FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED INTERIM REPORT

For the 6 months ended 30 September 2011

Fisher&Paykel

+

TECH

NEW DIRECT DRIVE MOTOR AGREEMENT — AGREEMENT TO DEVELOP, DESIGN AND MANUFACTURE DIRECT DRIVE WASHING MACHINE MOTORS SIGNED IN AUGUST 2011.

▼

$6M

DEBT REDUCTION — APPLIANCES NET DEBT AS AT 30 SEPTEMBER 2011 WAS $94 MILLION, COMPARED TO $100 MILLION AS AT 31 MARCH 2011.

▼

$1.7M

PRODUCT QUALITY — WARRANTY COSTS REDUCED BY A FURTHER $1.7 MILLION.

$18.4M

FINANCE BUSINESS PERFORMANCE — THE FINANCE BUSINESS REPORTED A NORMALISED EBIT OF $18.4 MILLION.

Dr Keith Turner, Chairman

RESULT

The Group reported net profit after taxation of $0.98 million compared to $11.3 million in the previous corresponding period.

The result included two one-off adjustments related to an onerous lease (Appliances business) of $2.5 million before tax and litigation costs (Finance business) of $5.9 million before tax. Total one-off adjustments for the period were $8.5 million before tax (Nil for the same period last year).

Adjusting for these one-off items resulted in a Group normalised net profit after taxation of $6.9 million compared to $11.3 million for the previous corresponding period (pcp).

Net bank debt as at 30 September 2011 was $94 million compared to $100 million as at 31 March 2011, excluding operating borrowings for the Finance business. Group interest charges, excluding Finance operating interest expense, decreased by 40% from $9.0 million to $5.4 million due to lower debt levels.

Cash flow from operations, before the movement in loans to Finance business customers, was $50 million for the half year compared to $64 million for pcp. Group capital expenditure for the period was $24.2 million compared to $11.4 million for the corresponding period last year. This was related to component & technology contracts and new product development.

The Appliances business reported a loss before interest and tax of $4.9 million compared to earnings before interest and tax of $6.8 million for pcp. The result included a one-off adjustment related to an onerous lease of $2.5 million before tax. On a normalised basis the Appliances business reported a loss before interest and tax of $2.4 million compared to earnings before interest and tax of $6.8 million for pcp. The Appliances result reflects the impact of transactional hedging losses, which during the period were $20.3 million, and challenging trading conditions.

Appliances' gross margin increased by $0.9 million to $140 million due to an improved product mix, lower warranty costs and favourable currency translation, despite an increase in raw materials costs.

GROUP FINANCIAL PERFORMANCE	6 MONTHS		YEAR
	30 Sep 2011	30 Sep 2010	31 Mar 2011
	Unaudited	Unaudited	Audited
	NZ$000	NZ$000	NZ$000
Total Revenue and Other Income			
Appliances Business	**440,846**	476,034	965,053
Finance Business	**70,302**	72,503	145,289
Other Income	**3,293**	1,349	10,601
	514,441	549,886	1,120,943
Normalised Operating Profit before Interest and Taxation			
Appliances Business	**(2,374)**	6,776	23,675
Finance Business (includes Operating Interest)	**18,367**	18,936	34,722
	15,993	25,712	58,397
Onerous Contracts	**(2,547)**	-	(882)
Litigation Costs	**(5,917)**	-	-
Fair Valuation of Non-Current Assets held for Sale	**-**	-	(500)
Profit on Sale of Land & Buildings	**-**	-	6,508
Reported Operating Profit before Interest and Taxation	**7,529**	25,712	63,523
Interest (excluding Finance Business Operating Interest)	**(5,443)**	(9,034)	(15,403)
Operating Profit before Taxation	**2,086**	16,678	48,120
Taxation	**(1,110)**	(5,380)	(14,575)
Group Profit after Taxation	**976**	11,298	33,545
Normalised Group Profit after Taxation	**6,892**	11,298	30,040

Overheads decreased by $7.7 million from $117 million to $109 million on favourable currency translation and cost savings, in particular in North America.

The Finance business reported a solid result despite softer New Zealand retail conditions with reported operating earnings before interest and tax (including operating interest) of $12.5 million, compared to $18.9 million for the same period last year. The result includes a one-off adjustment related to litigation costs of $5.9 million before tax. On a normalised basis the Finance business reported operating earnings before interest and tax (including operating interest) of $18.4 million compared to $18.9 million for pcp. The result reflects steady net income and lower bad debts offset by higher funding and operating costs.

In respect of litigation costs, a case was recently heard in the High Court at Auckland, New Zealand and a judgement on the issue is expected before 31 December 2011. There are complex legal issues and a range of possible outcomes. Accordingly, the Directors considered it was prudent to now make a provision given this uncertainty. This amount, together with legal costs incurred, has been reported as litigation costs in the Interim Financial Statements.

CASH FLOW AND DEBT

Cash flow from operations, before the movement in loans to Finance business customers, was $50.2 million for the half year compared to $63.7 million for pcp.

Excluding operating borrowings for the Finance business, net bank debt as at 30 September 2011 was $94 million compared to $100 million as at 31 March 2011.

The sale of the recycling building at the East Tamaki, New Zealand site for $2.25 million was announced in June 2011. Remaining cash proceeds of $2.0 million are expected in December 2011. Marketing continues for the three remaining titles (market value of approximately $15 million).

The Company remains in compliance with all banking covenants.

On 11 November 2011, the Company renewed its Guaranteeing Group banking facilities on materially similar terms and conditions as the previous debt facilities. Key features of the facilities agreement include:

- Term: 3 years (expires 30 September 2014)
- Size: $250 million including a $50 million working capital facility and a $27 million Amortising Facility
- Amortising Facility: set up to fund capital expenditure associated with the recently announced component and technology supply contracts. This includes minimum repayments commencing 30 September 2012 and a cash flow sweep mechanism
- Banking covenants: Existing banking covenants have been retained, however an Appliances specific Interest Cover Ratio has been added
- Dividend payments: Dividend payments are permitted up to the amount of Group Net Profit After Tax for a given period unless bank consent is obtained

Refer to Note 7 of the Interim Financial Statements for further detail.

REVENUE

In New Zealand dollar terms, Total Group Revenue and Other Income decreased by $35.4 million (6.4%) compared to pcp to $514.4 million.

