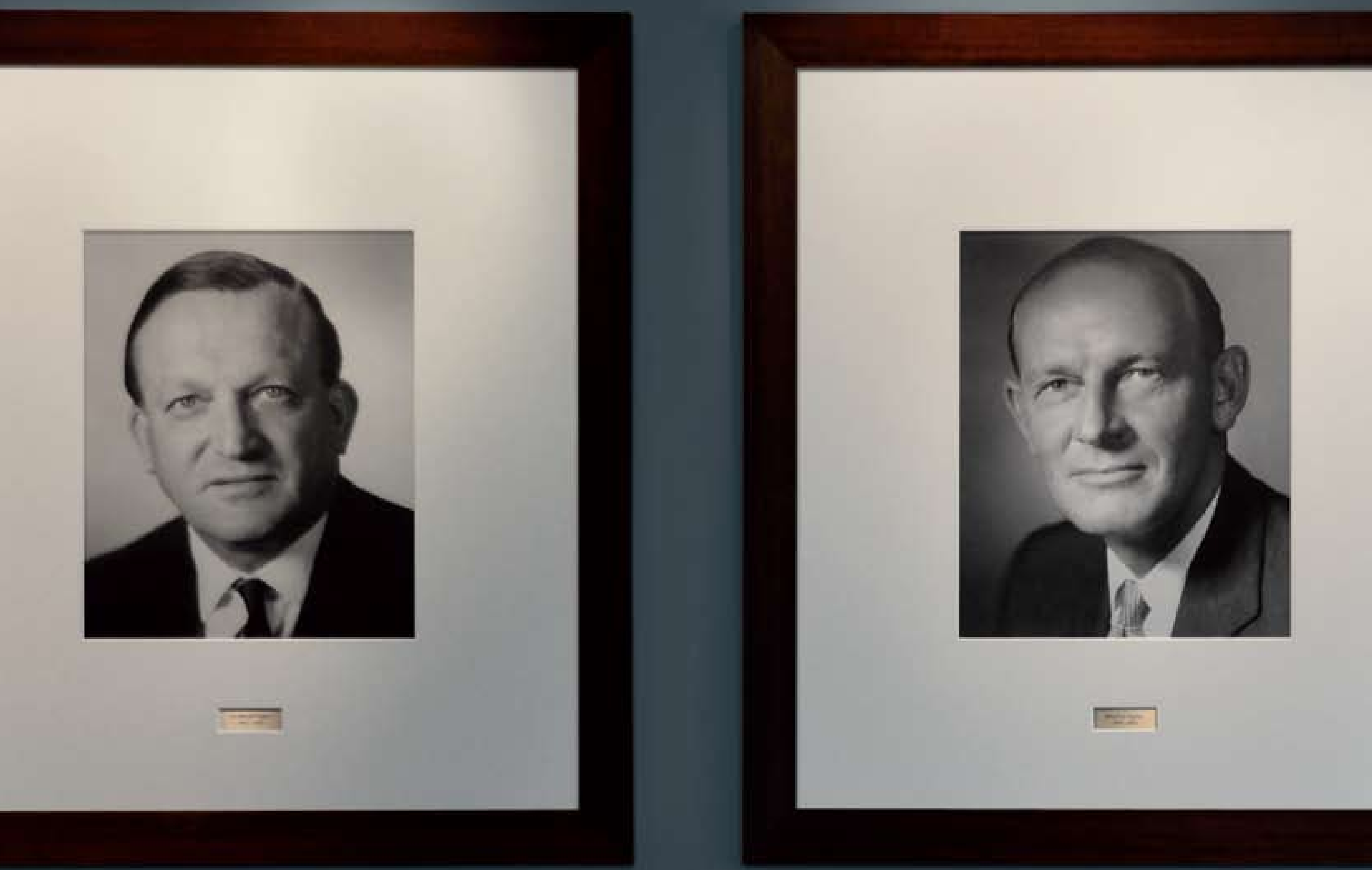
Fisher&Paykel appliances



Fisher & Paykel Appliances Holdings Limited

75 YEARS ANNIVERSARY 1934 – 2009

INTERIM REPORT 2009/10

CHAIRMAN'S REVIEW

CHAIRMAN'S REVIEW

SEARS HOMETOWN AGREEMENT

Sears Hometown Stores distribution agreement finalised in North America.

GLOBAL MANUFACTURING STRATEGY COMPLETION

The previously announced Global Manufacturing Strategy relocations are now complete with the financial benefits expected to flow through in the second half.

STRONG FINANCE BUSINESS PERFORMANCE

The Finance business continues to perform well in difficult market conditions with profit ahead of last year.

DEBT REDUCTION

The deleveraging of the Company through the recapitalisation and the substantial reduction in debt.

Results

As announced on 24 September 2009, the Group's first half result was impacted by depressed market conditions generally related to the Global Financial Crisis. For the six months ended 30 September 2009 the Group reported a normalised loss after taxation of $0.847 million. An improved second half performance is expected and the full year normalised net profit after tax is forecast to be within a range of $16 million to $23 million.

For the Appliances business, USA market conditions during the period were especially difficult due to higher levels of competition and the Company's significant exposure to the severely depressed high end of the appliances market.

As a consequence of Appliances' under performance in North America, a one-off charge of $55.597 million after tax was made for asset impairments and fair value write downs.

Other one-off costs of $25.966 million after tax were incurred, substantially due to the completion of the Global Manufacturing Strategy, staff retrenchment and debt restructuring costs, net of a gain on the sale of the East Tamaki property of $2.019 million after tax. After deducting the one-off charge and costs above, the Group reported a loss after taxation of $82.410 million.

Although the Company's trading performance during the first half of the financial year has been below expectations, it is encouraging that the projected earnings for the second half indicate a recovery in Appliances' performance as the benefits of the Global Manufacturing Strategy, cost down initiatives and increased distribution opportunities are realised.

The Finance business continues to deliver solid results in a tight market. Although lending levels are lower than last year, contained operating costs and improved margins have resulted in profit being ahead of the same period last year.

Notwithstanding the challenges the Appliances business has faced, the Group has made significant advancements over the past 6 months, positioning itself for an improved

FINANCIAL PERFORMANCE	**6 Months 30 Sep 2009 Unaudited NZ$000**	6 Months 30 Sep 2008 Unaudited NZ$000	Year 31 Mar 2009 NZ$000
Normalised Operating Profit before Interest and Taxation			
Appliances Business	**5,733**	33,183	55,570
Finance Business (including Operating Interest)	**12,426**	11,572	21,086
	18,159	44,755	76,656
Costs associated with implementing the Global Manufacturing Strategy	**(14,973)**	(41,198)	(66,615)
Redundancy Costs	**(5,524)**	-	(2,737)
Debt Restructuring Costs	**(9,875)**	-	(2,467)
Impairment Losses	**(54,357)**	-	(69,688)
Fair Valuation Adjustments (Barter Credits, Inventory Obsolescence)	**(21,722)**	-	-
Fair Valuation of Non Current Assets held for Sale (East Tamaki site)	**(733)**	-	(6,725)
Profit on Sale of Land & Buildings	**4,072**	-	7,140
Earnings before Interest & Taxation	**(84,953)**	3,557	(64,436)
Interest (excluding Finance Business Operating Interest)	**(17,701)**	(13,154)	(29,565)
Interest Rate Hedge Ineffectiveness	**-**	-	(11,232)
Operating (Loss) / Profit before Taxation	**(102,654)**	(9,597)	(105,233)
Taxation	**20,244**	2,250	9,979
Group (Loss) / Profit after Taxation	**(82,410)**	(7,347)	(95,254)
Normalised Group (Loss) / Profit after Taxation	**(847)**	22,395	33,780

CHAIRMAN'S REVIEW

performance in the second half of the current financial year and beyond. These include:

- The previously announced Global Manufacturing Strategy relocations are now complete with the financial benefits expected to flow through in the second half
- The associated stock build as at 31 March 2009 was substantially sold out during the first half as planned
- Sears Hometown Stores distribution agreement finalised in North America
- The Finance business continues to perform well in difficult market conditions with profit ahead of last year
- The deleveraging of the Company through the recapitalisation and the substantial reduction in debt

Asset Impairment and Fair Valuation Adjustments

As a consequence of Appliances' under performance in North America, a one-off charge of $55.597 million after tax was made for asset impairments and fair value adjustments, as detailed in the table below.

The DCS Brand along with Property, Plant & Equipment have been impaired as the Company has taken the conservative view that future sales and cash flow linked to those assets will be lower due to the impact of the Global Financial Crisis on the USA market. The main items of Property, Plant & Equipment are the washing machine and clothes dryer lines in Ohio, the Mexican refrigerator line and the Auckland based CoolDrawer line.

The inventory fair value write down of $10.0 million is substantially related to the obsolescence of raw materials due to the withdrawal of certain refrigerator models and the termination of a contract manufacturing agreement in the USA.

The barter credits arose from the non-cash exchange of finished goods, primarily in FY2009, in the USA. The credits can be used on a leveraged basis to secure goods and services from members of the same barter exchange network. The Company will continue to utilise the credits whenever appropriate. However, due to the uncertainty around the future utilisation of the barter credits in the current economic environment, the Company has taken a prudent view and fully written these off.

	Impairments and Fair Valuation Adjustments	
	Before Tax	After Tax
	$000	$000
DCS Brand	22,022	22,022
Property, Plant & Equipment (incl associated Intangibles)	32,335	20,677
Inventory	9,959	7,710
Barter Credits	11,763	5,188
	76,079	55,597

Cash Flow and Debt

Cash flow from operations, before the movement in loans to Finance business customers, was $17.9 million for the half year compared to $36.8 million for the previous corresponding period.

The $76 million finished inventory stock build which was held at 31 March 2009 to ensure continuity of market supply while the Cleveland (Australia) and Dunedin (New Zealand) factories were being relocated was substantially sold out during the half. The cash released by this was utilised to pay for one-off costs associated with the factory relocations and debt refinancing, which in the aggregate amounted to approximately $46 million.

Excluding operating borrowings for the Finance business, net bank debt as at 30 September 2009 was $264.6 million compared to a peak level of $501.7 million as at 31 May 2009. The majority of this decrease was achieved through the capital raising announced on 27 May 2009, which net of costs amounted to $190.4 million.

The sale and leaseback of part of the East Tamaki (New Zealand) site was completed on 9 October 2009. A payment of $49.25 million was received on settlement. This was used to further reduce debt, which at 31 October 2009 stood at $214.3 million. The remaining balance of the sales proceeds of $3.75 million, which is payable in April 2010, will also be used to reduce debt.

The remainder of the East Tamaki site has been conditionally sold, subject to finance, for $21 million under a sale and leaseback arrangement. The Company continues to actively market the surplus Cleveland (Australia) property.

Revenue

In New Zealand dollar terms, Total Revenue and Other Income decreased by $113.3 million (16.3%) to $584.1 million for the half-year.

Appliances Operating Revenue of $508.2 million was down $115.3 million. All markets experienced reduced revenue.

Finance Operating Revenue decreased by 2.8% compared to the corresponding half last year as focus on the quality of the book continued.

