interest

"Normalised EBITDA" means operating earnings before interest, tax, depreciation and amortisation for the last 12 months adjusted to exclude certain non-recurring items for the Guaranteeing Group. This includes operating earnings of the Appliances business plus any dividends or interest paid by the Finance business to its parent, AF Investments Limited, a subsidiary of the ultimate parent Fisher & Paykel Appliances Holdings Limited.

"Total Interest" means, as at the date of measurement, the aggregate of the last 12 months interest and financing costs of the Guaranteeing Group, less any interest received on cash held at the bank (for the avoidance of doubt, interest received on loans to the Finance business does not reduce "Total Interest").

19 Non-current borrowings (continued)

(b) Financing arrangements

The Appliances business had unrestricted access at balance date to the following lines of credit:

	31 March 2011 $'000	31 March 2010 $'000
Total facilities		
Working capital	**50,000**	46,757
Non-current borrowings	**183,649**	212,906
	233,649	259,663
Used at balance date		
Working capital*	**9,221**	164
Non-current borrowings	**121,557**	212,906
	130,778	213,070
Unused at balance date		
Working capital	**40,779**	46,593
Non-current borrowings	**62,092**	-
	102,871	46,593

* The $9.2 million utilisation in the table above relates to Letters of Credit issued in favour of selected suppliers and balance of payment guarantees.

(c) Fair value

The carrying amounts of non-current borrowings at 31 March 2011 were equal to their fair values (2010 equal).

(d) Risk exposures

The exposure of the Appliances business' borrowings to interest rate changes and the contractual repricing dates at balance date were as follows:

	Consolidated		**Parent**	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Less than 12 months	**-**	164	**-**	-
One to two years	**121,557**	-	**-**	-
Two to three years	**-**	212,906	**-**	-
	121,557	213,070	**-**	-

The borrowings were aged in accordance with the facility's terms.

The carrying amounts of the Appliances business' non-current borrowings were denominated in the following currencies:

	Consolidated		**Parent**	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
New Zealand dollars	**45,740**	117,683	**-**	-
US dollars	**11,203**	29,602	**-**	-
Euros	**29,801**	30,210	**-**	-
Thai baht	**34,813**	35,411	**-**	-
	121,557	212,906	**-**	-

(e) Interest rate risk

For an analysis of the sensitivity of the Appliance business borrowings to interest rate risk refer to Note 4.

20 Finance borrowings

	31 March 2011 $'000	31 March 2010 $'000
Current secured		
Bank loans	**1,260**	755
Debentures	**118,991**	140,891
Notes	**134,805**	158,688
Committed liquidity facilities	**73,861**	56,856
Total current Finance borrowings	**328,917**	357,190
Non-current secured		
Bank loans	**223,577**	175,445
Debentures	**21,421**	16,021
Total non-current interest bearing Finance borrowings	**244,998**	191,466
Total non-current Finance borrowings	**244,998**	191,466
Total Finance borrowings	**573,915**	548,656

There were no unsecured Finance borrowings as at 31 March 2011 (2010 Nil).

(a) Assets pledged as security

(i) *Bank loans and debentures*

Bank loans and debentures are secured by a first ranking general security interest in favour of the Trustee over the undertaking and assets of the Fisher & Paykel Finance Limited Charging Group. Bank overdrafts and bank borrowings are secured by Security Stock issued under the terms of the Trust Deed. The Fisher & Paykel Finance Limited Charging Group includes Fisher & Paykel Finance Limited and all of its subsidiaries except Consumer Insurance Services Limited.

20 Finance borrowings (continued)

The carrying amounts of Charging Group assets pledged as security for Charging Group bank loans and debentures are:

	31 March 2011 $'000	31 March 2010 $'000
Current		
Cash and cash equivalents	**46,761**	363
Finance receivables	**223,200**	227,857
Other assets	**9,187**	6,216
Total current assets pledged as security	**279,148**	234,436
Non-current		
Property, plant & equipment	**1,247**	1,316
Intangible assets	**10,056**	8,176
Finance receivables	**171,132**	168,812
Derivative financial instruments	**1**	118
Total non-current assets pledged as security	**182,436**	178,422
Total assets pledged as security	**461,584**	412,858

(ii) *Notes and Committed liquidity facilities*

Notes issued and Committed liquidity facilities utilised under the securitisation programme are secured by a first ranking general security interest over Finance receivables plus cash & cash equivalents in the special purpose entity RFS Trust 2006-1. The book value of these assets as at 31 March 2011 totalled $223.7 million (2010 $232.5 million).

	31 March 2011 $'000	31 March 2010 $'000
Cash & cash equivalents	**15,292**	12,181
Finance receivables	**208,359**	220,334
Total assets pledged as security	**223,651**	232,515

(b) Bank loans

The bank loans are a combination of call and short-term loans (with fixed interest rates for periods of approximately 90 days) and bear interest at a weighted average interest rate (excluding line fees, establishment fees and extension fees) of 4.2% (2010 3.8%).

Fisher & Paykel Finance Limited has a $385 million syndicated banking facility with a maturity profile as follows:

- Tranche A ($20 million) matures 10 April 2012

- Tranche B ($105 million) matures 10 October 2013

- Tranche C ($105 million) matures 10 October 2012

- Tranche D ($105 million) matures 10 April 2014

- Tranche E ($50 million) matures 10 October 2012

20 Finance borrowings (continued)

The syndicated banking facility imposes a number of financial covenants with which the Charging Group must comply 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 covenant

- a limit on lending concentration

- two impaired asset tests, one relating to asset net write-off levels and one relating to the level of greater than three month impaired assets compared to total receivables

- a prior charges limit

If a covenant breach occurs and depending on its nature, the Charging Group is generally able to remedy the breach by procuring additional capital from its immediate parent (Fisher & Paykel Finance Holdings Limited) 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.

The facility documentation also includes a "Change in Market Conditions" clause, which defines a "Market Disruption Event" 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 it’s cost of obtaining matching deposits in the interbank market would be in excess of the base rate for an advance.

In the event of a market disruption event occurring, and depending on the exact circumstances, then the parties to the 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.

During the year ended 31 March 2011 and up to the date these financial statements were signed, no market disruption event occurred.

(c) Debentures

Debenture stock which is issued on the basis that it is repayable on demand, may be repaid by the Finance business at any time. Other debenture stock is issued on terms ranging from 3 months to 5 years and is repayable on the maturity date. For the majority of debentures, interest is payable quarterly in arrears on the last day of March, June, September and December. On other debentures, interest is paid on the last working day of each month. The weighted average interest rate of the debenture stock (excluding brokerage and New Zealand Deposit Guarantee fees) at 31 March 2011 was 7.0% (2010 7.3%).