Sales of Appliances decreased by $32.4 million (7% on pcp) to $431.3 million. Compared to pcp, revenues increased in Australia (up 5% in New Zealand dollar terms) and Rest of World (up 14%), while New Zealand revenues were down 4%. North America revenues were down 28% in New Zealand dollar terms due to rebalancing distribution channels for profitable sales and lower technology and component sales.

Appliances Other Sales decreased by $3.1 million on lower external sales and unfavourable currency effects. Appliances Sales of Service increased by $0.25 million.

Finance operating revenue decreased by $2.2 million (3% on pcp) to $70.3 million.

GROUP REVENUE	6 MONTHS		YEAR
	30 Sep 2011	30 Sep 2010	31 Mar 2011
	Unaudited	Unaudited	Audited
	NZ$000	NZ$000	NZ$000
Appliances Business			
New Zealand	**78,177**	81,275	162,429
Australia	**195,988**	186,826	419,035
North America	**89,884**	124,519	207,883
Europe	**29,307**	37,660	81,330
Rest of World	**37,932**	33,386	69,505
Sales of Appliances	**431,288**	463,666	940,182
Appliances Business Other Sales	**3,406**	6,472	12,217
Appliances Business Sales of Service	**6,152**	5,896	12,654
Total Appliances	**440,846**	476,034	965,053
Finance Business	**70,302**	72,503	145,289
Other Income	**3,293**	1,349	10,601
Total Revenue and Other Income	**514,441**	549,886	1,120,943

CAPITAL EXPENDITURE IN CASH FLOW TERMS	CAPITAL EXPENDITURE		DEPRECIATION AND AMORTISATION	
	6 MONTHS		6 MONTHS	
	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
	Unaudited	Unaudited	Unaudited	Unaudited
	NZ$000	NZ$000	NZ$000	NZ$000
Appliances Business	**22,970**	9,571	**15,418**	16,502
Finance Business	**1,245**	1,852	**4,676**	4,123
	24,215	11,423	**20,094**	20,625

CAPITAL AND DEPRECIATION

Total Group capital expenditure was $24.2 million for the period ended 30 September 2011.

Capital expenditure for Appliances was up on pcp due to investment in machinery for new component & technology supply contracts and product development.

Appliances' depreciation and amortisation was $15.4 million for the period ended 30 September 2011, compared to $16.5 million for pcp.

APPLIANCES BUSINESS

Appliances' revenue at $441 million was down 7.4% compared to $476 million for pcp.

Appliances' gross margin increased by $0.9 million to $140 million and as a percentage of sales, increased by 2.6 percentage points to 31.8%. This was due to an improved product mix, lower warranty costs and favourable currency translation despite an increase in raw materials costs. Overheads were also lower as a result of cost savings, in particular North America, and favourable currency translation. On a segment reporting basis the North America sales and customer service business reported an operating profit before interest and tax of $0.9 million compared to a loss of $3.9 million for pcp.

As signalled at the Annual Shareholders Meeting on 25 August 2011, the operating result for the Appliances business was negatively impacted by transactional hedging losses. The rapid appreciation of the Australian dollar relative to the U.S. dollar, in particular,

APPLIANCES BUSINESS FINANCIAL PERFORMANCE

	6 MONTHS		YEAR
	30 Sep 2011	**30 Sep 2010**	**31 Mar 2011**
	Unaudited	**Unaudited**	**Audited**
	NZ$000	**NZ$000**	**NZ$000**
Operating Revenue	**440,846**	476,034	965,053
Normalised Operating Profit before Interest and Taxation	**(2,374)**	6,776	23,675
Onerous Leases	**(2,547)**	-	(882)
Fair Valuation of Non-Current Assets held for Sale	**-**	-	(500)
Profit on Sale of Land & Buildings	**-**	-	6,508
Reported Operating Profit / (Loss) before Interest and Taxation	**(4,921)**	6,776	(28,801)
Gross Margin	**31.8%**	29.2%	30.3%
Operating Margin*	**(0.5%)**	1.4%	2.5%
Invested Capital	**408,806**	452,483	419,098
Return on Invested Capital**	**3.6%**	6.7%	5.6%

* Normalised Operating Profit before Interest and Taxation to Operating Revenue
** Last 12 months normalised Operating Profit before Interest and Taxation divided by Invested Capital

APPLIANCES REVENUE ANALYSIS IN LOCAL CURRENCY

		6 MONTHS		
		30 Sep 2011	**30 Sep 2010**	
		Unaudited	**Unaudited**	**%**
Appliances				
New Zealand	NZD	**78,177**	81,275	(4%)
Australia	AUD	**150,469**	148,586	1%
North America	USD	**71,635**	88,684	(19%)
Europe	EUR	**17,070**	20,163	(15%)
Rest of World (incl. Singapore)	NZD	**37,931**	33,386	14%
Appliances Business other Sales	NZD	**3,406**	6,472	(47%)
Appliances Business sales of service	NZD	**6,152**	5,896	4%

meant the Company did not fully realise the benefits from the currency uplift. Transactional hedging losses for all currencies during the period were $20.3 million.

Return on invested capital declined from 5.6% as at 31 March 2011 to 3.6%.

MARKET REVIEWS

Appliance revenue for the half, by geographic region and local currency, has been compared to pcp in the table above. Revenues continue to be impacted by weak macro economic conditions, currency translation and intense competition across all markets.

New Zealand

Appliance imports were down 3.5% compared to pcp. Market demand declined sharply from the end of July and lower sales were reported during the Rugby World Cup.

Appliances revenues were down 3.8% when compared with pcp. Fisher & Paykel branded volumes were flat compared to last year, however, market share improved. Spare parts sales were lower due to improved product quality. While selected price increases were successfully implemented in June 2011, price and mix variances were overall unfavourable compared to pcp.

Haier sales also increased from the previous period.

The transition from the Exclusive Dealer Arrangement is now fully complete and the business is focused on supporting all retail channels and installing new product displays.

Australia

The Australian home appliances market increased by 1.2% over pcp, however, slowed noticeably from late July (the market was down 4% in unit terms over the September 2011 quarter). Declining consumer confidence has negatively impacted retail sales. The period was also characterised by intense competitor activity with price decreases on selected products supported by the strength of the Australian dollar.

