FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED	
Results for announcement to the market	
Reporting Period	12 months to 31 March 2013
Previous Reporting Period	12 months to 31 March 2012

	Amount (000s)	Percentage change
Operating revenue from ordinary activities	$556,250	+8%
Earnings before interest and tax	$112,733	+21%
Net profit attributable to shareholders	$77,053	+20%

	Amount per share	Imputed amount per share*	Gross amount per share*
Final Dividend	7.0 cents	2.7222 cents	9.7222 cents

*NZ resident shareholders

Record Date	21 June 2013
Dividend Payment Date	5 July 2013

Full Year Results Commentary

Net profit after tax was NZ$77.1 million for the year ended 31 March 2013, an increase of 20% compared to the prior year's NZ$64.1 million. In constant currency, operating profit increased *52%*.[1] The increase in the full year net profit after tax reflects revenue growth, gross margin expansion, disciplined control of expenses and other operational efficiencies.

Operating revenue was a record NZ$556.3 million, 8% above the prior year, or *11%* in constant currency. The company's respiratory and acute care product group (RAC) operating revenue increased by *15*% and obstructive sleep apnea (OSA) product group revenue increased by *6*% over the prior year, in constant currency.

For the second half, net profit after tax grew by 22% to NZ$43.8 million and operating revenue grew 9% to NZ$289.3 million. In constant currency, second half operating revenue increased by *14*% and operating profit increased by *56*%, primarily as a result of revenue growth, improved gross margins and operating efficiencies.

Respiratory and acute care product group (RAC) operating revenue grew *18*% and Obstructive Sleep Apnea product group (OSA) operating revenue grew *10*% in constant currency, compared to the prior year second half.

Strong growth in the RAC product group was driven by increasing acceptance of products which are used in applications outside of intensive care ventilation, including non-invasive ventilation, oxygen therapy and humidity therapy. Consumables revenue from those new applications increased *38*% in the second half, in constant currency.

OSA mask constant currency revenue grew *16*% in the second half, reflecting the introduction of the Pilairo nasal pillows and Eson nasal masks. Total flow generator revenue growth improved to *3*% in constant currency for the second half. Excluding the legacy SleepStyle flow generator range, constant currency flow generator revenue growth was *12*%.

The Company's financial statements for the year ended 31 March 2013 and the comparative financial information for the year ended 31 March 2012 have been prepared under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), Interpretations and other applicable FRS.

The directors have approved a final dividend of NZD 7.0 cents per ordinary share carrying a full imputation credit of 2.7222 cents per share. Eligible non-resident shareholders will receive a supplementary dividend of NZD 1.2353 cents per share. The final dividend will be paid on 5 July 2013, with a record date of 21 June 2013 and an ex-dividend date of 17 June 2013 for the ASX and 19 June 2013 for the NZSX.

The company offers eligible shareholders the opportunity to receive ordinary shares rather than cash under the Dividend Reinvestment Plan (DRP). The directors have maintained a discount on the DRP of 3% to encourage shareholders to take up the offer as part of the company's plan to build shareholders' funds.

In May 2010 the directors reviewed the company's capital structure and determined that the company needed to progressively increase its shareholders' funds, to ensure that it has capacity to continue to implement its foreign currency hedging policy as the company grows.

A target debt to debt plus equity ratio of 5% to 15% (excluding unrealised financial instrument gains or losses) was established. The directors expect that, subject to earnings performance, the dividend will be maintained in real terms until such time as the target capital structure is achieved. Longer term, the directors expect that a dividend payout ratio of greater than 60% will be appropriate to maintain target gearing.

[1] For clarity, all references to constant currency amounts or percentages are stated in italics.

The directors have maintained the dividend payment for the year at 12.4 cps which equates to 87% of net profit after tax.

Financial Performance

The following table sets out the consolidated statement of financial performance for the years ended 31 March 2012 and 2013 in New Zealand dollars:

	Year ended 31 March	
	2012 NZ$000's	**2013 NZ$000's**
Operating revenue	**516,688**	**556,250**
Cost of sales	241,651	248,406
Gross profit	275,037	307,844
Gross margin	**53.2%**	**55.3%**
Other income	2,400	2,400
Selling, general and administrative expenses	142,644	151,791
Research and development expenses	41,988	45,720
Total operating expenses	184,632	197,511
Operating profit before financing costs	**92,805**	**112,733**
Operating margin	**18.0%**	**20.3%**
Net financing expense	488	3,347
Profit before tax	**92,317**	**109,386**
Tax expense	28,207	32,333
Profit after tax	**64,110**	**77,053**

Foreign Exchange Effects

The company is exposed to movements in foreign exchange rates, with approximately 50% of operating revenue generated in US dollars, 23% in Euros, 6% in Australian dollars, 5% in Japanese yen, 4% in British pounds, 4% in Canadian dollars, 2% in New Zealand dollars and 6% in other currencies.

As the number of direct sales operations increases, an increasing proportion of the company's revenue is generated in local currencies, reducing operating revenue exposure to the US dollar. In the current year the proportion of revenue which was generated in US dollars has reduced from 52% to 50%. The company's cost base is also becoming more diverse, as manufacturing output from Mexico has increased to 23% of consumables output.

By historical standards the New Zealand dollar remained elevated against most of the currencies in which the company receives revenue, in particular against the Euro and Japanese yen when compared to last year. Foreign exchange hedging gains contributed NZ$48.5 million (2012: NZ$49.5 million) to operating profit.

The average daily spot rate and the average effective exchange rate (i.e. the accounting rate, incorporating the benefit of forward exchange contracts entered into by the company in respect of the relevant financial year) of the main foreign currency exposures for the years ended 31 March 2012 and 2013 are set out in the table below:

	Average Daily Spot Rate		**Average Effective Exchange Rate**	
	Year ended 31 March		**Year ended 31 March**	
	2012	**2013**	**2012**	**2013**
USD	0.8072	0.8142	0.6641	0.6801
EUR	0.5864	0.6324	0.4823	0.5077

The effect of balance sheet translations of offshore assets and liabilities for the year ended 31 March 2013 resulted in a reduction in operating revenue of NZ$2.7 million (2012: NZ$4.3 million) and a reduction in operating profit of NZ$2.8 million (2012: NZ$5.1 million).

Constant Currency Analysis

A constant currency income statement is prepared each month to enable the board and management to monitor and assess the company's underlying financial performance without any distortion from changes in foreign exchange rates. The table below provides estimated NZ dollar income statements for the relevant periods, which have all been restated at the budget foreign exchange rates for the 2013 financial year but after excluding the impact of movements in foreign exchange rates, hedging results and balance sheet translations.

This constant currency analysis is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and assess the company's financial performance without the impacts of spot foreign currency fluctuations and hedging results and has been prepared on a consistent basis each year.

Constant Currency Income Statements (Unaudited)	**Year ended 31 March 2011 NZ$000**	**Year ended 31 March 2012 NZ$000**	**Variation 2011 to 2012 %**	**Year ended 31 March 2013 NZ$000**	**Variation 2012 to 2013 %**
Operating revenue	***431,787***	***466,992***	***+8***	***518,999***	***+11***
Cost of sales	*222,962*	*237,850*	*+7*	*248,569*	*+5*
Gross profit	*208,825*	*229,142*	*+10*	*270,430*	*+18*
Other income	*1,200*	*2,400*	*+100*	*2,400*	-
Selling, general and administrative expenses	*135,360*	*141,870*	*+5*	*154,684*	*+9*
Research & development expenses	*39,277*	*41,988*	*+7*	*45,720*	*+9*
Total operating expenses	*174,637*	*183,858*	*+5*	*200,404*	*+9*
Operating profit	***35,388***	***47,684***	***+35***	***72,426***	***+52***
Financing expenses (net)	*5,266*	*4,019*	*-24*	*4,757*	*+18*
Profit before tax	***30,122***	***43,665***	***+45***	***67,669***	***+55***

The significant exchange rates used in the constant currency analysis, being the budget exchange rates for the for the year ended 31 March 2013, are USD 0.80, EUR 0.62, AUD 0.77, GBP 0.52, CAD 0.82, JPY 63 and MXN 10.60.

In constant currency, operating revenue increased by *11%* and operating profit increased by *52%* for the year, due to positive contributions from Mexico manufacturing, operating leverage generated from disciplined expense control, other logistics benefits and from direct sales operations established over the past few years.

A reconciliation of the constant currency income statements above to the actual income statements for each year is provided below.

Reconciliation of Constant Currency to Actual Income Statements (Unaudited)	**Year ended 31 March**		
	2011	**2012**	**2013**
	NZ$000	**NZ$000**	**NZ$000**
Profit before tax (constant currency)	***30,122***	***43,665***	***67,669***
Spot exchange rate effect	25,281	712	(5,353)
Foreign exchange hedging result	38,397	49,542	48,534
Balance sheet revaluation	(986)	(1,602)	(1,464)
Profit before tax (as reported)	**92,814**	**92,317**	**109,386**

The reconciliation set out above illustrates that, when comparing the NZ dollar profit before tax shown in the actual income statement for the year to 31 March 2013 with the prior year:

- the movement in average daily spot exchange rates had an adverse impact of $6.1m; and
- the benefit from the company's foreign exchange hedging activities, while very substantial, was lower by $1.0m.

Overall, the net adverse effect of movements in exchange rates and the hedging programme was $6.9m, including the impact of balance sheet revaluations.

Operating revenue

Operating revenue increased by 8% to NZ$556.3 million for the year ended 31 March 2013 from NZ$516.7 million for the year ended 31 March 2012, principally due to increased sales volume from our core products.

The following table sets out operating revenue by product group for the years ended 31 March 2012 and 2013:

	Year ended 31 March	
	2012	**2013**
	NZ$000's	**NZ$000's**
RAC products	271,036	301,503
OSA products	228,899	235,778
Core products sub-total	499,935	537,281
Distributed and other products	16,753	18,969
Total	**$516,688**	**$556,250**

Underlying growth in demand for respiratory humidification systems was strong throughout the year. This resulted in total operating revenue of NZ$301.5 million for the respiratory and acute care product group, being growth of 11% in NZ dollars, and *15%* in constant currency, compared with the corresponding period last year.

Expansion of the application of products and technologies to the care of patients beyond the company's traditional invasive ventilation market continued, with an increasing proportion of consumables revenue coming from devices used in non-invasive ventilation, oxygen therapy, humidity therapy and surgery. Constant currency revenue for these new applications grew *29%* for the year ended 31 March 2013 and in total represented 37% of respiratory and acute care consumables revenue.

