FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED

YEAR END INFORMATION 12 MONTHS TO 31 MARCH 2012

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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 2012
		Year ended ('previous corresponding period')
		31 MARCH 2011

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)	(7.4) %	to	1,037,958
Profit/(loss) from ordinary activities after tax attributable to members (item 2.2)	up/(down)	(45.1) %	to	18,431
Net profit/(loss) for the period attributable to members (item 2.3)	up/(down)	(45.1) %	to	18,431

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	0.56

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: **24 May 2012**

Print name: **Mark David Richardson**

Fisher & Paykel Appliances Holdings Limited

FPA Stock Exchange Release ASX/NZX 24 May 2012

FPA – Financial Results for the year ended 31 March 2012

Fisher & Paykel Appliances Holdings Limited announced today a group net profit after tax of $18.4 million for the financial year ending 31 March 2012. This result compares to $33.5 million for the previous year.

The three items affecting comparability were an onerous lease charge of $2.7 million before tax (Appliances business), a fair valuation adjustment for property held for sale (Appliances business) of $1.2 million before tax, and litigation costs of $6.8 million before tax (Finance Group). Total one-off adjustments for the period resulted in a charge of $10.7 million before tax compared to a gain of $5.1 million for the previous year.

Adjusting for items affecting comparability, normalised group net profit after tax was $26.3 million compared to $30.0 million last year.

Net bank debt as at 31 March 2012 was $65.2 million compared to $100.2 million as at 31 March 2011, excluding operating borrowings for the Finance business. Group interest charges, excluding Finance operating interest expense, decreased by 30% from $15.4 million to $10.9 million on lower debt levels.

Cashflow from operations, before the movement in loans to Finance business customers, was $117 million compared to $113 million for the previous corresponding period. Group capital expenditure for the period was $50.5 million including capital expenditure related to new motors contracts of $22 million. Capital expenditure in the last financial year was $28.3 million.

The Appliances business reported an operating profit before interest and tax of $7.3 million compared to $28.8 million last year. After adjusting for items affecting comparability of $3.9 million before tax, normalised profit before interest and tax was $11.3 million compared to $23.7 million last year. This result is ahead of market guidance provided in December 2011 of approximately $10 million.

For the second half the Appliances business reported a normalised operating profit before interest and tax of $13.7 million, compared to a loss of $2.4 million in the first half.

As foreshadowed in November 2011, the full year result reflects lower revenue as the business refocuses on profitable sales, notably in North America. Total operating revenue for the Appliances business was down 7.6% to $891 million compared with $965 million for the previous year. This reflected weaker retail market conditions, rebalancing for profitable sales and unfavourable currency translation.

Gross margin, as a percentage of sales, increased by 0.9% points to 31.2%. Appliances' gross margin in dollar terms decreased by $13.5 million to $278.4 million for the year ended 31 March 2012 as a result of lower sales, higher raw materials and freight costs. Sales, general & administration costs reduced by $10.9 million to $215 million on cost savings, in particular in North America and favourable currency translation.

The full year result was also impacted by transactional hedging losses of $25.6 million, with $5.3 million recorded in the second half following a mid year change in hedging policy.

On a segment reporting basis the North American distribution business reported an operating profit of $0.9 million for the year compared to a $9.8 million loss in the previous year.

The Finance business reported a solid result with reported operating earnings before tax of $31.0 million, compared to $34.7 million for the previous year. After adjusting for litigation costs of $6.8 million before tax, normalised profit before interest and tax was $37.8 million compared to $34.7 million last year. This result is above the market guidance provided in December 2011 of around $32 million. Net income remained steady on 2011 levels. Bad debt expenses were lower than the prior year, however operating costs were higher due to increased promotional activity to grow Q Card.

In respect of litigation costs, a case raised by a U.S. based software company was heard in the High Court at Auckland, New Zealand in 2011. A judgement on the issue is now expected this year. There are complex legal issues and a range of possible outcomes. Accordingly, the Directors took the prudent decision at the half year to make a provision given this uncertainty.

FY13 OUTLOOK

Retail market conditions are expected to remain soft across all of the Company's key markets in the near term due to global economic uncertainty. The Board remains particularly concerned about retail market conditions in Australia, which deteriorated in the second half of the 2012 financial year. While there was a slight improvement in the U.S. economic outlook, there are already signs that this might not be sustained.

In the past two years the Appliances business has rejuvenated investment in new products and at the same time has significantly reduced bank debt, controlled working capital and overheads. The business has been repositioned for the current economic climate and now has the financial flexibility to pursue market opportunities including growth in the components and technology business.

In FY13, the Appliances business will benefit from the commissioning of two new motor contracts signed in 2011. The Haier motor line was commissioned in April 2012. A second line for another customer is on track for production in the second quarter of FY13. In addition, the product development programme of the past few years will culminate in the release of new refrigeration, laundry and cooking products during the coming year. On the downside, raw material prices have increased in recent months.

The Finance businesses earnings should remain resilient in the coming year, despite an expectation that New Zealand retail trading conditions will remain soft. Increased promotional activity with the Farmers Trading Company and a broader merchant base for Q Card should improve interest income.

Capital expenditure for the Group is expected to be approximately $42 million in the 2013 financial year.

The Directors intend to restore dividend payments to shareholders as soon as possible. However, with conditions in our key markets remaining very uncertain, the Directors believe it is prudent to take a cautious approach and have resolved not to pay a dividend at this time.

An update on trading and market conditions will be provided at the Annual Shareholders Meeting in August 2012.

Full-year result at a glance:

- Group Operating Revenue was $1,038 million (FY11 $1,121 million).
- Reported Profit For The Year after Tax was $18.4 million (FY11 $33.5 million).
- Reported Group EBIT was $38.4 million (FY11 $63.5 million).
- Appliances normalised EBIT was $11.3 million (FY11 $23.7 million).
- Finance Group normalised EBIT was $37.8 million (FY11 $34.7 million).
- Net Bank Debt (excluding Finance operating borrowings) as at 31 March 2012 was $65.2 million ($100.2 million as at 31 March 2011).
- Cash flow from operations, before the movement in loans to Finance business customers was $117 million, up from $113 million last year.
- Capital expenditure was $50.5 million (FY11 $28.3 million).

ENDS

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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 100 which comprise the statements of financial position as at 31 March 2012, 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 2012 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 providers of audit, tax compliance and other assurance services. These services have not impaired our independence as auditors of the Company and Group.

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Independent Auditors' Report

Fisher & Paykel Appliances Holdings Limited

Opinion

In our opinion, the financial statements on pages 1 to 100:

(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 2012, 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 2012:

(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 Auckland
24 May 2012

Fisher & Paykel Appliances Holdings Limited and subsidiaries
Financial statements
for the year ended 31 March 2012

Income Statement

For the year ended 31 March 2012

		Consolidated		Parent	
	Notes	**31 March 2012 $'000**	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Revenue					
Operating revenue	7	**1,031,168**	1,110,342	-	-
Other income					
Profit on sale of land & buildings		-	6,508	-	-
Other income		**6,790**	4,093	-	1
Total other income	7	**6,790**	10,601	-	1
Total revenue and other income		**1,037,958**	1,120,943	-	1
Items affecting comparability:					
Onerous contracts	8	**(2,694)**	(882)	-	-
Fair valuation of non-current assets held for sale	8	**(1,241)**	(500)	-	-
Litigation costs	8	**(6,774)**	-	-	-
		(10,709)	(1,382)	-	-
Other operating expenses		**(988,862)**	(1,056,038)	**136**	111
Total operating expenses	8	**(999,571)**	(1,057,420)	**136**	111
Operating profit		**38,387**	63,523	**136**	112
Finance costs	8	**(10,857)**	(15,403)	-	-
Profit before income tax		**27,530**	48,120	**136**	112
Income tax expense	9	**(9,099)**	(14,575)	**(82)**	35
Profit for the year		**18,431**	33,545	**54**	147
Profit per share attributable to the ordinary equity holders of the Company during the year:					
Basic and diluted profit/(loss) per share	27	**2.5**	4.6		

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: 24 May 2012

S B Broadhurst
Managing Director & Chief Executive Officer

Statement of Comprehensive Income

For the year ended 31 March 2012

		Consolidated		Parent	
	Notes	**31 March 2012 $'000**	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Profit for the year		**18,431**	33,545	**54**	147
Other comprehensive (loss) income					
Cash flow hedges	36	**17,073**	(15,041)	**-**	-
Exchange differences on translation of foreign operations	28	**(40,491)**	(10,352)	**-**	-
Income tax relating to components of other comprehensive income	36	**(4,780)**	5,644	**-**	-
Other comprehensive (loss) / income for the year net of tax		**(28,198)**	(19,749)	**-**	-
Total comprehensive (loss) / income for the year		**(9,767)**	13,796	**54**	147

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

Statement of Financial Position

As at 31 March 2012

		Consolidated		Appliances business*		Finance business		Parent	
		31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Notes	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets									
Current assets									
Cash & cash equivalents	10	109,347	113,529	22,273	21,375	87,074	92,154	1	1
Trade receivables & other current assets	11	125,652	150,628	116,354	140,547	9,298	10,081	21	27
Finance business receivables	12	359,662	369,876	-	-	359,662	369,876	-	-
Inventories	13	151,772	195,108	151,772	195,108	-	-	-	-
Non-current assets classified as held for sale	14	13,843	15,021	13,843	15,021	-	-	-	-
Derivative financial instruments	15	2,365	2,654	2,361	2,654	4	-	-	-
Tax receivables		2,023	1,162	2,023	1,162	-	-	4	-
Intergroup advances	39	-	-	-	-	-	-	637,620	637,585
Total current assets		764,664	847,978	308,626	375,867	456,038	472,111	637,646	637,613
Non-current assets									
Property, plant & equipment	16	200,521	202,155	199,448	200,909	1,073	1,246	-	-
Investment in subsidiaries	33							100,263	100,263
Investment in Finance business				207,362	205,383				
Intangible assets	17	196,709	210,948	83,252	90,649	113,457	120,299	-	-
Finance business receivables	12	234,870	231,719	-	-	234,870	231,719	-	-
Derivative financial instruments	15	151	4	103	3	48	1	-	-
Tax receivables		-	7,015	-	7,015	-	-		6
Deferred taxation	18	54,783	55,857	71,275	75,385	-	-	148	228
Other non-current assets		1,988	2,738	1,432	1,694	556	1,044	-	-
Total non-current assets		689,022	710,436	562,872	581,038	350,004	354,309	100,411	100,497
Total assets		1,453,686	1,558,414	871,498	956,905	806,042	826,420	738,057	738,110
Liabilities									
Current liabilities									
Current borrowings	19	3,205	-	3,205	-	-	-	-	-
Finance business borrowings	20	319,865	328,917	-	-	319,865	328,917	-	-
Trade creditors	21	96,560	99,141	96,560	99,141	-	-	-	-
Current finance leases		-	17	-	17	-	-	-	-
Provisions	22	20,485	18,341	20,477	18,333	8	8	-	-
Derivative financial instruments	15	2,881	21,000	2,213	20,397	668	603	-	-
Tax liabilities		1,515	6,869	1,515	6,869	2,138	3,857	-	-
Other current liabilities	23	62,359	73,534	34,457	49,600	27,902	23,934	774	820
Total current liabilities		506,870	547,819	158,427	194,357	350,581	357,319	774	820
Non-current liabilities									
Non-current borrowings	19	83,605	121,557	83,605	121,557	-	-	-	-
Finance business borrowings	20	231,101	244,998	-	-	231,101	244,998	-	-
Non-current finance leases		-	-	-	-	-	-	-	-
Provisions	22	15,575	14,195	14,979	13,696	596	499	-	-
Derivative financial instruments	15	2,782	5,701	734	3,151	2,048	2,550	-	-
Deferred taxation	24	5,610	6,871	5,610	6,871	14,354	15,671	-	-
Other non-current liabilities	25	2,962	2,325	2,962	2,325	-	-	-	61
Total non-current liabilities		341,635	395,647	107,890	147,600	248,099	263,718	-	61
Total liabilities		848,505	943,466	266,317	341,957	598,680	621,037	774	881
Shareholders' equity									
Contributed equity	26	841,869	841,869	841,869	841,869			842,381	842,381
Accumulated losses	28	(147,992)	(166,423)	(147,992)	(166,423)			(107,068)	(107,122)
Reserves	28	(88,696)	(60,498)	(88,696)	(60,498)			1,970	1,970
Investment in Finance business						207,362	205,383		
Total shareholders' equity		605,181	614,948	605,181	614,948	207,362	205,383	737,283	737,229
Total liabilities and shareholders' equity		1,453,686	1,558,414	871,498	956,905	806,042	826,420	738,057	738,110