Australian revenue was up 1.3% in local currency terms (4.9% in New Zealand dollar terms), which was a pleasing result in the context of challenging market conditions. While Fisher & Paykel brand volumes were flat relative to pcp, market share improved. Haier brand revenues increased, albeit off a low base in the first half last year. The sales of spare parts were also lower due to product quality improvements.

The focus for the Haier brand is to continue to expand distribution channels.

North America

The U.S.A market contracted by 4.8% compared to pcp, in part due to the absence of Government stimulus incentives compared to the first quarter FY 2011. The Canadian market also retracted by 1.5%. Fears of a U.S.A double dip recession and the European debt crisis negatively impacted consumer confidence. Notwithstanding the demand environment, competitors increased prices in April and August to pass on higher raw material prices.

North America revenues were down 19.2% in local currency terms. This reflects the continued focus on profitable sales. Overall Fisher & Paykel brand volumes were lower, however, the sales product mix improved in margin terms. DCS brand sales were lower due to delays in launching the new United indoor range.

The result also reflects lower component and technology sales in North America.

Pleasingly, cost reduction activities and a shift in focus towards profitable sales, resulted in the North America sales and customer service business reporting a segment operating profit before interest and tax of $0.9 million compared to a $3.9 million loss in the first half last year.

International

European sales were down 15.3% in local currency terms. Difficult market conditions continue in Ireland and the United Kingdom.

Rest of World revenues increased by 13.6% in New Zealand dollar terms compared to pcp. Implemented price increases were offset by unfavourable currency movements. Sales commenced in India, however, Singaporean sales were lower compared to pcp due to the Company ceasing the distribution of Whirlpool product on 1 April 2011.

HAIER RELATIONSHIP

The relationship with Haier continues to develop.

In March 2011, the Company announced a component and technology supply agreement with Haier for the development, design and manufacture of direct drive washing machine motors for the Chinese market. The installation and commissioning of the manufacturing plant is progressing well and first orders are expected to be shipped by the end of the September 2012 quarter.

The sale of Haier brand product in Australia and New Zealand is continuing to grow and the focus is on expanding the distribution footprint, particularly in Australia.

Sales of Fisher & Paykel brand product into China have commenced with the third contract signed for delivery in FY2013. The full Fisher & Paykel brand product range for the Chinese market will be completed by the end of December 2011. A second Fisher & Paykel Experience Centre was opened in the northern city of Changchun in September 2011.

FINANCE BUSINESS

The Finance business reported a solid result for the period ended 30 September 2011. Reported operating profit before interest and tax (including operating interest) was down $6.5 million to $12.5 million from $18.9 million for pcp.

The Finance business reported Litigation Costs

FINANCE BUSINESS FINANCIAL PERFORMANCE	6 MONTHS		YEAR
	30 Sep 2011	30 Sep 2010	31 Mar 2011
	Unaudited	Unaudited	Audited
	NZ$000	NZ$000	NZ$000
Operating Revenue	70,302	72,503	145,289
Normalised Operating Profit before Interest and Taxation (includes Operating Interest)	18,367	18,936	34,722
Litigation Costs	(5,917)	-	-
Reported Operating Profit before Interest and Taxation (includes Operating Interest)	12,450	18,936	34,722
Net Finance Receivables	589,337	600,523	601,595

of $5.9 million for the period. Please refer to Note 14 of the Interim Financial Statements for a full explanation of this matter.

Normalised operating profit before interest and tax (including operating interest) was down $0.5 million to $18.4 million from $18.9 million for pcp.

Although gross interest and fees income increased and bad debt expense was lower, higher funding costs related to retail debentures and increased promotional expenditure offset these.

Operating Revenue decreased from $72.5 million to $70.3 million. Interest expense increased by 6% to $21 million on higher funding costs associated with offering retail debentures beyond the Crown Retail Deposit Guarantee Scheme expiry on 31 December 2011.

The bad debt expense to gross receivables ratio decreased slightly from 2.8% to 1.9% and the provision for potential losses related to the Christchurch earthquake was reduced from $2.0 million to $1.1 million

Operating costs increased by $2.8 million (excluding Litigation Costs) primarily as a result of increased promotion related to the Q Card product.

Net receivables were down 2% to $589 million due to soft retail market conditions. Q Card gross receivables were flat on pcp, with new receivables growth offsetting the loss of a major account representing approximately $50 million in receivables. Farmers Finance Card receivables declined by 2.5% and Farmers Fixed Instalment receivables declined from $16 million to $11 million. Bulk Funding receivables were flat compared to pcp.

Total external debt funding as at 30 September 2011 was $554 million. The Finance business continues to maintain a diversified funding portfolio represented by retail debentures (22%), RFS commercial paper (35%) and term wholesale bank debt (43%). The business continued to maintain surplus liquidity in the form of undrawn term and standby committed bank facilities ($285 million) and $45 million of liquid assets on the balance sheet.

The Finance business ceased offering long dated Crown guaranteed debentures in June 2011 and has a number of strategies in place to attract investors as the market transitions to a non-Crown guaranteed environment. To ensure funding continuity during this period, the Company has taken the prudent decision to ensure sufficient undrawn bank funding is available. As at 30 September 2011, the Company had bank funding and liquid assets equal to 1.6 times the existing retail debenture book.

OUTLOOK

Market conditions are expected to remain challenging and unpredictable in the near term.

The second half of the year has traditionally provided the majority of the full year earnings for the Appliances business. The Board remains concerned about macro economic conditions in our key markets, in particular Australia, and it is unclear how the volatile conditions in Europe will impact Australasia. The Finance business is expected to continue to experience soft retail conditions in New Zealand, but with only a marginal impact on normalised earnings.

The Board's view is that normalised operating earnings before interest and tax for the Group will be around $42 million, comprising Appliances at around $10 million and Finance at around $32 million. Adjusting for one-off items (onerous lease & litigation costs) of $8.5 million as at 30 September 2011 implies full year Group operating earnings before interest and tax of around $33.5 million.