Fisher & Paykel Finance Limited has a guarantee under the extended New Zealand Deposit Guarantee Scheme. This guarantee, which expires on 31 December 2011, applies to all its debentures other than its Excluded Securities which are not guaranteed. Interest and deposit repayments after this date will not be covered by the guarantee. Special eligibility criteria, a maximum guarantee cap and terms and conditions apply to the guarantee. Further information about the New Zealand Deposit Guarantee Scheme is available on www.treasury.govt.nz.

(d) Notes and Committed liquidity facilities

Each Note issued has a minimum subscription price of $500,000 and must be a multiple of $100,000. The term of Notes cannot exceed 364 days or the maturity of the Committed liquidity facility, whichever is earlier. Notes are normally issued on the basis that they bear no interest but are issued at a discount to their principal amount. The weighted average interest rate of Notes at 31 March 2011 was 4.1% (2010 3.9%).

Liquidity support for the Notes is provided under a Committed liquidity facility. The weighted average interest rate of the liquidity facility (excluding line fees, establishment fees and extension fees) at 31 March 2011 was 4.0% (2010 3.8%)

20 Finance borrowings (continued)

(e) Financing arrangements

Unrestricted access was available at each balance date to the following lines of credit:

	31 March 2011 $'000	31 March 2010 $'000
Credit standby arrangements		
Total facilities		
Bank loans	**385,000**	335,000
Bank overdrafts	**5,100**	3,500
Notes/Committed liquidity facilities	**285,000**	250,000
	675,100	588,500
Used at balance date		
Bank loans	**225,000**	176,625
Bank overdrafts	**-**	-
Notes/Committed liquidity facilities	**207,626**	214,535
	432,626	391,160
Unused at balance date		
Bank loans	**160,000**	158,375
Bank overdrafts	**5,100**	3,500
Notes/Committed liquidity facilities	**77,374**	35,465
	242,474	197,340

The figures in the above tables for financing arrangements are principal amounts only.

The bank loan facilities of $385 million at 31 March 2011 have maturity dates in April 2012 ($20 million), October 2012 ($155 million), October 2013 ($105 million) and April 2014 ($105 million).

The availability period of the $285 million committed liquidity facility as at 31 March 2011 was extended in April 2011 from October 2011 to 30 April 2012 - refer also Note 40.

20 Finance borrowings (continued)

(f) Fair value

The fair values of Finance business borrowings are:

	31 March 2011		31 March 2010	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
On-balance sheet				
Bank loans	**224,837**	**224,870**	176,200	176,210
Notes	**134,805**	**134,861**	158,688	158,720
Committed liquidity facilities	**73,861**	**73,883**	56,856	56,857
Debentures	**140,412**	**141,320**	156,912	158,602
	573,915	**574,934**	548,656	550,389

(i) *On-balance sheet*

The fair value of Bank loans for the year ended 31 March 2011 was based on cash flows discounted using a borrowing rate of 4.0% (2010 3.7%).

The fair value of Notes is based on cash flows discounted using borrowing rates averaging 3.7% based on the maturity date of those Notes (2010 averaging 3.7%).

The fair value of the Committed liquidity facility is based on cash flows discounted using a borrowing rate of 3.7% (2010 3.7%).

The fair values of Debentures are based on cash flows discounted using borrowing rates varying from 5.0% to 7.8%, depending on the maturity date of those debentures (2010 5.0% to 7.3%).

(ii) *Contingent liabilities*

There were no interest bearing contingent liabilities as at 31 March 2011 (2010 Nil).

(g) Priority of claims

In the event the Finance business was liquidated or ceased trading, bank loans and debentures rank equally as to the priority of claims over the assets of the Charging Group. The Notes and the liquidity facility are secured over the Finance receivables and cash & cash equivalents held by the special purpose entity RFS Trust 2006-1.

(h) Interest rate risk

For an analysis of the sensitivity of Finance business borrowings to interest rate risk refer to Note 5.

21 Trade creditors

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Trade creditors	**99,141**	125,598	**-**	-
	99,141	125,598	**-**	-

(a) Foreign currency risk

The carrying amounts of the Group's trade creditors are denominated in the following currencies:

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
New Zealand dollars	**17,001**	9,095	**-**	-
Australian dollars	**8,569**	13,464	**-**	-
United States dollars	**21,423**	34,278	**-**	-
Euros	**31,118**	40,882	**-**	-
Thai baht	**19,737**	27,072	**-**	-
Canadian dollars	**622**	330	**-**	-
British pounds	**554**	275	**-**	-
Other	**117**	202	**-**	-
	99,141	125,598	**-**	-

For an analysis of the sensitivity of trade creditors to foreign currency risk refer to Note 4.

22 Provisions

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Current				
Employee benefits	**76**	76	**-**	-
Warranty	**17,028**	16,609	**-**	-
Redundancy	**284**	1,410	**-**	-
Onerous contract	**544**	234	**-**	-
Other	**409**	352	**-**	-
Total current provisions	**18,341**	18,681	**-**	-
Non-current				
Employee benefits	**8,166**	8,364	**-**	-
Warranty	**4,751**	7,094	**-**	-
Onerous contracts	**776**	116	**-**	-
Other provisions	**502**	76	**-**	-
Total non-current provisions	**14,195**	15,650	**-**	-
Total provisions	**32,536**	34,331	**-**	-

22 Provisions (continued)

(a) Employee benefits

Current

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

Non-current

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. Key assumptions in the actuarial model include:

- Discount rate: 5.71% (2010 6.02%)
- Exit rate: Variable (2010 Variable)
- Promotion rate: 0.50% (2010 0.50%)
- Wage/salary inflation rate: 3.50% (2010 3.50%)

The method for calculating the exit rate assumed in the actuarial model uses exit rate patterns which vary according to length of service and a mix of exponential decay formulae in addition to straight-line assumptions and excludes the extreme values in the historical data.

(b) Warranty

Provision is made for 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 10 years for washing machine motor 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 4.25% (2010 5.67%).

(c) Redundancy

Provision was made for estimated redundancy costs from ongoing staff retrenchment and these amounts are expected to be paid out in the first half of the year ending 31 March 2012.

(d) Onerous contracts

In the year ended 31 March 2011, additional provision was made for the estimated unavoidable costs associated with a warehouse lease in Queensland, Australia. This is expected to be paid out in the years ending 31 March 2012 through 2014. This is partially offset by a corresponding decrease in the accrued rent liability (refer Note 25).

(e) Other

Other non-current provisions as at 31 March 2011 includes a $0.4m dilapidations provision (recognised during the current year) associated with the onerous warehouse lease adjustment referred to in (d) above.