** 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 2012

Consolidated

	Attributable to Equity holders of the Company							
	Share capital $'000	**Accumulated losses $'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 2011	841,869	(166,423)	(50,370)	(11,350)	(1,260)	512	1,970	614,948
Changes in equity								
Other comprehensive income for the year	-	-	(40,491)	12,363	(70)	-	-	(28,198)
Profit for the period	-	18,431	-	-	-	-	-	18,431
Balance at 31 March 2012	841,869	(147,992)	(90,861)	1,013	(1,330)	512	1,970	605,181
Balance at 1 April 2010	841,869	(199,968)	(40,018)	(3,213)	-	512	1,970	601,152
Changes in equity								
Other comprehensive income for the year	-	-	(10,352)	(8,137)	(1,260)	-	-	(19,749)
Profit for the year	-	33,545	-	-	-	-	-	33,545
Balance at 31 March 2011	841,869	(166,423)	(50,370)	(11,350)	(1,260)	512	1,970	614,948

Parent

	Attributable to Equity holders of the Company							
	Share capital $'000	**Accumulated losses $'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 2011	842,381	(107,122)	-	-	-	-	1,970	737,229
Changes in equity								
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Profit for the period	-	54	-	-	-	-	-	54
Balance at 31 March 2012	842,381	(107,068)	-	-	-	-	1,970	737,283
Balance at 1 April 2010	842,381	(107,269)					1,970	737,082
Changes in equity								
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Profit for the year	-	147	-	-	-	-	-	147
Balance at 31 March 2011	842,381	(107,122)	-	-	-	-	1,970	737,229

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 2012

	Notes	Consolidated 31 March 2012 $'000	Consolidated 31 March 2011 $'000	Parent 31 March 2012 $'000	Parent 31 March 2011 $'000
Cash flows from operating activities					
Receipts from customers		**912,704**	985,208	**-**	-
Financing interest and fee receipts		**140,941**	144,808	**-**	-
Interest received		**780**	504	**-**	1
Payments to suppliers and employees		**(872,796)**	(958,656)	**(1,292)**	(1,785)
Income taxes paid		**(12,824)**	(1,896)	**-**	-
Interest paid		**(52,023)**	(57,066)	**-**	-
		116,782	112,902	**(1,292)**	(1,784)
Principal on loans repaid by Finance business customers		**571,897**	579,958	**-**	-
New loans to Finance business customers		**(577,974)**	(586,699)	**-**	-
Net cash inflow / (outflow) from operating activities	35	**110,705**	106,161	**(1,292)**	(1,784)
Cash flows from investing activities					
Sale of property, plant & equipment	7	**2,080**	29,335	**-**	-
Purchase of property, plant & equipment	16	**(40,023)**	(17,734)	**-**	-
Capitalisation of intangible assets	17	**(10,453)**	(10,607)	**-**	-
Acquisition of Mexican operations - instalment		**(12,812)**	(12,419)	**-**	-
Other investments		**500**	-	**-**	-
Net cash inflow / (outflow) from investing activities		**(60,708)**	(11,425)	**-**	-
Cash flows from financing activities					
New non-current borrowings	19	**133,754**	50,426	**-**	-
New Finance business borrowings	20	**119,080**	104,057	**-**	-
Repayment of borrowings	19	**(162,502)**	(140,159)	**-**	-
Repayment of Finance business borrowings	20	**(142,447)**	(79,102)	**-**	-
Lease liability payments		**2**	(344)	**-**	-
Intercompany borrowings		**-**	-	**1,292**	1,785
Net cash inflow / (outflow) from financing activities		**(52,113)**	(65,122)	**1,292**	1,785
Net increase / (decrease) in cash & cash equivalents		**(2,116)**	29,614	**-**	1
Cash & cash equivalents at the beginning of the year		**113,529**	82,650	**1**	-
Effects of foreign exchange rate changes on cash & cash equivalents		**(2,066)**	1,265	**-**	-
Cash and cash equivalents at the end of the year	10	**109,347**	113,529	**1**	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 24 May 2012.

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 and Q 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 2012 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), International Financial Reporting Standards (IFRS) and any other applicable Financial Reporting Standards.

(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) applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. 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 Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. 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.

Acquisition-related costs are expensed as incurred.

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.

(c) 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.

(d) 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

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

2 Summary of significant accounting policies (continued)

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.

(e) 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
Interest income on Finance receivables is recognised in the Income Statement and is measured at amortised cost using the effective interest method.

Yield related fees for finance receivables are accrued to income over the term of the loan using the effective interest method. Fees not included in the effective interest calculation are recognised on an accruals basis when the service has been provided.

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)

(f) 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.

(g) 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.

(h) 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.

(i) 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. 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.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. 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 period of the lease.

(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)

(j) 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.

(k) 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.

(l) 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.

(m) 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)

(n) 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.

(o) Insurance assets (Finance business)

Assets that back 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.

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)

(p) 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.

(q) 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.

(r) 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.

(s) Intangible assets

Acquired intangible assets

(i) Goodwill
Goodwill arises on the acquisition of subsidiaries, and represents the excess of the consideration transferred over the groups interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. 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 3-15 years. The estimated useful life and amortisation method is reviewed at each balance date.

(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)

(t) 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).

(u) Impairment of financial assets (Finance business)

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

An assessment is made at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data about the following loss events:

- significant financial difficulty of the issuer or obligor
- breach of contract, such as default or delinquency in interest or principal payments
- a concession granted to the borrower that the lender would not otherwise consider for economic or legal reasons relating to the borrowers financial difficulty
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- the disappearance of an active market for that financial asset because of financial difficulties
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group including adverse changes in the payment status of borrowers in the group

Firstly an assessment is made whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence exists for an individually assessed financial asset, whether significant or not, the assets are included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient impairment may be measured on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cashflows that may result from foreclosure less costs for obtaining and selling collateral, whether or not foreclosure is probable.

2 Summary of significant accounting policies (continued)

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Finance business and historical loss experience for assets with credit characteristics similar to those in the Group. Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in payment status or other factors indicative of changes in probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. When a loan is uncollectible, it is written off to the statement of comprehensive income. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtors credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

(v) 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.

(w) 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.

(x) 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.

2 Summary of significant accounting policies (continued)

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. Currently, only 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.

(y) 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. Actuarial calculations were performed to determine the outstanding claims liability. The outstanding claims liability has been determined using the Bornhuetter-Fergusson (incurred claims) methodology. It has been assumed that future incurred claims patterns for each group of business will continue to follow observed historic patterns.

(z) 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.

(i) *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.

(ii) *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.

(iii) *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.

2 Summary of significant accounting policies (continued)

(aa) 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.

(ab) 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.

(ac) 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 2011:

NZ IAS 24 (Revised), Related Party Disclosures.

The revised Standard clarifies and simplifies the definition of a related party. The group has disclosed transactions between its subsidiaries and its associates. However, there has been no impact on any amounts recognised in the financial statements.

2 Summary of significant accounting policies (continued)

(ad) 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 External Reporting Board (XRB) that are mandatory for future periods and which the Group will adopt when they become mandatory. These new standards, amendments and interpretations include:

- **NZ IAS 1 Amendments Presentation of Items of Other Comprehensive Income (effective 1 July 2012)**

  The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The group intends to adopt the new standard from 1 April 2012.

- **NZ IFRS 9 Financial Instruments: Classification and Measurement** (mandatory for annual periods beginning on or after 1 January 2015). The major changes under the Standard are:

  - NZ IFRS 9 replaces parts of NZ IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: amortised cost and fair value.

  - The classification depends on the entities business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  - For financial liabilities the standard retains most of IAS 39 requirements. The main change is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in the income statement, unless this creates an accounting mismatch.

  The Group will apply NZ IFRS 9 prospectively from 1 April 2015.

- **NZ IFRS 10 Consolidated Financial Statements and NZ IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)**

  NZ IFRS 10 replaces all of the guidance on control and consolidation in NZ IAS 27 Consolidated and Separate Financial Statements, and NZ IFRIC 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. The group does not expect the new standard to have a significant impact on its composition.NZ IFRS 12 sets out the required disclosures for entities reporting under the new standard, NZ IFRS 10. The group does not expect the new standards to have a significant impact on the Financial Statements.

- **NZ IFRS 13 Fair Value Measurement (effective 1 January 2013)**

  NZ IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 March 2014.

2 Summary of significant accounting policies (continued)

- **Revised NZ IAS 19 Employee Benefits (effective 1 January 2013)**

  The standard requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. The group does not expect the new standard to have a significant impact on the Financial Statements.

- **FRS 44 New Zealand Additional Disclosures and Harmonisation Amendments (effective 1 July 2012)**

  FRS 44 sets out New Zealand specific disclosures for entities that apply NZ IFRSs. These disclosures have been relocated from NZ IFRSs to clarify that these disclosures are additional to those required by IFRSs. Adoption of the new rules will not affect any of the amounts recognised in the financial statements, but may simplify some of the group's current disclosures. The Harmonisation Amendments amends various NZ IFRSs for the purpose of harmonising with the source IFRSs and Australian Accounting Standards. The significant amendments include introduction of the option to use the indirect method of reporting cash flows that is not currently in NZ IAS 7. In addition, various disclosure requirements have been deleted. The group intends to adopt FRS 44 and the Harmonisation Amendments from 1 July 2012.

- 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(s). 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 2012 and 2011.

(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 2012, the Group had recognised a warranty provision amounting to $18.3 million (2011 $21.8 million).

(iv) *Product support provision*
Provision is made for costs to support older products sold in previous years which are outside warranty periods.

The provision recognised is based on estimated costs to address product issues.

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 2012 the Group had recognised a product support provision amounting to $4.9 million (2011 nil).

(v) 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 2012, the Group had recognised an allowance for impairment losses amounting to $20.7 million (2011 $26.7 million).

(vi) 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 2012, a 10% movement in the blended rate used is estimated to have a $6.7 million impact on the value of inventory.

The provision for obsolescence has reduced in the year ended 31 March 2012 to $9.5 million (2011 $11.3 million). Whilst Management are satisfied the provision is fairly stated, this involves significant judgement on forecast usage of materials.

3 Critical accounting estimates and judgements (continued)

(vii) 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.

As at 31 March 2012, the Group had recognised $49.2 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 $0.6 million of New Zealand operating losses and unrecognized US tax losses and credits totalling $24.0 million.

(viii) 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 2012, the Group had recognised a provision for unvested long service leave amounting to $9.0 million (2011 $8.2 million).

(ix) 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. There were no restructuring plans announced during the year ended 31 March 2012 (2011 $0.9 million).

(x) *Litigation costs*
Fisher & Paykel Financial Services Limited is currently involved in legal proceedings with a software supplier. The case was heard in the High Court at Auckland, New Zealand in late 2011 and a judgement on the issue is expected this year (refer Note 8).

(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, interest rate risk and commodity 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 12 months (24 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 2012 were as follows:

- Purchase commitments forward exchange contracts $127.7 million (2011 $280.0 million)

- Sale commitments forward exchange contracts $40.4 million (2011 $122.9 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 and caps 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 and caps at 31 March 2012 were $65.7 million (2011 $80.7 million). The interest rate contracts in place at the time of the debt restructuring in March 2009, were deemed to be ineffective and are fair valued through profit or loss. Interest rate contracts entered into subsequent to the restructuring are deemed effective and fair valued through the cash flow hedge reserve.