REVENUE	**6 Months 30 Sep 2009 Unaudited NZ$000**	6 Months 30 Sep 2008 Unaudited NZ$000	Year 31 Mar 2009 NZ$000
Appliances business			
New Zealand	**89,570**	111,176	212,444
Australia	**177,291**	230,319	452,391
North America	**155,615**	191,336	365,397
Europe	**53,367**	55,720	109,987
Rest of World (incl. Singapore)	**32,352**	34,885	73,261
	508,195	623,436	1,213,480
Appliances business sales of service	**4,410**	4,340	9,133
Finance business	**66,353**	68,252	136,918
Other income	**5,104**	1,376	13,034
Total revenue & other income	**584,062**	697,404	1,372,565

CHAIRMAN'S REVIEW

Capital and Depreciation

Capital expenditure, in cash flow terms and depreciation and amortisation charges, for the six months ended 30 September 2009 are detailed in the table below.

Capital expenditure for Appliances included $12.4 million to complete the new factory building in Thailand to house the recently relocated refrigerator factory. Capital expenditure for the remainder of the financial year is expected to be approximately $13 million.

Appliances Business

The Appliances business segmented result for the six months ended 30 September 2009 is detailed in the table at the bottom of the page.

	CAPITAL EXPENDITURE		DEPRECIATION AND AMORTISATION	
	6 Months 30 Sep 2009 Unaudited	6 Months 30 Sep 2008 Unaudited	**6 Months 30 Sep 2009 Unaudited**	6 Months 30 Sep 2008 Unaudited
	NZ$000	NZ$000	**NZ$000**	NZ$000
Appliances business	**23,448**	39,926	**20,754***	24,269*
Finance business	**805**	1,324	**3,984**	3,919
	24,253	41,250	**24,738**	28,188

**Excluding impairments*

APPLIANCES BUSINESS FINANCIAL PERFORMANCE	**6 Months 30 Sep 2009 Unaudited**	6 Months 30 Sep 2008 Unaudited	Year 31 Mar 2009
	NZ$000	NZ$000	NZ$000
Operating Revenue	**512,605**	627,776	1,222,613
Normalised Operating Profit before Interest & Taxation	**5,733**	33,183	55,570
Costs associated with implementing the Global Manufacturing Strategy	**(14,973)**	(41,198)	(66,615)
Redundancy Costs	**(5,524)**	-	(2,737)
Debt Restructuring Costs	**(9,875)**	-	(2,467)
Impairment Losses	**(54,357)**	-	(69,688)
Fair Valuation Adjustments (Barter Credits, Inventory Obsolescence)	**(21,722)**	-	-
Fair Valuation of Non Current Assets held for Sale (East Tamaki site)	**(733)**	-	(6,725)
Profit on sale of Land & Buildings	**4,072**		7,140
Operating (Loss) / Profit before Interest & Taxation	**(97,379)**	(8,015)	(85,522)
Assets Employed	**943,872**	1,231,016	1,232,237
Operating Margin*	**1.1%**	5.3%	4.5%

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

Global Manufacturing Strategy

One-off relocation costs associated with Appliances' Global Manufacturing Strategy amounted to $14.973 million before tax during the half.

The last of the announced Global Manufacturing Strategy relocations has been completed with the Thailand refrigeration factory commencing production in late July, a few weeks ahead of schedule. This factory is currently producing large capacity refrigerators for the Australasian, North American and European markets. Initial production requirements have been increased to satisfy higher demand, especially in Australia. This level of production is expected to continue into the 4th fiscal quarter. The Laundry factory continues to produce products for all global markets at the required levels. Both factories are highly quality focussed and are currently exceeding quality expectations.

The financial benefits from the relocation of the refrigeration operation will be realised in the second half as production is progressively increased and raw material sourcing is localised.

The finished goods stock build held as at 31 March 2009, to ensure continuity of market supply while the Cleveland (Australia) refrigeration plant and the Dunedin (New Zealand) Range and Dishwasher plant were relocated, was substantially sold through as at 30 September 2009 with $2.5 million of the original $76 million remaining. The remaining $2.5 million was sold through in October. Stocks are now being supplied from the new manufacturing facilities.

Lower than expected sales in the North American market has resulted in reduced production volumes from the Mexican facility in Reynosa. These lower production rates have also delayed the consumption of higher cost raw materials relocated from New Zealand and the cost of outsourced injection moulding and press metal parts has been higher than initially assumed. A number of cost saving measures are now being implemented and the benefits associated with these together with the localisation of raw material sourcing, are expected to reduce costs in the second half.

All manufacturing lines at Reynosa are now production capable. The DishDrawer Tall product continues to gain acceptance in the North American market, with sales volumes increasing.

Market Reviews

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

Compared to the previous corresponding period, New Zealand revenue declined 19.5% in the first half in a market that was down approximately 17%. The market size decline has been heavily biased towards cooking related products. Whilst the Appliances business has suffered some overall market share erosion, the reduced revenue is also an indication of consumers shifting their purchase preference towards lower priced products. The *Elba by Fisher & Paykel™* brand has continued to perform well, maintaining share in the mid market segment. The New Zealand market showed some signs of recovery in the second quarter, with the 3 months to September being down approximately 11% on the previous corresponding period.

Australian revenue was down 23.6% in local currency terms. Market activity during the half was constrained by the limited availability of certain product categories included in the stock build associated with the factory relocations. This has resulted in some loss of market share. Initiatives to recover lost share will be implemented during the second half as supply channels from the newly relocated factories are filled.

MARKET REVIEWS		**6 Months 30 Sep 09**	6 Months 30 Sep 08	Increase (Decrease)
		$000	$000	%
Appliances:				
New Zealand	(NZD)	**90,214**	112,024	(19.5)
Australia	(AUD)	**145,180**	189,955	(23.6)
USA	(USD)	**98,614**	142,232	(30.7)
Europe	(EUR)	**24,580**	26,991	(8.9)
Rest of World	(NZD)	**32,351**	34,885	(7.3)

CHAIRMAN'S REVIEW

North American revenues were down 30.7% in local currency terms. Anecdotal indications are that the high end of the market is down between 40%-50% on the previous corresponding period. This high end has been more severely affected than the middle to lower end of the market as consumers lower their purchase expectations.

European sales revenue decreased by 8.9% in the first half. This compares favourably to overall market conditions, which have deteriorated at a far greater rate. Increased distribution in the United Kingdom, has assisted revenue.

Sales into the UK and Italian markets ex the Italian manufacturing facility are up 2% on the previous corresponding period.

Rest of World sales have declined 7.3% in New Zealand dollar terms.

Sears

The Company has recently signed a distribution agreement with Sears Holdings Corporation to distribute a range of products in the USA through the Sears Hometown Stores. The Hometown Stores chain, comprising 944 outlets, will display and sell Fisher & Paykel branded washers and dryers immediately, with the DishDrawer Tall product range being displayed on a trial basis through a number of selected stores.

This agreement follows the earlier announcement in May this year detailing the distribution of the Elba brand exclusively through the Sears Outlet Stores and the Fisher & Paykel brand through the Sears Appliances Showrooms.

It is envisaged the new Sears distribution agreement will significantly lift the exposure of the Fisher & Paykel brand in the USA on a national basis. Sears Holdings is the leading home appliance retailer in the USA.

Haier

The immediate commercial opportunities presented with the Haier association are progressing well. The Haier brand in New Zealand has been released to the Exclusive Dealers Arrangement retailers over the past 2 weeks. The feedback regarding the opportunity this brand will present in the market has been very encouraging. Initial retailer orders are now being received. In Australia Haier will continue to market and distribute the brand until such time as Fisher & Paykel Appliances takes over that role. This is expected to be early next year.

The opening of the Fisher & Paykel dedicated showrooms in China has been deferred due to a delay in construction. These are now expected to be progressively opened commencing December 2009. Commercial project specification work continues and initial stocking orders are expected to be received next month.

Finance Business

Notwithstanding the current economic conditions and consequent softer retail spending, the Finance business achieved a 7.4% lift in earnings compared to the previous corresponding period. This was driven by improved margins and lower operating costs, which offset an increase in bad debts.

Instalment credit financing of "big ticket" durables has declined further as consumers moderate their spending. However, revolving credit lending on Q Card has continued to grow and the Farmers Finance Card remains well supported. Insurance and Extended Warranty earnings have declined in line with the softer structured finance volumes and Equipment financing has been lower over the period due to the weaker domestic economy.

Households and small businesses continue to be under financial pressure and provisioning for bad debts has been increased. However, credit policy improvements over

FINANCE BUSINESS FINANCIAL PERFORMANCE	**6 Months 30 Sep 2009 Unaudited**	6 Months 30 Sep 2008 Unaudited	Year 31 Mar 2009
	NZ$000	NZ$000	NZ$000
Operating Revenue	**66,353**	68,252	136,918
Normalised Operating Profit before Interest & Taxation (including Operating Interest)	**12,426**	11,572	21,086
Finance Receivables	**565,215**	582,008	587,326

the last 18 months have resulted in a reducing incidence of consumer credit delinquency on more recently originated receivables.

The Finance business, through its subsidiary Fisher & Paykel Finance Limited, sources a portion of its funding ($174.8 million as at 30 September 2009) from the New Zealand retail debenture market. Reinvestment rates on retail debentures, which participate under the Crown Deposit Guarantee Scheme, ranged between 64% to 83% during the half. Fisher & Paykel Finance Limited is required by the Reserve Bank Amendment Act to obtain a credit rating from an approved credit rating agency by 1 March 2010. The company is currently in the process of completing this requirement. The credit rating obtained will determine the quantum of any refund of fees paid up to that date under the Crown Deposit Guarantee Scheme, the company's eligibility to participate in the new guarantee scheme introduced by legislation passed on 9 September 2009 and the fees payable under that scheme.

The Finance business has maintained a strong level of liquidity and has significant undrawn committed Bank facilities. Receipts from customer repayments during the half exceeded $280 million. This high level of liquidity is due to strong credit management of receivables and a consequence of the Finance business having no exposure to long term financing of the house mortgage and property development sectors.