Very strong revenue growth in consumables and accessories was supported by strong growth in demand for humidifier controllers despite the current international economic climate.

In the respiratory and acute care group, underlying average sell prices were supported by some modest selling price increases.

OSA product group operating revenue increased 3% to NZ$235.8 million, and *6%* in constant currency for the year. Constant currency mask revenue grew *10%* for the year, and increased *16%* in the second half as the new Pilairo and Eson masks gained market share. Total flow generator revenue growth improved to *3%* in constant currency for the second half. Excluding the legacy SleepStyle flow generator range, second half constant currency flow generator revenue growth was *12%*.

Sales of respiratory and acute care products represented 52% and 54% of operating revenue for the years ended 31 March 2012 and 2013 respectively. Sales of OSA products represented 44% and 42% of operating revenue for the years ended 31 March 2012 and 2013 respectively. Sales of consumable and accessory products for core products accounted for approximately 74% and 76% of operating revenue for the years ended 31 March 2012 and 2013 respectively.

The following table sets out operating revenue for each of our regional markets for the year ended 31 March 2012 and 2013:

	Year ended 31 March	
	2012 NZ$000's	**2013 NZ$000's**
North America	230,563	241,123
Europe	170,355	181,422
Asia Pacific	92,981	106,637
Other	22,789	27,068
Total	**$516,688**	**$556,250**

The breakdown of revenue presented above is based on the geographical location of the customer and is inclusive of foreign exchange gains.

Expenses

Research and development activities are primarily conducted in New Zealand. Research and development expenses totalled NZ$45.7 million for the year ended 31 March 2013 compared to NZ$42.0 million in the prior year. The increase was attributable to increases in research and development personnel and costs in connection with the continuing expansion of product and process development activities for the respiratory and acute care and OSA product groups. A number of new products have recently been released to the market, with more to follow during the 2014 financial year. Research and development expenses represented 8.2% of operating revenue for the year ended 31 March 2013.

Research and development expenses are expected to continue to increase broadly in line with constant currency revenue growth.

Selling, general and administrative expenses increased by 6% to NZ$151.8 million for the year ended 31 March 2013 compared to NZ$142.6 million in the prior year. This increase was primarily attributable to an increase in global personnel to support our growing international sales and marketing activities, which included the opening of a direct sales office in South Korea. In constant currency selling, general and administrative expenses have increased by *9%* for the year ended 31 March 2013.

Gross Profit

Gross profit increased to NZ$307.8 million, or 55.3% of operating revenue, for the year ended 31 March 2013 from NZ$275.0 million, or 53.2% of operating revenue, in the year ended 31 March 2012. Constant currency gross margin percentage increased due to a number of factors, including positive RAC and OSA product mixes, logistics and manufacturing improvements, including the contribution from our Mexico manufacturing facility.

Operating profit

Operating profit increased by 21% to NZ$112.7 million for the year ended 31 March 2013 from NZ$92.8 million for the year ended 31 March 2012.

In constant currency, operating profit increased by *52%.*

Balance Sheet

Gearing[2] at 31 March 2013 was 27.9%, higher than the 26.4% gearing at 31 March 2012, however lower than the 31.5% at 30 September 2012. The increase in gearing relates to the increase in capital expenditure in relation to the construction of the third building on the company's Auckland site. Capital expenditure in relation to the new building is now complete and gearing is expected to track towards our target range over coming years.

The gearing figure remains above the target range of 5% to 15%. As previously noted the directors intend to ensure that the company progressively moves its gearing into the target range, subject to exchange rate movements, profitability and dividend payout.

Funding

The company had total available committed debt funding of $192 million as at 31 March 2013, of which approximately $64 million was undrawn, and cash on hand of $8 million. Bank debt facilities provide all available funding given the modest level of requirements. Over the next 12 months no debt facilities will mature. As at 31 March 2013, the weighted average maturity of borrowing facilities is 2.8 years.

Debt maturity

The average maturity of the debt of $117 million was 2.1 years and the currency split was 68% New Zealand dollars; 15% US dollars; 12% Euros; 3% Australian dollars and 2% Canadian dollars.

Interest rates

Approximately 72% of all borrowings were at fixed interest rates with an average duration of 4.7 years and an average rate of 5.6%. Inclusive of floating rate borrowings the average interest rate on the debt is currently 4.7%. All interest rates are inclusive of margins but not fees.

Interest coverage for the period was 19 times and the group remains in a sound financial position.

The interest coverage for the period included interest capitalised to the new building project of $2.7 million for the period compared to $2.2 million for last year.

Cashflow

Cashflow from operations was $86.4 million compared with $93.9 million for the year ended 31 March 2012. The reduction was mainly related to the monetisation of USD forward exchange contracts in the first half of the 2012 financial year. Underlying cashflow from operations was positive and broadly in line with the operating profit improvement.

Capital expenditure for the period was $62.0 million compared with $67.5 million in the prior year. Of this total, $33.6 million was for the Paykel building project on our East Tamaki, Auckland site, and the balance related predominantly to new product tooling and manufacturing equipment.

Dividend

The directors have approved a final dividend for the financial year ended 31 March 2013 of NZ7.0 cents per ordinary share (2012: NZ7.0 cents), and will be fully imputed at a rate of 28%.

The final dividend will be paid on 5 July 2013, with a record date of 21 June 2013 and an ex-dividend date of 17 June 2013 for the ASX and 19 June 2013 for the NZSX.

---

[2] Net interest-bearing debt (debt less cash and cash equivalents) to net interest-bearing debt and equity (less cash flow hedge reserve - unrealised).

Dividend reinvestment plan

The dividend reinvestment plan is being offered for this dividend payment.

A 3% discount will be applied to shares issued under the plan.

Financial highlights

Unaudited	Year ended 31 March	
	2012	2013
Pre-tax return on average shareholders' equity (annualised)	27.9%	30.4%
Earnings per share (cents)	12.2	14.3
Dividends (interim plus final proposed) per share (cents)	12.4	12.4
Gearing	26.4%	27.9%
Interest cover (times)	34.7	18.6

Foreign Exchange Hedging Position

The hedging position for our main exposures, the US dollar and Euro, as at the date of this report is:

	Year to 31 March			
	2014	2015	2016	2017
USD % cover of expected exposure	71%	20%	0%	0%
USD average rate of cover	0.77	0.77	-	-
USD Close-out value to Income Statement (NZD000's)[3]	$21,291	$0	$0	$0
EUR % cover of expected exposure	80%	46%	6%	4%
EUR average rate of cover	0.47	0.43	0.39	0.36

[3] Foreign currency hedging gains to be released to the Income Statement from the Cash Flow Reserve - Realised from previously monetised USD forward exchange contracts.

OUTLOOK

We expect our underlying revenue growth to continue to be robust this year, driven by a broad range of new products and applications.

Constant currency operating margin is expected to increase, as a result of growth in higher margin differentiated products, cost reductions and other efficiencies.

For the 2014 financial year, based on an exchange rate range of 0.80 to 0.85 for the NZD:USD for the remainder of the year, we expect our operating revenue to be in the range of NZ$610 million to NZ$630 million and net profit after tax to be in the range of NZ$85 million to NZ$90 million

TONY CARTER

Chairman

MICHAEL DANIELL

Managing Director and
Chief Executive Officer

Dated at Auckland, 23 May 2013

Fisher & Paykel Healthcare Corporation Limited
Income Statements
For the year ended 31 March 2013

Parent 2012 NZ$000	Parent 2013 NZ$000		Notes	Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
128,791	64,969	**Operating revenue**	4	516,688	556,250
		Cost of sales		(241,651)	(248,406)
128,791	64,969	Gross profit		275,037	307,844
		Other income	5	2,400	2,400
(1,193)	(1,388)	Selling, general and administrative expenses		(142,644)	(151,791)
		Research and development expenses		(41,988)	(45,720)
(1,193)	(1,388)	**Total operating expenses**		(184,632)	(197,511)
127,598	63,581	**Operating profit before financing costs**		92,805	112,733
		Financing income		280	189
		Financing expense		(4,334)	(4,903)
		Exchange gain on foreign currency borrowings		3,566	1,367
-	-	**Net financing (expense)**		(488)	(3,347)
127,598	63,581	**Profit before tax**	5,7	92,317	109,386
(1,311)	(2,055)	Tax expense	7	(28,207)	(32,333)
126,287	61,526	**Profit after tax**		64,110	77,053
		Basic earnings per share	22	12.2 cps	14.3 cps
		Diluted earnings per share	22	11.7 cps	13.8 cps
		Weighted average basic ordinary shares	22	525,706,219	537,560,800
		Weighted average diluted ordinary shares	22	546,509,548	559,097,010

The accompanying Accounting Policies and Notes form an integral part of the Financial Statements.

Fisher & Paykel Healthcare Corporation Limited
Statements of Comprehensive Income
For the year ended 31 March 2013

Parent 2012 NZ$000	Parent 2013 NZ$000		Notes	Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
126,287	61,526	**Profit after tax**		64,110	77,053
		Other comprehensive income			
		Cash flow hedge reserve - unrealised			
		Changes in fair value	21	28,544	20,478
		Transfers to profit before tax	21	(15,131)	(23,418)
		Tax on changes in fair value and transfers to profit before tax	16,21	(3,756)	823
		Cash flow hedge reserve - realised			
		Transfers to profit before tax	11,21	(17,005)	(17,781)
		Tax on transfers to profit before tax	12,21	5,102	5,249
		Revaluation of land	13,21	13,250	-
-	-	**Other comprehensive income for the year, net of tax**		11,004	(14,649)
126,287	**61,526**	**Total comprehensive income for the year**		**75,114**	**62,404**

The accompanying Accounting Policies and Notes form an integral part of the Financial Statements.