(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 has commodity derivatives as at 31 March 2012 these were less than $1,000 (2011 $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 2012	**Carrying amount $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Financial assets									
Cash & cash equivalents	22,273	(137)	(137)	275	275	3,624	3,624	(2,679)	(2,679)
Trade receivables	108,456	-	-	-	-	9,344	9,344	(6,906)	(6,906)
Foreign exchange derivatives	2,361	-	-	-	-	2,897	8,417	(2,141)	(6,221)
Interest rate derivatives	103	-	(4)	30	38	(9)	(9)	7	7
Financial liabilities									
Borrowings	(86,810)	707	707	(1,414)	(1,414)	(7,322)	(7,322)	5,412	5,412
Trade creditors	(96,560)	-	-	-	-	(9,685)	(9,685)	7,159	7,159
Foreign exchange derivatives	(1,736)	-	-	-	-	7,761	8,844	(5,736)	(6,537)
Interest rate derivatives	(1,211)	(183)	(183)	353	353	178	178	(132)	(132)
Total increase/ (decrease)		387	383	(756)	(748)	6,788	13,391	(5,016)	(9,897)

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)

Parent		**Interest rate risk**				**Foreign exchange risk**			
		-1%		**+2%**		**-15%**		**+15%**	
31 March 2012	**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	21	-	-	-	-	-	-	-	-
Intergroup advances	637,620	-	-	-	-	-	-	-	-
Total increase/ (decrease)		-	-	-	-	-	-	-	-

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)		-	-	-	-	-	-	-	-

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 2012, the Appliances business had trade receivables from certain major customers of $29.4 million (2011 $25.0 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 major 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 2012 $'000	31 March 2011 $'000
New Zealand	**20,510**	17,456
Australia	**40,774**	51,699
North America	**16,817**	31,144
Europe	**23,532**	18,167
Rest of World	**6,823**	9,651
	108,456	128,117

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 regularly 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 2012	**On Call** **$'000**	**Less than 1 year** **$'000**	**Between 1 and 2 years** **$'000**	**Between 2 and 5 years** **$'000**
Borrowings	**-**	**10,103**	**13,764**	**79,440**
Trade creditors	**-**	**96,560**	**-**	**-**
Finance lease liabilities	**-**	**-**	**-**	**-**
Interest rate swaps *	**-**	**477**	**734**	**-**
31 March 2011				
Borrowings	-	-	128,151	-
Trade creditors	-	99,141	-	-
Finance lease liabilities	-	17	-	-
Interest rate swaps *	-	2,353	933	49

* 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 2012	Less than 1 year $'000	Between 1 and 2 years $'000
Forward foreign exchange contracts - cash flow hedges		
- inflow	**168,719**	**-**
- outflow	**168,094**	**-**

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

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 2012	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total balance $'000**
Assets				
Derivative financial instruments - held for trading	**-**	**934**	**-**	**934**
Derivative financial instruments - cash flow hedges	**-**	**1,530**	**-**	**1,530**
Total assets	**-**	**2,464**	**-**	**2,464**
Liabilities				
Derivative financial instruments - held for trading	**-**	**2,823**	**-**	**2,823**
Derivative financial instruments - cash flow hedges	**-**	**124**	**-**	**124**
Total liabilities	**-**	**2,947**	**-**	**2,947**

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

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 2012				
Cash & cash equivalents	**-**	**-**	**22,273**	**22,273**
Trade receivables	**-**	**-**	**108,456**	**108,456**
Derivative financial instruments	**934**	**1,530**	**-**	**2,464**
	934	**1,530**	**130,729**	**133,193**
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
Parent				
31 March 2012				
Cash & cash equivalents	**-**	**-**	**1**	**1**
Intergroup advances	**-**	**-**	**637,620**	**637,620**
	-	**-**	**637,621**	**637,621**
31 March 2011				
Cash & cash equivalents	-	-	1	1
Intergroup advances	-	-	637,585	637,585
	-	-	637,586	637,586

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 2012				
Borrowings	**-**	**-**	**86,810**	**86,810**
Trade creditors			**96,560**	**96,560**
Derivative financial instruments	**2,823**	**124**	**-**	**2,947**
Finance leases	**-**	**-**	**-**	**-**
	2,823	**124**	**183,370**	**186,317**
31 March 2011				
Borrowings	-	-	121,557	121,557
Trade creditors			99,141	99,141
Derivative financial instruments	6,193	17,355	-	23,548
Finance leases	-	-	17	17
	6,193	17,355	220,715	224,263

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.

Information & Support Services Steering Committee

Comprises the Management Director, the Chief Operating Officer, Chief Financial Officer and Chief Information & Support Services Officer (Chair). The committee is responsible for approving strategy, setting policy, monitoring risk and reviewing work in progress across information services, human resources, process improvement and procurement.

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

5 Financial risk management - Finance business (continued)

- 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

(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 2012	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	**2.5**	**87,074**	**-**	**-**	**-**	**-**	**-**	**87,074**
Derivative financial instruments	**2.8**	**4**	**-**	**48**	**-**	**-**	**-**	**52**
Finance receivables	**18.1**	**495,111**	**51,342**	**37,972**	**10,095**	**12**	**-**	**594,532**
Other financial assets	**0.5**	**-**	**-**	**-**	**556**	**-**	**2,817**	**3,373**
		582,189	**51,342**	**38,020**	**10,651**	**12**	**2,817**	**685,031**
Financial liabilities								
Finance borrowings								
Bank loans	**4.0**	**245,507**	**-**	**-**	**-**	**-**	**-**	**245,507**
Debentures	**7.4**	**50,331**	**39,930**	**18,361**	**2,740**	**-**	**-**	**111,362**
Notes	**3.5**	**194,097**	**-**	**-**	**-**	**-**	**-**	**194,097**
Derivative financial instruments	**3.9**	**213**	**455**	**949**	**1,099**	**-**	**-**	**2,716**
Other financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**10,972**	**10,972**
		490,148	**40,385**	**19,310**	**3,839**	**-**	**10,972**	**564,654**
Net effective interest rate gap		**92,041**	**10,957**	**18,710**	**6,812**	**12**	**(8,155)**	**120,377**

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

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 2012	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash & cash equivalents	**87,074**	**(628)**	**(628)**	**628**	**628**
Finance receivables	**594,532**	**(4,282)**	**(4,282)**	**4,282**	**4,282**
Derivative financial instruments	**52**	**(243)**	**(285)**	**239**	**279**
Other financial assets	**3,373**	**(4)**	**(4)**	**4**	**4**
Financial liabilities					
Finance borrowings	**(550,966)**	**3,958**	**3,958**	**(3,958)**	**(3,958)**
Derivative financial instruments	**(2,716)**	**(527)**	**(1,548)**	**517**	**1,508**
Other financial liabilities	**(10,972)**	**-**	**-**	**-**	**-**
Total increase/ (decrease)		**(1,726)**	**(2,789)**	**1,712**	**2,743**

		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

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 credit worthiness. 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. Additionally where appropriate the Finance business registers a Purchase Money Security Interest (PMSI) charge over each customer and all details of the asset used as security on the Personal Property Securities Register.

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. Additionally where appropriate the Finance business registers a PMSI charge over each customer and all equipment used as security on the Personal Property Securities Register.
- 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 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 2012, the Finance business had advanced $74.5 million to Smithcorp Finance Limited, a bulk finance merchant (2011 $75.4 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 (2011 Nil).

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

	31 March 2012 $'000	31 March 2011 $'000
Credit exposures relating to on-statement of financial position assets:		
Cash & cash equivalents	**87,074**	92,154
Derivative financial instruments	**52**	1
Finance receivables	**594,532**	601,595
Other financial assets	**3,373**	3,726
Credit exposures relating to off-statement of financial position items:		
Undrawn lending commitments*	**1,819,864**	1,775,323
	2,504,895	2,472,799

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

The above table represents a maximum credit risk exposure at 31 March 2012, 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 2012 $'000	31 March 2011 $'000
Upper North Island	**208,904**	212,691
Central North Island	**138,832**	138,386
Lower North Island	**75,969**	77,049
South Island	**170,827**	173,469
	594,532	601,595

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 2012	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	**87,074**	**-**	**-**	**-**	**-**	**-**	**87,074**
Derivative financial instruments*	**-**	**8**	**25**	**60**	**17**	**-**	**110**
Finance receivables	**-**	**223,979**	**148,718**	**171,624**	**201,225**	**40,920**	**786,466**
Other financial assets	**-**	**2,830**	**15**	**30**	**545**	**-**	**3,420**
	87,074	**226,817**	**148,758**	**171,714**	**201,787**	**40,920**	**877,070**
Financial liabilities							
Finance borrowings							
Bank loans	**-**	**4,931**	**142,016**	**4,205**	**105,115**	**-**	**256,267**
Debentures	**5,478**	**47,894**	**41,440**	**20,706**	**3,043**	**-**	**118,561**
Notes	**-**	**195,000**	**-**	**-**	**-**	**-**	**195,000**
Derivative financial instruments*	**-**	**1,145**	**728**	**644**	**174**	**-**	**2,691**
Other financial liabilities	**-**	**10,972**	**-**	**-**	**-**	**-**	**10,972**
	5,478	**259,942**	**184,184**	**25,555**	**108,332**	**-**	**583,491**

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

* 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.

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.

5 Financial risk management - Finance business (continued)

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 which are measured in the Statement of Financial Position at fair value, require 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 assets and liabilities that are measured at fair value.

31 March 2012	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total balance $'000
Assets				
Deposits	**-**	**16,950**	**-**	**16,950**
Derivative financial instruments - cash flow hedges	**-**	**7**	**-**	**7**
Derivative financial instruments - held for trading	**-**	**33**	**-**	**33**
Derivative financial instruments - fair value hedges	**-**	**12**	**-**	**12**
Government stock	**556**	**-**	**-**	**556**
Total assets	**556**	**17,002**	**-**	**17,558**
Liabilities				
Derivative financial instruments - cash flow hedges	**-**	**2,035**	**-**	**2,035**
Derivative financial instruments - held for trading	**-**	**641**	**-**	**641**
Derivative financial instruments - fair value hedges	**-**	**40**	**-**	**40**
Total liabilities	**-**	**2,716**	**-**	**2,716**

31 March 2011	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total balance $'000
Assets				
Deposits	-	20,123	-	20,123
Derivative financial instruments - held for trading	-	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

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.

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.

5 Financial risk management - Finance business (continued)

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 2012	**Bulk finance receivables $'000**
Balance at the beginning of the year	-
Gains & losses recognised in the Income Statement	-
Interest & similar charges	-
Repayments	-
Balance at the end of the year	-

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	-

As at 31 March 2012, all bulk finance receivables were measured at amortised cost.

Total loss for the year ended 31 March 2012 included in the Income Statement (included within Finance business revenue) for assets held at 31 March 2012 was $nil (2011 $nil).

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 2012					
Cash and cash equivalents	**16,950**	**-**	**70,124**	**-**	**87,074**
Derivative financial instruments	**-**	**33**	**-**	**19**	**52**
Finance receivables	**-**	**-**	**594,532**	**-**	**594,532**
Other financial assets	**556**	**-**	**2,816**	**-**	**3,372**
	17,506	**33**	**667,472**	**19**	**685,030**
31 March 2011					
Cash and 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

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 2012				
Borrowings	**-**	**-**	**550,966**	**550,966**
Derivative financial instruments	**641**	**2,075**	**-**	**2,716**
Other financial liabilities	**-**	**-**	**10,972**	**10,972**
	641	**2,075**	**561,938**	**564,654**
31 March 2011				
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

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 2012				31 March 2011			
	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	**4,701**	**114,287**	**118,988**	**3,173**	12,220	135,550	147,770	19,736
Australia	**-**	**-**	**-**	**-**	0	-	-	(1,629)
North America	**28,855**	**83,546**	**112,401**	**(12,838)**	33,071	105,614	138,685	(7,758)
Thailand	**-**	**224,219**	**224,219**	**36,738**	0	225,338	225,338	43,173
Europe	**97,044**	**34,625**	**131,669**	**8,833**	106,283	44,687	150,970	4,484
	130,600	**456,677**	**587,277**	**35,906**	151,574	511,189	662,763	58,006
Sales & customer service								
New Zealand	**162,295**	**7,343**	**169,638**	**13,655**	162,825	7,801	170,626	8,462
Australia	**412,143**	**2,121**	**414,264**	**49,622**	423,263	3,145	426,408	40,086
North America	**135,653**	**-**	**135,653**	**916**	172,863	-	172,863	(9,802)
Europe	**17,966**	**-**	**17,966**	**307**	18,270	-	18,270	118
Rest of World	**32,792**	**-**	**32,792**	**1,637**	36,258	-	36,258	112
	760,849	**9,464**	**770,313**	**66,137**	813,479	10,946	824,425	38,976
Unallocated overheads				**(65,150)**				(59,122)
Currency Fluctuations				**(25,611)**				(14,185)
One-off expenses*				**(3,935)**				(1,382)
One-off income*				**-**				6,508
Appliances business	**891,449**	**466,141**	**1,357,590**	**7,347**	965,053	522,135	1,487,188	28,801
Finance business	**139,719**	**-**	**139,719**	**31,040**	145,289	-	145,289	34,722
Total	**1,031,168**	**466,141**	**1,497,309**	**38,387**	1,110,342	522,135	1,632,477	63,523