Outlook

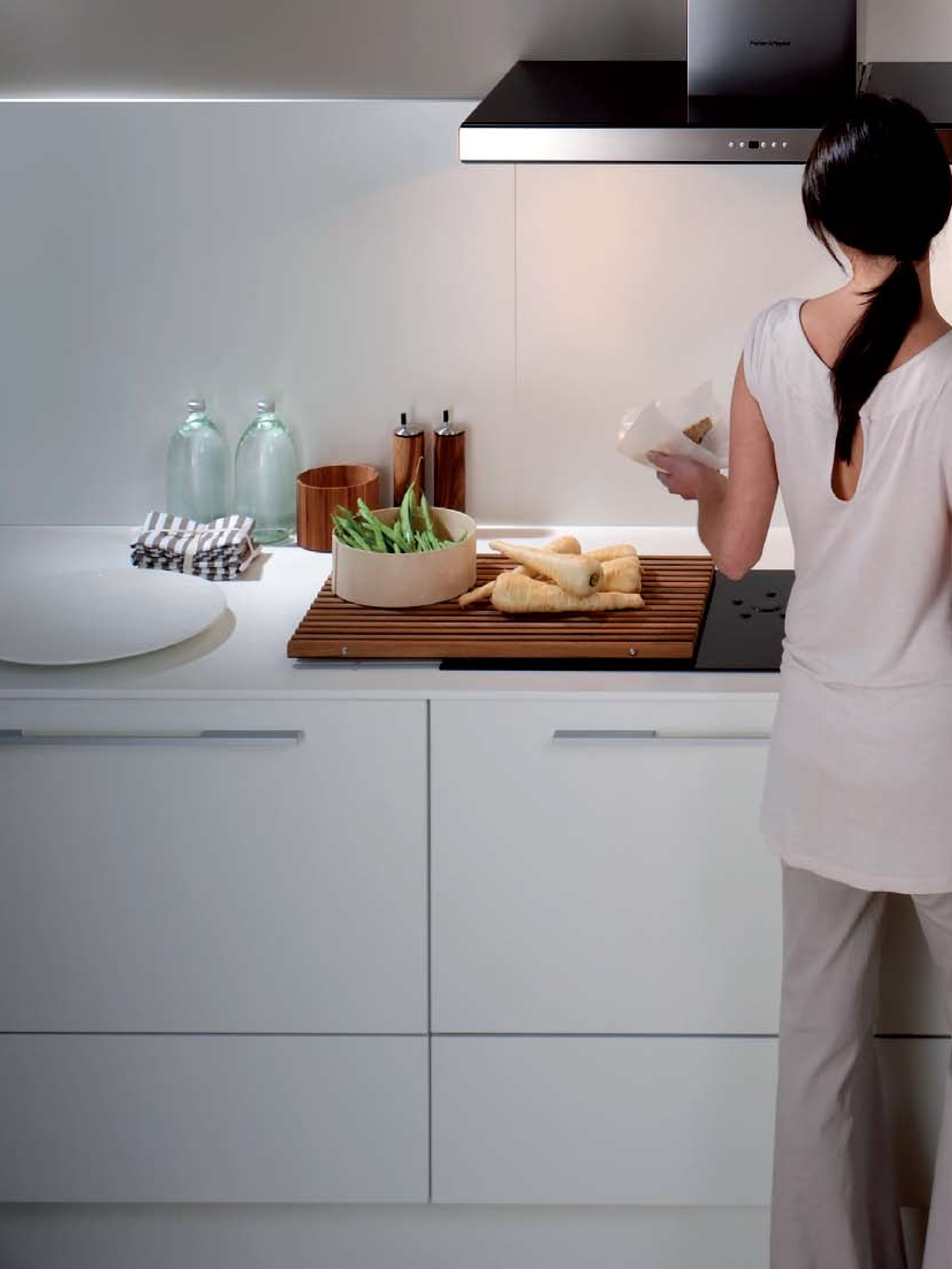
The Group has had a solid start to the second half. Appliances' earnings were close to forecast in October and sales volumes in November are expected to finish in line with forecast. The Finance business has continued to perform above expectations in October.

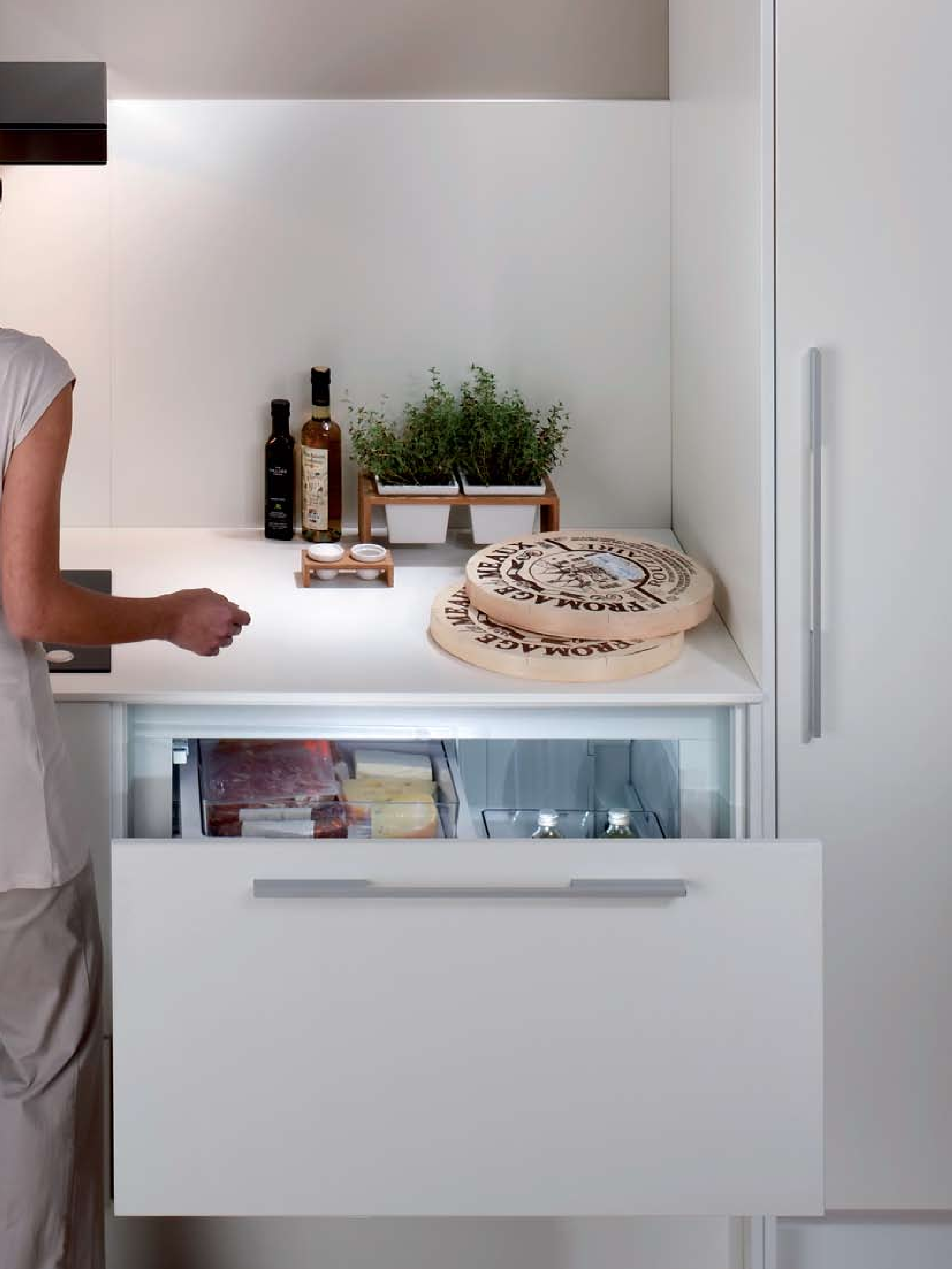
The last guidance given in September for the year ending 31 March 2010 was for a Group Normalised Net Profit after Tax of approximately $20 million to $23 million. However, due to the volatile market conditions, the Directors consider it prudent to extend the range of the guidance to now be approximately $16 million to $23 million.

Due to the impairments and fair valuation write-downs associated with North America, the FY2010 net result after tax and abnormals is now forecast at a loss of approximately $58 million to $65 million.

R G Waters
Chairman

27 November 2009

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FINANCIAL INFORMATION

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Accountants' Report

To the shareholders of Fisher & Paykel Appliances Holdings Limited

We have reviewed the condensed consolidated interim financial statements on pages 14 to 43. The condensed consolidated interim financial statements provide information about the past financial performance and cash flows of Fisher & Paykel Appliances Holdings Limited (the Company) and its subsidiaries (together the Group) for the period ended 30 September 2009 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on page 20.

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 accountant's 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.

Directors' responsibilities
The Company's Directors are responsible for the preparation and presentation of the condensed consolidated interim financial statements that present fairly the financial position of the Group as at 30 September 2009 and its financial performance and cash flows for the period ended on that date in accordance with New Zealand equivalent to International Accounting Standard 34: *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34: *Interim Financial Reporting* (IAS 34).

Accountants' responsibilities
We are responsible for reviewing the condensed consolidated interim 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 in accordance with NZ IAS 34 and IAS 34.

Basis of opinion
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 condensed consolidated interim financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the condensed consolidated interim financial statements of the Group for the period ended 30 September 2009 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand.

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

Emphasis of matter
In forming our opinion on the condensed consolidated interim financial statements, which is not qualified, we have considered the adequacy of the disclosure made in Note 3 to the condensed consolidated interim financial statements, concerning the Group's ability to continue as a going concern.

The going concern assumption is dependent on the ability of the Guaranteeing Group to meet the obligations under its banking facility agreements, which is dependent on the Guaranteeing Group achieving Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) thresholds as specified by the Company's banking syndicate, the outcome of which is inherently uncertain.

The condensed consolidated interim financial statements do not include adjustments that would result if the Group was unable to continue as a going concern.

Unqualified review opinion
Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements do not present fairly the financial position of the Group as at 30 September 2009 and its financial performance and cash flows for the year ended on that date in accordance with NZ IAS 34 and IAS 34.

Our review was completed on 27 November 2009 and our review opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants　　　　Auckland

FINANCIAL STATEMENTS

Income Statement
For the 6 months ended 30 September 2009 (Unaudited)

	Notes	**30 September 2009 $'000**	30 September 2008 $'000	31 March 2009 $'000
Revenue				
Operating revenue	5	**578,958**	696,028	1,359,531
Other income	5	**5,104**	1,376	13,034
Total revenue and other income		**584,062**	697,404	1,372,565
Items affecting comparability:				
Costs associated with implementing the Global Manufacturing Strategy	6	**(14,973)**	(41,198)	(66,615)
Redundancy costs	6	**(5,524)**	-	(2,737)
Debt restructuring costs	6	**(9,875)**	-	(2,467)
Fair valuation of other assets	7 & 8	**(21,722)**	-	-
Fair valuation of non-current assets held for sale	9	**(733)**	-	(6,725)
Impairment losses	10 & 11	**(54,357)**	-	(69,688)
	6	**(107,184)**	(41,198)	(148,232)
Other operating expenses	6	**(561,831)**	(652,649)	(1,288,769)
Total operating expenses	6	**(669,015)**	(693,847)	(1,437,001)
Operating (loss)/profit		**(84,953)**	3,557	(64,436)
Finance costs		**(17,701)**	(13,154)	(40,797)
(Loss)/profit before income tax		**(102,654)**	(9,597)	(105,233)
Income tax credit/(expense)		**20,244**	2,250	9,979
(Loss)/profit for the period		**(82,410)**	(7,347)	(95,254)
		Cents	Cents	Cents
(Loss)/earnings per share for profit attributable to the ordinary equity holders of the Company during the period:				
Basic and diluted (loss)/earnings per share		**(16.3)**	(2.6)	(33.1)

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

Statement of Comprehensive Income
For the 6 months ended 30 September 2009 (Unaudited)

	Notes	**30 September 2009 $'000**	30 September 2008 $'000	31 March 2009 $'000
(Loss)/profit for the period		**(82,410)**	(7,347)	(95,254)
Other comprehensive income				
Cash flow hedges	17	**(20,104)**	12,395	10,024
Exchange differences on translation of foreign operations	17	**(69,457)**	23,968	37,842
Income tax relating to components of other comprehensive income	17	**6,031**	(3,718)	(3,007)
Other comprehensive income for the period, net of tax	17	**(83,530)**	32,645	44,859
Total comprehensive income for the period		**(165,940)**	25,298	(50,395)

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

FINANCIAL STATEMENTS

Statement of Financial Position
As at 30 September 2009 (Unaudited)