22 Provisions (continued)

(f) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Employee benefits $'000	Warranty $'000	Redundancy $'000	Onerous contract $'000	Other provisions $'000	Total $'000
2011						
Carrying amount at start of year	8,440	23,703	1,410	350	428	34,331
Exchange rate variance on opening balance	119	381	40	8	2	550
Additional provision recognised	861	19,802	461	1,279	484	22,887
Utilised during the year	(917)	(22,076)	(1,627)	(317)	(3)	(24,940)
Change in discounted amount arising from passage of time and effect of any change in the discount rate	(261)	(31)	-	-	-	(292)
Carrying amount at end of year	8,242	21,779	284	1,320	911	32,536

	Employee benefits $'000	Warranty $'000	Redundancy $'000	Onerous contract $'000	Other provisions $'000	Total $'000
2010						
Carrying amount at start of year	11,137	41,341	17,986	2,511	303	73,278
Exchange rate variance on opening balance	134	(3,248)	716	(876)	(58)	(3,332)
Additional provision recognised	160	13,005	8,650	730	270	22,815
Utilised during the year	(1,753)	(27,395)	(25,942)	(2,015)	(87)	(57,192)
Change in discounted amount arising from passage of time and effect of any change in the discount rate	(1,238)	-	-	-	-	(1,238)
Carrying amount at end of year	8,440	23,703	1,410	350	428	34,331

23 Other current liabilities

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Employee entitlements	**25,119**	22,017	**280**	183
Other creditors	**48,092**	44,090	**217**	96
Directors' retirement allowances	**323**	-	**323**	-
	73,534	66,107	**820**	279

Employee entitlements include a statutory termination indemnity obligation (TFR) for employees of the Group's Italian operating subsidiary – refer Note [30(2)].

Also included within employee entitlements are liabilities for employee leave entitlements, wage & salary withholdings and wages & salaries payable.

As at 31 March 2011, Other creditors includes $10.9 million for an instalment payable in April 2011 to subsidiaries of Whirlpool Corporation Inc. for the acquisition of Maytag Mexico Appliance Products, S. de R.L. de C.V. and refrigeration manufacturing assets.

24 Deferred tax liabilities

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
The balance comprises temporary differences attributable to:				
Provisions	**(876)**	(9,283)	**-**	-
Property, plant & equipment	**5,629**	11,638	**-**	-
Intangible assets	**4,008**	24,780	**-**	-
Tax credits	**(1,203)**	-	**-**	-
Derivative financial instruments	**(532)**	-	**-**	-
Other temporary differences	**(155)**	595	**-**	-
Net deferred tax liabilities	**6,871**	27,730	**-**	-
Movements:				
Opening balance at 1 April	**27,730**	32,421	**-**	-
Charged/(credited) to the Income Statement (Note 9)	**(371)**	(2,911)	**-**	-
Transfer to Deferred tax assets	**(19,487)**	-	**-**	-
Prior period adjustment	**(426)**	-	**-**	-
Foreign exchange differences	**(129)**	(1,780)	**-**	-
Other movements	**(446)**	-	**-**	-
Closing balance at 31 March	**6,871**	27,730	**-**	-
Expected settlement				
Within 12 months	**(109)**	(7,460)	**-**	-
in excess of 12 months	**6,980**	35,190	**-**	-
	6,871	27,730	**-**	-

25 Other non-current liabilities

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Employee entitlements	**-**	240	**-**	240
Accrued rent expense	**1,919**	2,393	**-**	-
Retirement benefit obligation	**345**	470	**-**	-
Deferred acquisition cost	**-**	11,630	**-**	-
Directors' retirement allowances	**61**	-	**61**	-
	2,325	14,733	**61**	240

(a) Accrued rent expense

In certain jurisdictions where the Group operates, operating lease agreements for land & buildings contain periodic fixed rental increases. The associated lease payments are recognised on a straight-line basis resulting in an accrued rent expense.

(b) Retirement benefit obligation

Further details of the Group's retirement benefit obligation are provided at Note 30.

26 Contributed equity

(a) Movements in ordinary share capital:

	31 March 2011 Shares	31 March 2010 Shares	**31 March 2011 $'000**	31 March 2010 $'000
Opening balance of ordinary shares authorised and issued	**724,235,162**	290,375,990	**841,869**	651,510
Issues of ordinary shares during the year				
Dividend reinvestment plan	**-**	-	**-**	-
Issue of shares re placement with Haier Group and Rights Issue on placement shares	**-**	144,847,032	**-**	82,037
Issue of shares re pro-rata renounceable rights offer	**-**	289,012,140	**-**	108,322
Closing balance of ordinary shares issued	**724,235,162**	724,235,162	**841,869**	841,869

(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.

(c) Capital risk management - Appliances business & Parent

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company's options include adjusting the amount of dividends paid to shareholders, returning capital to shareholders, issuing new shares or selling assets to reduce debt.

The Appliances business manages capital risk by ensuring there is an adequate amount of headroom above the minimum requirements of the banking covenants. The principal indicator used is the Total Leverage Ratio, which is calculated as Net Debt divided by Normalised operating earnings before Interest, Tax, Depreciation and Amortisation of the Guaranteeing Group (refer Note 19). Net Debt is calculated as total borrowings less cash & cash equivalents (excluding the Finance business).

The capital risk management policy for the Appliances business is to maintain the Total Leverage Ratio below 2.5 times compared to the current maximum permitted level under the Guaranteeing Group's banking facilities of 3.0 times.

26 Contributed equity (continued)

(d) Capital risk management - Finance business

The Finance business' objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to its shareholder and to maintain a strong capital base to support the development of its business.

Fisher & Paykel Finance Limited

The level and mix of capital in Fisher & Paykel Finance Limited (the Charging Group) is determined by the Finance business Board taking into account the requirements of the Debenture Trust Deed (under which the Charging Group issues debentures) and financial covenants contained in the syndicated banking facility documentation.

The syndicated banking facility documentation contains a minimum capitalisation covenant, under which:

(i) the ratio of net tangible assets to total tangible assets must not exceed 12.0%

The Charging Group has fully complied with this covenant during all periods reported.

During the reporting period the Charging Group's Debenture Trust Deed was amended to incorporate a new capital adequacy covenant in compliance with the Part 5D of the Reserve Bank of New Zealand Act 1989 and the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.

Under the terms of this covenant, the Charging Group's minimum capital ratio should not be less than:

a) 8%, for as long as Fisher & Paykel Finance Limited has a credit rating, or

b) 10% at all other times

The Charging Group has complied with this minimum capital ratio covenant since it came into force on 1 December 2010. As at 31 March 2011, the capital ratio was 12.0%.

During the year ended 31 March 2011, Fisher & Paykel Finance Limited increased its share capital by $2.5 million to $72.8 million.

During the year ended 31 March 2010, Fisher & Paykel Finance Limited increased its share capital by $27.0 million to $70.3 million.

Fisher & Paykel Financial Services Limited

Fisher & Paykel Financial Services Limited is the company that owns and operates the Famers Finance business, which is funded under a master trust securitisation programme.