Segment revenue reconciliation to the Income Statement

	$'000	$'000
Total segment revenue	**1,497,309**	1,632,477
Inter-segment revenue elimination	**(466,141)**	(522,135)
Interest income	**2,408**	1,484
Other miscellaneous income	**4,382**	9,117
Total revenue & other income as per the Income Statement	**1,037,958**	1,120,943

* Refer Notes 8 & 14

6 Segment information (continued)

Segment total assets

	31 March 2012 $'000	31 March 2011 $'000
Factory operations		
New Zealand	**16,661**	22,209
Australia	**-**	-
North America	**111,913**	127,344
Thailand	**114,474**	101,177
Europe	**78,778**	92,157
	321,826	342,887
Sales & customer service		
New Zealand	**44,267**	52,140
Australia	**103,930**	130,667
North America	**35,464**	45,433
Europe	**7,638**	8,072
Rest of World	**7,623**	8,835
	198,922	245,147
Inter-segment eliminations	**(15,945)**	(16,799)
Unallocated assets	**159,333**	180,287
Appliances business	**664,136**	751,522
Finance business	**806,042**	826,420
Intersegment Eliminations	**(16,492)**	(19,528)
Total assets as per the Statement of Financial Position	**1,453,686**	1,558,414

6 Segment information (continued)

Other Segment disclosures

	Depreciation		Amortisation		Interest Expense*		Interest Income**		Capital expenditure		Working Capital	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Factory operations												
New Zealand	**2,772**	3,806	**3**	4	**-**	1	**(9)**	(51)				
Australia	**-**	-	**-**	-	**-**	-	**-**	-				
North America	**7,455**	7,976	**579**	165	**(365)**	1,418	**-**	-				
Thailand	**6,893**	7,669	**20**	19	**1,683**	1,614	**(2)**	(2)				
Europe	**2,223**	2,102	**4,277**	4,556	**554**	964	**(33)**	(46)				
	19,343	21,553	**4,879**	4,744	**1,872**	3,996	**(44)**	(99)				
Sales & customer service												
New Zealand	**320**	73	**94**	93	**-**	-	**-**	-				
Australia	**1,038**	766	**10**	35	**-**	-	**(398)**	(366)				
North America	**811**	843	**9**	9	**-**	-	**-**	-				
Europe	**81**	116	**-**	-	**-**	-	**(2)**	(2)				
Rest of World	**31**	117	**-**	-	**-**	17	**-**	-				
	2,281	1,915	**113**	137	**-**	17	**(400)**	(368)				
Inter-segment eliminations	**-**	-	**-**	-	**-**	-	**-**	-				
Unallocated	**360**	283	**4,691**	3,918	**8,985**	11,389	**(335)**	(15)				
One-Off Costs	**-**	-	**-**	-	**-**	-	**-**	-				
Appliances business	**21,984**	23,751	**9,683**	8,799	**10,857**	15,403	**(779)**	(482)	**48,313**	24,263	**163,668**	224,084
Finance business	**493**	483	**8,466**	7,860	**-**	-	**(1,629)**	(1,002)	**2,163**	4,078	**-**	**-**
Total	**22,477**	24,234	**18,149**	16,659	**10,857**	15,403	**(2,408)**	(1,484)	**50,476**	28,341	**163,668**	224,084

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 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Appliances business sales of goods revenue				
New Zealand	**159,829**	162,429	**-**	-
Australia	**410,493**	419,035	**-**	-
North America	**165,766**	207,883	**-**	-
Europe	**64,304**	81,330	**-**	-
Rest of World	**74,393**	69,505	**-**	-
Appliances business other sales of goods revenue	**4,701**	12,217		
Appliances business sales of services revenue	**11,963**	12,654	**-**	-
Finance business revenue	**139,719**	145,289	**-**	-
Total operating revenue	**1,031,168**	1,110,342	**-**	-
Other income				
Interest	**2,408**	1,484	**-**	1
Net gains on disposal of property, plant & equipment	**-**	6,300	**-**	-
Appliances business fee income	**1,412**	1,250	**-**	-
Appliances business miscellaneous income	**2,665**	2,341	**-**	-
Finance business fair valuation adjustments	**305**	(774)	**-**	-
Total other income	**6,790**	10,601	**-**	1
Total revenue & other income	**1,037,958**	1,120,943	**-**	1

(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 included a gain on sale of land & buildings of $6.5 million.

8 Expenses

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Net gains and expenses				
Profit before income tax includes the following specific expenses:				
Appliances business				
Cost of goods sold ("COGS")	**613,017**	673,118	**-**	-
Onerous contracts	**2,694**	882	**-**	-
Fair valuation of non-current assets held for sale (refer note (i))	**1,241**	500	**-**	-
Net foreign exchange losses	**25,611**	14,185	**-**	-
Other administration expenses	**114,930**	134,834	**-**	-
Administration expenses	**144,476**	150,401	**-**	-
Selling, marketing & distribution expenses	**131,465**	123,106	**-**	-
Total operating expenses	**888,958**	946,625	**-**	-
The above expenses include:				
Movement of inventory within COGS	**531,905**	573,312	**-**	-
Employee benefits	**187,512**	189,718	**-**	-
Depreciation	**21,984**	23,751	**-**	-
Amortisation	**9,683**	8,799	**-**	-
Rental expense relating to operating leases	**22,946**	25,383	**-**	-
Defined contribution superannuation expense	**12,874**	12,500	**-**	-
Research & development	**17,153**	15,668	**-**	-
Donations	**16**	352	**-**	-
Appliance business finance costs				
External interest expense	**10,857**	15,403	**-**	-
Finance costs expensed	**10,857**	15,403	**-**	-

8 Expenses (continued)

Finance business

Receivables written off during the year	**18,762**	19,545	**-**	-
Recovery of amounts previously written off	**(1,670)**	(1,509)	**-**	-
Movement in allowance for impairment	**(5,980)**	1,312	**-**	-
Impairment charge for credit losses (refer sub-note (ii))	**11,112**	19,348	**-**	-
Interest expense & similar charges	**40,818**	41,360	**-**	-
Litigation costs (refer sub-note (iii))	**6,774**	-	**-**	-
Other Finance business expenses before unearned premium movements	**53,599**	47,548	**-**	-
Movement in unearned insurance & warranty premiums	**(1,690)**	2,539	**-**	-
Other Finance business expenses	**51,909**	50,087	**-**	-
Total operating expenses	**110,613**	110,795	**-**	-

Other Finance business expenses include:				
Employee benefits	**17,725**	15,585	**-**	-
Depreciation	**493**	483	**-**	-
Amortisation	**8,466**	7,860	**-**	-
Marketing & promotion	**7,396**	5,529	**-**	-
Insurance and warranty commissions & claims	**3,648**	3,392	**-**	-
Rental expense relating to operating leases	**1,471**	1,988	**-**	-
Defined contribution superannuation expense	**718**	686	**-**	-
Donations	**3**	-	**-**	-

(i) Asset Impairments

In the year ended 31 March 2012 on fair valuing the remaining East Tamaki, Auckland land & buildings held for sale, an impairment of $1.2 million (2011 $0.5 million) was recognised - refer also Note 14.

(ii) 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. This provision overlay was fully released in the current year.

8 Expenses (continued)

(iii) Litigation costs

Previously a contingency has been reported for litigation which alleged that software developed by Fisher & Paykel Financial Services Limited (FPFS) breaches intellectual property rights of a USA software company. No specific provision was previously made for this, as the known basis of claim was considered to have little or no prospect of success.

The case was heard in the High Court at Auckland, New Zealand in late 2011 and a judgement on the issue is expected this year.

At trial, the USA software company modified its previous stance that FPFS copied software and instead focussed on its alleged intellectual property rights in the logic that underpins certain software functionality.

While the Directors believe on the information available to them that the claim is novel and lacks commercial merit, there are complex legal issues and a range of possible outcomes. Accordingly, the Directors consider it is now prudent to make a provision given this uncertainty.

This amount, together with legal costs incurred by FPFS through to 31 March 2012, has been reported as Litigation Costs in the Income Statement. The amount of the provision recorded by FPFS has not been disclosed separately as this may prejudice FPFS's position in this matter.

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 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
(a) Assurance services				
Audit services				
PricewaterhouseCoopers				
Statutory audit - current year	**1,137**	1,181	**-**	-
Statutory audit - prior year	**-**	-	**-**	-
Compliance audits - Appliances Thailand	**35**	31	**-**	-
Share register audit	**2**	2	**-**	-
Fisher & Paykel Finance Limited Debenture Prospectus audit	**10**	10	**-**	-
Farmers Finance securitisation compliance audit	**33**	30	**-**	-
Other audit firm				
Statutory audit - current year	**24**	23	**-**	-
Total remuneration for audit services	**1,241**	1,277	**-**	-
Other assurance services				
PricewaterhouseCoopers				
Review of Group Interim Financial Statements	**84**	106	**-**	-
Accounting advice	**35**	28	**-**	-
Tax compliance services	**97**	65	**-**	-
Other assurance services	**254**	61	**-**	-
Total remuneration for other assurance services	**470**	260	**-**	-
Total remuneration for assurance services	**1,711**	1,537	**-**	-
(b) Other services				
PricewaterhouseCoopers				
Statutory reporting software	**25**	28	**-**	-
Total remuneration for advisory services	**25**	28	**-**	-
	1,736	1,565	**-**	-

9 Income tax expense

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
(a) Income tax expense				
Current tax	**14,068**	23,259	**-**	66
Deferred tax	**(4,969)**	(8,684)	**82**	(101)
	9,099	14,575	**82**	(35)
Deferred income tax (credit)/expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets (Note 18)	**(3,707)**	(8,313)	**82**	(101)
(Decrease)/increase in deferred tax liabilities (Note 24)	**(1,262)**	(371)	**-**	-
	(4,969)	(8,684)	**82**	(101)
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	**27,530**	48,120	**136**	112
Tax at the New Zealand tax rate of 28% (2011: 30%)	**7,708**	14,436	**38**	34
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	**(490)**	(2,541)	**-**	-
Forfeited NRWT	**298**	823	**-**	-
Unrealised losses on New Zealand FC1 debenture	**391**	182	**-**	-
Net (Recognition) / Derecognition of deferred tax	**(524)**	(1,680)	**-**	-
Credits provided to/from Group companies	**-**	-	**44**	(151)
Other non-deductible amounts	**1,442**	3,144	**-**	-
	8,825	15,480	**82**	(101)
Difference in overseas tax rates	**(62)**	(126)	**-**	-
Under/(over) provision in prior years	**336**	(779)	**-**	66
	274	(905)	**-**	66
Income tax expense	**9,099**	14,575	**82**	(35)

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 was 33.1% (2011 30.3%).

The Group has estimated New Zealand tax losses available to carry forward of $21.7 million (2011 $15.9 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 $0.6 million.

The Group has estimated North American tax losses available to carry forward of $14.6 million (2011 $14.8 million) and tax credits of $2.8 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 $24.0 million.

10 Cash & cash equivalents

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Cash at bank and on hand	**35,497**	40,654	**1**	1
Deposits	**73,850**	72,875	**-**	-
	109,347	113,529	**1**	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 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Balance as above	**109,347**	113,529	**1**	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 2012 was 2.0% (2011 1.8%).

(c) Deposits

These are Finance business call and term deposits. The call deposits bear a weighted average interest rate of 2.5% (2011 2.5%). There were no fixed term deposits during the year to 31 March 2012 (2011 weighted average interest rate ranged from 3.3% to 4.3%). During the year to 31 March 2011 the average maturity period was 39 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 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Net trade receivables				
Trade receivables	**109,079**	129,222	**-**	-
Allowance account for impairment of trade receivables	**(623)**	(1,105)	**-**	-
	108,456	128,117	**-**	-
Other debtors & prepayments	**17,196**	22,511	**21**	27
	125,652	150,628	**21**	27

(a) Impaired receivables

As at 31 March 2012 current trade receivables of the Group with a nominal value of $0.6 million (2011 $1.1 million), which relate to a number of customers, were fully impaired and provisioned. There were no impaired trade receivables in the Parent in 2012 or 2011.