	Notes	CONSOLIDATED			APPLIANCES BUSINESS*			FINANCE BUSINESS		
		As at 30 Sep 09 $'000	As at 30 Sep 08 $'000	As at 31 Mar 09 $'000	**As at 30 Sep 09 $'000**	As at 30 Sep 08 $'000	As at 31 Mar 09 $'000	**As at 30 Sep 09 $'000**	As at 30 Sep 08 $'000	As at 31 Mar 09 $'000
Assets										
Current assets										
Cash and cash equivalents		**92,119**	90,230	95,395	**39,080**	59,406	58,646	**53,039**	30,824	36,749
Trade receivables and other current assets	7	**210,047**	183,123	178,137	**202,701**	177,271	171,844	**7,346**	5,852	6,293
Finance business receivables		**365,824**	384,704	390,495	**-**	-	-	**365,824**	384,704	390,495
Inventories	8	**216,797**	312,613	357,793	**216,797**	312,613	357,793	**-**	-	-
Non-current assets classified as held for sale	9	**42,164**	46,520	91,890	**42,164**	46,520	91,890	**-**	-	-
Derivative financial instruments		**5,597**	10,737	81	**5,592**	10,684	37	**5**	53	44
Current tax receivables		**9,345**	7,886	5,826	**9,345**	6,992	5,486	**-**	894	340
Future taxation benefit		**-**	958	-	**-**	958	-	**-**	-	-
Total current assets		**941,893**	1,036,771	1,119,617	**515,679**	614,444	685,696	**426,214**	422,327	433,921
Non-current assets										
Property, plant & equipment	10	**227,051**	358,556	300,514	**225,751**	356,909	298,967	**1,300**	1,647	1,547
Investment in Finance business					**197,093**	181,047	179,556			
Intangible assets	11	**246,132**	345,156	297,845	**118,821**	212,023	167,602	**127,311**	133,133	130,243
Finance business receivables		**199,391**	197,304	196,831	**-**	-	-	**199,391**	197,304	196,831
Derivative financial instruments		**601**	792	1,388	**62**	792	887	**539**	-	501
Deferred taxation	12	**81,704**	45,526	67,830	**81,704**	45,526	67,830	**-**	-	-
Other non-current assets		**2,914**	2,358	12,329	**1,855**	1,322	11,255	**1,059**	1,036	1,074
Total non-current assets		**757,793**	949,692	876,737	**625,286**	797,619	726,097	**329,600**	333,120	330,196
Total assets		**1,699,686**	1,986,463	1,996,354	**1,140,965**	1,412,063	1,411,793	**755,814**	755,447	764,117
Liabilities										
Current liabilities										
Bank overdrafts		**19,174**	363	-	**19,174**	363	-	**-**	-	-
Current borrowings	13	**72,903**	140,968	517,692	**72,903**	140,968	517,692	**-**	-	-
Finance business borrowings		**460,993**	410,581	446,377	**-**	-	-	**460,993**	410,581	446,377
Trade creditors		**103,112**	156,046	152,340	**103,112**	156,046	152,340	**-**	-	-
Current finance leases		**578**	2,009	776	**578**	2,009	776	**-**	-	-
Provisions	14	**22,015**	51,174	47,350	**22,007**	51,166	47,342	**8**	8	8
Derivative financial instruments		**15,795**	3,225	14,728	**15,069**	2,666	13,404	**726**	559	1,324
Current tax liabilities		**4,164**	5,263	468	**2,913**	5,263	468	**1,251**	-	-
Other current liabilities		**71,650**	87,177	62,967	**51,702**	69,471	44,694	**19,948**	17,706	18,273
Total current liabilities		**770,384**	856,806	1,242,698	**287,458**	427,952	776,716	**482,926**	428,854	465,982
Non-current liabilities										
Non-current borrowings	13	**211,569**	267,923	-	**211,569**	267,923	-	**-**	-	-
Finance business borrowings		**54,446**	122,690	95,461	**-**	-	-	**54,446**	122,690	95,461
Non-current finance leases		**75**	720	432	**75**	720	432	**-**	-	-
Provisions	14	**20,133**	25,972	25,928	**19,589**	25,501	25,384	**544**	471	544
Derivative financial instruments		**7,761**	-	568	**7,673**	-	-	**88**	-	568
Deferred taxation		**30,348**	31,329	32,421	**9,631**	8,944	10,415	**20,717**	22,385	22,006
Other non-current liabilities		**14,925**	28,665	33,294	**14,925**	28,665	33,294	**-**	-	-
Total non-current liabilities		**339,257**	477,299	188,104	**263,462**	331,753	69,525	**75,795**	145,546	118,579
Total Liabilities		**1,109,641**	1,334,105	1,430,802	**550,920**	759,705	846,241	**558,721**	574,400	584,561
Shareholders' equity										
Contributed equity	15	**841,943**	648,229	651,510	**841,943**	648,229	651,510			
(Accumulated losses) / Retained earnings	16	**(199,050)**	(14,339)	(116,640)	**(199,050)**	(14,339)	(116,640)			
Reserves	16	**(52,848)**	18,468	30,682	**(52,848)**	18,468	30,682			
Investment in Finance business								**197,093**	181,047	179,556
Total shareholders' equity		**590,045**	652,358	565,552	**590,045**	652,358	565,552	**197,093**	181,047	179,556
Total liabilities and shareholders' equity		**1,699,686**	1,986,463	1,996,354	**1,140,965**	1,412,063	1,411,793	**755,814**	755,447	764,117

** 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 2009 (Unaudited)

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

30 September 2009	Share capital $'000	(Accumulated losses) / Retained earnings $'000	Translation of foreign operations $'000	Foreign exchange hedges $'000	Commodity hedges $'000	Interest rate hedges $'000	Treasury stock $'000	Share based payments $'000	Total equity $'000
Balance at 1 April 2009	651,510	(116,640)	23,521	4,642	37	-	512	1,970	565,552
Changes in equity for									
Issue of share capital	190,433	-	-	-	-	-	-	-	190,433
Total other comprehensive income for the period	-	-	(69,457)	(14,329)	256	-	-	-	(83,530)
Net (loss)/profit for the period	-	(82,410)	-	-	-	-	-	-	(82,410)
Balance at 30 September 2009	841,943	(199,050)	(45,936)	(9,687)	293	-	512	1,970	590,045

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

30 September 2008	Share capital $'000	(Accumulated losses) / Retained earnings $'000	Translation of foreign operations $'000	Foreign exchange hedges $'000	Commodity hedges $'000	Interest rate hedges $'000	Treasury stock $'000	Share based payments $'000	Total equity $'000
Balance at 1 April 2008	642,082	18,623	(14,321)	602	503	(3,443)	512	1,890	646,448
Changes in equity for									
Dividends	-	(25,615)	-	-	-	-	-	-	(25,615)
Dividend reinvestment plan	6,147	-	-	-	-	-	-	-	6,147
Share based payments	-	-	-	-	-	-	-	80	80
Total other comprehensive income for the period	-	-	23,968	8,178	(503)	1,002	-	-	32,645
Net (loss)/profit for the period	-	(7,347)	-	-	-	-	-	-	(7,347)
Balance at 30 September 2008	648,229	(14,339)	9,647	8,780	-	(2,441)	512	1,970	652,358

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

31 March 2009	Share capital $'000	(Accumulated losses) / Retained earnings $'000	Translation of foreign operations $'000	Foreign exchange hedges $'000	Commodity hedges $'000	Interest rate hedges $'000	Treasury stock $'000	Share based payments $'000	Total equity $'000
Balance at 1 April 2008	642,082	18,623	(14,321)	602	503	(3,443)	512	1,890	646,448
Changes in equity for									
Dividends	-	(40,009)	-	-	-	-	-	-	(40,009)
Dividend reinvestment plan	9,428	-	-	-	-	-	-	-	9,428
Share based payments	-	-	-	-	-	-	-	80	80
Total other comprehensive income for the period	-	-	37,842	4,040	(466)	3,443	-	-	44,859
Net (loss)/profit for the period	-	(95,254)	-	-	-	-	-	-	(95,254)
Balance at 31 March 2009	651,510	(116,640)	23,521	4,642	37	-	512	1,970	565,552

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

FINANCIAL STATEMENTS

Cash Flow Statement
For the 6 months ended 30 September 2009 (Unaudited)

	Notes	**30 September 2009 $'000**	30 September 2008 $'000	31 March 2009 $'000
Cash flows from operating activities				
Receipts from customers		**525,111**	610,922	1,208,813
Financing interest and fee receipts		**65,158**	66,226	132,953
Interest received		**279**	625	1,490
Payments to suppliers and employees		**(531,443)**	(593,440)	(1,233,316)
Income taxes paid		**(1,834)**	(9,721)	(21,372)
Interest paid		**(39,404)**	(37,816)	(79,188)
		17,867	36,796	9,380
Principal on loans repaid by Finance business customers		**280,576**	306,198	601,215
New loans to Finance business customers		**(269,931)**	(312,534)	(624,311)
Net cash inflow / (outflow) from operating activities	22	**28,512**	30,460	(13,716)
Cash flows from investing activities				
Sale of property, plant & equipment		**9,872**	26	28,216
Purchase of property, plant & equipment		**(21,314)**	(38,094)	(66,817)
Capitalisation of intangible assets		**(2,939)**	(3,156)	(7,233)
Acquisition of Mexican Operations (Instalments)		**-**	(9,049)	(23,965)
Net cash inflow / (outflow) from investing activities		**(14,381)**	(50,273)	(69,799)
Cash flows from financing activities				
New non-current borrowings		**585,913**	68,459	327,458
New Finance business borrowings		**12,515**	289,745	284,118
Repayment of non-current borrowings		**(783,080)**	(30,943)	(223,741)
Repayment of Finance business borrowings		**(38,569)**	(298,912)	(284,598)
Lease liability payments		**(408)**	(46)	(902)
Issue of share capital	15	**190,433**	-	-
Dividends paid		**-**	(19,468)	(30,427)
Net cash inflow / (outflow) from financing activities		**(33,196)**	8,835	71,908
Net increase (decrease) in cash & cash equivalents		**(19,065)**	(10,978)	(11,607)
Cash & cash equivalents at the beginning of the period		**95,395**	93,994	93,994
Cash obtained from acquisitions		**-**	1,767	1,546
Effects of foreign exchange rate changes on cash & cash equivalents		**(3,385)**	5,084	11,462
Cash & cash equivalents at end of the period		**72,945**	89,867	95,395

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

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

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

These financial statements were authorised for issue by the Board of Directors on 27 November 2009.

The Group has two principal areas of business:

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

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

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

2. Summary of significant accounting policies

These general purpose financial statements for the interim 6 month reporting period ended 30 September 2009 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) and are for the Group only.

These interim 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 2009.

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

Changes in accounting policies
There have been no significant changes in accounting policies during the current year. Accounting policies have been applied on a basis consistent with the prior annual financial statements except where stated below.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2009.

NZ IAS1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the Statement of Changes in Equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the Statement of Comprehensive Income) or two statements (the Income Statement and Statement of Comprehensive Income).

The Group has elected to present two statements: an Income Statement and a Statement of Comprehensive Income. The Statement of Comprehensive Income replaces the Statement of Recognised Income and Expense and in addition a Statement of Changes in Equity is required. The interim financial statements have been prepared under the revised disclosure requirements.

NZ IFRS8, 'Operating segments'. NZ IFRS8 replaces NZ IAS14, 'Segment reporting' and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported secondary geographic segments have been split into factory operations and sales & customer service segments. Operating segments are reported in a manner consistent with the internal reporting provided to the 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.