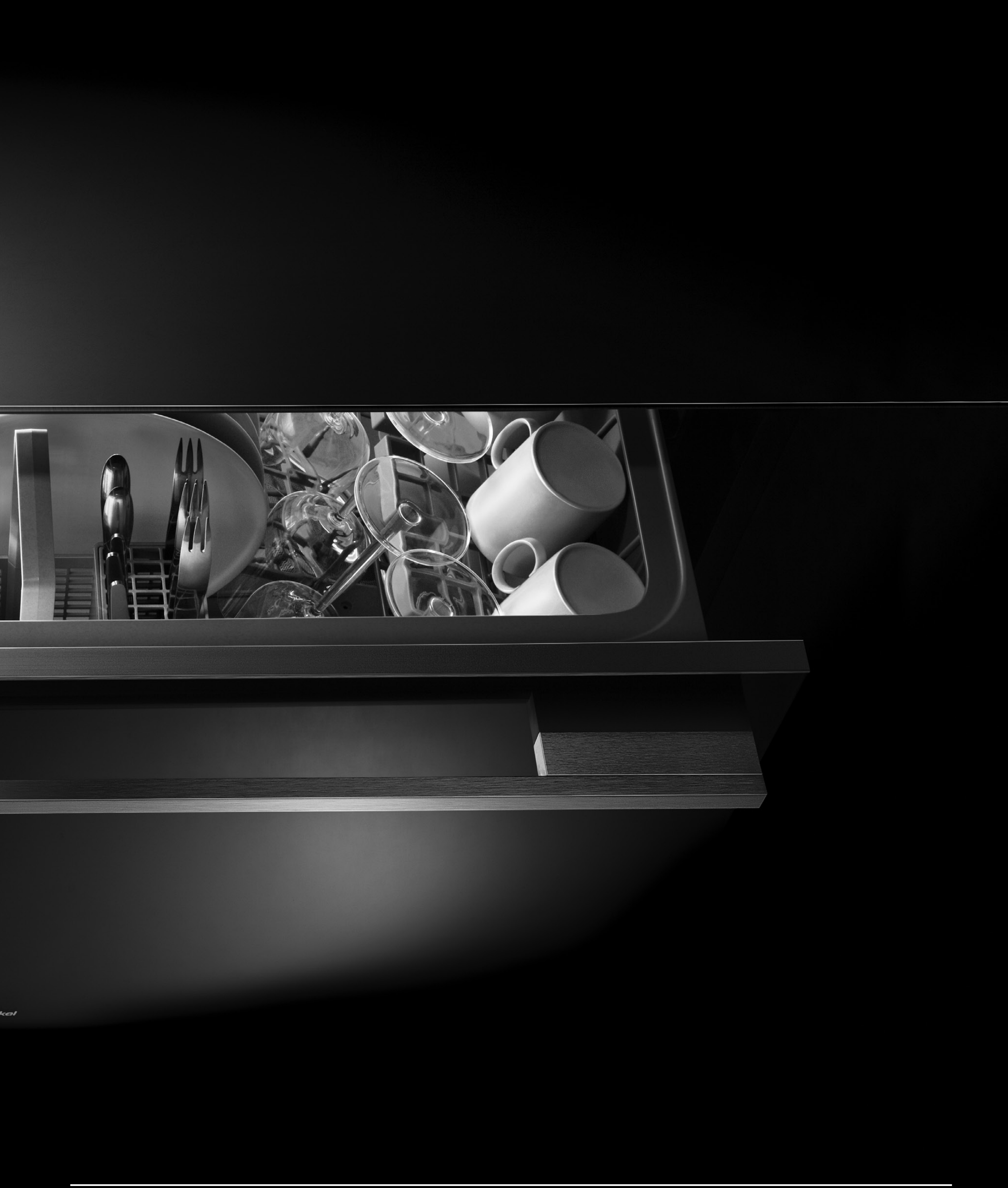
As with any outlook, this excludes the impact of events that are not presently known to the Board that may occur over the remainder of the year.

Due to an increase in growth related capital expenditure for the coming year and a cautious approach to future market conditions, the Company has resolved not to declare a dividend at the half year.

Dr Keith Turner
Chairman

25 November 2011

CONTINUOUS INNOVATION IS PART OF THE FISHER & PAYKEL DESIGN PHILOSOPHY. THE PHASE 7 DISHDRAWER™ DISHWASHER BRINGS A NEW LEVEL OF PERFORMANCE AND QUALITY INTO THE KITCHEN.



FISHER & PAYKEL APPLIANCES HOLDINGS LIMITED AND SUBSIDIARIES
INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2011

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Independent Accountants' Report

to the shareholders of Fisher & Paykel Appliances Holdings Limited

Report on the Interim Financial Statements

We have reviewed the interim condensed financial statements ("financial statements") of Fisher & Paykel Appliances Holdings Limited on pages 18 – 35, which comprise the statement of financial position as at 30 September 2011, the income statement, statement of comprehensive income and statement of changes in equity and cash flow statement for the period then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Interim Financial Statements

The Company's Directors are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Fisher & Paykel Appliances Holdings Limited as at 30 September 2011, and its financial performance and cash flows for the period ended on that date.

Accountants' Responsibility

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

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

We have reviewed the financial statements of the Fisher & Paykel Appliances Holdings Limited for the period ended 30 September 2011 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

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

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements which have been prepared in accordance with International Accounting Standard 34 and New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting do not present fairly the financial position of the Fisher & Paykel Appliances Holdings Limited as at 30 September 2011 and its financial performance and cash flows for the 30 September 2011 ended on that date.

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Independent Accountants' Report

Fisher & Paykel Appliances Holdings Limited

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an accountants' 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 review procedures, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants Auckland
25 November 2011

INCOME STATEMENT
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

	Notes	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Revenue				
Operating revenue	4	**511,148**	548,537	1,110,342
Other Income:				
Profit on sale of land & buildings		**-**	-	6,508
Other income	4	**3,293**	1,349	4,093
Total other income	4	**3,293**	1,349	10,601
Total revenue and other income	4	**514,441**	549,886	1,120,943
Items affecting comparability:				
Onerous contracts	5	**(2,547)**	-	(882)
Fair valuation of non-current assets held for sale		**-**	-	(500)
Litigation costs	14	**(5,917)**	-	-
		(8,464)	-	(1,382)
Other operating expenses	5	**(498,448)**	(524,174)	(1,056,038)
Total operating expenses	5	**(506,912)**	(524,174)	(1,057,420)
Operating profit		**7,529**	25,712	63,523
Finance costs	5	**(5,443)**	(9,034)	(15,403)
Profit before income tax		**2,086**	16,678	48,120
Income tax expense		**(1,110)**	(5,380)	(14,575)
Profit for the period		**976**	11,298	33,545
		Cents	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company during the period:				
Basic and diluted earnings per share		**0.1**	1.7	4.6