The ageing of these impaired receivables is as follows:

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
0 to 60 days	**67**	390	**-**	-
61 to 120 days	**72**	66	**-**	-
Over 120 days	**484**	649	**-**	-
	623	1,105	**-**	-

As of 31 March 2012, trade receivables of $3.0 million (2011 $5.1 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 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
0 to 60 days	**3,544**	3,638	**-**	-
61 to 120 days	**(156)**	888	**-**	-
Over 120 days	**(423)**	584	**-**	-
	2,965	5,110	**-**	-

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

11 Trade receivables & other current assets (continued)

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Carrying amount at the start of the year	**1,105**	1,568	**-**	-
Exchange rate variance on opening balance	**(126)**	(46)	**-**	-
Additional provision recognised	**263**	749	**-**	-
Utilised during the year	**(619)**	(1,166)	**-**	-
	623	1,105	**-**	-

The creation and release of the provision for impaired receivables has been included in Administration expenses in the Income Statement. Trade Receivables are provisioned when there is no expectation of collection.

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 gain of $203,000 in respect of bad and doubtful trade receivables during the year ended 31 March 2012 (2011 net loss $373,000). This gain / expense has been included in Administration expenses.

(c) Other debtors & prepayments

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

Other debtors & prepayments as at 31 March 2011 included $2.0 million deferred sale proceeds from the sale of land & buildings in East Tamaki, Auckland. These proceeds were received on 19 December 2011, refer also Note 14.

(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 2012 $'000	31 March 2011 $'000
Current		
Finance receivables	**376,083**	391,475
Provision for unearned interest	**(3,889)**	(5,186)
Allowance for impairment	**(12,532)**	(16,413)
Total current Finance receivables	**359,662**	369,876
Non-current		
Finance receivables	**245,593**	245,250
Provision for unearned interest	**(2,540)**	(3,249)
Allowance for impairment	**(8,183)**	(10,282)
Total non-current Finance receivables	**234,870**	231,719
Total Finance receivables	**594,532**	601,595

The Finance business recognised an impairment charge for credit losses of $11.1 million in respect of impaired receivables for the year ended 31 March 2012 (2011 $19.3 million). Refer to Note 8.

(a) Finance business leases

Included within finance receivables are finance leases which the Finance business provides to customers for purchase of office and other equipment.

	31 March 2012 $'000	31 March 2011 $'000
Finance lease receivables		
Gross receivables from finance leases:		
Not later than 1 year	**20,435**	21,624
Later than 1 year and not later than 5 years	**20,544**	21,626
Later than 5 years	**13**	83
	40,992	43,333
Unearned finance income	**(2,160)**	(2,511)
Allowance for uncollectible minimum lease payments receivable	**(1,143)**	(1,914)
	(3,303)	(4,425)
Net investment in finance leases	**37,689**	38,908

12 Finance receivables (continued)

The net investment in finance leases is analysed as follows:

	31 March 2012 $'000	31 March 2011 $'000
Not later than 1 year	**18,540**	19,151
Later than 1 year and not later than 5 years	**19,137**	19,689
Later than 5 years	**12**	68
	37,689	38,908

(b) Impaired receivables

Net Finance receivables are summarised as follows:

	31 March 2012 $'000	31 March 2011 $'000
Neither past due nor impaired	**559,287**	562,002
Past due but not impaired	**26,376**	32,252
Impaired - individually assessed	**29,584**	34,036
Gross	**615,247**	628,290
Less:		
Allowance for impairment - collectively assessed	**2,928**	5,690
Allowance for impairment - individually assessed	**17,787**	21,005
Net Finance receivables	**594,532**	601,595

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 2012 was $46.6 million (2011 $44.5 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 2012 $'000	31 March 2011 $'000
Balance at 1 April	**34,036**	37,009
Net additions to class	**12,187**	14,300
Receivables written off during the year	**(16,639)**	(17,273)
Balance at 31 March	**29,584**	34,036

12 Finance receivables (continued)

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

	31 March 2012 $'000	31 March 2011 $'000
Up to 30 days	**17,819**	22,324
31-60 days	**6,197**	7,312
61-90 days	**2,285**	2,546
Over 90 days	**75**	70
	26,376	32,252

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 2012 $'000	31 March 2011 $'000
Balance at 1 April	**5,690**	3,288
Movement in allowance for impairment during the year	**(2,762)**	2,402
Balance at 31 March	**2,928**	5,690

Movements in the "allowance for impairment - individually assessed" is as follows:

	31 March 2012 $'000	31 March 2011 $'000
Balance at 1 April	**21,005**	22,095
Movement in allowance for impairment during the year	**(3,218)**	(1,090)
Balance as at 31 March	**17,787**	21,005

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.

(c) Fair values

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

12 Finance receivables (continued)

	31 March 2012 Carrying amount $'000	**31 March 2012 Fair value $'000**	31 March 2011 Carrying amount $'000	31 March 2011 Fair value $'000
Finance receivables	**594,532**	**594,409**	601,595	598,640

The fair values of Finance receivables other than bulk finance receivables are based on cash flows discounted using current lending rates ranging between 13.7% to 14.8% (2011 15.4% to 15.7%).

The fair value of Finance lease receivables are based on cash flows discounted using a current lending rate of 13.3% (2011 14.8%).

The fair values of bulk Finance receivables are based on cash flows discounted using current lending rates ranging between 2.7% to 2.9% (2011 2.5% to 2.9%).

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 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Raw materials	**43,678**	54,355	**-**	-
Spare parts	**12,953**	15,909	**-**	-
Work-in-progress	**12,407**	13,605	**-**	-
Finished goods	**82,734**	111,239	**-**	-
	151,772	195,108	**-**	-

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 2012 was $531.9 million (2011 $573.3 million).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 31 March 2012 amounted to $1.4 million (2011 $2.1 million). This expense is included in cost of goods sold in the Income Statement.

The carrying value of inventories carried at fair value less costs to sell as at 31 March 2012 was $9.5 million (2011 $11.3 million).

14 Non-current assets classified as held for sale

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Land	**7,757**	9,501	**-**	-
Buildings	**6,086**	5,520	**-**	-
	13,843	15,021	**-**	-

Surplus land & buildings at East Tamaki, New Zealand are currently for sale under 3 separate titles. These have been recorded at the lower of cost or fair value less anticipated costs to sell. There is currently a signed conditional agreement on one of the properties. If all conditions are met then the property sale will settle on or before 30 September 2012.

An impairment charge of $1.2 million (2011 $0.5 million) was recognised in the year ended 31 March 2012 relating to fair value adjustments for the land & buildings at the East Tamaki site. These assets are classified as unallocated assets in the Segment Note - refer Note 6.

In March 2011, subdivided land & buildings at the East Tamaki site were sold for $2.25 million and the final instalment of sale proceeds amounting to $2 million was received on 19th December 2011.

15 Derivative financial instruments

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Current assets				
Forward foreign exchange contracts ((a)(i))	**2,361**	2,654	**-**	-
Interest rate swaps ((a)(ii))	**4**	-	**-**	-
Total current derivative financial instrument assets	**2,365**	2,654	**-**	-
Non-current assets				
Forward foreign exchange contracts ((a)(i))	**-**	3	**-**	-
Interest rate swaps ((a)(ii))	**151**	1	**-**	-
Total non-current derivative financial instrument assets	**151**	4	**-**	-
Total derivative financial instrument assets	**2,516**	2,658	**-**	-
Current liabilities				
Forward foreign exchange contracts ((a)(i))	**1,736**	20,029	**-**	-
Interest rate swaps ((a)(ii))	**1,145**	971	**-**	-
Total current derivative financial instrument liabilities	**2,881**	21,000	**-**	-
Non-current liabilities				
Forward foreign exchange contracts ((a)(i))	**-**	183	**-**	-
Interest rate swaps ((a)(ii))	**2,782**	5,518	**-**	-
Total non-current derivative financial instrument liabilities	**2,782**	5,701	**-**	-
Total derivative financial instrument liabilities	**5,663**	26,701	**-**	-
Total derivative financial instruments	**(3,147)**	(24,043)	**-**	-

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 12 months (24 months by exception) 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 2012 a loss of $19.4 million (2011 loss of $11.6 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 €6million 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 and cap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

The interest rate contracts in place at the time of the debt restructuring in March 2009 were deemed to be ineffective and are fair valued through profit or loss. Interest rate contracts entered into subsequent to the restructuring are deemed effective and fair valued through the cash flow hedge reserve.

The Appliances business has interest rate swaps with a notional value of USD 24million; there is no USD loan outstanding as at 31 March 2012. There are swaps and caps currently in place to cover approximately 208% (2011 78%) of the Euro loan principal amount. The swap cover on the US dollar and Euro loans are outside policy limits (with Board consent), due to the reduction of foreign currency denominated loans as total debt levels have fallen.

There is an interest rate swap with a notional value of NZD $5 million that hedges NZD floating rate risk. The remaining floating rate risk is offset by a floating rate receivable from the Finance business. There are Caps in place to cover approximately 35% of the Thai Baht loan principal outstanding (2011 44% coverage with interest rate swaps).

The fixed interest rates average 4.25% for the Euro loan (2011 4.25%) and 3.52% for NZD loan. On the THB debt Caps have been bought that protect at an average rate of 4.75%. The variable rates are set at the LIBOR 90 day settlement rates for the Euro loans and NZD BBR Bid for NZD, and THBFIX 180 day for THB, at balance date were 0.89% (2011 1.18%) for the Euro and 2.80% (2011 2.70%) for the NZD. For the THB the rate of 3.08% was under the Cap rate (2011 1.88%).

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 statement of comprehensive income (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 2012 for these interest rate swaps was $73.3 million (2011 $74.0 million).

The fair value movement on the hedging instrument (interest rate swaps) for the year ended 31 March 2012 was a gain of $242,000 (2011 loss of $201,000). The fair value movement on the hedged item (attributable risk of bulk Finance receivables) for the year ended 31 March 2012 was a loss of $242,000 (2011 gain of 201,000).

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 2012 for these interest rate swaps was $117 million (2011 $99 million).

The fair value movement on the hedging instrument for the year ended 31 March 2012 recognised in equity was a loss of $70,000 (2011 $1.26 million). For the year ended 31 March 2012 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 2012 for these interest rate swaps was $102.0 million (2011 $104.0 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 $2.4 million is receivable (New Zealand dollar equivalents) for the Appliances business from forward foreign exchange contracts (2011 $2.7 million).

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 $52,000 (2011 $1,000) 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 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
Year ended 31 March 2011				
Opening net book amount	19,215	56,737	2,383	131,067
Additions	-	42	1,660	13,011
Disposals	-	-	(19)	(5,185)
Reclassification*	-	(2,738)	-	2,738
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
1 April 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
Year ended 31 March 2011				
Opening net book amount	4,171	58	4,743	218,374
Additions	633	72	3,906	19,324
Disposals	(102)	(1)	-	(5,307)
Transfers to/(from) assets held for sale	-	-	-	-
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.*

16 Property, plant & equipment (continued)

	Freehold land $'000	Freehold buildings $'000	Leasehold improvements $'000	Plant & equipment $'000
Year ended 31 March 2012				
Opening net book amount	18,872	51,870	3,035	116,085
Additions	-	75	145	25,514
Disposals	-	(2)	-	(129)
Depreciation charge	-	(1,049)	(704)	(19,739)
Exchange differences	(2,164)	(5,732)	(123)	(10,217)
Closing net book amount	16,708	45,162	2,353	111,514
31 March 2012				
Cost	16,708	51,123	7,164	505,773
Accumulated depreciation & impairment	-	(5,961)	(4,811)	(394,259)
Net book amount	16,708	45,162	2,353	111,514

	Fixtures & fittings $'000	Motor vehicles $'000	Capital Work-in-Progress $'000	Total $'000
Year ended 31 March 2012				
Opening net book amount	3,806	81	8,406	202,155
Additions	462	15	13,618	39,829
Disposals	(13)	-	-	(144)
Depreciation charge	(959)	(26)	-	(22,477)
Exchange differences	(258)	(6)	(342)	(18,842)
Closing net book amount	3,038	64	21,682	200,521
31 March 2012				
Cost	10,737	1,832	21,682	615,019
Accumulated depreciation & impairment	(7,699)	(1,768)	-	(414,498)
Net book amount	3,038	64	21,682	200,521

(a) Leased assets

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

	31 March 2012 $'000	31 March 2011 $'000
Cost	-	131
Accumulated depreciation	-	(54)
Net book amount	-	77

(b) Impairment charges

Total impairment charges for property, plant & equipment in the year ended 31 March 2012 were $nil (2011 $nil). Refer also Note 17 for details of impairment charges relating to associated intangible assets.