There has been no impact on the measurement of the Group's assets and liabilities from adoption of NZ IFRS8. Comparatives for 30 September 2008 and 31 March 2009 have been restated.

3. Going concern

The Group has reported a net loss after tax for the six months ended 30 September 2009 of $82.4 million (Sept 2008 loss of $7.3 million; March 2009 loss of $95.3 million). Difficult trading conditions continued to be experienced in all markets, especially in the United States of America, significantly impacting sales revenue for the current period. As a consequence, impairments and fair valuation adjustments (largely related to North America) totalling $55.6 million after tax were also recognised in the period.

On 30 September 2009, the Company announced that its Banking Syndicate had accepted revised forecasts which were used to set new budget performance covenants. The new budget performance covenants require the Guaranteeing Group (defined as the Appliances business plus any interest or dividends paid to the Appliances business by the Finance business) to achieve a normalised EBITDA of $20 million for the 3 months ending 31 December 2009 and $50 million for the six months ending 31 March 2010 (refer Note 13). The revised forecasts were for the Guaranteeing Group to achieve normalised EBITDA of $28.3 million and $65.4 million for each reporting period respectively.

The unaudited October normalised EBITDA was approximately 10% lower than the revised forecasts for October and this has eroded the forecast headroom against the budget performance covenant.

Whilst the Directors believe the Company will continue to comply with all its banking covenants, compliance is dependent on no further deterioration of market conditions and the ongoing security of the supply chain. Should market conditions deteriorate further, then there is some risk that the Company will not achieve the minimum required normalised EBITDA in either the December 2009 or March 2010 reporting periods.

Nevertheless, as the Directors at this time are confident the Company will comply with all banking covenants for the foreseeable future, these financial statements have been prepared on a going concern basis.

4. 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 interim financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

4. Segment information (continued)

Segment total assets

	30 September 2009 $'000	30 September 2008 $'000	31 March 2009 $'000
Factory operations			
New Zealand	**70,605**	210,658	99,940
Australia	**2,404**	27,812	33,945
North America	**202,048**	201,155	299,238
Thailand	**107,406**	73,459	88,999
Europe	**140,531**	161,578	159,939
	522,994	674,662	682,061
Sales & customer service			
New Zealand	**41,830**	67,297	77,947
Australia	**133,415**	148,459	180,808
North America	**72,225**	113,393	110,209
Europe	**26,827**	28,605	25,361
Rest of World	**4,827**	6,869	7,280
	279,124	364,623	401,605
Inter-segment eliminations	**(49,834)**	(2,436)	(44,696)
Unallocated assets	**191,588**	194,167	193,267
Appliances business	**943,872**	1,231,016	1,232,237
Finance business	**755,814**	755,447	764,117
Total assets as per the Statement of Financial Position	**1,699,686**	1,986,463	1,996,354

Segment revenue & profit analysis

	6 months ended 30 September 2009			
	Revenue from external customers	Inter-segment revenue	Total segment revenue	Operating profit
	$'000	$'000	$'000	$'000
Factory operations				
New Zealand	22,075	64,293	86,368	5,019
Australia	2,013	12,008	14,021	(748)
North America	20,100	129,680	149,780	(1,471)
Thailand	486	135,515	136,001	9,601
Europe	62,250	6,026	68,276	(1,764)
	106,924	347,522	454,446	10,637
Sales & customer service				
New Zealand	90,898	4,057	94,955	4,415
Australia	177,718	2,371	180,089	4,855
North America	119,898	1,710	121,608	(10,105)
Europe	10,663	-	10,663	(98)
Rest of World	6,504	-	6,504	613
	405,681	8,138	413,819	(320)
Unallocated overheads				(4,584)
One-off costs *				(103,112)
Appliances business	512,605	355,660	868,265	(97,379)
Finance business	66,353	-	66,353	12,426
Total	578,958	355,660	934,618	(84,953)

	6 months ended 30 September 2008			
	Revenue from external customers	Inter-segment revenue	Total segment revenue	Operating profit
	$'000	$'000	$'000	$'000
Factory operations				
New Zealand	8,176	180,795	188,971	9,652
Australia	2,198	41,564	43,762	19,430
North America	17,196	113,955	131,151	1,083
Thailand	65	80,133	80,198	11,590
Europe	68,333	6,993	75,326	(2,816)
	95,968	423,440	519,408	38,939
Sales & customer service				
New Zealand	112,065	7,085	119,150	3,187
Australia	227,163	-	227,163	7,155
North America	171,899	-	171,899	1,239
Europe	13,535	-	13,535	(508)
Rest of World	7,146	-	7,146	261
	531,808	7,085	538,893	11,334
Unallocated overheads				(17,090)
One-off costs *				(41,198)
Appliances business	627,776	430,525	1,058,301	(8,015)
Finance business	68,252	-	68,252	11,572
Total	696,028	430,525	1,126,553	3,557

NOTES TO THE FINANCIAL STATEMENTS

4. Segment information (continued)

	Year ended 31 March 2009			
	Revenue from external customers	Inter-segment revenue	Total segment revenue	Operating profit
	$'000	$'000	$'000	$'000
Factory operations				
New Zealand	20,110	337,812	357,922	10,832
Australia	4,551	54,005	58,556	29,484
North America	32,341	198,664	231,005	(13,546)
Thailand	498	231,922	232,420	35,735
Europe	134,622	27,673	162,295	(6,081)
	192,122	850,076	1,042,198	56,424
Sales & customer service				
New Zealand	247,604	14,112	261,716	6,074
Australia	447,572	-	447,572	5,506
North America	294,199	-	294,199	13,104
Europe	26,526	-	26,526	(777)
Rest of World	14,590	-	14,590	851
	1,030,491	14,112	1,044,603	24,758
Unallocated overheads				(25,612)
One-off costs *				(141,092)
Appliances business	1,222,613	864,188	2,086,801	(85,522)
Finance business	136,918	-	136,918	21,086
Total	1,359,531	864,188	2,223,719	(64,436)

** Refer Notes 7, 8, 10 & 11*

Segment revenue reconciliation to the Income Statement

	30 September 2009	30 September 2008	31 March 2009
	$'000	$'000	$'000
Total segment revenue	**934,618**	1,126,553	2,223,719
Inter-segment revenue elimination	**(355,660)**	(430,525)	(864,188)
Interest income	**322**	625	1,490
Other miscellaneous income	**4,782**	751	11,544
Total revenue & other income as per the Income Statement	**584,062**	697,404	1,372,565

5. Revenue & other income

	Notes	30 September 2009 $'000	30 September 2008 $'000	31 March 2009 $'000
Appliances business sales of goods revenue	(a)			
New Zealand		**89,570**	111,176	212,444
Australia		**177,291**	230,319	452,391
North America		**155,615**	191,336	365,397
Europe		**53,367**	55,720	109,987
Rest of World		**32,352**	34,885	73,261
Appliances business sales of services revenue		**4,410**	4,340	9,133
Finance business revenue		**66,353**	68,252	136,918
Total operating revenue		**578,958**	696,028	1,359,531
Other income				
Interest income		**322**	625	1,490
Gains on disposal of property, plant & equipment	(c)	**4,072**	-	8,216
Fee income		**682**	417	1,332
Appliances business miscellaneous income		**868**	399	1,017
Fair value gain/(loss) on Finance business derivatives		**(840)**	(65)	979
		5,104	1,376	13,034
Total revenue & other income		**584,062**	697,404	1,372,565

(a) Sales revenue
Revenue figures reported above are disclosed by location of customer and therefore do not agree directly to Segment disclosures at Note 4, where revenue is reported by country or region of operation.

(b) Non-cash transactions
In the six months ended 30 September 2009 there was no sales of goods revenue from barter transactions (September 2008 $3.3 million, March 2009 $11.0 million). Refer to Note 7 for details of an impairment loss for barter credits in North America.

(c) Net gains on disposal of property, plant & equipment
Net gains on disposal of property, plant & equipment for the period ended 30 September 2009 includes gains on sale of land & buildings of $4.1 million (September 2008 $Nil, March 2009 $7.1 million).

NOTES TO THE FINANCIAL STATEMENTS

6. Expenses

	30 September 2009 $'000	30 September 2008 $'000	31 March 2009 $'000
(Loss)/Profit before income tax includes the following expenses:			
Appliances business			
Cost of goods sold	**378,773**	446,753	898,170
Items affecting comparability	**107,184**	41,198	148,232
Net foreign exchange (gains) / losses	**(3,379)**	1,458	(28,813)
Other administration expenses	**75,041**	73,436	167,262
Administration expenses	**178,846**	116,092	286,681
Selling, marketing & distribution expenses	**58,271**	74,348	135,193
Finance business			
Impairment charge for credit losses	**9,649**	8,284	20,017
Interest expense and similar charges	**19,763**	26,784	53,226
Other Finance business expenses before unearned premium movements	**21,932**	23,089	44,696
Movement in unearned insurance & warranty premiums	**1,781**	(1,503)	(982)
Other Finance business expenses	**23,713**	21,586	43,714
Total operating expenses	**669,015**	693,847	1,437,001

7. Other assets

Barter credits

In conjunction with the Board's review of the carrying value of North American assets, indicators of a material decrease in the fair value were observed in respect of barter credit transactions.

These transactions involved the exchange of finished goods for barter credits or prepaid vouchers, which can be used to secure goods and services from members of the same barter exchange network. Whilst the useful life of these credits has been extended by the barter exchange network and they have been discounted to present value, on current projections the Board considers the fair value is less than the carrying amount.

Fair value was determined through a value-in-use calculation using estimates of likely utilisation over the maturity period. An overlay was then applied based on management's view of the most economic use of future expenditure. Fair value was determined as nil.

A fair value loss of $11.8 million has been recognised in respect of North American barter credits.

8. Inventories

(a) Inventory stock build

The finished goods inventory stockbuild owing to relocation of manufacturing facilities from New Zealand/ Australia/ United States of America to Thailand, Italy and Mexico was $2.4 million at 30 September 2009. The stockbuild was fully consumed as at 31 October 2009.

(b) Inventory obsolescence

Pursuant to the Board's review of North American asset carrying values, inventory primarily comprising raw materials in Reynosa, totalling $10.0 million was identified as obsolete and slow moving and fair valuation was assessed as nil. Efforts to utilise this inventory operationally through alternate use or sell to a third party are ongoing.

9. Non-current assets classified as held for sale

	30 September 2009	30 September 2008	31 March 2009
	$'000	$'000	$'000
Land	**10,161**	2,864	38,570
Buildings	**32,003**	43,656	52,292
Plant & equipment	**-**	-	1,028
	42,164	46,520	91,890

As part of the Appliances business' Global Manufacturing Strategy announced on 17 April 2008, land & buildings at East Tamaki, Auckland and Cleveland, Australia have been classified as non-current assets held for sale.

On 9 September 2009 the Group sold Lot 1 of the East Tamaki site for $53 million and recognised a gain of $4.1 million in the Income Statement – refer Note 5. The remaining Lot related to the East Tamaki site is held at fair value based on the expected net proceeds from a conditional sale & leaseback agreement.

Fair valuation of the remaining East Tamaki land & buildings resulted in an impairment loss of $0.7 million as at 30 September 2009.

The Cleveland site is held at net book value.