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

	Notes	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Profit for the period		**976**	11,298	33,545
Other comprehensive income and expense				
Cash flow hedges		**15,802**	(7,997)	(15,041)
Exchange differences on translation of foreign operations		**(19,703)**	(7,730)	(10,352)
Income tax relating to components of other comprehensive income		**(5,040)**	2,399	5,644
Other comprehensive income and expense for the period, net of tax		**(8,941)**	(13,328)	(19,749)
Total recognised income and expense for the period		**(7,965)**	(2,030)	13,796

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011 (UNAUDITED)

		CONSOLIDATED			APPLIANCES BUSINESS*			FINANCE BUSINESS		
		As at	As at	As at	As at	As at	As at	As at	As at	As at
		30 Sep	30 Sep	31 Mar	30 Sep	30 Sep	31 Mar	30 Sep	30 Sep	31 Mar
		2011	2010	2011	2011	2010	2011	2011	2010	2011
	Notes	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets										
Current assets										
Cash & cash equivalents		119,969	119,203	113,529	33,558	26,776	21,375	86,411	92,427	92,154
Trade receivables & other current assets		127,029	131,139	150,628	116,743	121,775	140,547	10,286	9,364	10,081
Finance business receivables		358,955	370,730	369,876	-	-	-	358,955	370,730	369,876
Inventories		177,313	220,900	195,108	177,313	220,900	195,108	-	-	-
Non-current assets classified as held for sale	6	14,995	40,489	15,021	14,995	40,489	15,021	-	-	-
Derivative financial instruments		1,919	4,643	2,654	1,916	4,638	2,654	3	5	-
Tax receivables		3,704	3,356	1,162	4,026	5,662	1,162	-	-	-
Total current assets		803,884	890,460	847,978	348,551	420,240	375,867	455,655	472,526	472,111
Non-current assets										
Property, plant & equipment		203,184	208,185	202,155	201,965	206,971	200,909	1,219	1,214	1,246
Investment in Finance business					203,616	204,102	205,383			
Intangible assets		204,985	214,095	210,948	88,190	91,763	90,649	116,795	122,332	120,299
Finance business receivables		230,382	229,793	231,719	-	-	-	230,382	229,793	231,719
Derivative financial instruments		6	-	4	-	-	3	6	-	1
Tax receivables		-	7,143	7,015	-	7,143	7,015		-	-
Deferred taxation		59,868	58,004	55,857	74,259	74,518	75,385	-	-	-
Other non-current assets		1,970	2,566	2,738	1,457	1,516	1,694	513	1,050	1,044
Total non-current assets		700,395	719,786	710,436	569,487	586,013	581,038	348,915	354,389	354,309
Total assets		1,504,279	1,610,246	1,558,414	918,038	1,006,253	956,905	804,570	826,915	826,420
Liabilities										
Current liabilities										
Bank overdrafts		-	1,403	-	-	1,403	-	-	-	-
Current borrowings	7	127,187	-	-	127,187	-	-	-	-	-
Finance business borrowings		305,460	436,009	328,917	-	-	-	305,460	436,009	328,917
Trade creditors		98,622	109,543	99,141	98,622	109,543	99,141	-	-	-
Current finance leases		-	61	17	-	61	17	-	-	-
Provisions		17,621	19,137	18,341	17,613	19,129	18,333	8	8	8
Derivative financial instruments		5,087	20,292	21,000	4,447	20,050	20,397	640	242	603
Tax liabilities		2,144	2,503	6,869	2,144	2,503	6,869	322	2,306	3,857
Other current liabilities		62,786	74,550	73,534	34,155	49,602	49,600	28,631	24,948	23,934
Total current liabilities		618,907	663,498	547,819	284,168	202,291	194,357	335,061	463,513	357,319
Non-current liabilities										
Non-current borrowings	7	-	174,599	121,557	-	174,599	121,557	-	-	-
Finance business borrowings		248,299	140,286	244,998	-	-	-	248,299	140,286	244,998
Provisions		15,420	14,380	14,195	14,873	13,763	13,696	547	617	499
Derivative financial instruments		3,877	6,192	5,701	1,221	4,309	3,151	2,656	1,883	2,550
Deferred taxation		7,614	8,455	6,871	7,614	8,455	6,871	14,391	16,514	15,671
Other non-current liabilities		3,179	3,714	2,325	3,179	3,714	2,325	-	-	-
Total non-current liabilities		278,389	347,626	395,647	26,887	204,840	147,600	265,893	159,300	263,718
Total Liabilities		897,296	1,011,124	943,466	311,055	407,131	341,957	600,954	622,813	621,037
Shareholders' equity										
Contributed equity		841,869	841,869	841,869	841,869	841,869	841,869			
Accumulated losses	8	(165,447)	(188,670)	(166,423)	(165,447)	(188,670)	(166,423)			
Reserves	8	(69,439)	(54,077)	(60,498)	(69,439)	(54,077)	(60,498)			
Investment in Finance business								203,616	204,102	205,383
Total shareholders' equity		606,983	599,122	614,948	606,983	599,122	614,948	203,616	204,102	205,383
Total liabilities and shareholders' equity		1,504,279	1,610,246	1,558,414	918,038	1,006,253	956,905	804,570	826,915	826,420

* 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 6 MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

	Share capital	Accumula-ted losses	Translation of foreign operations	Foreign exchange hedges	Interest rate hedges	Treasury stock	Share-based payments	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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 period	**-**	**-**	**(19,703)**	**11,042**	**(280)**	**-**	**-**	**(8,941)**
Profit for the period	**-**	**976**	**-**	**-**	**-**	**-**	**-**	**976**
Balance at 30 September 2011	**841,869**	**(165,447)**	**(70,073)**	**(308)**	**(1,540)**	**512**	**1,970**	**606,983**
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 period	-	-	(7,730)	(4,743)	(855)	-	-	(13,328)
Profit for the period	-	11,298	-	-	-	-	-	11,298
Balance at 30 September 2010	841,869	(188,670)	(47,748)	(7,956)	(855)	512	1,970	599,122
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