17 Intangible assets

	Development costs $'000	Goodwill $'000	Patents & trademarks $'000	Computer software $'000
1 April 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
Year ended 31 March 2011				
Opening net book amount	10,231	60,984	3,122	10,661
Additions	7,588	-	497	4,618
Subsidiary sold	-	-	(157)	-
Amortisation charge	(3,228)	-	(614)	(2,836)
Impairment charge	-	-	-	-
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
1 April 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
Year ended 31 March 2011				
Opening net book amount	22,101	89,023	22,109	218,231
Additions	-	4	-	12,707
Subsidiary sold	-	-	-	(157)
Amortisation charge	-	(6,555)	(3,426)	(16,659)
Impairment charge	-	-	-	-
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

17 Intangible assets (continued)

	Development costs $'000	Goodwill $'000	Patents & trademarks $'000	Computer software $'000
Year ended 31 March 2012				
Opening net book amount	14,115	60,219	2,884	12,215
Additions	9,019	-	327	2,347
Disposals	-	-	(10)	(220)
Amortisation charge	(4,531)	-	(426)	(3,408)
Exchange differences	(530)	(2,462)	(37)	11
Closing net book amount	18,073	57,757	2,738	10,945
31 March 2012				
Cost	40,326	106,461	6,165	41,131
Accumulated amortisation & impairment	(22,253)	(48,704)	(3,427)	(30,186)
Net book amount	18,073	57,757	2,738	10,945

	Brands $'000	Licences $'000	Customer Relationships $'000	Total $'000
Year ended 31 March 2012				
Opening net book amount	20,860	82,383	18,272	210,948
Additions	-	-	-	11,693
Disposals	-	-	-	(230)
Amortisation charge	-	(6,540)	(3,244)	(18,149)
Exchange differences	(1,734)	(665)	(2,136)	(7,553)
Closing net book amount	19,126	75,178	12,892	196,709
31 March 2012				
Cost	19,126	143,978	30,940	388,127
Accumulated amortisation & impairment	-	(68,800)	(18,048)	(191,418)
Net book amount	19,126	75,178	12,892	196,709

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:

2012	**Sales & customer services**	**Factory operations**	**Consumer finance**	**Other**	**Total**
	$'000	$'000	$'000	$'000	$'000
Appliances New Zealand	7,427	-	-	-	7,427
Appliances North America	2,478	7,765	-	-	10,243
Appliances Australia	3,645	-	-	-	3,645
Appliances Rest of World	2,718	-	-	-	2,718
Finance business	-	-	32,118	1,606	33,724
	16,268	7,765	32,118	1,606	57,757

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

(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 sales & customer services goodwill: Nil
- EBITDA growth rate applied to North America factory operations goodwill: between 11 - 27% (3 years based on Management 5 year forecast including new products and refreshed United Range, 2% growth applied thereafter)
- 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: 2.0%
- Sales & customer services goodwill: 2.0%
- Consumer Finance goodwill: 2.1%

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: 11.88%
- Goodwill allocated to sales & customer services: ranges between 10.9% and 11.2%
- Goodwill allocated to Consumer Finance: 15.28%

(iii) Impact of possible changes in key assumptions

The recoverable amount of the North American factory operations CGU was $40.2 million, which exceeded the carrying amount by $12.6 million. If the EBITA was 70% of the forecast then the recoverable amount of the CGU would approximately equal the carrying value.

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.

2012	**"DCS"** $'000	**"Elba"** $'000	**Total** $'000
Sales & customer services North America	15,867	-	15,867
Sales & customer services New Zealand	-	3,259	3,259
	15,867	3,259	19,126

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

(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": between 2 - 16% (3 years based on Management 5 year forecast including new products and refreshed United Range, 2% growth applied thereafter)
- "Elba": Nil

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

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

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

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

17 Intangible assets (continued)

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

- "DCS": 11.88%
- "Elba": 12.62%

(iii) Impact of possible changes in key assumptions

DCS brand

The recoverable amount of the DCS brand at 31 March 2012 is estimated to be $28.1 million, which exceeds the carrying amount by $12.2 million.

Detailed sales figures for the DCS brand are considered commercially sensitive and therefore are not disclosed. Management have used budgeted sales revenues for 2012/13, and Management have performed a detailed 5 year forecast, which has been used for 2013/14 - 2015/16 and results in a growth rate of up to 16%. Thereafter a growth rate of 2% and a terminal growth rate of 2% have been used.

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 2012 is estimated to be $4.7 million, which is $1.4 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 1.4%, 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.

(d) Other material intangible assets

The Finance business has a license with a net book value of $70.4 million as at 31 March 2012 (2011 $76.5 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 11.6 years.

There were no indicators of impairment in the year ended 31 March 2012.

18 Deferred tax assets

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
The balance comprises temporary differences attributable to:				
Receivables provisions	**6,329**	8,216	**-**	-
Employee benefits	**6,012**	5,633	**40**	228
Inventories	**1,702**	2,429	**-**	-
Warranty provisions	**3,963**	4,130	**-**	-
Property, plant & equipment	**4,956**	9,969	**-**	-
Intangibles (excl DCS brand)	**(17,049)**	(21,425)	**-**	-
DCS brand	**814**	2,841	**-**	-
Impairment of barter credits	**3,907**	4,230	**-**	-
Derivative financial instruments	**305**	2,005	**-**	-
USA energy tax credit*	**2,813**	4,260	**-**	-
Tax losses to carry forward*	**36,368**	30,605	**-**	-
Other temporary differences	**4,663**	2,964	**108**	-
	54,783	55,857	**148**	228

	Consolidated 2012	Consolidated 2011	Parent 2012	Parent 2011
Movements:				
Opening balance at 1 April	**55,857**	76,206	**228**	127
Effect of a change in New Zealand tax rate to 28%	**-**	800	**-**	(16)
Credited/(charged) to the Income Statement (Note 9)	**3,898**	8,313	**(39)**	101
Credited /(charged) to equity	**(4,780)**	(5,646)	**-**	-
Prior period adjustment	**(726)**	(5,140)	**(41)**	6
Transfer from Deferred tax liabilities	**(1)**	(19,487)	**-**	-
Foreign exchange differences	**(2,645)**	2,406	**-**	-
Other movements	**3,180**	(1,595)	**-**	10
Closing balance at 31 March	**54,783**	55,857	**148**	228
Expected settlement				
Within 12 months	**15,830**	17,167	**59**	204
In excess of 12 months	**38,953**	38,690	**89**	24
	54,783	55,857	**148**	228

* 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 Current and non-current borrowings

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Current borrowings	**3,205**	-	**-**	-
Non-current borrowings	**83,605**	121,557	**-**	-
Total current and non-current borrowings	**86,810**	121,557	**-**	-

(a) Assets pledged as security

The 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 the New Zealand Finance business entities. All borrowings are drawn down at interest rates current at draw down date.

The Security Trust Deed, as amended and restated from time to time, limits any other security over the Guaranteeing Group's assets and imposes the following financial covenants:

(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) FPAL Interest Cover Ratio of the Guaranteeing Group each quarter > 2 times. This covenant was removed effective 26 March 2012

(iv) Total tangible assets of the Guaranteeing Group shall constitute no less than 95% of the total tangible assets of the Consolidated Group, excluding the Finance business entities, for each quarter

(v) Total EBITDA of the Guaranteeing Group shall constitute no less than 95% of the EBITDA for the Consolidated Group, excluding the Finance business entities, for each quarter.

For the purposes of the financial covenants above:

"Total Leverage Ratio" is the ratio of Total Bank Debt to Normalised EBITDA.

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

"FPAL Interest Cover Ratio" is the ratio of FPAL Normalised EBITDA to Total Interest.

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

Normalised EBITDA" means operating earnings before interest, tax, depreciation and amortisation for the last 12 months for the Guaranteeing Group, adjusted to exclude certain non-recurring items. Normalised EBITDA Group includes the Appliances business earnings 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.

"FPAL Normalised EBITDA" means operating earnings before interest, tax, depreciation and amortisation for the last 12 months for the Guaranteeing Group adjusted to exclude certain non-recurring items and any dividends or interest paid by the Finance business to its parent AF Investments Limited.

"Total Bank Debt" means Guaranteeing Group indebtedness to the Group's banking syndicate less cash deposited with the banking syndicate or other approved banks. As at 31 March 2012 Total Bank Debt was approximately $65.2 million.

The current debt facilities expire on 30 September 2014, except for repayments under a $27 million Amortising Facility which funds capital expenditure associated with the recently announced motor supply contracts. The Amortising facility is subject to the following minimum repayments:

19 Current and non-current borrowings (continued)

Repayment Date	Repayment Amount
	$000's
30 September 2012	$1,470
31 March 2013	$2,000
30 September 2013	$3,610
31 March 2014	$3,610

Further repayments are required under the Amortising Facility to the extent of 50% of Free Cash Flow attributable to the new motor supply contracts. Free Cash Flow is defined as free cash flow attributable to the new motor supply contracts less the repayments above for a 6 month period.

(b) Financing arrangements

The Appliances business had unrestricted access at balance date to the following lines of credit, except for $27 million which can only be used to finance capital expenditure associated with motor supply contracts:

	31 March 2012 $'000	31 March 2011 $'000
Total facilities		
Working capital	**47,000**	50,000
Borrowings	**202,000**	183,649
	249,000	233,649
Used at balance date		
Working capital*	**-**	9,221
Borrowings	**86,810**	121,557
	86,810	130,778
Unused at balance date		
Working capital	**47,000**	40,779
Borrowings	**115,190**	62,092
	162,190	102,871

*The March 2011 amount of $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 borrowings at 31 March 2012 were equal to their fair values (2011 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:

19 Current and non-current borrowings (continued)

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Less than 12 months	**3,205**	-	**-**	-
One to two years	**7,220**	121,557	**-**	-
Two to three years	**76,385**	-	**-**	-
	86,810	121,557	**-**	-

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

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

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
New Zealand dollars	**45,387**	45,740	**-**	-
US dollars	**-**	11,203	**-**	-
Euros	**9,777**	29,801	**-**	-
Thai baht	**31,646**	34,813	**-**	-
	86,810	121,557	**-**	-

(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 2012 $'000	31 March 2011 $'000
Current secured		
Bank loans	**35,507**	1,260
Debentures	**90,261**	118,991
Notes	**194,097**	134,805
Committed liquidity facilities	**-**	73,861
Total current Finance borrowings	**319,865**	328,917
Non-current secured		
Bank loans	**210,000**	223,577
Debentures	**21,101**	21,421
Total non-current interest bearing Finance borrowings	**231,101**	244,998
Total non-current Finance borrowings	**231,101**	244,998
Total Finance borrowings	**550,966**	573,915

There were no unsecured Finance borrowings as at 31 March 2012 (2011 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 2012 $'000	31 March 2011 $'000
Current		
Cash and cash equivalents	**56,290**	46,761
Finance receivables	**219,096**	223,200
Other assets	**8,895**	9,187
Total current assets pledged as security	**284,281**	279,148
Non-current		
Property, plant & equipment	**1,074**	1,247
Intangible assets	**9,295**	10,056
Finance receivables	**176,221**	171,132
Derivative financial instruments	**19**	1
Total non-current assets pledged as security	**186,609**	182,436
Total assets pledged as security	**470,890**	461,584

(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 Trust). The book value of these assets as at 31 March 2012 totalled $211.1 million (2011 $223.7 million).

The carrying amounts of assets pledged as security by the Trust for secured interest bearing liabilities were:

	31 March 2012 $'000	31 March 2011 $'000
Cash & cash equivalents	**11,240**	15,292
Finance receivables	**199,904**	208,359
Non-current liability	**211,144**	223,651

(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 4.0% (2011 4.2%).