The securitisation programme requires a minimum level of credit enhancement that is provided by way of a subordinated loan from Fisher & Paykel Financial Services Limited. The minimum level of credit enhancement is the greater of 7.5% (2010 7.5%) of receivables or the amount established by applying a dynamic credit enhancement calculation.

Fisher & Paykel Finance Holdings Limited

Whilst there are no minimum levels of capital required in Fisher & Paykel Finance Holdings Limited, capital is maintained at a level to ensure compliance with the Finance business capital management objectives outlined above.

27 Earnings per share

	31 March 2011	31 March 2010
Basic and diluted earnings/(loss) per share (cents)	**4.6**	(13.6)

(a) Reconciliations of (loss)/earnings used in calculating earnings per share

	31 March 2011 $'000	31 March 2010 $'000
Basic earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**33,545**	(83,328)

(b) Weighted average number of shares used as the denominator

	31 March 2011 Number	31 March 2010 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share	**724,235,162**	614,345,346
Adjustments for calculation of diluted earnings/(loss) per share:		
Share options	**-**	2,181,822
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share	**724,235,162**	616,527,168

(c) Information concerning the classification of securities

(i) Share options
No share options were on issue during the year ended 31 March 2011.

Options granted to employees under the Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the share options are set out in Note 34.

Owing to losses in the year ended 31 March 2010, issued options had an anti-dilutive effect in the calculation of diluted earnings per share and therefore the diluted amount was assumed to equal the basic amount.

28 Retained earnings and reserves

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
(a) Reserves				
Treasury stock	**512**	512	**-**	-
Foreign exchange cash flow hedge reserve	**(11,350)**	(3,213)	**-**	-
Share-based payments reserve	**1,970**	1,970	**1,970**	1,970
Foreign currency translation reserve	**(50,370)**	(40,018)	**-**	-
Interest rate cash flow hedge reserve	**(1,260)**	-	**-**	-
	(60,498)	(40,749)	**1,970**	1,970

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Movements:				
Treasury Stock				
Opening balance	**512**	512	**-**	-
Closing balance	**512**	512	**-**	-

In the Parent Company financial statements, amounts showing as Treasury Stock in the Group financial statements are recorded as share capital. This increases share capital in the Parent Company by $512,000 at balance date (2010 $512,000).

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Movements:				
Foreign exchange cash flow hedge reserve				
Opening balance	**(3,213)**	4,642	**-**	-
Recognised income & expense	**(8,137)**	(7,855)	**-**	-
Closing balance	**(11,350)**	(3,213)	**-**	-

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Movements:				
Share-based payments reserve				
Opening balance	**1,970**	1,970	**1,970**	1,970
Closing balance	**1,970**	1,970	**1,970**	1,970

28 Retained earnings and reserves (continued)

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Movements:				
Foreign currency translation reserve				
Opening balance	**(40,018)**	23,521	**-**	-
Translation differences arising during the year	**(10,352)**	(63,539)	**-**	-
Closing balance	**(50,370)**	(40,018)	**-**	-

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Movements:				
Interest rate cash flow hedge reserve				
Opening balance	**-**	-	**-**	-
Recognised income & expense	**(1,260)**	-	**-**	-
Closing balance	**(1,260)**	-	**-**	-

28 Retained earnings and reserves (continued)

(b) Nature and purpose of reserves

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

(ii) Foreign exchange hedge reserve
The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a forward foreign currency 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 foreign operations are taken to the foreign currency translation reserve. When any net investment is disposed of, the related component of the reserve is recognised in profit and loss.

(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.

When a forecast transaction is no longer expected to occur or becomes ineffective, the cumulative gain or loss that was deferred in equity is immediately transferred to the Income Statement.

(c) Retained earnings/(Accumulated losses)

	Consolidated		**Parent**	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Opening balance	**(199,968)**	(116,640)	**(107,269)**	(106,441)
Net profit/(loss) for the year	**33,545**	(83,328)	**147**	(828)
Closing balance	**(166,423)**	(199,968)	**(107,122)**	(107,269)

29 Imputation credits

	Consolidated	
	31 March 2011 $'000	31 March 2010 $'000
Balance at beginning of year	**1,635**	644
Tax payments, net of refunds	**69**	991
Other adjustments	**42**	-
Balance at end of year	**1,746**	1,635
Imputation credits are available to shareholders as follows:		
Direct - Fisher & Paykel Appliances Holdings Limited Imputation Group	**1,746**	1,635
Balance at end of year	**1,746**	1,635

30 Defined benefit obligations

Superannuation Scheme - New Zealand

All New Zealand employees of the Group are entitled to benefits from the Group's superannuation scheme on retirement, disability or death. Previously, the New Zealand scheme consisted of a defined benefit plan and a defined contribution plan.

The defined benefit plan provided lump sum benefits based on years of service and final average salary and has been closed to new members since 30 September 2006. On 1 October 2006, all except 30 members transferred from the defined benefit plan to a new defined contribution master trust plan. There are 17 members remaining in the plan as at 31 March 2011.

The remaining obligation is largely in respect of certain defined benefit guarantees provided to members who transferred from the defined benefit plan to the new defined contribution master trust plan and is fully provided for as at 31 March 2011.

The defined contribution plan receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions.

The following tables set out details in respect of the defined benefit liabilities only.

(a) Statement of Financial Position amounts

The amounts recognised in the Statement of Financial Position are determined as follows:

	Consolidated		**Parent**	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Present value of the defined benefit obligation	**767**	662	**-**	-
Fair value of defined benefit plan assets	**(536)**	(371)	**-**	-
Present value of unfunded obligations	**231**	291	**-**	-
Adjustment for ESCT*	**114**	143	**-**	-
Net liability in the Statement of Financial Position	**345**	434	**-**	-

**ESCT - Employer Superannuation Contribution Tax*

(b) Categories of plan assets

The major categories of plan assets are as follows:

	Consolidated		**Parent**	
	31 March 2011 %	31 March 2010 %	**31 March 2011 %**	31 March 2010 %
Cash	**78**	71	**-**	-
Equity instruments	**10**	14	**-**	-
Debt instruments	**10**	13	**-**	-
Property	**2**	2	**-**	-
	100	100	**-**	-

30 Defined benefit obligations (continued)

(c) Reconciliations

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Reconciliation of the present value of the defined benefit obligation, which is partly funded:				
Balance at the beginning of the year	**662**	1,316	**-**	-
Current service cost	**27**	27	**-**	-
Interest cost	**24**	25	**-**	-
Actuarial gains & losses	**250**	558	**-**	-
Benefits paid	**(196)**	(1,264)	**-**	-
Balance at the end of the year	**767**	662	**-**	-