Fisher & Paykel Healthcare Corporation Limited
Consolidated Statements of Changes in Equity
For the year ended 31 March 2013

	Notes	Share capital	Treasury shares	Retained earnings	Asset revaluation reserve	Cash flow hedge reserve - unrealised	Cash flow hedge reserve - realised	Employee share entitlement reserve	Employee share option reserve	Total equity
		NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Balance at 31 March 2011		**40,783**	**(2,064)**	**184,720**	**10,850**	**54,019**	**22,269**	**153**	**2,561**	**313,291**
Total comprehensive income		**-**	**-**	**64,110**	**13,250**	**9,657**	**(11,903)**	**-**	**-**	**75,114**
Dividends paid	21	-	-	(64,804)	-	-	-	-	-	(64,804)
Financial instruments monetised, net of tax	21	-	-	-	-	(17,470)	17,470	-	-	-
Issue of share capital under dividend reinvestment plan	20	23,558	-	-	-	-	-	-	-	23,558
Issue of share capital	20	200	-	-	-	-	-	-	-	200
Movement in employee share entitlement reserve	21	-	-	-	-	-	-	139	-	139
Movement in employee share option reserve	21	-	-	-	-	-	-	-	(174)	(174)
Movement in treasury shares	21	-	18	-	-	-	-	-	-	18
Increase in share capital under share option schemes for employee services	20	763	-	-	-	-	-	-	-	763
Employee share scheme shares issued for employee services	20	47	-	-	-	-	-	-	-	47
Balance at 31 March 2012		**65,351**	**(2,046)**	**184,026**	**24,100**	**46,206**	**27,836**	**292**	**2,387**	**348,152**
Total comprehensive income		**-**	**-**	**77,053**	**-**	**(2,117)**	**(12,532)**	**-**	**-**	**62,404**
Dividends paid	21	-	-	(66,161)	-	-	-	-	-	(66,161)
Financial instruments monetised, net of tax	21	-	-	-	-	-	-	-	-	-
Issue of share capital under dividend reinvestment plan	20	25,996	-	-	-	-	-	-	-	25,996
Issue of share capital	20	516	-	-	-	-	-	-	-	516
Movement in employee share entitlement reserve	21	-	-	-	-	-	-	(89)	-	(89)
Movement in employee share option reserve	21	-	-	-	-	-	-	-	(50)	(50)
Movement in treasury shares	21	-	511	-	-	-	-	-	-	511
Increase in share capital under share option schemes for employee services	20	813	-	-	-	-	-	-	-	813
Employee share scheme shares issued for employee services	20	139	-	-	-	-	-	-	-	139
Balance at 31 March 2013		**92,815**	**(1,535)**	**194,918**	**24,100**	**44,089**	**15,304**	**203**	**2,337**	**372,231**

The accompanying Accounting Policies and Notes form an integral part of the Financial Statements.

Fisher & Paykel Healthcare Corporation Limited
Parent Statements of Changes in Equity
For the year ended 31 March 2013

	Notes	Share capital NZ$000	Treasury shares NZ$000	Retained earnings NZ$000	Employee share entitlement reserve NZ$000	Employee share option reserve NZ$000	Total equity NZ$000
Balance at 31 March 2011		**40,783**	**(2,064)**	**31,902**	**153**	**2,561**	**73,335**
Total comprehensive income		**-**	**-**	**126,287**	**-**	**-**	**126,287**
Dividends paid	21	-	-	(64,804)	-	-	(64,804)
Issue of share capital under dividend reinvestment plan	20	23,558	-	-	-	-	23,558
Issue of share capital	20	200	-	-	-	-	200
Movement in employee share entitlement reserve	21	-	-	-	139	-	139
Movement in employee share option reserve	21	-	-	-	-	(174)	(174)
Movement in treasury shares	21	-	18	-	-	-	18
Increase in share capital under share option schemes for employee services	20	763	-	-	-	-	763
Employee share scheme shares issued for employee services	20	47	-	-	-	-	47
Balance at 31 March 2012		**65,351**	**(2,046)**	**93,385**	**292**	**2,387**	**159,369**
Total comprehensive income and expenses for the year		**-**	**-**	**61,526**	**-**	**-**	**61,526**
Dividends paid	21	-	-	(66,161)	-	-	(66,161)
Issue of share capital under dividend reinvestment plan	20	25,996	-	-	-	-	25,996
Issue of share capital	20	516	-	-	-	-	516
Movement in employee share entitlement reserve	21	-	-	-	(89)	-	(89)
Movement in employee share option reserve	21	-	-	-	-	(50)	(50)
Movement in treasury shares	21	-	511	-	-	-	511
Increase in share capital under share option schemes for employee services	20	813	-	-	-	-	813
Employee share scheme shares issued for employee services	20	139	-	-	-	-	139
Balance at 31 March 2013		**92,815**	**(1,535)**	**88,750**	**203**	**2,337**	**182,570**

The accompanying Accounting Policies and Notes form an integral part of the Financial Statements.

Fisher & Paykel Healthcare Corporation Limited
Balance Sheets
As at 31 March 2013

Parent 2012 NZ$000	Parent 2013 NZ$000		Notes	Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		ASSETS			
		Current assets			
		Cash and cash equivalents	8	6,253	7,709
43	43	Trade and other receivables	9	77,130	81,560
		Inventories	10	84,430	89,111
		Derivative financial instruments	11	26,712	35,348
4,076	2,849	Tax receivable	12	506	1,429
127,792	151,454	Intergroup advances	25		
131,911	154,346	**Total current assets**		195,031	215,157
		Non-current assets			
		Property, plant and equipment	13	311,631	346,716
		Intangible assets	14	6,426	8,626
28,049	28,855	Investments in subsidiaries	15		
		Other receivables	9	1,809	1,728
		Derivative financial instruments	11	47,501	34,723
102	102	Deferred tax asset	16	9,656	11,647
160,062	183,303	**Total assets**		572,054	618,597
		LIABILITIES			
		Current liabilities			
		Interest-bearing liabilities	17	80,230	17,136
326	364	Trade and other payables	18	60,868	64,490
		Provisions	19	2,580	2,960
		Tax payable	12	4,515	4,575
		Derivative financial instruments	11	2,430	1,907
326	364	**Total current liabilities**		150,623	91,068
		Non-current liabilities			
		Interest-bearing liabilities	17	34,511	117,389
		Provisions	19	1,851	2,401
367	369	Other payables	18	6,211	6,123
		Derivative financial instruments	11	6,419	6,258
		Deferred tax liability	16	24,287	23,127
693	733	**Total liabilities**		223,902	246,366
		EQUITY			
65,351	92,815	Share capital	20	65,351	92,815
(2,046)	(1,535)	Treasury shares	20, 21	(2,046)	(1,535)
93,385	88,750	Retained earnings	21	184,026	194,918
		Asset revaluation reserve	21	24,100	24,100
		Cash flow hedge reserve - unrealised	21	46,206	44,089
		Cash flow hedge reserve - realised	21	27,836	15,304
292	203	Employee share entitlement reserve	21	292	203
2,387	2,337	Employee share option reserve	21	2,387	2,337
159,369	182,570	**Total equity**		348,152	372,231
160,062	183,303	**Total liabilities and equity**		572,054	618,597

On behalf of the Board
23 May 2013

A J Carter
Chairman

M G Daniell
Managing Director and Chief Executive Officer

The accompanying Accounting Policies and Notes form an integral part of the Financial Statements.

Fisher & Paykel Healthcare Corporation Limited
Statements of Cash Flows
For the year ended 31 March 2013

Parent 2012 NZ$000	Parent 2013 NZ$000		Notes	Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		CASH FLOWS FROM OPERATING ACTIVITIES			
		Receipts from customers		503,975	537,230
		Receipts from derivative financial instruments monetised		24,264	-
122,905	56,249	Dividends received			
5,886	8,720	Interest received		272	186
(1,188)	(1,317)	Payments to suppliers and employees		(405,898)	(420,596)
		Tax paid		(24,427)	(25,517)
		Interest paid		(4,303)	(4,866)
127,603	63,652	**Net cash flows from operations**	26	93,883	86,437
		CASH FLOWS (USED IN) INVESTING ACTIVITIES			
		Sales of property, plant and equipment		33	59
		Purchases of property, plant and equipment		(64,911)	(58,546)
		Purchases of intangible assets		(2,597)	(3,489)
		Net cash flows (used in) investing activities		(67,475)	(61,976)
		CASH FLOWS (USED IN) FINANCING ACTIVITIES			
		Employee share purchase schemes		563	555
23,558	25,996	Issue of share capital under dividend reinvestment plan		23,558	25,996
200	71	Issue of share capital		200	71
		New borrowings		38,156	86,559
		Repayment of borrowings		(16,828)	(68,567)
(81,160)	(18,652)	Intercompany borrowings			
(64,804)	(66,161)	Dividends paid		(64,804)	(66,161)
(5,397)	(4,906)	Supplementary dividends paid to overseas shareholders		(5,397)	(4,906)
(127,603)	(63,652)	**Net cash flows (used in) financing activities**		(24,552)	(26,453)
		Net increase (decrease) in cash		1,856	(1,992)
		Opening cash		(11,000)	(8,405)
		Effect of foreign exchange rates		739	970
		Closing cash		(8,405)	(9,427)
		RECONCILIATION OF CLOSING CASH			
		Cash and cash equivalents	8	6,253	7,709
		Bank overdrafts	17	(14,658)	(17,136)
		Closing cash		(8,405)	(9,427)

The accompanying Accounting Policies and Notes form an integral part of the Financial Statements.

Notes to the Financial Statements

For the year ended 31 March 2013

1. General Information

Fisher & Paykel Healthcare Corporation Limited (the "Company" or "Parent") together with its subsidiaries (the "Group") is a leading designer, manufacturer and marketer of medical device products and systems for use in respiratory care, acute care and the treatment of obstructive sleep apnea. Products are sold in over 120 countries worldwide.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 15 Maurice Paykel Place, East Tamaki, Auckland.

These Group and Parent financial statements (collectively "Financial Statements"). were approved for issue by the Board of Directors on 23 May 2013.

2. Summary of Significant Accounting Policies

These financial statements for the year ended 31 March 2013 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), Interpretations and other applicable FRS. The financial statements also comply with International Financial Reporting Standards (IFRS) and IFRIC interpretations as issued by IASB.

a. Basis of preparation of financial statements

The significant accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

The reporting currency used in the preparation of these consolidated financial statements is New Zealand dollars, rounded where necessary to the nearest thousand dollars.

Entities reporting

The financial statements are the consolidated financial statements of the Group, comprising the Company and its subsidiaries. The Company and its subsidiaries are designated as profit-oriented entities for financial reporting purposes. The financial statements of the Parent are for the Company as a separate legal entity. Where subsidiaries have a balance date other than 31 March (refer Note 15) results for the year ended 31 March are included in the consolidated financial statements of the Group. Statutory audits are conducted for these subsidiaries at their respective balance dates.

Statutory base

The Company is registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978 and the Financial Reporting Act 1993. The Company is also listed on the New Zealand Stock Exchange (NZX) and the Australian Stock Exchange (ASX). The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Historical cost convention

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

Critical accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Directors regularly review all accounting policies and areas of judgement in presenting the financial statements.

Judgements

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are some transactions for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such matters are finalised. Refer further detail in Notes 7, 12 and 16.