Fisher & Paykel Finance Limited has a $385 million (refer note 20 (e)) syndicated banking facility with a maturity profile as follows:

- Tranche A ($20 million) matures 10 April 2015

- 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 2012 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 2012 was 7.4% (2011 7.0%).

(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 2012 was 3.5% (2011 4.1%).

Liquidity support for the Notes is provided under a Committed liquidity facility. The committed liquidity facility was undrawn as at 31 March 2012. The weighted average interest rate of the liquidity facility (excluding line fees, establishment fees and extension fees) at 31 March 2011 was 4.0%.

20 Finance borrowings (continued)

(e) Financing arrangements

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

	31 March 2012 $'000	31 March 2011 $'000
Credit standby arrangements		
Total facilities		
Bank loans	**335,000**	385,000
Bank overdrafts	**5,100**	5,100
Notes/Committed liquidity facilities	**250,000**	285,000
	590,100	675,100
Used at balance date		
Bank loans	**245,000**	225,000
Bank overdrafts	**-**	-
Notes/Committed liquidity facilities	**193,325**	207,626
	438,325	432,626
Unused at balance date		
Bank loans	**90,000**	160,000
Bank overdrafts	**5,100**	5,100
Notes/Committed liquidity facilities	**56,675**	77,374
	151,775	242,474

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

The bank loan facilities were $385 million at 31 March 2012 and had maturity dates in October 2012 ($155 million), October 2013 ($105 million) and April 2014 ($105 million) and April 2015 ($20 million). However, this has been reported as $335 million due to the expectation that the Finance business will elect, post balance date, to reduce surplus facilities by $50 million which are maturing in October 2012.

The committed liquidity facilities were $285 million as at 31 March 2012 and mature on 26 October 2012. However, this has been reported as $250 million due to the expectation that the Finance business will elect, post balance date, to reduce surplus facilities by $35 million. On 23 April 2012, the maturity date of the committed liquidity facility was extended from 26 October 2012 to 29 April 2013.

20 Finance borrowings (continued)

(f) Fair value

The fair values of Finance business borrowings are:

	31 March 2012		31 March 2011	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
On-balance sheet				
Bank loans	**245,507**	**245,531**	224,837	224,870
Notes	**194,097**	**194,112**	134,805	134,861
Committed liquidity facilities	**-**	**-**	73,861	73,883
Debentures	**111,362**	**111,937**	140,412	141,320
	550,966	**551,580**	573,915	574,934

(i) *On-balance sheet*

The fair value of Bank loans for the year ended 31 March 2012 was based on cash flows discounted using a borrowing rate of 3.9% (2011 4.0%).

The fair value of Notes is based on cash flows discounted using borrowing rates averaging 3.4% based on the maturity date of those Notes (2011 averaging 3.7%).

The fair value of the Committed liquidity facility for 31 March 2011 was based on cash flows discounted using a borrowing rate of 3.7%.

The fair values of Debentures are based on cash flows discounted using borrowing rates varying from 5.8% to 7.7%, depending on the maturity date of those debentures (2011 5.0% to 7.8%).

(ii) *Contingent liabilities*

There were no interest bearing contingent liabilities as at 31 March 2012 (2011 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 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Trade creditors	**96,560**	99,141	**-**	-
	96,560	99,141	**-**	-

(a) Foreign currency risk

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

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
New Zealand dollars	**10,656**	17,001	**-**	-
Australian dollars	**5,642**	8,569	**-**	-
United States dollars	**27,703**	21,423	**-**	-
Euros	**26,154**	31,118	**-**	-
Thai baht	**25,385**	19,737	**-**	-
Canadian dollars	**58**	622	**-**	-
British pounds	**851**	554	**-**	-
Other	**111**	117	**-**	-
	96,560	99,141	**-**	-

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

22 Provisions

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Current				
Employee benefits	**76**	76	**-**	-
Warranty	**14,577**	17,028	**-**	-
Redundancy	**-**	284	**-**	-
Product support	**4,866**	-	**-**	-
Onerous contracts	**699**	544	**-**	-
Other	**267**	409	**-**	-
Total current provisions	**20,485**	18,341	**-**	-
Non-current				
Employee benefits	**8,987**	8,166	**-**	-
Warranty	**3,694**	4,751	**-**	-
Onerous contracts	**2,302**	776	**-**	-
Other provisions	**592**	502	**-**	-
Total non-current provisions	**15,575**	14,195	**-**	-
Total provisions	**36,060**	32,536	**-**	-

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: 4.09% (2011 5.71%)
- Exit rate: Variable (2011 Variable)
- Promotion rate: 0.50% (2011 0.50%)
- Wage/salary inflation rate: 3.00% (2011 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 3.61% (2011 4.25%).

(c) Product support

Provision is made for costs to support older products sold in previous years which are outside warranty periods.

The provision recognised is based on estimated costs to address product issues.

(d) Onerous contracts

In the year ended 31 March 2012, additional provision was made for the estimated unavoidable costs associated with a warehouse lease in Chicago, USA. This is expected to be paid out in the years ending 31 March 2013 through 2016.

(e) Other

Other non-current provisions as at 31 March 2012 includes a $0.5 million (2011 $0.4 million) dilapidations provision 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	Product support $'000	Onerous contracts $'000	Other provisions $'000	Total $'000
2012							
Carrying amount at start of year	**8,242**	**21,779**	**284**	**-**	**1,320**	**911**	**32,536**
Exchange rate variance on opening balance	**(150)**	**(1,200)**			**(88)**	**(38)**	**(1,476)**
Additional provision recognised	**2,046**	**19,808**	**-**	**4,866**	**2,585**	**10**	**29,315**
Utilised during the year	**(997)**	**(22,147)**	**(284)**	**-**	**(774)**	**(17)**	**(24,219)**
Change in discounted amount arising from passage of time and effect of any change in the discount rate	**(78)**	**31**	**-**	**-**	**(42)**	**(7)**	**(96)**
Carrying amount at end of year	**9,063**	**18,271**	**-**	**4,866**	**3,001**	**859**	**36,060**

	Employee benefits $'000	Warranty $'000	Redundancy $'000	Product support $'000	Onerous contracts $'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

23 Other current liabilities

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Employee entitlements	**24,051**	25,119	**144**	280
Other creditors	**37,924**	48,092	**246**	217
Directors' retirement allowances	**384**	323	**384**	323
	62,359	73,534	**774**	820

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

24 Deferred tax liabilities

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
The balance comprises temporary differences attributable to:				
Provisions	**(1,259)**	(876)	**-**	-
Property, plant & equipment	**4,925**	5,629	**-**	-
Intangible assets	**2,940**	4,008	**-**	-
Tax credits	**(1,028)**	(1,203)	**-**	-
Derivative financial instruments	**(43)**	(532)	**-**	-
Other temporary differences	**75**	(155)	**-**	-
	5,610	6,871	**-**	-
Net deferred tax liabilities	**5,610**	6,871	**-**	-
Movements:				
Opening balance at 1 April	**6,871**	27,730	**-**	-
Charged/(credited) to the Income Statement (Note 9)	**80**	(371)	**-**	-
Transfer to Deferred tax assets	**1**	(19,487)	**-**	-
Prior period adjustment	**329**	(426)	**-**	-
Foreign exchange differences	**(864)**	(129)	**-**	-
Other movements	**(807)**	(446)	**-**	-
Closing balance at 31 March	**5,610**	6,871	**-**	-

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Expected settlement				
Within 12 months	**(295)**	(109)	**-**	-
in excess of 12 months	**5,905**	6,980	**-**	-
	5,610	6,871	**-**	-

25 Other non-current liabilities

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Accrued rent expense	**2,436**	1,919	**-**	-
Retirement benefit obligation	**526**	345	**-**	-
Directors' retirement allowances	**-**	61	**-**	61
	2,962	2,325	**-**	61

(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 2012 Shares	31 March 2011 Shares	**31 March 2012 $'000**	31 March 2011 $'000
Opening balance of ordinary shares authorised and issued	**724,235,162**	724,235,162	**841,869**	841,869
Issue of ordinary shares during the year	**-**	-	**-**	-
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 after taking into consideration the cyclical nature of the industry.

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 be less than 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 2012, the capital ratio was 15.3%.

During the year ended 31 March 2012, Fisher & Paykel Finance Limited increased its share capital by $13.5 million to $86.3 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% (2011 7.5%) of receivables or the amount established by applying a dynamic credit enhancement calculation. 31 March 2012 was 8.7%.

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 2012	31 March 2011
Basic and diluted earnings per share (cents)	**2.5**	4.6

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

	31 March 2012 $'000	31 March 2011 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**18,431**	33,545

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

	31 March 2012 Number	31 March 2011 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**724,235,162**	724,235,162
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**724,235,162**	724,235,162

28 Accumulated losses and reserves

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
(a) Reserves				
Treasury stock	**512**	512	**-**	-
Foreign exchange cash flow hedge reserve	**1,013**	(11,350)	**-**	-
Share-based payments reserve	**1,970**	1,970	**1,970**	1,970
Foreign currency translation reserve	**(90,861)**	(50,370)	**-**	-
Interest rate cash flow hedge reserve	**(1,330)**	(1,260)	**-**	-
	(88,696)	(60,498)	**1,970**	1,970

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Movements:				
Treasury Stock				
Opening balance	**512**	512	**-**	-
Balance 31 March	**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 (2011 $512,000).

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Movements:				
Hedging reserve - cash flow hedges				
Opening balance	**(11,350)**	(3,213)	**-**	-
Recognised income & expense	**12,363**	(8,137)	**-**	-
Balance 31 March	**1,013**	(11,350)	**-**	-

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Movements:				
Share-based payments reserve				
Opening balance	**1,970**	1,970	**1,970**	1,970
Balance 31 March	**1,970**	1,970	**1,970**	1,970

28 Accumulated losses and reserves (continued)

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Movements:				
Foreign currency translation reserve				
Opening balance	**(50,370)**	(40,018)	**-**	-
Translation differences arising during the year	**(40,491)**	(10,352)	**-**	-
Balance 31 March	**(90,861)**	(50,370)	**-**	-

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Movements:				
Interest rate cash flow hedge reserve				
Opening balance	**(1,260)**	-	**-**	-
Recognised income & expense	**(70)**	(1,260)	**-**	-
Balance 31 March	**(1,330)**	(1,260)	**-**	-

(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) Accumulated losses

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Opening balance	**(166,423)**	(199,968)	**(107,122)**	(107,269)
Net profit for the year	**18,431**	33,545	**54**	147
Closing balance	**(147,992)**	(166,423)	**(107,068)**	(107,122)

29 Imputation credits

	Consolidated	
	31 March 2012 $'000	31 March 2011 $'000
Balance at beginning of year	**1,746**	1,635
Tax payments, net of refunds	**(1,009)**	69
Other adjustments	**-**	42
Balance at end of year	**737**	1,746
Imputation credits are available to shareholders as follows:		
Direct - Fisher & Paykel Appliances Holdings Limited Imputation Group	**737**	1,746
Balance at end of year	**737**	1,746

30 Defined benefit obligations

The Group has two defined benefit schemes, one in New Zealand and one in Italy. These are presented separately below.

1. 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 for several years. On 1 October 2006, all except 30 members transferred from the defined benefit plan to a new defined contribution master trust plan. There are 14 members remaining in the plan as at 31 March 2012.

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 2012.