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Reconciliation of the fair value of plan assets:				
Balance at the beginning of the year	**371**	561	**-**	-
Expected return on plan assets	**22**	34	**-**	-
Actuarial gains & losses	**(2)**	(21)	**-**	-
Contributions by Group companies	**180**	1,017	**-**	-
Contributions by plan participants	**161**	44	**-**	-
Benefits paid	**(196)**	(1,264)	**-**	-
Balance at the end of the year	**536**	371	**-**	-

(d) Amounts recognised in Income Statement

The amounts recognised in the Income Statement are as follows:

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Current service cost	**27**	27	**-**	-
Interest cost	**24**	25	**-**	-
Expected return on plan assets	**(22)**	(34)	**-**	-
Net actuarial losses (gains) recognised in year	**252**	579	**-**	-
Total included in employee benefits expense	**281**	597	**-**	-
Actual return on plan assets	**23**	17	**-**	-

30 Defined benefit obligations (continued)

(e) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	Consolidated		**Parent**	
	31 March 2011	31 March 2010	**31 March 2011**	31 March 2010
Discount rate	**4.11%**	4.17%	**- %**	- %
Expected return on plan assets	**5.00%**	6.00%	**- %**	- %
Future salary increases	**4.00%**	4.50%	**- %**	- %

The expected rate of return on assets has been based on historical and future expectations of returns for each of the major categories of asset classes as well as the expected and actual allocation of plan assets to these major categories. Following review, this resulted in selection of a lower 5.00% rate of return net of tax (and expenses) compared to prior periods.

(f) Employer contributions

Employer contributions to the defined benefit plan ceased on 30 September 2006.

(g) Historic summary

	31 March 2011 $'000	31 March 2010 $'000
Defined benefit plan obligation	**767**	662
Plan assets	**(536)**	(371)
	231	291
ESCT	**114**	143
Deficit	**345**	434
Experience adjustments arising on plan liabilities	**250**	558
Experience adjustments arising on plan assets	**(2)**	(21)

Termination Indemnity (TFR) - Italy

TFR is a mandatory severance pay plan for employees of Italian entities. A lump sum payment is provided in any case of employment termination (e.g. dismissal, voluntary resignation, disability, death).

Every year, the employee accrues 6.91% of his/her salary. The accrual is fully employer sponsored. The amount accrued at the beginning of the year is revalued at the end of the year by an index stated as follows: 1.5% plus 75% of the actual inflation rate. The revaluation is reduced net of an 11% tax rate.

Advance payments can be made for house purchase and medical expenses, subject to certain conditions.

Pursuant to legislation enacted on 1 January 2007, the future annual accrual for companies with over 50 employees was transferred either to an external pension fund or to the State fund held by INPS (Instituto Nazionale Previdenza Sociale) and meets the definition of a defined contribution plan. However, the TFR liability accrued prior to 1 January 2007 remains in the Statement of Financial Position of the Group's Italian operating subsidiary (Fisher & Paykel Appliances Italy S.p.A.) and meets the definition of a defined benefit plan.

30 Defined benefit obligations (continued)

The following tables set out details in respect of the defined benefit liabilities:

(a) Statement of Financial Position amounts

The amounts recognised in the Statement of Financial Position are determined as follows:

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Present value of the defined benefit obligation	**3,912**	4,218	**-**	-
Net liability in the Statement of Financial Position	**3,912**	4,218	**-**	-

(b) Reconciliations

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Reconciliation of the present value of the defined benefit obligation, which is partly funded:				
Balance at the beginning of the year	**4,218**	4,922	**-**	-
Interest cost	**182**	233	**-**	-
Actuarial gains & losses	**(315)**	239	**-**	-
Benefits paid	**(105)**	(203)	**-**	-
Foreign currency exchange rate changes	**(68)**	(973)	**-**	-
Balance at the end of the year	**3,912**	4,218	**-**	-

(c) Amounts recognised in Income Statement

The amounts recognised in the Income Statement are as follows:

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Interest cost	**182**	233	**-**	-
Total included in employee benefits expense	**182**	233	**-**	-

30 Defined benefit obligations (continued)

(d) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	Consolidated		**Parent**	
	31 March 2011	31 March 2010	**31 March 2011**	31 March 2010
Discount rate	**5.50%**	4.80%	**- %**	- %
Expected return on plan assets	**2.00%**	2.00%	**- %**	- %
Future salary increases	**2.00%**	2.00%	**- %**	- %

(e) Employer contributions

Employer contributions to the TFR defined benefit plan ceased on 31 December 2006.

(f) Historic summary

	31 March 2011 $'000	31 March 2010 $'000
Defined benefit plan obligation	**3,912**	4,218
Deficit	**3,912**	4,218

31 Contingencies

(i) Pending proceedings

Fisher & Paykel Financial Services Limited is currently involved in legal proceedings with a software supplier, which are being vigorously defended. The case is set to be heard in the High Court starting 22 August 2011 and no specific amount has been claimed in respect of the remedies sought. The Board considers that these proceedings will not have a material adverse effect on the operations or financial position of the Group.

(ii) Directors retirement allowances

The contingent liability relating to Directors' retirement allowances (2010 $659,811) crystallised in the year ended 31 March 2011 following the announcement of Director retirements, in conjunction with the Board refreshment process, at the Annual Shareholders Meeting on 23 August 2010. An expense of $657,287 was recognised in the Income Statement and the associated liability is subject to ongoing fair valuation adjustments. Refer also Notes 23 & 25.

(iii) Other contingencies

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

32 Commitments

(a) Capital commitments

Capital expenditure contracted for at balance date but not recognised as liabilities is as follows:

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Property, plant & equipment	**4,719**	2,115	**-**	-
	4,719	2,115	**-**	-

The above balances have been committed in relation to future expenditure on capital projects. Amounts already spent have been included as work in progress in the current year results.

(b) Lease commitments

(i) Operating leases
These relate mainly to building occupancy leases under non-cancellable operating leases expiring within 15 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**24,947**	22,729	**-**	-
Between one and two years	**22,962**	18,236	**-**	-
Between two and three years	**18,286**	15,624	**-**	-
Between three and four years	**15,197**	14,106	**-**	-
Between four and five years	**11,595**	10,925	**-**	-
Over five years	**58,971**	57,536	**-**	-
	151,958	139,156	**-**	-

(ii) Finance leases
The Appliances business leases various plant & equipment with a carrying amount of $0.1 million (2010 $1.4 million) under finance leases expiring within one to three years. Under the finance leases, the Appliances business has the right of renewal or the option to purchase the leased items at the expiry of the lease.

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Commitments in relation to finance leases are payable as follows:				
Within one year	**17**	328	**-**	-
Between one and two years	**-**	18	**-**	-
Minimum lease payments	**17**	346	**-**	-

The weighted average interest rate implicit in the finance leases is 4.5% (2010 5.9%).

32 Commitments (continued)

(c) Undrawn lending commitments (Finance business)

Undrawn lending commitments include unutilised Q card, Farmers card and fixed instalment limits, which can be unconditionally cancelled by the Finance business at any time.