Estimates

Warranty

The Group tests annually whether the warranty provision as disclosed in Note 19 and calculated in accordance with the accounting policy stated in Note 2 (t) is sufficient to meet future obligations. The calculation of the provision requires estimates.

Fair value of derivative financial instruments

The Group holds significant amounts of derivatives which are hedge accounted. The estimation of fair values is determined in accordance with the accounting policy stated in Note 2 (m), and discussed in Note 3(a) iv.

Revaluation of land

The Group holds land which is measured at fair value as disclosed in Note 13 and in accordance with the accounting policy stated in Note 2(o). The key assumptions related to the land revaluation are disclosed in Note 13.

b. Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at balance date and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is an aggregate of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the Income Statement.

Intercompany transactions and balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Investments

Investments in subsidiary companies are valued at cost in the Parent's financial statements.

c. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). For the purposes of NZ IFRS 8 the CODM is a group comprising the Board of Directors (which includes the Chief Executive Officer), Senior Vice-President - Products and Technology, Senior Vice-President - Sales and Marketing and Chief Financial Officer. This has been determined on the basis that it is this group which determines the allocation of the resources to segments and assesses their performance.

d. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the subsidiaries are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The Group operates as one integrated business. The financial statements are presented in New Zealand dollars, which is the Company's and its subsidiaries' functional currency. The Company's and Group's presentation currency is New Zealand dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using either the exchange rates prevailing at the dates of the transactions or at rates that approximate the actual exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

e. Revenue recognition

Revenue includes the fair value for the sale of products, net of sales taxes and other indirect taxes, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Sale of products

Sales of products are recognised in accordance with the terms of sale when title has been transferred and the benefits of ownership and risk pass to the customer.

Financing income

Financing income is recognised on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Government grants

Government grants are recognised at fair value in the Income Statement over the same periods as the costs for which the grants are intended to compensate. Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

f. Goods and Services Tax (GST)

The Income Statements have been prepared so that all components are stated exclusive of GST. All items in the Balance Sheets are stated net of GST, with the exception of trade receivables and payables, which include GST invoiced.

g. Current and deferred income tax

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

Current tax balances are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

h. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the period of the lease.

i. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

j. Cash and cash equivalents

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

k. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivable balances are reviewed on an ongoing basis. Debts known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between an asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Income Statement within selling, general and administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling, general and administrative expenses in the Income Statement.

l. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes financing costs.

m. Derivatives

The Group generally applies hedge accounting to derivative financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Fair values are obtained from quoted market prices. The Group designates certain derivatives as either (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges) or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. The Group also documents their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Derivatives that are designated as hedges will be classified as non-current if they have maturities greater than 12 months after the balance sheet date.

Fair value hedges

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

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. Any ineffective portion is recognised immediately in the Income Statement.

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

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. In the case of a hedging instrument sold, any cumulative gain or loss is recorded in the Cash Flow Hedge Reserve – Realised. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the Income Statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments may not qualify for hedge accounting and hedge accounting may not be adopted for certain derivative instruments. Changes in the fair value of these derivative instruments are recognised immediately in the Income Statement.

n. Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, except for those assets with maturities greater than 12 months after the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those assets with maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables in the Balance Sheet.

Recognition and measurement
Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are initially recognised at fair value net of transaction costs and subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Income Statement within operating profit in the period in which they arise.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 9.

o. Property, plant and equipment

Land is measured at fair value, based on periodic but at least triennial valuations by external independent valuers less any impairment losses recognised after the date of the revaluation.

All other property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated economic useful lives, as follows:

- Buildings – structure	25 - 50	years
- Buildings – fit-out and other	3 - 50	years
- Leasehold improvements	2 - 20	years
- Plant and equipment	3 - 15	years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are recognised in the Income Statement.

Revaluations of land

Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in the Income Statement, in which case the increment is recognised in the Income Statement.

Any revaluation decrement is recognised in the Income Statement except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

p. Intangible assets

Patents and trademarks

Patents and trademarks have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of patents and trademarks over their anticipated useful lives of 5 to 15 years. In the event of a patent being superseded or a trademark registration is not continued or renewed, the unamortised costs are written off immediately to the Income Statement.

Software costs

Software costs have a finite useful life. Software costs are capitalised and amortised over the useful economic life of 3 to 10 years.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Separately recognised goodwill is not amortised, instead it is tested annually for impairment or immediately if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

q. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

r. Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

s. Financing expense

Financing expense comprises interest expense on interest-bearing liabilities calculated using the effective interest rate method, and other associated borrowing costs.

Financing expenses directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

t. Provisions

Provisions are recognised where the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provision for warranty covers the obligations for the unexpired warranty periods for products, based on recent historical costs incurred on warranty exposure. Currently warranty terms are 1 to 2 years for parts or parts and labour.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

u. Share capital

Ordinary shares are classified as capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's equity holders.

v. Employee benefits

Wages and salaries, annual leave and sick leave

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

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Equity-settled share-based compensation

The Board believes that the issue of a combination of options and share rights broadly in equal value proportions provides appropriate incentive for participating employees to grow the total shareholder return of the Company. The combination of the Option Plan and the Share Rights Plan assists the Company attract, motivate and retain key employees in an environment where such employees are in high demand both within New Zealand and internationally. Options and share rights are issued to employees under the Option Plan and Share Rights plan as a long-term component of remuneration in accordance with the Company's remuneration policy.

Details of the Option and Share Rights issues are described in Note 23.

Employee option plans

The Employee Share Option Plans allow Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense in the Income Statement with a corresponding increase in the employee share option reserve. The fair value is measured at grant date and spread over the vesting periods. The fair value of the options granted before the 2013 financial year were measured using the Binomial Options Pricing Model, taking into account the terms and conditions upon which the options are granted. The fair value of the options granted in the 2013 financial year is independently assessed using Monte Carlo Simulation, taking into account the terms and conditions upon which the options are granted. The change from the Binomial Option Pricing Model to Monte Carlo Simulation was necessitated by the change in the terms of the option plan. When options are exercised the amount in the share option reserve relating to those options, together with the exercise price paid by the employee, is transferred to share capital. When any vested options lapse, upon employee termination or unexercised options reaching maturity, the amount in the share option reserve relating to those options is also transferred to share capital.

Employee performance share rights plan

The Employee Performance Share Rights Plan allows Group employees to acquire shares in the Company. The fair value of Performance Share Rights (PSR) granted is recognised as an employee expense in the Income Statement with a corresponding increase in the employee share entitlement reserve. The fair value is measured at grant date and spread over the vesting periods. The fair value of the PSRs granted is independently assessed using Monte Carlo Simulation, taking into account the terms and conditions upon which the PSRs are granted. When PSRs are exercised the amount in the share entitlement reserve relating to those PSRs is transferred to share capital. When any vested PSRs lapse, upon employee termination or unexercised PSRs reaching maturity, the amount in the share entitlement reserve relating to those PSRs is also transferred to share capital.

Employee share plans

The Employee Share Ownership Plans allow Group employees to acquire shares of the Company. The fair value of the employee benefit received is recognised as an employee expense in the Income Statement with a corresponding increase in the employee share entitlement reserve. The fair value is measured at grant date and spread over the vesting periods. The fair value of the employee benefit has been assessed as being equal to the discount provided on issue of the shares.

Interest-free loans are provided to employees in some jurisdictions to assist the employees to purchase the shares. The fair value of the interest-free component of the loan (i.e. the benefit the employee receives) is recognised as an employee expense in the Income Statement with a corresponding financing income amount in the Income Statement. The fair value is measured at grant date and spread over the vesting periods. The fair value of the benefit provided to employees has been assessed by discounting the payments on the interest-free loan at the estimated pre-tax financing rate of the employees.

Superannuation plans

Companies within the Group contribute to defined contribution and defined benefit superannuation plans for the benefit of employees. Defined contribution plans receive fixed contributions from the Group, and the Group's legal and constructive obligation is limited to these contributions. Defined benefit superannuation plans provide defined lump sum benefits based on years of service and final average salary.

Defined contribution

Contributions to defined contribution superannuation plans are recognised as an expense in the Income Statement as they become payable.

Defined benefit

A liability or asset in respect of defined benefit superannuation plans is recognised in either other payables or other receivables and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund as at the reporting date, calculated by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with maturity and currency that match, as closely as possible, the estimated future cash outflows. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in retained earnings as incurred.

Past service costs are recognised immediately in profit and loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes that are funded by the Group and are part of the provision of the existing benefit obligation are taken into account in measuring the net liability or asset.

w. Reserves

Nature and purpose of reserves

(i) Asset revaluation reserve

Refer Note 2(o).

(ii) Cash flow hedge reserve - unrealised

The cash flow hedge reserve - unrealised is used to record gains or losses on hedging instruments in forward foreign currency cash flow hedges that are recognised directly in equity. Amounts are recycled to the Income Statement when the associated hedged transactions affect the Income Statement.

(iii) Cash flow hedge reserve – realised

The cash flow hedge reserve – realised is used to record gains or losses on hedging instruments in forward foreign currency cash flow hedges that have been closed out (monetised) and are recognised directly in equity while the cash flow being hedged remains. Amounts are recycled to the Income Statement when the associated hedged transactions affect the Income Statement.

(iv) Employee share entitlement reserve

The employee share entitlement reserve is used to recognise the fair value of shares granted but not vested. Amounts are transferred to share capital when the shares vest to the employee.

(v) Employee share option reserve

The employee share option reserve is used to recognise the fair value of options granted but not exercised or lapsed. Amounts are transferred to share capital when the vested options are exercised by the employee or lapse upon expiry.

(vi) Treasury shares

The treasury shares reserve is used to recognise those shares held and controlled by Fisher & Paykel Healthcare Employee Share Purchase Trustee Limited.

x. Dividends

Provision is made for the amount of any dividend declared and approved on or before the reporting date but not distributed at reporting date.

y. Earnings per share

Basic earnings per share is computed by dividing net earnings by the weighted average number of ordinary shares outstanding during each period.

Diluted earnings per share is calculated by using the weighted average number of ordinary shares outstanding during each period, adjusted to include the potentially dilutive effect if share options, securities or other contracts to issue ordinary shares were exercised or converted into shares.

z. Research & development

Research expenditure is expensed as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets only when all the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use or sale;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated that the product will generate future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured and is material.

Directly attributable costs capitalised as part of the product would include employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs recognised as an asset are amortised over their estimated useful lives.

aa. Advertising and sales promotion costs

All advertising and sales promotion costs are expensed as incurred.

ab. Statements of cash flows

The following are the definitions of the terms used in the Statements of Cash Flows:

(i) Cash comprises cash and bank balances.