The Board reasonably expects sale transactions will be completed in the next 12 months in relation to these assets.

10. Property, plant & equipment

Impairment losses

North American assets

As announced on 30 October 2009, pursuant to the Board's review of carrying values of North American assets, selected production assets at Ohio, USA and Reynosa, Mexico have been impaired. Value-in-use calculations were performed on all affected assets using projected cash flows over the next ten financial years discounted back to the net present value. Projected cash flows were based on current forecast sales volumes and margins with varying growth assumptions dependent on the product.

Washer machine production will be transferred from Ohio to Thailand in November 2009 and the production line at Ohio mothballed. The current state of trading in North America has increased uncertainty over timing of a resumption of washing machine production in Ohio and therefore the assets have been fully impaired, resulting in an impairment loss of $7.7 million.

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

The downturn in the North American market has been especially pronounced in the premium segment. An impairment review on the assets associated with refrigeration production in Mexico resulted in an impairment loss of $11.9 million of plant & equipment as projected cashflows indicated that the recoverable amount was lower than the carrying amount. Intangible assets were also impaired as part of the review – refer Note 11(c).

Leasehold improvements related to closed facilities totalling $0.3 million have also been impaired in the period.

CoolDrawer assets

Reduced demand for premium products in the current global downturn resulted in an indicator of impairment for assets associated with production of CoolDrawer product. Following an impairment review, the Board has impaired plant & equipment assets associated with CoolDrawer by $2.5 million as projected cashflows indicated that the recoverable amount was lower than the carrying amount. The review also resulted in impairment of intangible assets associated with production of CoolDrawer – refer Note 11(c).

NOTES TO THE FINANCIAL STATEMENTS

11. Intangible assets

(a) Brands

(i) Impairment tests for brands

Acquired brands are allocated to the Group's cash generating units (CGUs) identified according to country or region of operation.

A summary of the brands allocation is shown below:

30 September 2009	**"DCS" $'000**	**"Elba" $'000**	**Total $'000**
Appliances North America	**18,018**	**-**	**18,018**
Appliances Italy	**-**	**20,626**	**20,626**
	18,018	**20,626**	**38,644**

30 September 2008	"DCS" $'000	"Elba" $'000	Total $'000
Appliances North America	42,544	-	42,544
Appliances Italy	-	21,815	21,815
	42,544	21,815	64,359

31 March 2009	"DCS" $'000	"Elba" $'000	Total $'000
Appliances North America	50,123	-	50,123
Appliances Italy	-	23,733	23,733
	50,123	23,733	73,856

(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 covering a five year period and taking into account the latest management forecasts. 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.

(b) DCS Brand impairment

As announced on 30 October 2009, pursuant to the Board's review of North American asset carrying values, indicators of impairment existed for the DCS brand. An impairment review was performed with the following assumptions:

- growth rate: 20% lower sales in 2010/11 than current 2009/10 forecast, with a growth rate of 0% thereafter for the following 4 years
- royalty rate used in the relief from royalty calculation: 3%
- terminal growth rate: 0.0%
- pre tax discount rate: 7.1%

Based on the above assumptions, the recoverable amount was calculated as $18.0 million, resulting in an impairment loss of $22.0 million from the carrying amount.

Should forecast DCS branded sales decline further, there is a risk that further impairment may occur. Similarly, should DCS branded sales recover ahead of forecast, the brand carrying value may be reinstated up to the original carrying amount.

(c) Other intangible asset impairments
As part of the impairment review on assets associated with refrigeration production in Mexico, $4.1 million of capitalised research & development assets were impaired as projected cashflows indicated a recoverable amount lower than the carrying amount. Refer also Note 10.

As part of the impairment review on assets associated with CoolDrawer production, $0.8 million of capitalised research & development assets were impaired as projected cashflows indicated a recoverable amount lower than the carrying amount. Refer also Note 10.

12. Deferred tax assets

The utilisation of 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.

13. Borrowings

	30 September 2009 $'000	30 September 2008 $'000	31 March 2009 $'000
Current borrowings	**72,903**	140,968	517,692
Total current borrowings	**72,903**	140,968	517,692
Non-current borrowings	**211,569**	242,741	-
Bills payable	**-**	25,182	-
Total non-current borrowings	**211,569**	267,923	-
Total borrowings	**284,472**	408,891	517,692

The Group had unused borrowing facilities of $69.4 million available as at balance date.

(a) Security Trust Deed
Current and non current borrowings are secured by a Security Trust Deed ("the Deed") with the Group's banking syndicate. The Guaranteeing Group, under the Deed, excludes all Finance business entities.

The Deed and subsequent Amendments impose certain financial covenants on the Group as follows:

(i) actual Normalised EBITDA for the 3 month period ending 31 December 2009 is no less than $20.0 million (including interest received from the Finance business)

actual Normalised EBITDA for the 6 month period ending 31 March 2010 is no less than $50.0 million (including interest and dividends received from the Finance business)

(ii) from April 2010 onwards, test (i) is replaced by a monthly Total Leverage Ratio with Total Net Bank Debt to Normalised Appliances EBITDA < 3 times

(iii) a minimum Total Interest Cover of 2.0x until 31 March 2010, 1 April 2010 - 30 September 2010 2.5x, and 3.0x thereafter, measured against the last 12 months Normalised EBITDA tested on a quarterly basis

(iv) maximum capital expenditure must not exceed $40 million in 2010; $33 million in 2011; $44 million in 2012

(v) the ratio of the Appliances Group's secured total tangible assets to the Appliances Group's total tangible assets is to be no less than 95%

(vi) until the Current Debt Facility (refer Note 13(b)) has been repaid in full, no distributions are permitted

Item (i) above is a new requirement following renegotiation of banking facilities with the Group's banking syndicate on 30 September 2009. Items (ii)-(vi) above are unchanged from 31 March 2009.

NOTES TO THE FINANCIAL STATEMENTS

13. Borrowings (continued)

For the purposes of the financial covenants on the previous page:

"Normalised EBITDA" means operating earnings before interest, tax, depreciation and amortisation adjusted to exclude certain non recurring items.

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

"Total Interest Cover" means the ratio of Normalised EBITDA to Total Interest, where Normalised EBITDA is the last 12 months Normalised EBITDA.

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

(b) Post balance date events

In addition to the financial covenants on the previous page, as at balance date the Group was required to allocate proceeds from the sale of land & buildings due in October 2009 to complete repayment of the Amortising Facility and $40 million of the Term Loan Facility was converted into a Current Debt Facility to be repaid in full by 31 March 2010.

Since balance date, the Group has met the above obligations and as at 31 October 2009, $24.6 million of the Current Debt Facility was outstanding and to be repaid by 31 March 2010.

14. Provisions

	30 September 2009 $'000	30 September 2008 $'000	31 March 2009 $'000
Current			
Employee benefits	**113**	185	113
Warranty	**18,790**	25,573	26,437
Redundancy	**2,472**	22,393	17,986
Onerous contracts	**624**	2,736	2,511
Other	**16**	279	303
Total current provisions	**22,015**	51,166	47,350
Non-current			
Employee benefits	**9,846**	12,380	11,024
Warranty	**10,033**	12,761	14,904
Onerous contracts	**187**	360	-
Other	**67**	-	-
Total non-current provisions	**20,133**	25,501	25,928
Total provisions	**42,148**	76,667	73,278

(a) Employee benefits

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

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

In the normal course of business, the calculation of the provision for unvested long service leave is undertaken annually at each year end. Therefore, no calculation is undertaken as at 30 September.

(b) Warranty

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

The warranty provision has been discounted using an interest rate of 6.32% (September 2008 8.34%, March 2009 5.47%).

(c) Redundancy

Estimated retention and redundancy costs from staff retrenchment, owing to the relocation of factories to Thailand, Mexico and Italy as part of the Appliances business' Global Manufacturing Strategy and provided in the year ended 31 March 2010 have largely been incurred.

In addition, provision has also been made in the current period for estimated retrenchment costs related to 'cost out' initiatives. These costs are largely expected to be incurred in the year ending 31 March 2010.

(d) Onerous contracts

Onerous lease contracts of $0.8 million relating to closure of the Group's warehouse facility in North Carolina, USA and surplus material handling equipment in Cleveland, Australia following the closure and relocation of the refrigeration factory have been recognised in the period ended 30 September 2009. The majority of these costs will be incurred by June 2010.

15. Contributed equity

(a) Movements in ordinary share capital:

	30 September 2009	30 September 2008	31 March 2009	**30 September 2009**	30 September 2008	31 March 2009
	Shares	Shares	Shares	**$'000**	$'000	$'000
Opening balance of ordinary shares authorised and issued	**290,375,990**	284,608,307	284,608,307	**651,510**	642,082	642,082
Issues of ordinary shares during the year						
Dividend reinvestment plan	**-**	3,273,191	5,767,683	**-**	6,147	9,428
Issue of shares re placement with Haier Group	**85,407,984**	-	-	**54,768**	-	-
Issue of shares re pro-rata renounceable rights offer	**348,451,188**	-	-	**135,665**	-	-
Closing balance of ordinary shares authorised and issued	**724,235,162**	287,881,498	290,375,990	**841,943**	648,229	651,510

(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) Dividend reinvestment plan

The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. Shares are issued under the plan at a 2.5% discount of the average of the volume weighted average sale price for the Company's ordinary shares, calculated on all price setting trades that take place on the NZSX and ASX over a period of 10 trading days commencing on the third business day after the shares first trade ex entitlement on the NZSX.

(d) Rights issue

On 27 May 2009, the Parent Company announced a fully underwritten equity raising, including a pro rata one-for-one renounceable rights issue. The issue price for ordinary shares under the Rights Issue was $0.41 per share. The ordinary shares issued under the Rights Issue ranked equally with existing ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

16. Retained earnings and reserves

	30 September 2009 $'000	30 September 2008 $'000	31 March 2009 $'000
(a) Reserves			
Treasury stock	**512**	512	512
Foreign exchange hedge reserve	**(9,687)**	8,780	4,642
Share-based payments reserve	**1,970**	1,970	1,970
Foreign currency translation reserve	**(45,936)**	9,647	23,521
Interest rate hedge reserve	**-**	(2,441)	-
Commodity hedge reserve	**293**	-	37
	(52,848)	18,468	30,682

(b) Retained earnings / (Accumulated losses)

Movements in retained earnings were as follows:

	30 September 2009 $'000	30 September 2008 $'000	31 March 2009 $'000
Balance at the beginning of the period	**(116,640)**	18,623	18,623
Net (loss)/profit for the period	**(82,410)**	(7,347)	(95,254)
Dividends	**-**	(25,615)	(40,009)
Balance at the end of the period	**(199,050)**	(14,339)	(116,640)

17. Disclosure of components of other comprehensive income

	Notes	**30 September 2009 $'000**	30 September 2008 $'000	31 March 2009 $'000
Other comprehensive income:				
Exchange differences on translating foreign operations	(a)	**(69,457)**	23,968	37,842
Cash flow hedges:				
Gains (losses) arising during the year		**(9,287)**	14,887	(12,454)
Reclassification adjustments for gains (losses) included in profit or loss		**(10,817)**	(2,492)	22,478
Income tax relating to components of other comprehensive income		**6,031**	(3,718)	(3,007)
Other comprehensive income for the year		**(83,530)**	32,645	44,859

(a) 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 substantial appreciation of the NZD during the period (refer Note 25) and the reduction in foreign currency borrowings that partially offset these movements, a $69.5 million adverse translation difference has arisen.