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Undrawn lending commitments	**1,775,323**	1,772,622	**-**	-

33 Investments in subsidiaries

The Parent Company's investment in subsidiaries comprises shares at cost plus share-based payments expensed by the Finance business. The assets and liabilities attributed to Fisher & Paykel Appliances Holdings Limited are owned by the following subsidiaries:

Name of entity	**Country of incorporation**	**Principal activity**	**Equity holding 2011 %**	**2010 %**
AF Investments Limited*	New Zealand	Non-trading holding company	**100**	100
Fisher & Paykel Appliances Employee Share Purchase Trustee Limited	New Zealand	Employee share purchase scheme	**100**	100
*Appliances business**				
Fisher & Paykel Appliances Limited*	New Zealand	Manufacture & distribution of appliances	**100**	100
Fisher & Paykel Production Machinery Limited*	New Zealand	Machinery manufacturer	**100**	100
New Zealand Export Corporation Limited*	New Zealand	Contract manufacture of appliances	**100**	100
Allied Industries Limited*	New Zealand	Non-trading holding company	**100**	100
Fisher & Paykel Australia Holdings Limited*	Australia	Non-trading holding company	**100**	100
Fisher & Paykel Australia Pty Limited*	Australia	Distribution of appliances	**100**	100
Fisher & Paykel Manufacturing Pty Limited*	Australia	Manufacture of appliances	**100**	100
Fisher & Paykel Customer Services Pty Limited*	Australia	Servicing of appliances	**100**	100
Fisher & Paykel Appliances (USA) Holdings Inc*	USA	Non-trading holding company	**100**	100
Fisher & Paykel Appliances Inc*	USA	Distribution of appliances	**100**	100
Dynamic Cooking Systems Inc*	USA	Manufacture of appliances	**100**	100
Fisher & Paykel Laundry Manufacturing Inc*	USA	Manufacture of appliances	**100**	100
Fisher & Paykel Appliances Canada Inc*	Canada	Distribution of appliances	**100**	100
Fisher & Paykel Appliances Mexico, S. de R.L. de C.V.*	Mexico	Contract manufacture of appliances	**100**	100
Fisher & Paykel Appliances Limited*	UK	Distribution of appliances	**100**	100
Fisher & Paykel Appliances Italy Holdings S.r.l.*	Italy	Non-trading holding company	**100**	100
Fisher & Paykel Appliances Italy S.p.A.*	Italy	Manufacture & distribution of appliances	**100**	100
Fisher & Paykel (Singapore) Pte Limited*	Singapore	Distribution of appliances	**100**	100
Fisher & Paykel Appliances (Thailand) Co. Ltd*	Thailand	Manufacture of appliances	**100**	100
Finance business				
Fisher & Paykel Finance Holdings Limited	New Zealand	Non-trading holding company	**100**	100
Fisher & Paykel Finance Limited	New Zealand	Consumer & bulk finance	**100**	100
Fisher & Paykel Financial Services Limited	New Zealand	Securitisation services	**100**	100
Consumer Finance Limited	New Zealand	Consumer finance	**100**	100
Consumer Insurance Services Limited	New Zealand	Consumer insurance & extended warranty	**100**	100
Equipment Finance Limited	New Zealand	Commercial finance	**100**	100
Retail Financial Services Limited	New Zealand	Consumer finance	**100**	100

*Fisher & Paykel Appliances Holdings Limited together with the companies above marked with an asterisk are the companies in the Security Trust Deed.

All subsidiaries have a balance date of 31 March, except for Fisher & Paykel Appliances Mexico, S. de R.L. de C.V., which has a balance date of 31 December to comply with local regulations.

The activities of Retail Financial Services Limited are funded through a master trust securitisation structure established on 8 May 2006. This structure allows for the creation of multiple, separate, standalone trusts. The first trust created under the master trust structure was the RFS Trust 2006-1 (the Trust). Fisher & Paykel Financial Services Limited is the residual income and capital beneficiary of the Trust. The financial statements of the Trust have been consolidated in the Group's financial statements.

Fisher & Paykel Appliances (Thailand) Co. Ltd's immediate parent is Fisher & Paykel (Singapore) Pte Limited (486,198 ordinary shares). Thai law requires a minimum of three shareholders, therefore in accordance with normal practice, two ordinary shares are also held individually by Company executives.

34 Share-based payments

(a) Share Option Plan

No share option entitlements were issued or unvested in the year ended 31 March 2011.

(b) Executive Long Term Performance Incentive

The Board introduced an executive long-term performance incentive scheme (the Scheme) for selected senior managers to link their remuneration with shareholder returns and encourage those employees to hold and retain shares in the Company. Payment of any benefit is dependent on remaining employed during the vesting period and also on the Group's total shareholder return exceeding the 75th percentile of the total shareholder return (including imputation credits) of a comparative group of companies over a three year vesting period.

Entitlements are granted under the Scheme for no consideration. At the end of the vesting period, the Group will pay a cash bonus to the participating employees equivalent to half their allocated entitlement, which should be used to buy shares in the Company on-market (subject to Insider Trading rules) unless the employee's personal shareholding (calculated at current market values) is greater than 50% of their annual fixed remuneration. To the extent performance targets have been met, up to half of the allocated entitlement will also be paid as a cash bonus to the participating employee and this should be used to buy shares on-market (subject to Insider Trading rules) unless the employee's personal shareholding (calculated at current market values) is greater than 50% of their annual fixed remuneration.

If employment ceases prior to the vesting date due to death, serious illness, accident, permanent disablement or redundancy, the Board will make a pro rata payment or other such payment as may be determined at their sole discretion.

Set out below is a summary of movements in the number of shares attached to cash benefits granted under the Scheme:

Grant Date	Expiry date	Balance at start of the year Number	Granted during the year Number	Vested during the year Number	Lapsed/ forfeited during the year Number	Balance at end of the year Number
31 March 2011						
01/10/08	30/09/11	720,000	-	(40,000)	(45,000)	635,000
01/07/07	30/06/10	319,000	-	(319,000)	-	-
Total		1,039,000	-	(359,000)	(45,000)	635,000

Grant Date	Expiry date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed/ forfeited during the year Number	Balance at end of the year Number
31 March 2010						
01/10/08	30/09/11	1,020,000	-	(240,000)	(60,000)	720,000
01/07/07	30/06/10	467,000	-	(119,000)	(29,000)	319,000
Total		1,487,000	-	(359,000)	(89,000)	1,039,000

Entitlements vesting early are due to death, retirement or redundancy of the employees concerned and Board discretion on payment.

Entitlements associated with the Scheme implemented effective 1 July 2007 matured on 30 June 2010, resulting in a cash payment of approximately $146,000 for the retention component and $Nil for the performance component. These payments were to be used to buy shares on-market in the Company where the employee's shareholding in the Company amounted to less than 50% of their fixed remuneration.