(ii) Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, intangible assets and investments.

(iii) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid are included in financing activities.

(iv) Operating activities include all transactions and other events that are not investing or financing activities.

Cash flows from short-term borrowings, being durations of 3 months or less, are disclosed net, due to their short-term maturities and the volume of transactions involved.

ac. Financial guarantee contracts

A financial guarantee contract is a contract that requires a company within the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. Financial guarantees are subsequently measured at the greater of the initial recognition amount less amounts recognised as income or the estimated amount expected to have to be paid to a holder for a loss incurred.

ad. Changes to accounting policies

There have been no changes in accounting policies.

ae. Standards, Interpretations and Amendments to Published Standards

There are no NZ IFRS, NZ IFRIC interpretations or other applicable FRS that are effective for the first time for the financial year beginning on or after 1 April 2012 that would be expected to have a material impact on the Group's financial statements.

The following accounting standards and amendments to existing standards are not yet effective and have not been early adopted by the Group:

- **NZ IAS 1, (amendment),** effective from 1 July 2012, requires profit or loss and other comprehensive income (OCI) to be presented, either in a single continuous statement or in two separate but consecutive statements. There is little noticeable change from the current requirements. However, the format of the OCI section is required to be changed to separate items that might be recycled from items that will not be recycled. The changes will not affect the measurement of net profit or earnings per share: however, they will change the way items of OCI are presented.
- **NZ IFRS 9, 'Financial instruments'**, effective from 1 January 2015, is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classification and measurement of financial assets and liabilities and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2015 but is available for early adoption. The Group is yet to assess IFRS 9's full impact, and has not yet decided when to adopt IFRS 9.
- **NZ IFRS 10, 'Consolidated financial statements'**, effective from 1 January 2013, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. The Group expects there to be no material impact from the application of this standard.
- **NZ IFRS 12, 'Disclosure of Interests in Other Entities'**, effective from 1 January 2013, is a new standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group expects there to be no material impact from the application of this standard.

- **NZ IFRS 13, ‘Fair Value Measurement’**, effective from 1 January 2013, defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. NZ IFRS 13 does not determine when an asset, a liability or an entity’s own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of NZ IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). The Group expects there to be no material impact from the application of this standard.
- **Revised NZ IAS 27**, effective from 1 January 2013, is renamed Separate Financial Statements and is now a standard dealing solely with separate financial statements. Application of this standard by the Group and Parent will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the Parent's investments disclosure in the Parent financial statements.
- **Revised NZ IAS 19 Employee Benefits**, effective from 1 January 2013, requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in the Income Statement. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. Had the Group adopted the new rules in the current reporting period there would be no material impact on the profit or loss and other comprehensive income recognised.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and options, and interest rate swaps and swaptions to manage certain risk exposures.

The Board of Directors has approved policies and guidelines for the Group that identify and evaluate risks and authorise various financial instruments to manage financial risks. These policies and guidelines are reviewed regularly.

The Parent is not directly exposed to any significant financial risk.

a. Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, European Union euro, British pound, Australian dollar, Japanese yen, Canadian dollar and Mexican peso.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Refer to Notes 9 and 18 for receivables and payables denominated in foreign currencies.

The purpose of the Group's foreign currency risk management activities is to protect the Group from exchange rate volatility with respect to New Zealand dollar net cash movements resulting from the sale of products in foreign currencies to foreign customers, and the purchase of raw materials in foreign currencies from foreign and domestic suppliers. The Group enters into foreign currency option contracts and forward foreign currency contracts within policy parameters to manage the risk associated with anticipated sales or costs denominated principally in US dollars, European Union euros, British pounds, Australian dollars, Japanese yen, Canadian dollars and Mexican pesos. The terms of the foreign currency option contracts and the forward foreign currency contracts generally do not exceed five years. However, with Board approval, the foreign currency option contracts and the forward foreign currency contracts may have terms of up to ten years.

Foreign exchange contracts and options in relation to sales are designated at the Group level as hedges of foreign exchange risk on specific forecast foreign currency denominated sales.

Major capital expenditure in foreign currency may be hedged with forward exchange contracts and options and may be designated as hedges.

Balance sheet foreign exchange risk arising from net assets held by the Group may be hedged either by debt in the relevant currency, foreign currency swaps or by foreign currency option contracts and forward foreign currency contracts.

Refer to Note 11 for notional principal amounts and valuations of foreign exchange contracts and options outstanding at balance date. A sensitivity analysis of foreign exchange risk on the Group's financial assets and liabilities is provided in the table at Note 3 a (v).

(ii) Price risk

The Group has no material exposure to price risk.

(iii) Interest rate risk

The Group's main interest rate risk arises from floating rate borrowings drawn under bank debt facilities. When deemed appropriate, the Group manages floating interest rate risk by using floating-to-fixed interest rate swaps and interest rate swaptions. Interest rate swaps have the economic effect of converting borrowings from floating to fixed rates. Interest rate swaptions give the right, but not the obligation, to enter into an interest rate swap at a fixed rate at a future date. Under the Group Treasury policy, the mix between economically fixed and floating debt is reviewed on a regular basis. Interest rate swaps are accounted for as cash flow hedges and management may also designate interest rate swaptions as cash flow hedges.

Refer to Note 11 for notional principal amounts and valuations of interest rate swaps and swaptions outstanding at balance date. A sensitivity analysis of interest rate risk on the Group's financial assets and liabilities is provided in the table at Note 3 a (v). Refer to Note 17 for further details of the Group's borrowings.

(iv) Fair value estimation

The fair value of derivatives that are not traded in an active market (for example, over the counter derivatives) is determined using appropriate valuation techniques, such as discounted cash flows and option pricing models. The fair value of forward exchange contracts, swaps and options are determined by mark to market valuations using market quoted information at the balance date. The fair value of these derivatives is checked against counterparty valuations.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts are determined using quoted forward exchange rates at the balance sheet date.

NZ IFRS 7 for financial instruments requires disclosure of the fair value measurements by level from the following fair value hierarchy:

- Level 1 – Quoted price (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – Inputs, other than quoted price included within level1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 – Inputs for assets and liabilities that are not based on observable market data (that is, unobservable inputs).

The only financial instruments held by the Group that are measured at fair value are over the counter derivatives. These derivatives have all been determined to be within level 2 of the fair value hierarchy as all significant inputs required to ascertain the fair value of these derivatives are observable (refer Note 2(m)).

(v) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign exchange risk. A sensitivity of +/-10% for foreign exchange risk has been selected (2012: +/-15%). The Group's primary foreign currency exposure is the New Zealand dollar versus the US dollar, with other currencies as discussed above forming the balance of the exposure. The Group believes that an overall sensitivity of +/-10% is reasonably possible given the exchange rate volatility observed on a historical basis for the preceding 5 year period with a higher weighting given to exchange rate volatility over the preceding year and the range of market expectations for potential future movements. A sensitivity of +/-1% has been selected for interest rate risk (2012: +/-1%). This sensitivity is based on reasonably possible changes over a financial year using the observed range of historical data for the preceding 5 year period.

Amounts are shown net of income tax. All variables other than the applicable interest rates and exchange rates are held constant. The tables assume a 10% (2012: 15%) movement in the New Zealand dollar against all currencies.

Consolidated 2012	Carrying amount	Interest rate risk				Foreign exchange risk			
		-1%		+1%		-15%		+15%	
	NZ$000	Income Statement NZ$000	OCI NZ$000	Income Statement NZ$000	OCI NZ$000	Income Statement NZ$000	OCI NZ$000	Income Statement NZ$000	OCI NZ$000
Derivative Financial Instruments	65,364	(696)	(3,012)	696	2,806	(3,449)	(35,904)	928	29,491
Other Financial Assets:									
Cash and cash equivalents	6,253	-	-	4	-	764	-	(649)	-
Trade receivables	68,076	-	-	-	-	8,225	-	(6,992)	-
Other Financial Liabilities:									
Trade and other payables	38,405	-	-	-	-	(2,177)	-	2,561	-
Interest-bearing liabilities	114,741	791	-	(791)	-	(5,846)	-	6,878	-
Total increase/(decrease)		95	(3,012)	(91)	2,806	(2,483)	(35,904)	2,726	29,491

Consolidated 2013	Carrying amount	Interest rate risk				Foreign exchange risk			
		-1%		+1%		-10%		+10%	
	NZ$000	Income Statement NZ$000	OCI NZ$000	Income Statement NZ$000	OCI NZ$000	Income Statement NZ$000	OCI NZ$000	Income Statement NZ$000	OCI NZ$000
Derivative Financial Instruments	61,906	(802)	(2,866)	802	2,702	(3,019)	(19,159)	1,924	17,208
Other Financial Assets:									
Cash and cash equivalents	7,709	(1)	-	3	-	602	-	(542)	-
Trade receivables	72,884	-	-	-	-	5,626	-	(5,064)	-
Other Financial Liabilities:									
Trade and other payables	38,767	-	-	-	-	(1,577)	-	1,752	-
Interest-bearing liabilities	134,525	918	-	(918)	-	(3,868)	-	4,298	-
Total increase/(decrease)		115	(2,866)	(113)	2,702	(2,236)	(19,159)	2,368	17,208

Parent 2012	Carrying amount NZ$000	Interest rate risk -1% Income Statement NZ$000	-1% OCI NZ$000	+1% Income Statement NZ$000	+1% OCI NZ$000	Foreign exchange risk -15% Income Statement NZ$000	-15% OCI NZ$000	+15% Income Statement NZ$000	+15% OCI NZ$000
Other Financial Assets:									
Intergroup advances	127,792	(920)	-	920	-	-	-	-	-
Total increase/(decrease)		(920)	-	920	-	-	-	-	-

Parent 2013	Carrying amount NZ$000	Interest rate risk -1% Income Statement NZ$000	-1% OCI NZ$000	+1% Income Statement NZ$000	+1% OCI NZ$000	Foreign exchange risk -10% Income Statement NZ$000	-10% OCI NZ$000	+10% Income Statement NZ$000	+10% OCI NZ$000
Other Financial Assets:									
Intergroup advances	151,454	(1,090)	-	1,090	-	-	-	-	-
Total increase/(decrease)		(1,090)	-	1,090	-	-	-	-	-

For the effect on profit a positive number represents an increase to net profit after tax and a negative number represents a decrease to net profit after tax. For the effect on equity a positive number represents an increase in equity and a negative number represents a decrease in equity.

b. Credit risk

Credit risk is managed on a Group basis. Other than only operating in the medical devices industry, the Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. If customers are independently rated, these ratings are used. If there is no independent rating, management assesses the credit quality of the customer taking into account the customer's financial position, past experience and other factors. The Group holds no collateral over its trade receivables.