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

CASH FLOW STATEMENT FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

	Notes	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Cash flows from operating activities				
Receipts from customers		**464,330**	512,587	985,208
Financing interest and fee receipts		**70,059**	71,499	144,808
Interest received		**541**	233	504
Payments to suppliers and employees		**(451,389)**	(490,626)	(958,656)
Income taxes paid		**(6,494)**	(1,766)	(1,896)
Interest paid		**(26,814)**	(28,219)	(57,066)
		50,233	63,708	112,902
Principal on loans repaid by Finance business customers		**285,599**	289,099	579,958
New loans to Finance business customers		**(280,420)**	(283,423)	(586,699)
Net cash inflow from operating activities	11	**55,412**	69,384	106,161
Cash flows from investing activities				
Sale of property, plant & equipment		**54**	277	29,335
Purchase of property, plant & equipment		**(18,886)**	(6,078)	(17,734)
Capitalisation of intangible assets		**(5,329)**	(5,345)	(10,607)
Acquisition of Mexican operations (Instalments)		**(12,812)**	(12,419)	(12,419)
Sale of investment securities		**500**	-	-
Net cash inflow / (outflow) from investing activities		**(36,473)**	(23,565)	(11,425)
Cash flows from financing activities				
New borrowings		**74,886**	17,341	50,426
New Finance business borrowings		**86,437**	84,758	104,057
Repayment of borrowings		**(66,020)**	(55,473)	(140,159)
Repayment of Finance business borrowings		**(106,657)**	(57,423)	(79,102)
Lease liability payments		**2**	(279)	(344)
Net cash inflow / (outflow) from financing activities		**(11,352)**	(11,076)	(65,122)
Net increase (decrease) in cash & cash equivalents		**7,587**	34,743	29,614
Cash & cash equivalents at the beginning of the period		**113,529**	82,650	82,650
Effects of foreign exchange rate changes on cash & cash equivalents		**(1,147)**	407	1,265
Cash & cash equivalents at end of the period		**119,969**	117,800	113,529

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. Under dual listing rules for the New Zealand and Australian Stock Exchanges, the Company is required to have registered offices in each country and the addresses are:

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

These unaudited interim financial statements were authorised for issue by the Board of Directors on 25 November 2011.

The Group has two principal areas of business:

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose unaudited financial statements for the interim six month reporting period ended 30 September 2011 have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP) and comply with New Zealand Equivalent to International Accounting Standard 34 (NZ IAS34) and International Accounting Standard 34 (Interim Financial Reporting).

These interim unaudited financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly these financial statements are to be read in conjunction with the Annual Report for the year ended 31 March 2011.

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

(a) Changes in accounting policies

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

3. 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 both the nature of activities undertaken (factory operations and sales/customer service operations) 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 interim financial statements.

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

SEGMENT REVENUE & PROFIT ANALYSIS	30 SEPTEMBER 2011				30 SEPTEMBER 2010			
	Revenue from external customers	Inter-segment revenue	Total segment revenue	Operating profit / (loss)	Revenue from external customers	Inter-segment revenue	Total segment revenue	Operating profit / (loss)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Factory operations								
New Zealand	3,406	63,051	66,457	4,073	6,472	66,565	73,037	7,516
Australia	-	-	-	-	-	-	-	(1,318)
North America	15,198	41,365	56,563	(5,331)	20,362	63,699	84,061	516
Thailand	-	102,396	102,396	13,035	-	116,850	116,850	21,006
Europe	46,270	18,566	64,836	4,829	49,523	22,323	71,846	3,761
	64,874	225,378	290,252	16,606	76,357	269,437	345,794	31,481
Sales & customer service								
New Zealand	79,280	4,169	83,449	5,991	81,310	3,970	85,280	4,482
Australia	197,104	1,574	198,678	25,604	188,975	2,063	191,038	6,846
North America	73,095	-	73,095	929	102,401	-	102,401	(3,859)
Europe	9,322	-	9,322	188	8,924	-	8,924	(173)
Rest of World	17,171	-	17,171	505	18,067	-	18,067	(451)
	375,972	5,743	381,715	33,217	399,677	6,033	405,710	6,845
Unallocated overheads				(31,852)				(30,632)
Currency Fluctuations				(20,345)				(918)
One-off expenses*				(2,547)				-
One-off income				-				-
Appliances business	440,846	231,121	671,967	(4,921)	476,034	275,470	751,504	6,776
Finance business	70,302	-	70,302	12,450	72,503	-	72,503	18,936
Total	511,148	231,121	742,269	7,529	548,537	275,470	824,007	25,712

SEGMENT REVENUE RECONCILIATION TO THE INCOME STATEMENT	30 SEPTEMBER 2011	30 SEPTEMBER 2010
	$'000	$'000
Total segment revenue	742,269	824,007
Inter-segment revenue elimination	(231,121)	(275,470)
Interest income	1,391	332
Other miscellaneous income	1,902	1,017
Total revenue & other income as per the Income Statement	514,441	549,886

3. SEGMENT INFORMATION (CONTINUED)

SEGMENT REVENUE & PROFIT ANALYSIS **31 MARCH 2011**

	Revenue from external customers $'000	Inter-segment revenue $'000	Total segment revenue $'000	Operating profit / (loss) $'000
Factory operations				
New Zealand	12,220	135,550	147,770	19,736
Australia	-	-	-	(1,629)
North America	33,071	105,614	138,685	(7,758)
Thailand	-	225,338	225,338	43,173
Europe	106,283	44,687	150,970	4,484
	151,574	511,189	662,763	58,006
Sales & customer service				
New Zealand	162,825	7,801	170,626	8,462
Australia	423,263	3,145	426,408	40,086
North America	172,863	-	172,863	(9,802)
Europe	18,270	-	18,270	118
Rest of World	36,258	-	36,258	112
	813,479	10,946	824,425	38,976
Unallocated overheads				(59,122)
Currency Fluctuations				(14,185)
One-off expenses*				(1,382)
One-off income				6,508
Appliances business	965,053	522,135	1,487,188	28,801
Finance business	145,289	-	145,289	34,722
Total	1,110,342	522,135	1,632,477	63,523

SEGMENT REVENUE RECONCILIATION TO THE INCOME STATEMENT

	$'000
Total segment revenue	1,632,477
Inter-segment revenue elimination	(522,135)
Interest income	1,484
Other miscellaneous income	9,117
Total revenue & other income as per the Income Statement	1,120,943