18. 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**
30 September 2009			
Exchange differences on translating foreign operations	**(69,457)**	**-**	**(69,457)**
Cash flow hedges	**(20,104)**	**6,031**	**(14,073)**
Other comprehensive income	**(89,561)**	**6,031**	**(83,530)**
30 September 2008			
Exchange differences on translating foreign operations	23,968	-	23,968
Cash flow hedges	12,395	(3,718)	8,677
Other comprehensive income	36,363	(3,718)	32,645
31 March 2009			
Exchange differences on translating foreign operations	37,842	-	37,842
Cash flow hedges	10,024	(3,007)	7,017
Other comprehensive income	47,866	(3,007)	44,859

NOTES TO THE FINANCIAL STATEMENTS

19. Prospective financial information

On 27 May 2009 Fisher & Paykel Appliances Holdings Limited issued an investment statement and prospectus in relation to a rights offer of ordinary shares. This prospectus contained prospective financial statements for the Group for the year ending 31 March 2010. Those prospective financial statements did not disclose information for the interim period ending 30 September 2009. However, the Directors wish to report the Company's progress against the full year prospective financial statements by comparing the actual results to 30 September 2009 against the prospective financial information for the period ending 30 September 2009 inherent in the full year prospective financial statements.

General commentary on actual versus prospective results

On 24 September 2009, the Company announced that as a consequence of depressed market conditions and increased competition, especially in the United States of America, the full year result would be a loss of between $2.0-5.0 million versus a profit of $11.7 million in the Prospective Income Statement. On 30 October 2009, there was a further announcement that the North American asset carrying values were under review and as a result, a further charge of $70 million to $75 million before taxation was expected.

The factors that caused this earnings downgrade and the results of the North American asset carrying value review have been the primary causes of the variances between prospective and actual results for the period ended 30 September 2009. These primary factors were:

- lower sales in the US.
- impairment of asset carrying values. The North American impairment and fair valuation losses were $76.1 million – refer Notes 7, 8, 10 and 11. Additional impairment losses and onerous lease costs of $1.5 million were recognised – refer Notes 9 and 14.
- foreign exchange rates were different to those assumed.

These primary factors are described in more detail below.

Foreign exchange rates

The table below sets out the actual exchange rates at 30 September 2009 versus those assumed in the prospective financial statements for the translation of revenues, expenses and balance sheet amounts throughout the year ending 31 March 2010.

	30 September 2009 actual	Prospectus
United States dollar	**0.7215**	0.5100
Australian dollar	**0.8206**	0.7800
Euro	**0.4935**	0.3900
British pound	**0.4502**	0.3900
Thai baht	**23.7519**	18.5000

The appreciation of the New Zealand dollar (NZD) against these currencies has led to significant variations, on a line by line basis, between the prospective financial statements and the actual results.

The translation of transactions and balances from local currencies to NZD has led to lower NZD values than had been assumed. The impact of these translation differences on individual items are described on pages 35, 36 & 38. The net impact on the Group's earnings has been to marginally increase the earnings as a higher proportion of expenses are denominated in foreign currencies than revenues. The net impact on the balance sheet is to reduce net assets as more assets are denominated in foreign currencies than liabilities.

Despite the appreciation of the NZD, an overall positive impact on the earnings has not been achieved as there have been a number of negative impacts that have more than offset the expected benefit from the appreciation. Most notably these have included the lower revenues (Refer Prospective Income Statement sub-note (a)) and higher manufacturing costs (Refer Prospective Income Statement sub-note (i)).

Prospective Income Statement
For the period ended 30 September 2009

	Sub-Notes	**30 September 2009 Actual $'000**	30 September 2009 Prospective $'000	Variance $'000
Revenue				
Operating revenue	(a)	**578,958**	654,819	(75,861)
Other income	(b)	**5,104**	3,608	1,496
Total revenue and other income		**584,062**	658,427	(74,365)
Items affecting comparability:				
Costs associated with execution of Global Manufacturing Strategy	(c)	**(14,973)**	(8,607)	(6,366)
Redundancy costs	(d)	**(5,524)**	(3,242)	(2,282)
Debt restructuring costs	(e)	**(9,875)**	(8,634)	(1,241)
Impairment losses	(f)	**(54,357)**	-	(54,357)
Fair valuation of non-current assets held for sale		**(733)**	-	(733)
Fair value adjustments (barter credits, raw materials inventory)	(g)	**(21,722)**	-	(21,722)
EBITDA		**(60,215)**	41,555	(101,770)
Depreciation expense	(h)	**(15,028)**	(17,722)	2,694
Amortisation expense	(h)	**(9,710)**	(10,124)	414
Operating (Loss)/Profit	(i), (j)	**(84,953)**	13,709	(98,662)
Finance costs	(h)	**(17,701)**	(18,559)	858
(Loss)/Profit before income tax		**(102,654)**	(4,850)	(97,804)
Income tax expense	(k)	**20,244**	(6,207)	26,451
(Loss)/Profit for the year		**(82,410)**	(11,057)	(71,353)

Explanation of variances

(a) the lower revenue was caused by three key factors:

i) a higher NZD, which had the effect of reducing revenue by approximately $52 million when translating revenues into NZD compared to the assumed exchange rates set out on the previous page

ii) in North America, sales were 11.3% below forecast in local currency due to higher than expected levels of competition and continued depressed market conditions, particularly in the high end of the appliance sector

iii) sales in Australia were 9% below forecast (in local currency terms). Sales were constrained by supply during the period that the factories were being relocated and recommissioned. Furthermore there has been an unfavourable change in the mix of product sold as cooking and DishDrawer sales have slowed further in the current economic downturn. Sales are expected to recover in the second half following the full commissioning of the relocated factories and as new sales initiatives are implemented

Sales revenue in New Zealand and other regions, in local currency terms, was substantially in line with the prospectus assumptions

(b) other income was higher than forecast due to the timing of property sales (Refer Prospective Balance Sheet sub-note (a))

(c) Global Manufacturing Strategy costs were higher than forecast for the half due to the timing of costs (some costs were assumed to be incurred in the second half of the year) and higher costs were incurred in the commissioning phases due to the complexity of the relocation exercise

(d) redundancy costs were higher than forecast as there have been additional retrenchments that had not been anticipated or forecast

(e) debt restructuring costs were higher than forecast due to additional professional fees for advisors

NOTES TO THE FINANCIAL STATEMENTS

19. Prospective financial information (continued)

(f) impairment losses were not forecast and mainly comprise North American related assets (Refer Notes 10 and 11), the DCS brand (Note 11) and capitalised research & development (refer Note 11)

(g) fair value adjustments were not forecast and comprise the North American barter credits (refer Note 7) and raw materials inventory at Reynosa, Mexico (Refer Note 8)

(h) depreciation, amortisation and financing costs were lower than forecast due to the higher NZD

(i) manufacturing costs at the new Reynosa factory in Mexico have been higher than expected. Lower production volumes, which are reflective of lower sales, have adversely affected the recovery of manufacturing overheads and the outsourcing of injection moulding and press metal processing has initially been more expensive than assumed. A number of cost saving opportunities have been identified and these are being implemented. These measures, along with the localisation of materials sourcing in Mexico are forecast to reduce costs over the remainder of the financial year

(j) the Finance business' profit was higher than forecast due to:

i) tighter credit acceptance criteria, resulting in an improvement in the quality of more recently originated finance receivables and an intense focus on customer account management reducing the bad debt expense below the level forecast

ii) operating overheads are lower than forecast due to cost control measures

(k) the income tax credit is higher due to the increased loss before taxation compared to forecast

Prospective Statement of Changes in Equity
For the period ended 30 September 2009

	Sub-Notes	**30 September 2009 Actual $'000**	30 September 2009 Prospective $'000	Variance $'000
Opening equity		**565,552**	565,552	-
Issue of share capital	(a)	**190,433**	178,800	11,633
Net Income and expense recognised directly in equity		**(83,530)**	43,591	(127,121)
Changes in equity		**672,455**	787,943	(115,488)
(Loss)/profit for the period		**(82,410)**	(11,057)	(71,353)
Closing equity		**590,045**	776,886	(186,841)

Explanation of variances

(a) the Company raised more equity from the rights offer and share placement earlier this year than had been assumed

Prospective Balance Sheet
As at 30 September 2009

	Sub-Notes	**30 September 2009 Actual $'000**	30 September 2009 Prospective $'000	Variance $'000
Assets				
Current assets				
Cash & cash equivalents	(a)	**92,119**	47,876	44,243
Trade receivables & other current assets	(b)	**210,047**	205,346	4,701
Finance receivables	(c)	**365,824**	396,259	(30,435)
Inventories	(d)	**216,797**	295,388	(78,591)
Non-current assets classified as held for sale	(e)	**42,164**	70,706	(28,542)
Derivative financial instruments		**5,597**	924	4,673
Current tax receivables		**9,095**	2,303	6,792
Total current assets		**941,643**	1,018,802	(77,159)
Non-current assets				
Property, plant & equipment	(f)	**227,051**	336,425	(109,374)
Other non-current assets	(g)	**2,914**	13,503	(10,589)
Finance receivables	(c)	**199,391**	136,170	63,221
Intangible assets	(h)	**246,132**	303,972	(57,840)
Derivative financial instruments		**601**	-	601
Deferred taxation		**73,808**	72,296	1,512
Total non-current assets		**749,897**	862,366	(112,469)
Total assets		**1,691,540**	1,881,168	(189,628)
Liabilities				
Current liabilities				
Bank overdraft	(a)	**19,174**	-	19,174
Current borrowings	(a)	**72,903**	-	72,903
Current finance leases		**578**	776	(198)
Trade creditors	(i)	**103,112**	123,295	(20,183)
Provisions	(j)	**22,015**	25,646	(3,631)
Finance borrowings	(k)	**460,993**	425,341	35,652
Derivative financial instruments		**15,795**	5,347	10,448
Current tax liabilities		**2,226**	686	1,540
Other current liabilities		**71,650**	84,146	(12,496)
Total current liabilities		**768,446**	665,237	103,209
Non-current liabilities				
Non-current borrowings	(a)	**211,569**	305,957	(94,388)
Non-current finance leases		**75**	-	75
Finance borrowings	(k)	**54,446**	60,150	(5,704)
Deferred taxation		**24,140**	32,056	(7,916)
Other non-current liabilities		**14,925**	17,837	(2,912)
Provisions	(j)	**20,133**	23,045	(2,912)
Derivative financial instruments		**7,761**	-	7,761
Total non-current liabilities		**333,049**	439,045	(105,996)
Total liabilities		**1,101,495**	1,104,282	(2,787)
Shareholders' equity				
Contributed equity		**841,943**	830,310	11,633
Retained earnings		**(199,050)**	(127,697)	(71,353)
Reserves		**(52,848)**	74,273	(127,121)
Total shareholders' equity		**590,045**	776,886	(186,841)
Total liabilities and shareholders' equity		**1,691,540**	1,881,168	(189,628)

NOTES TO THE FINANCIAL STATEMENTS

19. Prospective financial information (continued)

Explanation of variances

(a) excluding operating borrowings and cash & cash equivalents for the Finance business, net bank debt at 30 September 2009 was $264.6 million, compared to forecast of $281.3 million. This lower net debt level was due to the higher NZD, which resulted in foreign currency denominated debt when translated to NZD, being lower than forecast. The effect was partially offset by lower sales which reduced cash flow from operations. Furthermore, cash proceeds from property sales were not realised as the Cleveland, Australia property did not sell in September 2009 as forecast. Lot 1 of the East Tamaki property was sold on 9 September 2009 and settled on 9 October 2009

(b) other current assets at 30 September 2009 includes the $53 million of receivables from the sale of Lot 1 of the East Tamaki site. After excluding this amount, trade receivables are lower than forecast, which is due to lower revenues, particularly in September, and a higher NZD affecting the translation of balances to NZD, which has had the affect of reducing receivables by approximately $40 million compared to translation at the forecast exchange rates. There has been no material change in the ageing of receivables

(c) Finance receivables are higher than forecast due to higher than anticipated new lending

(d) excluding the currency changes, the inventory balance was $8 million below forecast at 30 September 2009. There was $2.4 million of inventory left over from the stock build that had yet to be sold (Refer Note 8(a)).