Derivative counterparties, cash transactions and cash at banks are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution according to the credit rating of the financial institution concerned.

The Group's exposure to credit risk for trade receivables as at 31 March by geographic region is as follows:

	2012 NZ$000	2013 NZ$000
North America	27,832	29,847
Europe	24,577	25,591
Asia Pacific	14,389	14,711
Other	2,344	4,229
Provision for doubtful trade receivables	(1,066)	(1,494)
Total	68,076	72,884

The maximum potential exposure to credit risk is:

	2012 NZ$000	2013 NZ$000
Cash and cash equivalents	6,253	7,709
Trade receivables	68,076	72,884
Derivative financial instruments	74,213	70,071
Total	148,542	150,664

The Parent's exposure to credit risk relates to inter-group balances only. See Note 9 and 11 for further disclosure on credit risk.

c. Liquidity risk

Management monitors rolling forecasts of the Group's liquidity position on the basis of expected cash flow. See Note 17 for details of available facilities.

The Parent's liquidity risk exposure is not significant other than in relation to its obligations under the Negative Pledge Deed. The maximum exposure, if demanded immediately, under this deed is $127,472,000 (2012: $107,801,000). Management consider the net exposure to the Parent under this deed is minimal, as the exposure is offset by the Parent's right to control and call on the subsidiaries' assets.

The tables below analyse the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 March 2012	< 1 year NZ$000	1 - 2 years NZ$000	2 - 5 years NZ$000	> 5 years NZ$000	Total NZ$000
Bank overdrafts	14,658	-	-	-	14,658
Trade and other payables	38,405	-	-	-	38,405
Borrowings	69,834	1,592	36,588	-	108,014

As at 31 March 2013	< 1 year NZ$000	1 - 2 years NZ$000	2 - 5 years NZ$000	> 5 years NZ$000	Total NZ$000
Bank overdrafts	17,136	-	-	-	17,136
Trade and other payables	38,767	-	-	-	38,767
Borrowings	5,861	67,112	56,190	-	129,163

The Group enters into forward exchange contracts to manage the risk associated with foreign currency denominated receivables and also to manage the purchase of foreign currency denominated inventory and capital items. The Group enters into interest rate swaps to manage interest rate risk.

The tables below analyse the Group's derivative financial instruments into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. They are expected to occur and impact the Income Statement at various dates between balance date and the following 10 years:

At 31 March 2012	< 1 year NZ$000	1 - 2 years NZ$000	2 - 5 years NZ$000	> 5 years NZ$000	Total NZ$000	Carrying amount NZ$000
GROSS SETTLED DERIVATIVES						
Forward foreign exchange contracts						
Inflow	169,485	114,721	108,255	-	392,460	
Outflow	(145,482)	(91,437)	(83,374)	-	(320,292)	
Net inflow (outflow)	24,003	23,284	24,881	-	72,168	68,543
Foreign currency option contracts*						
Inflow	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
Net inflow	-	-	-	-	-	-
NET SETTLED DERIVATIVES						
Interest rate swaps**						
Net inflow (outflow)	(2,381)	(1,978)	(3,168)	(299)	(7,826)	(6,911)

*There are no contractual cash flows in relation to foreign currency option contracts.
**The amounts expected to be receivable in relation to the interest rate swaps have been estimated using forward interest rates applicable at the reporting date.

At 31 March 2013	< 1 year NZ$000	1 - 2 years NZ$000	2 - 5 years NZ$000	> 5 years NZ$000	Total NZ$000	Carrying amount NZ$000
GROSS SETTLED DERIVATIVES						
Forward foreign exchange contracts						
Inflow	205,700	93,463	50,729	-	349,892	
Outflow	(172,933)	(70,360)	(38,365)	-	(281,658)	
Net inflow (outflow)	32,767	23,103	12,364	-	68,234	65,776
Foreign currency option contracts*						
Inflow	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
Net inflow	-	-	-	-	-	-
NET SETTLED DERIVATIVES						
Interest rate swaps**						
Net inflow (outflow)	(2,161)	(1,700)	(3,713)	(675)	(8,249)	(7,142)

*There are no contractual cash flows in relation to foreign currency option contracts.
**The amounts expected to be receivable in relation to the interest rate swaps have been estimated using forward interest rates applicable at the reporting date.

d. Capital risk management

The main objective of capital risk management is to ensure the Group operates as a going concern, meets debts as they fall due, maintains the best possible capital structure, and reduces the cost of capital. Group capital consists of share capital, other reserves and retained earnings. To maintain or alter the capital structure the Group has the ability to review the size of the dividends paid to shareholders, return capital or issue new shares, reduce or increase debt or sell assets.

There has been no change in Group policies or objectives in relation to capital risk management since the prior year.

There are a number of external bank covenants in place relating to debt facilities. These covenants are calculated monthly and reported to the banks semi-annually. The principal covenants relating to capital management are the interest cover ratio, the net tangible assets minimum requirement and total tangible assets ratio (refer Note 17 for a listing of the principal covenants). The consequences of a breach of these covenants would depend on the nature of the breach, but could range from an instigation of an event of review, to a demand for repayment. There have been no breaches of these covenants or events of review for the current or prior period.

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		4. OPERATING REVENUE		
		Sales revenue	466,726	507,250
		Foreign exchange gain on hedged sales	49,962	49,000
122,905	56,249	Dividends		
5,886	8,720	Interest income on intergroup advances		
128,791	64,969	Total operating revenue	516,688	556,250

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		5. NET OPERATING PROFIT		
127,598	63,581	Profit before tax	92,317	109,386
		After charging the following specific expenses:		
		Auditors' fees:		
		Statutory audit	760	772
		Auditor's half year review	49	49
		Accounting standards advice	12	7
		Remuneration committee advisory services	77	55
		Risk management advisory services	-	29
		Treasury risk management advice	-	19
		Tax compliance fees	83	53
		Total auditors' fees	981	984
		Donations	10	7
		Depreciation:		
		Buildings - structure	1,009	1,227
		Buildings - fit-out and other	3,696	3,378
		Leasehold improvements	86	77
		Plant and equipment	15,616	19,031
		Total depreciation	20,407	23,713
		Inventory written off	378	1,709
		Rental expense	4,010	3,945
		Operating leases	3,751	3,622
		Amortisation:		
		Patents and trademarks	1,176	1,244
		Software	969	1,299
		Other	-	150
		Total amortisation	2,145	2,693
		Trade receivables written off	224	448
664	683	Directors' fees paid	664	683
-	-	Directors' retirement fees paid	-	-
6	3	Movement in accrual for directors' retirement fees	6	3
		After crediting the following specific income:		
		Technology development grant	2,400	2,400

Technology development grant
This government grant reimburses 20 per cent of eligible expenditure on the Group's R&D programme, up to a maximum of $2.4 million a year (excluding GST). The Group qualifies for this grant as its average annual R&D intensity (eligible R&D expenditure divided by revenue) was at least five per cent over the past three years, and average annual revenues exceeded $3 million a year. The grant has been awarded for three years, commencing 1 October 2010.

Depreciation
The useful economic lives of certain building fit-out assets have been re-estimated in the current year. The impact of this change is to reduce the depreciation charge in the year in relation to these assets by $1.3m.The revised lives were also adopted for the fit-out in the newly commissioned Paykel building.

Parent				Consolidated	
2012	2013			2012	2013
NZ$000	NZ$000		Notes	NZ$000	NZ$000
		6. EMPLOYEE BENEFITS			
		Wages and salaries		175,222	185,047
		Other employment costs		9,758	10,929
		Employer contributions defined contribution superannuation plans inclusive of tax		5,490	5,725
		Employer contributions defined benefit superannuation plans inclusive of tax		10	10
		Movement in liability for long service leave		1,079	537
		Employee share purchase plans - discount on issue	23	145	137
		Employee share purchase plans - interest free loan	23	47	39
		Employee stock purchase plans	23	36	6
		Employee share option plans	23	589	594
		Employee performance share right plans	23	-	169
				192,376	203,193

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		7. TAX EXPENSE		
127,598	63,581	Profit before tax	92,317	109,386
35,727	17,803	Tax expense at the New Zealand rate of 28%	25,849	30,628
		Adjustments to taxation for:		
(34,413)	(15,750)	Non-assessable income	(220)	(133)
5	4	Non-deductible expenses	590	697
		Tax at 30% on previously monetised financial instruments	340	271
		Foreign rates other than 28%	847	447
		Effect of foreign currency translations	567	308
(8)	(2)	Other	234	115
1,311	2,055	Total tax expense	28,207	32,333
		This is represented by:		
1,313	2,055	Current tax	28,906	34,661
(2)	-	Deferred tax	(699)	(2,328)
1,311	2,055	Tax expense	28,207	32,333
1.0%	3.2%	Effective tax rate	30.6%	29.6%

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		8. CASH AND CASH EQUIVALENTS		
		Cash at bank - New Zealand dollar balances	11	-
		Cash at bank - foreign currency balances	6,177	7,636
		Cash on hand	65	73
			6,253	7,709

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		9. TRADE AND OTHER RECEIVABLES		
		CURRENT		
		Trade receivables	69,142	74,378
		Less provision for doubtful trade receivables	(1,066)	(1,494)
			68,076	72,884
43	43	Other receivables	9,054	8,676
43	43		77,130	81,560
		NON-CURRENT		
		Other receivables	1,809	1,728
			1,809	1,728

Foreign currency risk

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

	Consolidated 2012	Consolidated 2013
New Zealand dollars	913	956
United States dollars	28,720	32,612
European Union euros	19,313	19,743
Australian dollars	4,447	4,662
British pounds	3,056	3,042
Canadian dollars	3,380	3,789
Japanese yen	7,011	6,779
Korean won	-	667
Other currencies	2,302	2,128
	69,142	74,378

The Parent has no trade receivables.

Ageing of trade receivables beyond normal terms

The ageing analysis of consolidated trade receivables beyond normal terms is as follows:

	1-30 days NZ$000	31-60 days NZ$000	61-90 days NZ$000	90+ days NZ$000	Total NZ$000
Past due but not considered impaired					
31 March 2012	7,707	1,031	905	423	10,066
31 March 2013	11,174	1,532	613	591	13,910
Past due and considered impaired					
31 March 2012	24	3	116	923	1,066
31 March 2013	43	598	257	596	1,494

Movements in the provision for doubtful trade receivables are as follows:

	2012	2013
Balance at beginning of the year	945	1,066
Additional provision recognised	410	913
Foreign exchange translation	(65)	(37)
Trade receivables written off during the year as uncollectable	(224)	(448)
Balance at end of the year	1,066	1,494

The creation and release of the provision for impaired trade receivables has been included in Selling, General and Administrative expenses in the Income Statement. Amounts charged to the allowance account are generally written off when there is no expectation of further recovery. The individually impaired trade receivables relate mainly to customers which are in difficult economic situations.