* Refer note 5

SEGMENT TOTAL ASSETS

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Factory operations			
New Zealand	17,094	27,472	22,209
Australia	-	24,737	-
North America	118,523	147,090	127,344
Thailand	113,656	113,303	101,177
Europe	85,340	98,935	92,157
	334,613	411,537	342,887
Sales & customer service			
New Zealand	44,725	50,196	52,140
Australia	113,250	127,010	130,667
North America	41,192	57,829	45,433
Europe	7,565	7,809	8,072
Rest of World	9,110	8,365	8,835
	215,842	251,209	245,147
Inter-segment eliminations — Appliances business	(16,457)	(23,783)	(16,799)
Unallocated assets	180,424	163,188	180,287
Appliances business	714,422	802,151	751,522
Finance business	804,570	826,915	826,420
Inter-segment eliminations	(14,713)	(18,820)	(19,528)
Total assets as per the Statement of Financial Position	1,504,279	1,610,246	1,558,414

4. REVENUE & OTHER INCOME

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Appliances business sales of goods revenue			
New Zealand	78,177	81,275	162,429
Australia	195,988	186,826	419,035
North America	89,884	124,519	207,883
Europe	29,307	37,660	81,330
Rest of World	37,932	33,386	69,505
Appliances business other sales of goods revenue	3,406	6,472	12,217
Appliances business other sales of services revenue	6,152	5,896	12,654
Finance business revenue	70,302	72,503	145,289
Total operating revenue	511,148	548,537	1,110,342
Other income			
Interest income	1,391	332	1,484
Gain/(loss) on disposal of property, plant & equipment	(80)	(171)	6,300
Appliances business fee income	690	616	1,250
Appliances business miscellaneous income	1,163	1,046	2,341
Finance business fair valuation adjustments	129	(474)	(774)
Total other income	3,293	1,349	10,601
Total revenue & other income	514,441	549,886	1,120,943

5. EXPENSES

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Expenses			
Profit before income tax includes the following specific expenses:			
Appliances business			
Cost of goods sold (COGS)	**300,830**	336,958	673,118
Onerous contracts [1]	**2,547**	-	882
Fair valuation of non-current assets held for sale	**-**	-	500
Net foreign exchange (gains)/losses	**20,345**	918	14,185
Other administration expenses	**64,969**	71,632	134,834
Administration expenses	**87,861**	72,550	150,401
Selling, marketing & distribution expenses	**59,390**	61,467	123,106
Total operating expenses — Appliances business	**448,081**	470,975	946,625
The above expenses include:			
Movement of inventory within COGS	**259,846**	282,696	573,312
Employee benefits	**94,291**	96,013	189,718
Depreciation	**10,767**	12,407	23,751
Amortisation	**4,651**	4,095	8,799
Rental expense relating to operating leases	**11,598**	11,947	25,383
Defined contribution superannuation expense[2]	**6,381**	6,196	12,500
Research & development[2]	**8,741**	9,399	15,668
Donations	**8**	70	352

[1] The Onerous contract charge is in respect of a warehouse lease in the USA for which the North America Sales Operation has a commitment until 2016.
The Company vacated the warehouse, and is endeavouring to sublease the premises, following a review to optimise distribution in the USA for current market conditions.

[2] Also reported as part of Employee benefits and some components also included within Employee benefits

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Appliances business finance costs			
External interest expense	**5,443**	9,034	15,403
Finance costs expensed	**5,443**	9,034	15,403

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Finance business			
Receivables written off during the period	9,327	9,882	19,545
Recovery of amounts previously written off	(769)	(759)	(1,509)
Movement in allowance for impairment	(2,607)	(214)	1,312
Impairment charge for credit losses	5,951	8,909	19,348
Interest expense & similar charges	20,983	19,859	41,360
Litigation costs (refer note 14)	5,917	-	-
Other Finance business expenses before unearned premium movements	26,510	22,766	47,548
Movement in unearned insurance & warranty premiums	(530)	1,665	2,539
Other Finance business expenses	25,980	24,431	50,087
Total operating expenses — Finance business	58,831	53,199	110,795
Employee benefits	8,083	7,851	15,585
Depreciation	238	255	483
Amortisation	4,438	3,868	7,860
Marketing & promotion	3,848	2,085	5,529
Insurance and warranty commissions & claims	2,134	1,587	3,392
Rental expense relating to operating leases	735	749	1,988
Defined contribution superannuation expense*	354	339	686
Donations	2	-	-

*also reported as part of Employee benefits

6. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Land	9,304	12,556	9,501
Buildings	5,691	27,933	5,520
	14,995	40,489	15,021

Surplus land & buildings at East Tamaki, New Zealand are currently for sale on a vacant possession basis. Accordingly these have been classified as assets held for sale and stated at fair value less anticipated costs to sell.

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 expected to be received in June 2011 following the issue of separate legal title. However, the subdivision has taken longer to achieve and the issue of separate legal title is now not expected to be completed until December 2011 when the remaining proceeds will become payable.

7. BORROWINGS — APPLIANCES BUSINESS

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Current borrowings	127,187	-	-
Non-current borrowings	-	174,599	121,557

The Guaranteeing Group had unused borrowing facilities of $96.4 million available as at 30 September 2011.

Assets pledged as security

Appliances business borrowings are secured through the Guaranteeing Group by a Security Trust Deed with the Group's banking syndicate. The Guaranteeing Group comprises Fisher & Paykel Appliances Holdings Limited and subsidiary companies except for the New Zealand Finance business entities. All borrowings are drawn down at interest rates current at draw down date.

The Security Trust Deed together with subsequent Amendments imposes certain financial covenants on the Group including to limit any other security over its assets and to ensure the following financial ratios are met:
(i) Total Leverage Ratio of the Guaranteeing Group each quarter < 3.0 times
(ii) Total Interest Cover Ratio of the Guaranteeing Group each quarter > 3.0 times
(iii) Total tangible assets of the Guaranteeing Group shall constitute no less than 95% of the total tangible assets of the Consolidated Group, excluding the Finance business entities, for each quarter.
(iv) Capital expenditure must not exceed $44million in the year ending 31 March 2012

For the purposes of the financial covenants above:

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

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

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

"Total Interest" means, 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).

The current debt facilities expire on 30 April 2012.

On 11 November 2011 the debt facilities were renewed through to 30 September 2014 on materially similar terms and conditions as the current debt facilities with the exception of the following:
(i) An additional financial covenant, referred to as the FPAL Interest Cover Ratio, will apply and quarterly must be > 2 times.
(ii) The maximum capital expenditure cap has been removed.
(iii) Total debt facilities have been increased to $250 million, including a $27 million Amortising Facility to fund the capital expenditure associated with the recently announced motor supply contracts. The Amortising Facility is subject to the following minimum interim repayments;

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.