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 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Present value of the defined benefit obligation	**830**	767	**-**	-
Fair value of defined benefit plan assets	**(519)**	(536)	**-**	-
Present value of unfunded obligations	**311**	231	**-**	-
Adjustment for ESCT*	**153**	114	**-**	-
Net liability in the Statement of Financial Position	**464**	345	**-**	-

** ESCT - Employer Superannuation Contribution Tax*

(b) Categories of plan assets

The major categories of plan assets are as follows:

	Consolidated		**Parent**	
	31 March 2012 %	31 March 2011 %	**31 March 2012 %**	31 March 2011 %
Cash	**81**	78	**-**	-
Equity instruments	**8**	10	**-**	-
Debt instruments	**9**	10	**-**	-
Property	**2**	2	**-**	-
	100	100	**-**	-

30 Defined benefit obligations (continued)

(c) Reconciliations

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Reconciliation of the present value of the defined benefit obligation, which is partly funded:				
Balance at the beginning of the year	**767**	662	**-**	-
Current service cost	**33**	27	**-**	-
Interest cost	**26**	24	**-**	-
Actuarial gains & losses	**264**	250	**-**	-
Benefits paid	**(260)**	(196)	**-**	-
Balance at the end of the year	**830**	767	**-**	-

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Reconciliation of the fair value of plan assets:				
Balance at the beginning of the year	**536**	371	**-**	-
Expected return on plan assets	**27**	22	**-**	-
Actuarial gains & losses	**(19)**	(2)	**-**	-
Contributions by Group companies	**83**	180	**-**	-
Contributions by plan participants	**152**	161	**-**	-
Benefits paid	**(260)**	(196)	**-**	-
Balance at the end of the year	**519**	536	**-**	-

(d) Amounts recognised in Income Statement

The amounts recognised in the Income Statement are as follows:

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Current service cost	**33**	27	**-**	-
Interest cost	**26**	24	**-**	-
Expected return on plan assets	**(27)**	(22)	**-**	-
Net actuarial losses (gains) recognised in year	**283**	252	**-**	-
Total included in employee benefits expense	**315**	281	**-**	-
Actual return on plan assets	**12**	23	**-**	-

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 2012	31 March 2011	**31 March 2012**	31 March 2011
Discount rate	**2.94%**	4.11%	**- %**	- %
Expected return on plan assets	**5.00%**	5.00%	**- %**	- %
Future salary increases	**3.00%**	4.00%	**- %**	- %

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.

(f) Historic summary

	31 March 2012 $'000	31 March 2011 $'000
Defined benefit plan obligation	**830**	767
Plan assets	**(519)**	(536)
	311	231
ESCT	**153**	114
Deficit	**464**	345
Experience adjustments arising on plan liabilities	**264**	250
Experience adjustments arising on plan assets	**(19)**	(2)

2. 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 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Present value of the defined benefit obligation	**3,686**	3,912	**-**	-
Net liability in the Statement of Financial Position	**3,686**	3,912	**-**	-

30 Defined benefit obligations (continued)

(b) Reconciliations

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Reconciliation of the present value of the defined benefit obligation, which is partly funded:				
Balance at the beginning of the year	**3,912**	4,218	**-**	-
Interest cost	**187**	182	**-**	-
Actuarial gains & losses	**397**	(315)	**-**	-
Benefits paid	**(306)**	(105)	**-**	-
Foreign currency exchange rate changes	**(504)**	(68)	**-**	-
Balance at the end of the year	**3,686**	3,912	**-**	-

(c) Amounts recognised in Income Statement

The amounts recognised in the Income Statement are as follows:

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Interest cost	**187**	182	**-**	-
Total included in employee benefits expense	**187**	182	**-**	-

(d) Principal actuarial assumptions

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

	Consolidated		Parent	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
Discount rate	**4.00%**	5.50%	**- %**	- %
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 2012 $'000	31 March 2011 $'000
Defined benefit plan obligation	**3,686**	3,912
Deficit	**3,686**	3,912

31 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 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Property, plant and equipment	**5,153**	4,719	**-**	-
	5,153	4,719	**-**	-

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 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**22,073**	24,947	**-**	-
Between one and two years	**18,969**	22,962	**-**	-
Between two and three years	**15,648**	18,286	**-**	-
Between three and four years	**12,336**	15,197	**-**	-
Between four and five years	**9,448**	11,595	**-**	-
Over five years	**49,496**	58,971	**-**	-
	127,970	151,958	**-**	-

(ii) Finance leases
The Appliances business has no finance leases as at 31 March 2012 (2011 carrying value of plant & equipment under finance lease of $0.1 million).

	Consolidated		**Parent**	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Within one year	**-**	17	**-**	-
Minimum lease payments	**-**	**17**	**-**	**-**

The weighted average interest rate implicit in the finance leases is N/A (2011 4.5%).

32 Commitments (continued)

(c) Undrawn lending commitments (Finance business)

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

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Undrawn lending commitments	**1,819,864**	1,775,323	**-**	-

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 2012 %**	**Equity holding 2011 %**
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 (refer note 19).

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) Executive Long Term Incentive Plan

The Board approved a new Long Term Incentive Plan (the Plan) for selected executive managers, effective 1 October 2011. The Plan is designed to secure the retention of key executives and is focused on achieving the objective of long term shareholder wealth creation.

Under the Plan, phantom options are granted to participants from time to time. The phantom options are not securities issued by the Company and should a phantom option become exercisable, it will be settled in cash.

The phantom options become exercisable three years after the grant date provided Total Shareholder Returns per annum for Fisher & Paykel Appliances Holdings Limited are equal to or greater than a compound annual post-tax rate of 13.8% for the preceding three year period. The Total Shareholder Return of 13.8% per annum includes a 1 percentage point stretch component above the Company's assessed cost of equity.

Phantom options remain exercisable for a period of two years from the date that they become exercisable.

The maximum amount payable to a participant on the exercise of phantom options shall not exceed an amount equal to five times the aggregate grant value of those phantom options.

The phantom options will lapse if a participate ceases to be an employee of the Company. However should that occur by reason of injury, ill health, permanent disability, death or redundancy the Board may at its discretion determine that the phantom options will not lapse.

Set out below is a summary of phantom options granted under the Plan:

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 2012						
01/10/11	30/09/16	-	10,473,192	-	-	10,473,192

The assessed fair value of the Plan was $848,000 as at grant date and $865,000 as at 31 March 2012. The fair value was derived using a 250-period binomial options pricing model and the following inputs:

(a) Grant date: 1 October 2011

(b) Issue price : $0.463 (based on the volume weighted average share price over the 20 days immediately preceding the grant date)

(c) Share price on grant date: $0.45

(d) The Phantom options were granted for no consideration

(e) Exercisable date: 30 September 2014

(f) Lapse date: 30 September 2016

(g) Assumed cost of equity: 12.8%

(h) Assumed stretched cost of equity:13.8%

(i) Volatility: 31.9% annualised

(j) Expected dividends: market consensus

(k) Risk-free interest rate: 3.57% continuous compounding

34 Share-based payments (continued)

(b) Executive Long Term Performance Incentive

The Board has 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:

31 March 2012 **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**
01/10/08	30/09/11	635,000	-	(605,000)	(30,000)	-

31 March 2011 **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**
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

Entitlements associated with the Scheme implemented effective 1 October 2008 matured on 30 September 2011 resulting in a cash payment of approximately $226,000 for the retention component and $Nil for the performance component.

(c) Employee Share Scheme

No employee share offers were in operation during the years ended 31 March 2012 or 2011.

As at 31 March 2012 203,316 shares (2011 203,316) were held by the Trustee, being 0.03% (2011 0.03%) of the Group's issued and paid up capital. No shares are allocated to employees (2011 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.

(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:

34 Share-based payments (continued)

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Expenses in relation to Executive Long Term Incentive Plan	**144**	-	**144**	-
Expenses in relation to Executive Long-Term Performance Incentive	**(250)**	25	**(280)**	25
	(106)	25	**(136)**	25

35 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Profit for the year after income tax	**18,431**	33,545	**54**	147
Add/(deduct) non-cash items:				
Depreciation of property, plant & equipment to recoverable amount	**22,477**	24,234	**-**	-
Amortisation of intangible assets	**18,149**	16,659	**-**	-
Impairment loss on property, plant & equipment	**-**	-	**-**	-
Impairment loss on intangible assets	**-**	-	**-**	-
Fair valuation adjustments	**1,241**	500	**-**	-
Loss/(gain) on sale of non-current assets	**76**	(6,300)	**-**	-
Finance business bad debts written off	**12,782**	20,983	**-**	-
Movement in accrued interest	**275**	(558)	**-**	-
Net (increase) in loans and advances to customers	**(6,077)**	(6,741)	**-**	-
Movement in provisions	**3,427**	(1,675)	**-**	-
Movement in tax	**640**	6,435	**(82)**	104
Movement in payables and accruals	**408**	(17,568)	**(106)**	(361)
Movement in debtors and other current assets	**22,920**	29,986	**-**	-
Movement in inventories	**43,336**	10,533	**-**	-
Fair value adjustment/reclassification to derivative financial instruments	**(647)**	2,288	**-**	-
Fair value adjustments to other financial assets	**275**	774	**-**	-
Non-cash share-based payments expense	**(136)**	25	**(136)**	25
Internal cash flow from financing activities	**-**	-	**(1,022)**	(1,699)
Foreign currency exchange translation	**(26,872)**	(6,959)	**-**	-
Net cash inflow / (outflow) from operating activities	**110,705**	106,161	**(1,292)**	(1,784)

36 Disclosure of components of other comprehensive income

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Other comprehensive income:				
Exchange differences on translating foreign operations	**(40,491)**	(10,352)	-	-
Cash flow hedges:				
(Gains) arising during the year	**(2,211)**	(27,519)	-	-
Reclassification adjustments for losses included in profit or loss	**19,284**	12,478	-	-
	17,073	(15,041)	-	-
Income tax relating to components of other comprehensive income	**(4,780)**	5,644	-	-
Other comprehensive income for the year	**(28,198)**	(19,749)	-	-

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 2012 (refer Note 41) a $40.5 million adverse translation difference has arisen (2011 loss of $10.4 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 2012			
Exchange differences on translating foreign operations	**(40,491)**	**-**	**(40,491)**
Cash flow hedges	**17,073**	**(4,780)**	**12,293**
Other comprehensive income	**(23,418)**	**(4,780)**	**(28,198)**
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)

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. FRST grant funding of $0.3 million was recognised in the financial statements for the year ended 31 March 2012 (2011 $Nil).

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 2012 and 31 March 2011 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
2012	**8,635**	**418**	**-**	**121**	**49**	**9,223**
2011	7,372	330	57	-	(2)	7,757

Where there have been changes of key management personnel during the years ended 31 March 2012 and 31 March 2011, remuneration for these employees has been appropriately allocated on a pro-rata basis.

(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 Chairman of the Finance business board, 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 2012, the Parent company had advanced funds to Group companies of $637.6 million (2011 $637.6 million). These intra-Group advances are interest free and repayable on demand.

(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 2012 and 2011:

	Consolidated		**Parent**	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Sales of goods and services				
Sales of goods	**5,383**	11,598	**-**	-
Sales of services	**1,506**	1,330	**-**	-
	6,889	12,928	**-**	-

39 Related party transactions (continued)

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Purchases of goods				
Purchases of goods	**32,273**	33,579	**-**	-
	32,273	33,579	**-**	-

	Consolidated		Parent	
	31 March 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Other transactions				
Directors fees and travel costs paid to subsidiaries of Haier Group Corporation	**287**	188	**287**	188
	287	188	**287**	188

(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 2012 $'000	31 March 2011 $'000	**31 March 2012 $'000**	31 March 2011 $'000
Current receivables (sales of goods and services)	**3,751**	1,432	**-**	-
Current receivables (other)	**1,930**	-	**-**	-
Current payables (purchases of goods and services)	**10,124**	2,482	**-**	-

Current Receivables (other) reflects the estimated costs of Product Support reported as part of Provisions (refer Note 22) related to Haier manufactured product and which Haier Group Corporation has agreed to indemnify the Company for. The indemnity shall not exceed actual costs.

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

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 23 April 2012, the maturity date of the RFS Trust 2006-1 Committed liquidity facility in the Finance business was extended from 26 October 2012 to 29 April 2013.

41 Foreign currency exchange rates

	31 March 2012	31 March 2011
NZ$1.00 =		
Australian dollar	**0.7879**	0.7353
United States dollar	**0.8193**	0.7587
Euro	**0.6137**	0.5369
Thai baht	**25.28**	22.98
Mexican peso	**10.4751**	9.0597
British pound	**0.5129**	0.4715

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 2012
Previous Reporting Period	12 Months to 31 March 2011

	Amount ($'000)	Percentage change
Revenues from ordinary activities (item 1.1.1)	1,037,958	(7.4) %
Profit (loss) from ordinary activities after tax attributable to members (item 1.1.2)	18,431	(45.1) %
Net profit (loss) for the period attributable to members (item 1.1.3)	18,431	(45.1) %
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	0.56

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: **24 May 2012**
(Company Secretary)

Print name: **Mark David Richardson**