(e) the prospective financial statements assumed that the Cleveland, Australia property would be sold by 30 September 2009 and that the East Tamaki site would be sold in the second half of the year. The actual outcome has been that Lot 1 of East Tamaki was sold for $53 million. The Company has a conditional sale agreement for $21 million on the balance of the East Tamaki site and continues to actively market the Cleveland site

(f) property, plant & equipment was lower than forecast due to the higher NZD, which reduced the carrying value by approximately $70 million, and impairment charges for the Reynosa and Ohio plants (Refer Note 10, approximately $27 million)

(g) other non-current assets were lower than forecast due to a write-down in the value of the North American barter credits (Refer Note 7(a))

(h) intangible assets were lower than forecast due to the impairment of the DCS brand and capitalized research & development. The foreign currency translation has also caused the balance to be lower than forecast

(i) trade creditors were affected by currency movements as the majority of creditors are denominated in foreign currencies. This had an estimated impact of reducing the balance by approximately $23 million

(j) provisions were lower than forecast as the warranty provision is lower due to less sales than had been forecast

(k) Finance borrowings were higher than forecast due to the higher than forecast new lending (Refer sub-note (c) above)

Prospective Cash Flow Statement
For the period ended 30 September 2009

	Sub-Notes	**30 September 2009 Actual $'000**	30 September 2009 Prospective $'000	Variance $'000
Cash flows from operating activities				
Receipts from customers	(a)	**525,111**	582,125	(57,014)
Financing interest and fee receipts		**65,158**	58,602	6,556
Interest received		**279**	-	279
Payments to suppliers and employees	(b)	**(531,443)**	(565,678)	34,235
Income taxes paid		**(1,834)**	(3,557)	1,723
Interest paid		**(39,404)**	(44,334)	4,930
		17,867	27,158	(9,291)
Principal on loans repaid by Finance business customers	(c)	**280,576**	300,800	(20,224)
New loans to Finance business customers	(c)	**(269,931)**	(257,100)	(12,831)
Net cash inflow/(outflow) from operating activities		**28,512**	70,858	(42,346)
Cash flows from investing activities				
Sale of property, plant & equipment	(d)	**9,872**	34,900	(25,028)
Purchase of property, plant & equipment		**(21,314)**	(28,273)	6,959
Capitalisation of intangible assets		**(2,939)**	(900)	(2,039)
Net cash inflow/(outflow) from investing activities		**(14,381)**	5,727	(20,108)
Cash flows from financing activities				
New Appliances business borrowings		**585,913**	549,762	36,151
New Finance business borrowings	(c)	**12,515**	111	12,404
Repayment of former Appliances' borrowings		**(531,550)**	(549,555)	18,005
Repayment of the Appliances business' Amortising Facility	(e)	**(199,242)**	(229,284)	30,042
Repayment of the Appliances business' Term Facility		**(52,288)**	(4,506)	(47,782)
Repayment of Finance business borrowings	(c)	**(38,569)**	(69,000)	30,431
Lease liability payments		**(408)**	(432)	24
Issue of share capital (net of issue costs)	(f)	**190,433**	178,800	11,633
Net cash inflow/(outflow) from financing activities		**(33,196)**	(124,104)	90,908
Net decrease in cash & cash equivalents		**(19,065)**	(47,519)	28,454
Cash & cash equivalents at the beginning of period		**95,395**	95,395	-
Effects of foreign exchange rate changes on cash & cash equivalents		**(3,385)**	-	(3,385)
Cash & cash equivalents at end of period		**72,945**	47,876	25,069

Explanation of variances

(a) refer Prospective Income Statement sub-note (a)

(b) refer Prospective Income Statement sub-notes (c) & (i)

(c) refer Prospective Balance Sheet sub-notes (c) & (k)

(d) refer Prospective Balance Sheet sub-note (a)

(e) refer Prospective Balance Sheet sub-notes (a), (b) & (e)

(f) refer Prospective Statement of Changes in Equity sub-note (a)

NOTES TO THE FINANCIAL STATEMENTS

20. Contingencies

As at 30 September 2009 the Company had no contingent liabilities or assets, other than a contingent liability of $760,700 for Directors' retirement allowances (September 2008 $704,375, March 2009 $757,125). Since balance date, Mr Norman Geary was paid a retirement allowance of $105,392 – refer Note 24.

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

Mexico Customs Claim
Refer Note 35 of the 2009 Annual report. During the period, Fisher & Paykel Appliances Mexico, S. de R.L. de C.V., has paid customs duties of US$2.9 million, which arose from operations prior to acquisition. The Sellers (jointly Maytag Corporation and Maytag Inc.) have fully reimbursed Fisher & Paykel Appliances Mexico, S. de R.L. de C.V. for these customs duties pursuant to the Share Purchase Agreement.

Italy Tax Audit
Refer Note 35 of the 2009 Annual report. The tax audit of Fisher & Paykel Appliances Italy S.p.A. (formerly Elba S.p.A.) in respect of the 2005 fiscal year is ongoing. The company was acquired in June 2006 and the Share Purchase Agreement includes an indemnity from the Sellers (DéLonghi) in relation to tax.

21. Commitments

(a) Capital commitments

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

	30 September 2009 $'000	30 September 2008 $'000	31 March 2009 $'000
Within one year	**154**	12,724	22,453
	154	12,724	22,453

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 one to 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 2009 $'000	30 September 2008 $'000	31 March 2009 $'000
Within one year	**22,386**	20,162	22,986
Between one and two years	**20,241**	15,931	16,947
Between two and three years	**15,264**	11,519	11,898
Between three and four years	**14,135**	8,351	10,039
Between four and five years	**13,128**	7,512	9,108
Over five years	**61,490**	16,403	12,533
	146,644	79,878	83,511

The large increase in lease commitments over five years is due to the sale & leaseback of part of the Group's East Tamaki, Auckland site.

(ii) Finance leases

The Appliances business leases various items of plant & equipment with a carrying amount of $1.6 million (September 2008 $3.4 million, March 2009 $2.3 million) under finance leases expiring in one to three years. Under the finance leases, the Appliances business has the right of renewal or the option to purchase the leased items at the expiry of the lease.

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

	30 September 2009	30 September 2008	31 March 2009
	$'000	$'000	$'000
Within one year	**578**	2,009	776
Between one and two years	**69**	640	407
Between two and three years	**4**	77	22
Between three and four years	**-**	3	3
Minimum lease payments	**651**	2,729	1,208

The weighted average interest rate implicit in the leases is 3.2% (September 2008 6.1%, March 2009 5.9%).

(c) Undrawn lending commitments (Finance business)

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

	30 September 2009	30 September 2008	31 March 2009
	$'000	$'000	$'000
Undrawn lending commitments	**1,815,285**	2,284,697	2,188,968

NOTES TO THE FINANCIAL STATEMENTS

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

	30 September 2009	30 September 2008	31 March 2009
	$'000	$'000	$'000
(Loss)/profit after taxation	**(82,410)**	(7,347)	(95,254)
Add/(deduct) non-cash items:			
Depreciation of property, plant & equipment to recoverable amount	**15,028**	19,109	39,620
Impairment loss on property, plant & equipment	**28,149**	593	14,395
Impairment loss on intangible assets	**26,941**	-	69,688
Fair value adjustment on other assets	**11,762**	-	-
Amortisation of intangible assets	**9,710**	9,079	18,869
(Gain) on sale of non-current assets	**(4,067)**	-	(8,216)
Finance business bad debts written off	**10,446**	9,128	21,608
Movement in accrued interest	**1,010**	1,274	(1,533)
Net increase/(decrease) in loans and advances to customers	**10,645**	(6,336)	(23,096)
Movement in provisions	**(31,155)**	24,626	20,685
Movement in tax	**(15,576)**	(12,564)	(36,789)
Movement in payables and accruals	**(57,585)**	27,912	16,303
Movement in debtors and other current assets	**8,069**	(19,144)	(12,244)
Movement in inventories	**140,997**	(34,102)	(80,414)
Fair value adjustment/reclassification of derivative financial instruments	**(3,107)**	(233)	11,141
Fair value adjustment to other financial assets	**(337)**	-	1,327
Non-cash share based payments expense	**175**	104	30
Foreign currency exchange translation	**(40,183)**	18,561	30,164
Net cash inflow from operating activities	**28,512**	30,660	(13,716)

23. Share-based payments

Employee option plan

On 31 August 2009, 5,205,000 share options issued in August 2004 lapsed on maturity. There were no equity settled share-based payment schemes in operation as at 30 September 2009.

24. Events occurring after the balance sheet date

On 9 October 2009, Lot 1 of the East Tamaki site was sold for $53 million, of which $49.25 million was received immediately and the remaining balance of $3.75 million is receivable within the following six months.

Following receipt of the above sale proceeds, the Group repaid the Amortising Facility in full. $40 million of the Term Loan Facility was also converted to a Current Debt Facility repayable by 31 March 2010. Refer also Note 13.

On 29 October 2009, the Board approved payment of a retirement allowance of $105,392 to Mr Norman Geary, who retired from the Board on 17 August 2009.

On 30 October 2009, the Board announced the indicative results from a review of the carrying values of North American assets – refer Notes 7, 8, 10 & 11 for details of the related adjustments to the interim financial statements.

On 25 November 2009, the Finance business' $335 million syndicated banking facility was amended, which resulted in termination date extensions as follows:

- Tranche A ($20 million) extended to 10 April 2011
- Tranche B ($105 million) extended to 10 April 2011
- Tranche C ($105 million) extended to 10 October 2012
- Tranche D ($105 million) termination date remained unchanged at 25 September 2011

25. Foreign currency exchange rates

	30 September 2009	30 September 2008	31 March 2009
NZ$1.00 =			
United States dollar	**0.7215**	0.6699	0.5686
Australian dollar	**0.8206**	0.8379	0.8259
Euro	**0.4935**	0.4666	0.4289
British pound	**0.4502**	0.3721	0.3972
Thai baht	**23.7519**	22.7200	20.2400
Mexican peso	**9.7586**	7.4161	8.1308

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

(Source: ANZ Global Markets)

DIRECTORS & DIRECTORY

Directors

Ralph G Waters – Chairman

John W Gilks – Deputy Chairman

Stuart B Broadhurst – Chief Executive Officer & Managing Director (effective 11 December 2009)

Simon J Botherway

W Lindsay Gillanders

Tan Lixia

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