	Consolidated 2012	Consolidated 2013
Customer and receivable concentration		
Five largest customers' proportion of the Group's:		
Operating revenue	20.7%	21.1%
Trade receivables	13.1%	14.0%

There is no history of default in relation to these customers.

Fair value
Carrying amounts of trade receivables are equivalent to their fair values.

	Parent			Consolidated	
	2012	2013		2012	2013
	NZ$000	NZ$000		NZ$000	NZ$000

10. INVENTORIES

Parent 2012	Parent 2013		Consolidated 2012	Consolidated 2013
		Materials	20,412	19,139
		Finished products	69,129	75,112
		Provision for obsolescence	(5,111)	(5,140)
			84,430	89,111

Inventory provisions are provided at year end for stock obsolescence.

11. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated 2012		Consolidated 2013	
	NZ$000	NZ$000	NZ$000	NZ$000
	Assets	Liabilities	Assets	Liabilities
CURRENT				
Foreign currency forward exchange contracts - cash flow hedges	23,769	479	32,382	226
Foreign currency forward exchange contracts - not hedge accounted	376	7	154	-
Foreign currency option contracts - cash flow hedges	2,041	-	2,457	-
Foreign currency option contracts - time value	526	32	323	-
Interest rate swaps - cash flow hedges	-	1,912	32	1,681
	26,712	2,430	35,348	1,907
NON-CURRENT				
Foreign currency forward exchange contracts - cash flow hedges	46,304	1,419	34,157	691
Foreign currency forward exchange contracts - not hedge accounted	-	-	-	-
Foreign currency option contracts - cash flow hedges	872	-	333	-
Foreign currency option contracts - time value	325	-	160	-
Interest rate swaps - cash flow hedges	-	5,000	73	5,567
	47,501	6,419	34,723	6,258

Refer to Note 3 (a) iv for information on the calculation of fair values.

The Parent has no derivative financial instruments.

Cash flows relating to cash flow hedges are expected to occur as follows:

As at 31 March 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Foreign exchange derivative instruments inflows	151,947	114,721	108,255	-
Foreign exchange derivative instruments outflows	(128,322)	(91,437)	(83,374)	-
Interest rate derivative instruments net inflows (outflows)	(2,381)	(1,978)	(3,168)	(299)

As at 31 March 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Foreign exchange derivative instruments inflows	175,038	93,463	48,622	-
Foreign exchange derivative instruments outflows	(142,428)	(70,360)	(36,295)	-
Interest rate derivative instruments net (outflows)	(2,161)	(1,700)	(3,713)	(675)

Contractual amounts of forward exchange and option contracts outstanding were as follows:

	2012 NZ$000	2013 NZ$000
Purchase commitments forward exchange contracts	22,708	19,879
Sale commitments forward exchange contracts	354,291	298,015
Foreign currency borrowing forward exchange contracts	15,634	32,769
NZD call option contracts purchased	984	-
Collar option contracts - NZD call option purchased (i)	69,358	64,134
Collar option contracts - NZD put option sold (i)	75,305	68,654

(i) Foreign currency contractual amounts are equal.

Foreign currency contractual amounts hedged in relation to sales commitments were as follows:

	2012 Foreign Currency 000s	2013 Foreign Currency 000s
United States dollars	US$118,250	US$103,250
European Union euros	€ 71,955	€ 62,280
Australian dollars	A$10,800	A$12,750
British pounds	£2,885	£2,275
Canadian dollars	C$16,450	C$11,850
Japanese yen	¥2,470,000	¥2,212,500
Chinese yuan	¥6,000	¥17,000

During the 2010 and 2012 financial year forward exchange contracts with foreign currency contractual amounts totalling US$100 million were monetised (closed out) with the NZ dollar benefit of $56,077,000 ($39,739,000 after tax) held within Cash Flow Hedge Reserve - Realised, on the Balance Sheet. The benefit remains within Cash Flow Hedge Reserve - Realised, until the original forecast transactions occur relating to the forward exchange contracts monetised.

During the 2013 financial year a benefit of $17,781,000 (2012: $17,005,000), or $12,532,000 (2012: $11,904,000) after tax was released to the Income Statement and included as part of the foreign exchange gain on hedged sales within revenue.

A total benefit of $21,291,000 ($15,304,000 after tax) will be released to the Income Statement as follows:

Financial year	2012 NZ$000	2013 NZ$000
2013	17,781	-
2014	21,291	21,291
2015	-	-
	39,072	21,291

Foreign currency contractual amounts hedged in relation to purchase commitments were as follows:

	2012	2013
	Foreign Currency	
	000s	000s
Mexican pesos	Mex$225,829	Mex$202,579

Contractual amounts of interest rate derivative contracts outstanding were as follows:

	2012 NZ$000	2013 NZ$000
Interest rate swaps	111,810	112,782

Interest rate swaps will expire from financial years 2014 through to 2021.

Credit Risk

The Group's exposure to credit risk from derivative financial instruments is limited because it does not expect non-performance of the obligation contained therein due to the credit rating of the financial institutions concerned. The Group does not require collateral or other security to support derivative financial instruments.

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		12. CURRENT TAX		
		Balance at beginning of the year		
		Tax payable	(3,716)	(4,515)
4,332	4,076	Tax receivable	429	506
4,332	4,076		(3,287)	(4,009)
(1,313)	(2,055)	Current portion of tax expense	(28,906)	(34,661)
		Future tax expense on monetised financial instruments	(6,794)	-
		Tax expense recognised on previously monetised financial instruments	5,102	5,249
		Tax paid	24,466	25,601
1,057	828	Supplementary dividend tax credit	5,397	4,906
		Other movements	13	(232)
(256)	(1,227)		(722)	863
		Balance at end of the year		
		Tax payable	(4,515)	(4,575)
4,076	2,849	Tax receivable	506	1,429
4,076	2,849		(4,009)	(3,146)

A pre-tax gain of $56,077,000 was realised from US dollar forward exchange contracts monetised during the 2010 and 2012 financial years. This gave rise to a total tax liability of $16,338,000, of which $6,794,000 related to the 2012 financial year. The tax expense will be recorded in the Income Statement during the 2012 - 2014 financial years, based on the original maturity dates of the forward exchange contracts. Of this tax expense $5,249,000 (2012: $5,102,000) has been recorded in the current year.

13. PROPERTY, PLANT AND EQUIPMENT

	Land		Buildings		Leasehold	Plant &	Capital projects		Total
	Cost	Revaluation	Structure	Fit out and other	improvements	equipment	Buildings	Other	
	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Cost and revaluation									
Balance at 1 April 2011	59,200	10,850	49,475	62,253	1,608	141,557	17,260	20,579	362,782
Additions	4,200	13,250	-	43	(37)	440	44,235	15,982	78,113
Transfers	-	-	-	590	-	18,294	(590)	(18,294)	-
Disposals	-	-	-	-	(16)	(2,131)	(88)	-	(2,235)
Balance at 31 March 2012	**63,400**	**24,100**	**49,475**	**62,886**	**1,555**	**158,160**	**60,817**	**18,267**	**438,660**
Additions	750	-	-	200	62	1,377	34,600	21,876	58,865
Transfers	-	-	32,819	62,337	10	20,881	(95,162)	(20,885)	-
Disposals	-	-	-	(131)	(18)	(3,422)	-	-	(3,571)
Balance at 31 March 2013	**64,150**	**24,100**	**82,294**	**125,292**	**1,609**	**176,996**	**255**	**19,258**	**493,954**
Depreciation and impairment losses									
Balance at 1 April 2011	-	-	6,853	31,159	928	69,577	-	-	108,517
Depreciation charge for the year	-	-	1,009	3,696	86	15,616	-	-	20,407
Disposals	-	-	-	-	(16)	(1,879)	-	-	(1,895)
Balance at 31 March 2012	**-**	**-**	**7,862**	**34,855**	**998**	**83,314**	**-**	**-**	**127,029**
Depreciation charge for the year	-	-	1,227	3,378	77	19,031	-	-	23,713
Disposals	-	-	-	(131)	(18)	(3,355)	-	-	(3,504)
Balance at 31 March 2013	**-**	**-**	**9,089**	**38,102**	**1,057**	**98,990**	**-**	**-**	**147,238**
Carrying amounts									
At 1 April 2011	59,200	10,850	42,622	31,094	680	71,980	17,260	20,579	254,265
At 31 March 2012	63,400	24,100	41,613	28,031	557	74,846	60,817	18,267	311,631
At 31 March 2013	**64,150**	**24,100**	**73,205**	**87,190**	**552**	**78,006**	**255**	**19,258**	**346,716**

Land and Buildings
The independent valuation of land and buildings, excluding capital projects and leasehold improvements, conducted by Darroch Limited as at 31 March 2013 was $251.000 million (2012: $157.750 million).

Land revaluation
In accordance with the Group's policy, land, comprising 42.0238 hectares at East Tamaki, Auckland was first revalued with an effective date of 31 March 2009. The independent valuers used were DTZ New Zealand Ltd. The valuation was made as at 31 March 2009 on the basis of market transactions on arms length terms, with reference to the land's best use and highest value and resulted in an upward revaluation of $10.850 million in the 2009 financial year.

The Group's policy requires that land value is adjusted to a current valuation every three years. Therefore Darroch Limited have valued the land with an effective date of 31 March 2012 on the basis of recent market transactions on arms length terms, with reference to the land's best use and highest value. The change in value from 2009, being an increment of $13.250 million, has been included in Other Comprehensive Income for the prior year and added to the Asset Revaluation Reserve in Equity. The aggregate land revaluation amount and Asset Revaluation Reserve total $24.100 million.

Parent
The Parent holds no property, plant and equipment.