34 Share-based payments (continued)

Fair value of the 2008 Scheme

The assessed fair value of the Scheme as at 31 March 2011 was $268,000 (2010 $240,000 re 2008 Scheme). This fair value was derived using a Monte Carlo simulation model that takes into account the vesting criteria, the share price at grant date and the volatility of the returns on Company shares and shares of a comparative group of companies.

(a) entitlements are granted for no consideration, vesting three years after grant date

(b) grant date: 1 October 2008

(c) expiry date: 30 September 2011

(d) share price at grant date: $1.66

(e) correlation coefficient to NZX50 returns: Nil

(f) expected dividend yield: Nil%

(g) risk-free interest rate: 2.69%

(c) Employee Share Scheme

No employee share offers were in operation during the years ended 31 March 2011 or 2010.

As at 31 March 2011 203,316 shares (2010 203,316) were held by the Trustee, being 0.03% (2010 0.03%) of the Group's issued and paid up capital. No shares are allocated to employees (2010 Nil) as there is no current offer under the Scheme. All shares are allocated to employees at the time of issue, on the condition that should they leave the company before the qualifying period ends, their shares will be repurchased by the Trustees at the lesser of market price and the price at which the shares were originally allocated to the employee, subject to the repayment of the original loan. Any such repurchased shares are held by the Trustees for allocation to future issues under the Scheme.

Following the Rights Issue in 2009, the Trustee sold the rights in shares held for $53,376 and returned these surplus funds to the Company in accordance with the Scheme Trust Deed.

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		**Parent**	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Expenses in relation to Long-Term Incentive Schemes	**25**	286	**25**	286
	25	286	**25**	286

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

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Profit/(loss) for the year after income tax	**33,545**	(83,328)	**147**	(828)
Add/(deduct) non-cash items:				
Depreciation of property, plant & equipment to recoverable amount	**24,234**	27,940	**-**	-
Amortisation of intangible assets	**16,659**	18,166	**-**	-
Impairment loss on property, plant & equipment	**-**	34,915	**-**	-
Impairment loss on intangible assets	**-**	41,600	**-**	-
Fair valuation adjustments	**500**	25,805	**-**	-
(Gain) on sale of non-current assets	**(6,300)**	(4,017)	**-**	-
Finance business bad debts written off	**20,983**	21,621	**-**	-
Movement in accrued interest	**(558)**	1,117	**-**	-
Net (increase) in loans and advances to customers	**(6,741)**	(49,978)	**-**	-
Movement in provisions	**(1,675)**	(39,403)	**-**	-
Movement in tax	**6,435**	(15,468)	**104**	612
Movement in payables and accruals	**(17,568)**	(31,311)	**(361)**	-
Movement in debtors and other current assets	**29,986**	(19,980)	**-**	-
Movement in inventories	**10,533**	142,190	**-**	-
Fair value adjustment/reclassification to derivative financial instruments	**2,288**	(3,016)	**-**	-
Fair value adjustments to other financial assets	**774**	(5)	**-**	-
Non-cash share-based payments expense	**25**	286	**25**	286
Internal cash flow from financing activities	**-**	-	**(1,699)**	(1,266)
Foreign currency exchange translation	**(6,959)**	(29,510)	**-**	-
Net cash inflow from operating activities	**106,161**	37,624	**(1,784)**	(1,196)

36 Disclosure of components of other comprehensive income

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Other comprehensive income:				
Exchange differences on translating foreign operations	**(10,352)**	(63,539)	**-**	-
Cash flow hedges:				
Gains / (losses) arising during the year	**(27,519)**	(28,181)	**-**	-
Reclassification adjustments for gains / losses included in profit or loss	**12,478**	16,906	**-**	-
	(15,041)	(11,275)	**-**	-
Income tax relating to components of other comprehensive income	**5,644**	3,383	**-**	-
Other comprehensive income for the year	**(19,749)**	(71,431)	**-**	-

Exchange differences

The Appliances business has substantial foreign operations with assets and liabilities denominated in functional currencies other than the New Zealand dollar (NZD). The value of these investments, when translated to NZD, fluctuates with exchange rate movements. Due to the appreciation of the NZD during the year ended 31 March 2011 (refer Note 41) and the reduction in foreign currency borrowings that partially offset these movements, a $10.4 million adverse translation difference has arisen (2010 loss of $63.5 million).

37 Disclosure of tax effects relating to each component of other comprehensive income

	Before tax amount $'000	Tax (expense)/ benefit $'000	Net-of-tax amount $'000
Consolidated			
31 March 2011			
Exchange differences on translating foreign operations	**(10,352)**	**-**	**(10,352)**
Cash flow hedges	**(15,041)**	**5,644**	**(9,397)**
Other comprehensive income	**(25,393)**	**5,644**	**(19,749)**
31 March 2010			
Exchange differences on translating foreign operations	(63,539)	-	(63,539)
Cash flow hedges	(11,275)	3,383	(7,892)
Other comprehensive income	(74,814)	3,383	(71,431)

38 Government grants

The Appliances business has received funding for selected research & development activities from the Foundation for Research, Science & Technology (FRST - now merged into the Ministry of Science & Innovation), a Crown Agent that invested in such activities on behalf of the New Zealand government. The detailed nature and extent of this funding is commercially sensitive. No FRST grant funding was recognised in the financial statements for the year ended 31 March 2011 (2010 $3,947,000).

On occasion the Group also receives local government assistance, e.g. rates relief, both within and outside New Zealand.

39 Related party transactions

(a) Key management personnel compensation

The key management personnel are the Directors of the Company, the Directors of the Finance business and the Executive teams of both the Appliances and Finance businesses.

Compensation of key management personnel for the years ended 31 March 2011 and 31 March 2010 was as follows:

	Short-term benefits $'000	Post-employment benefits $'000	Other long-term benefits $'000	Termination benefits $'000	Share-based payments $'000	Total $'000
Year ended 31 March 2011	**7,372**	**330**	**57**	**-**	**(2)**	**7,757**
Year ended 31 March 2010	11,151	2,306	1	2,239	227	15,924

During the years ended 31 March 2011 and 31 March 2010, there were a number of new appointments and resignations of key management personnel, resulting in a smaller Executive team. Remuneration for these employees and Directors has been appropriately pro-rated where applicable.

(b) Other transactions with key management personnel or entities related to them

Information on transactions with key management personnel or entities related to them, other than compensation, are set out below.

(i) Other transactions and balances

Key management personnel invested cash in debenture stock issued by the Finance business during the period. The debenture stock was acquired on the same terms & conditions that applied to other investors at the time the investments were made.

During the year the company sold household appliances to key management personnel on the same terms and conditions as available to all staff.