For the purposes of the additional financial covenant above:

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

"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.

8. RETAINED EARNINGS AND RESERVES

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
(a) Reserves			
Treasury stock	**512**	512	512
Cash flow hedge reserve	**(308)**	(7,956)	(11,350)
Share-based payments reserve	**1,970**	1,970	1,970
Foreign currency translation reserve	**(70,073)**	(47,748)	(50,370)
Interest rate hedge reserve	**(1,540)**	(855)	(1,260)
	(69,439)	(54,077)	(60,498)

(b) Accumulated losses

Movements in accumulated losses were as follows:

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Balance at the beginning of the period	**(166,423)**	(199,968)	(199,968)
Net profit for the period	**976**	11,298	33,545
Balance at the end of the period	**(165,447)**	(188,670)	(166,423)

9. CONTINGENCIES

Other contingencies

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

10. COMMITMENTS

(a) Capital commitments

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

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Property, plant and equipment	**3,343**	509	4,719
	3,343	509	4,719

The above balances have been committed in relation to future expenditure on capital projects.

(b) Lease commitments

(i) Operating leases

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

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Within one year	**20,687**	21,516	24,947
Between one and two years	**18,548**	21,249	22,962
Between two and three years	**15,829**	19,746	18,286
Between three and four years	**12,687**	14,452	15,197
Between four and five years	**10,956**	10,966	11,595
Over five years	**54,043**	59,475	58,971
	132,750	147,404	151,958

(ii) Finance leases

Commitments for minimum lease payments in relation to finance leases are as follows:

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Within one year	**-**	61	17
Between one and two years	**-**	-	-

(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 at any time.

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Undrawn lending commitments	**1,814,054**	1,778,555	1,775,323

11. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Profit after taxation	976	11,298	33,545
Add / (deduct) non-cash items:			
Depreciation of property, plant & equipment to recoverable amount	11,005	12,662	24,234
Amortisation of intangible assets	9,089	7,963	16,659
Fair valuation adjustments	-	-	500
Loss / (gain) on sale of non-current assets	(145)	175	(6,300)
Finance business bad debts	6,720	9,668	20,857
Movement in accrued interest	(235)	880	(558)
Net increase / (decrease) in loans and advances to customers	5,179	5,676	(6,741)
Movement in provisions	454	(1,197)	(1,549)
Movement in tax	(3,410)	3,564	6,435
Movement in payables and accruals	2,788	(6,122)	(17,568)
Movement in debtors and other current assets	24,131	47,180	29,986
Movement in inventories	17,796	(15,257)	10,533
Fair value adjustment / reclassification of derivative financial instruments	(479)	990	2,288
Fair value adjustment to other financial assets	207	473	774
Non-cash share based payments expense	(54)	(3)	25
Foreign currency exchange translation	(18,610)	(8,566)	(6,959)
Net cash inflow from operating activities	**55,412**	69,384	**106,161**

12. RELATED PARTY TRANSACTIONS

(a) Key management personnel

Fair valuation of the Directors' retirement allowance liability as at 30 September 2011 was $399,568.

(b) Transactions with related parties

The following transactions occurred with Haier Group Corporation (and its associated entities) during the period ended 30 September 2011:

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Sales of goods and services			
Sales of goods	7,755	459	11,598
Sales of services	202	469	1,330
	7,957	928	12,928
Purchases of goods			
Purchases of goods	17,120	22,422	33,579
Purchases of services	46	68	188
	17,166	22,490	33,767
Directors fees paid to subsidiaries of Haier Group Corporation	97	91	188
	97	91	188

(c) Outstanding balances with related parties

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

	30 September 2011 $'000	30 September 2010 $'000	31 March 2011 $'000
Current receivables (sales of goods and services)	426	577	1,432
Current payables (purchases of goods)	9,122	3,909	2,482

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.

13. SHARE-BASED PAYMENTS

Executive Long-Term Performance Incentive

Entitlements associated with the Executive long-term performance incentive scheme implemented effective 1 October 2008, matured on 30 September 2011, resulting in a cash payment in October of approximately $225,000 to participating employees.

14. 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 recently heard in the High Court at Auckland, New Zealand and a judgement on the issue is expected before 31 December 2011.

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 30 September 2011, 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.

15. EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

(a) Long term incentive scheme

On 1 October 2011, the Company implemented a Long Term Incentive Plan (LTIP) for Executive Managers, including the Chief Executive Officer and Managing Director.

The LTIP is in the form of phantom options which can be exercised after 3 years from the date granted and remain exercisable for a period of 2 years from the date that they become exercisable.

The phantom options are only exercisable on the achievement of predefined hurdles and lapse if participants cease to be an employee of the Company, other than due to injury, ill health, permanent disability, death or redundancy when the Board may at its discretion determine that the phantom options will not lapse.

A total of 10,473,193 phantom options were granted on 1 October 2011 at an issue price of 46.3 cents each.

The phantom options will be settled in cash and are not securities issued by the Company and no securities will be issued on the exercise of a phantom option.

(b) Renewal of debt facilities

On 11 November 2011 the Appliances business renewed its debt facilities through to 30 September 2014 (Refer note 7).

16. FOREIGN CURRENCY EXCHANGE RATES

	30 September 2011	30 September 2010	31 March 2011
NZ$1.00 =			
Australian dollar	**0.7849**	0.7611	0.7353
United States dollar	**0.7646**	0.7359	0.7587
Euro	**0.5652**	0.5413	0.5369
British pound	**0.4906**	0.4646	0.4715
Thai baht	**23.8300**	22.1302	22.9800
Mexican peso	**10.5103**	9.2103	9.0597

(Source: ANZ Global Markets)

The above foreign currency exchange rates have been applied at each balance date.

DIRECTORS

Dr Keith Turner	**Chairman**
Mr Stuart Broadhurst	**Managing Director & Chief Executive Officer**
Mr Liang Haishan	
Mr Philip Lough	
Mr Peter Lucas	
Mrs Lynley Marshall	
Mr Gary Paykel	
Mr Bill Roest	
Ms Tan Lixia	

DIRECTORY

Fisher & Paykel Appliances Holdings Limited

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