The former Chairman, Mr Ralph Waters, is a director of Westpac New Zealand Limited, a registered bank that provides credit facilities to the Group on normal commercial terms & conditions.

A Director, Mr John Gilks, is a director and shareholder of Receivables Management (NZ) Limited, a company which provides debt collection services to the Finance business. The services are provided on normal commercial terms and conditions.

(c) Subsidiaries

Interests in subsidiaries are set out in Note 33.

(d) Parent Company

As at 31 March 2011, the Parent company had advanced funds to Group companies of $637.6 million (2010 $637.2 million). These intra-Group advances are interest free and repayable on demand.

39 Related party transactions (continued)

(e) Transactions with related parties

Haier Group Corporation is a related party owing to its 20% shareholding in the Parent Company.

The following transactions occurred with Haier Group Corporation (and its associated entities) during the years ended 31 March 2011 and 2010:

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Sales of goods and services				
Sales of goods	**11,598**	273	**-**	-
Sales of services	**1,330**	103	**-**	-
	12,928	376	**-**	-
Purchases of goods and services				
Purchases of goods	**33,579**	17,599	**-**	-
Purchases of services	**188**	113	**-**	-
	33,767	17,712	**-**	-
Other transactions				
Subscriptions for ordinary shares by Haier Group Corporation	**-**	82,037	**-**	82,037
Directors fees paid to subsidiaries of Haier Group Corporation	**188**	113	**-**	113
	188	82,150	**-**	82,150

(f) Outstanding balances with related parties

The following balances are outstanding at balance date in relation to transactions with Haier Group Corporation:

	Consolidated		Parent	
	31 March 2011 $'000	31 March 2010 $'000	**31 March 2011 $'000**	31 March 2010 $'000
Current receivables (sales of goods and services)	**1,432**	350	**-**	-
Current payables (purchases of goods and services)	**2,482**	4,780	**-**	-

No allowances for impairment have been raised in relation to any outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from Haier Group Corporation.

(g) Terms & conditions of related party transactions

Transactions relating to subscriptions for new ordinary shares following the Rights Issue in 2009 were on the same terms & conditions that applied to other shareholders.

All transactions were made on normal commercial terms & conditions and at market rates.

Outstanding balances are unsecured and are repayable in cash.

40 Events occurring after the Statement of Financial Position date

On 14 April 2011, Mr P Carmichael (a Haier Group nominated Director) resigned from the Board of Directors and on the same date, Mr Liang Haishan (a Haier Group nominated Director) was appointed to the Board.

On 18 April 2011, the fourth and final instalment relating to the April 2008 Reynosa, Mexico acquisition was paid - refer Note 23.

On 28 April 2011, the availability period of the RFS Trust 2006-1 $285 million liquidity facility was extended to 30 April 2012.

On 30 April 2011, Mr S Botherway resigned from the Board of Directors.

41 Foreign currency exchange rates

	31 March 2011	31 March 2010
NZ$1.00 =		
Australian dollar	**0.7353**	0.7758
United States dollar	**0.7587**	0.7094
Euro	**0.5369**	0.5296
Thai baht	**22.98**	22.59
Mexican peso	**9.0597**	8.7799
British pound	**0.4715**	0.4708

(Source: ANZ Global Markets)

The above foreign currency exchange rates have been applied to the Statement of Financial Position at each balance date.

Fisher & Paykel Appliances Holdings Limited

Results for announcement to the market

Reporting Period	12 Months to 31 March 2011
Previous Reporting Period	12 Months to 31 March 2010

	Amount ($'000)	Percentage change
Revenues from ordinary activities (item 1.1.1)	1,120,943	% (3.7)
Profit (loss) from ordinary activities after tax attributable to members (item 1.1.2)	33,545	% 140.3
Net profit (loss) for the period attributable to members (item 1.1.3)	33,545	% 140.3
Dividends (distributions) **(Please refer to commentary for further details)**	Amount per security	Imputed amount per security
Final dividend (item 1.2)	Nil ¢	N/A ¢

Record date for determining entitlements to the dividend (item 1.3).	N/A
Payment date for dividends (item 1.3)	N/A

Brief explanation of any of the figures in 1.1 to 1.3 necessary to enable the figures to be understood. (item 1.4)

Please refer to attached commentary.

Dividends (in the case of a trust, distributions) (item 4.5)

5 Date the dividend (distribution) is payable	N/A
Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	N/A
If it is a final dividend, has it been declared? (Preliminary final report only)	N/A

Amount per security

			Amount per security	Imputed amount per security	Amount per security of foreign source dividend
	Final dividend:	Current year	**Nil** ¢	**N/A** ¢	**N/A** ¢
		Previous year	**Nil** ¢	**N/A** ¢	**N/A** ¢

Full yearly report - final dividend (distribution) on all securities

	Current period $NZ'000	Previous corresponding period $NZ'000
Ordinary securities (each class separately)	-	-
Preference securities (each class separately)	-	-
Other equity instruments (each class separately)	-	-
Total	-	-

Dividend or distribution plans in operation (item 4.6)

The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans	**N/A**

Any other disclosures in relation to dividends (distributions). (For half yearly reports, provide details in accordance with paragraph 16(f) of NZ IAS34 Interim Financial Reporting)

No dividend declared.

NTA backing (item 4.7)

	Current period	Previous corresponding period
4.7 Net tangible asset backing per ordinary security	**0.56**	**0.53**

Control gained over entities having material effect (item 4.8)

4.8.1 Name of entity (or group of entities)	**N/A**
4.8.2 Date from which such profit has been calculated	
4.8.3 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	$'000
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	$'000

Loss of control of entities having material effect

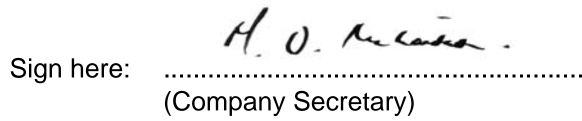
4.8.1 Name of entity (or group of entities)	**N/A**
4.8.2 Date to which the profit (loss) in item 14.2 has been calculated	
4.8.3 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	$
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	$
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	$

Details of associates and joint venture entities (item 4.9)

Group's share of associates' and joint venture entities':	Current period $NZ'000	Previous corresponding period $NZ'000
Profit (loss) from ordinary activities before tax	**NIL**	**NIL**
Income tax on ordinary activities	**NIL**	**NIL**
Profit (loss) from ordinary activities after tax	**NIL**	**NIL**
Extraordinary items net of tax	**NIL**	**NIL**
Net profit (loss)	**NIL**	**NIL**
Adjustments	**NIL**	**NIL**
Share of net profit (loss) of associates and joint venture entities	**NIL**	**NIL**

Compliance statement

This report is based on financial statements which have been audited. The audit report, which was unqualified, will be made available with the Company's financial report.



Sign here: .... Date: **27 May 2011**
(Company Secretary)

Print name: **Mark David Richardson**