14. INTANGIBLE ASSETS

	Software	Patents & trademarks & applications	Other	Goodwill	Total
	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Cost					
Balance at 31 March 2011	7,953	10,829	-	3,853	22,635
Additions	1,874	1,307	-	-	3,181
Disposals	(3)	-	-	-	(3)
Balance at 31 March 2012	**9,824**	**12,136**	**-**	**3,853**	**25,813**
Additions	1,473	2,356	644	420	4,893
Disposals	(405)	(5)	-	-	(410)
Balance at 31 March 2013	**10,892**	**14,487**	**644**	**4,273**	**30,296**
Amortisation and impairment losses					
Balance at 31 March 2011	6,478	7,944	-	2,823	17,245
Amortisation for the year	969	1,176	-	-	2,145
Disposals	(3)	-	-	-	(3)
Balance at 31 March 2012	**7,444**	**9,120**	**-**	**2,823**	**19,387**
Amortisation for the year	1,299	1,244	150	-	2,693
Disposals	(405)	(5)	-	-	(410)
Balance at 31 March 2013	**8,338**	**10,359**	**150**	**2,823**	**21,670**
Carrying amounts					
At 31 March 2011	1,475	2,885	-	1,030	5,390
At 31 March 2012	2,380	3,016	-	1,030	6,426
At 31 March 2013	**2,554**	**4,128**	**494**	**1,450**	**8,626**

The Parent holds no intangible assets.

Impairment tests for goodwill

Residual goodwill relating to the acquisition of distribution businesses in Germany and South Korea is assessed annually for impairment, based on value-in-use calculations. The calculations support the carrying amount of the recorded goodwill. The Board believes that any reasonably possible change in the key assumptions used in the calculations would not cause the carrying amount to exceed its recoverable amount.

Parent 2012 NZ$000	2013 NZ$000	
		15. INVESTMENTS IN SUBSIDIARIES
28,049	28,855	Investments in subsidiaries

The Parent's investment in subsidiaries comprises shares held at cost.

The assets and liabilities attributed to Fisher & Paykel Healthcare Corporation Limited are owned by the following subsidiaries:

	Principal Subsidiaries	Country of Incorporation	Interest held by Group 2012	2013	Principal activities
*	Fisher & Paykel Healthcare Limited	NZ	100%	100%	Manufacture & Distribution of Healthcare Products
*	Fisher & Paykel Healthcare Properties Limited	NZ	100%	100%	Property Owning Company
*	Fisher & Paykel Healthcare Treasury Limited	NZ	100%	100%	Treasury Management
	Fisher & Paykel Healthcare Asia Limited	NZ	100%	100%	Distribution of Healthcare Products
	Fisher & Paykel Healthcare Asia Investments Limited	NZ	100%	100%	Non-Trading Holding Company
	Fisher & Paykel Healthcare Americas Investments Limited	NZ	100%	100%	Non-Trading Holding Company
	Fisher & Paykel Healthcare Employee Share Purchase Trustee Limitec	NZ	100%	100%	Employee Share Purchase Trustee Company
*	Fisher & Paykel Healthcare Pty Limited	Australia	100%	100%	Distribution of Healthcare Products
	Fisher & Paykel do Brasil Ltda	Brazil	100%	100%	Marketing Support
	Fisher & Paykel Healthcare Limited	Canada	100%	100%	Distribution of Healthcare Products
	Fisher & Paykel Healthcare (Guangzhou) Limited	China	100%	100%	Distribution of Healthcare Products
	Fisher & Paykel Healthcare SAS	France	100%	100%	Distribution of Healthcare Products
	Fisher & Paykel Healthcare GmbH & Co KG	Germany	100%	100%	Distribution of Healthcare Products
	Fisher & Paykel Holdings GmbH	Germany	100%	100%	Non-Trading Holding Company
	Fisher & Paykel Verwaltungsgesellschaft GmbH	Germany	100%	100%	Non-Trading Holding Company
	Fisher & Paykel Healthcare Limited	Hong Kong	100%	100%	Distribution of Healthcare Products
	Fisher & Paykel Healthcare India Private Limited	India	100%	100%	Distribution of Healthcare Products
	Fisher & Paykel Healthcare K.K.	Japan	100%	100%	Distribution of Healthcare Products
	Fisher & Paykel Healthcare S.A. de C.V.	Mexico	100%	100%	Manufacture of Healthcare Products
	Fisher & Paykel Healthcare AB	Sweden	100%	100%	Distribution of Healthcare Products
	Fisher Paykel Saglik Urunleri Ticaret Limited Sirketi	Turkey	100%	100%	Distribution of Healthcare Products
	Fisher & Paykel Healthcare Limited	UK	100%	100%	Distribution of Healthcare Products
	Fisher & Paykel Healthcare Inc.	USA	100%	100%	Distribution of Healthcare Products
	Fisher & Paykel Holdings Inc.	USA	100%	100%	Non-Trading Holding Company

All subsidiaries have a balance date of 31 March with the exception of Fisher & Paykel do Brasil Ltda, Fisher & Paykel Healthcare (Guangzhou) Limited and Fisher & Paykel Healthcare S.A. de C.V. which have a balance date of 31 December as required by local statutes.

* Fisher & Paykel Healthcare Corporation Limited together with those above companies marked with an asterisk are the companies in the Negative Pledge Deed (refer Note 17).

Parent 2012	Parent 2013		Consolidated 2012	Consolidated 2013
NZ$000	NZ$000		NZ$000	NZ$000
		16. DEFERRED TAX ASSET / LIABILITY		
		The balance comprises temporary differences attributable to:		
102	102	Provisions and accruals	15,157	17,579
		Depreciation	(13,646)	(13,999)
		Amortisation	1,519	1,678
		Other	308	408
		Cash flow hedges	(17,969)	(17,146)
102	102		(14,631)	(11,480)
102	102	Deferred tax asset	9,656	11,647
		Deferred tax liability	(24,287)	(23,127)
102	102		(14,631)	(11,480)
		Movements		
		Balance at beginning of the year		
100	102	Deferred tax asset	8,834	9,656
		Deferred tax liability	(27,202)	(24,287)
		Credited (charged) to the Income Statements		
(5)	-	Provisions and accruals	420	2,422
		Depreciation	(586)	(353)
		Amortisation	14	159
7	-	Other	851	100
2	-		699	2,328
		Credited (charged) to Other Comprehensive Income		
		Deferred tax on cash flow hedge reserve movements	(3,756)	823
			(3,756)	823
		Transfers to current tax on monetisation of financial instruments	6,794	-
		Balance at end of the year		
102	102	Deferred tax asset	9,656	11,647
		Deferred tax liability	(24,287)	(23,127)
102	102		(14,631)	(11,480)
		Timing of usage		
		The amount of the deferred tax asset expected to be used:		
		Within one year	9,724	11,728
102	102	After one year	(68)	(81)
102	102		9,656	11,647
		The amount of the deferred tax liability expected to be used:		
		Within one year	6,097	(3,699)
		After one year	(30,384)	(19,428)
			(24,287)	(23,127)

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		17. INTEREST-BEARING LIABILITIES		
		CURRENT		
		Bank overdrafts	14,658	17,136
		Borrowings	65,572	-
			80,230	17,136
		NON-CURRENT		
		Borrowings	34,511	117,389
			34,511	117,389

Foreign currency risk

The carrying amounts of the Group's bank overdrafts are denominated in the following currencies:

	2012	2013
United States dollars	1,562	2,871
European Union euros	4,299	5,770
Australian dollars	1,271	559
British pounds	1,140	1,158
Swedish krona	654	923
Japanese yen	5,349	5,052
Korean won	-	551
Other currencies	383	252
	14,658	17,136

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

	2012	2013
New Zealand dollars	58,581	79,583
United States dollars	18,322	17,919
European Union euros	14,670	13,779
Australian dollars	5,107	4,108
Canadian dollars	2,080	2,000
Japanese yen	1,323	-
	100,083	117,389

Borrowings due for repayment	NZ$000	NZ$000
Current	65,572	-
Between one and two years	-	62,889
Between two and three years	13,061	54,500
Between three and four years	21,450	-
Between four and five years	-	-
Non-current	34,511	117,389

These borrowings have been aged in accordance with the expiry dates of the facilities. At year end the weighted average interest rate is 5.0% (2012: 5.5%)

A Negative Pledge Deed has been executed, and certain of the Group’s bankers have been provided undertakings under this Deed. The companies in the Group providing the undertakings under the Negative Pledge Deed are listed in Note 15. The negative pledge includes the covenant that security can be given only in limited circumstances.

The principal covenants of the negative pledge are that:

(a) the interest cover ratio for the Group shall not be less than 3 times;

(b) the net tangible assets of the Group shall not be less than $150 million; and

(c) the total tangible assets of the Guaranteeing Group shall constitute at least 80% of the total tangible assets of the Group.

Refer to Note 3 (e).

	Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
Unused lines of credit		
Bank overdraft facilities	5,616	11,844
Borrowing facilities	74,869	64,142
	80,485	75,986

Fair value

Carrying amounts of interest-bearing liabilities are equivalent to their fair values.

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		18. TRADE AND OTHER PAYABLES		
		CURRENT		
		Trade payables	22,506	21,139
		Employee entitlements	22,463	25,723
326	364	Other payables and accruals	15,899	17,628
326	364		60,868	64,490
		NON-CURRENT		
		Employee entitlements	4,316	4,523
367	369	Other payables and accruals	1,895	1,600
367	369		6,211	6,123
693	733	**TOTAL TRADE AND OTHER PAYABLES**	67,079	70,613

Foreign currency risk

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

Parent 2012	Parent 2013		Consolidated 2012	Consolidated 2013
693	733	New Zealand dollars	37,983	39,560
		United States dollars	13,241	12,078
		European Union euros	7,077	9,039
		Australian dollars	2,112	2,012
		British pounds	2,150	1,838
		Japanese yen	1,746	1,573
		Mexican pesos	1,022	1,531
		Other currencies	1,748	2,982
693	733		67,079	70,613

Fair value

Carrying amounts of trade and other payables are equivalent to their fair values.

Parent			Consolidated	
2012	2013		2012	2013
NZ$000	NZ$000		NZ$000	NZ$000
		19. PROVISIONS		
		CURRENT		
		Warranty provision:		
		Balance at beginning of the year	3,370	2,580
		Current year provision	3,895	5,853
		Warranty expenses incurred	(4,685)	(5,473)
		Balance at end of the year	2,580	2,960
		NON-CURRENT		
		Warranty provision:		
		Balance at beginning of the year	1,971	1,851
		Current year provision	(120)	550
		Warranty expenses incurred		
		Balance at end of the year	1,851	2,401

Provision for warranty covers the obligations for the unexpired warranty periods for products, based on recent historical costs incurred on warranty exposure. Current warranty terms are 1 to 2 years for parts or parts and labour.

As the provision for warranty is based on historical warranty rates, the actual future warranty claims experienced by the Group may be different to that of the past. Factors that could impact the provision for warranty include the success of the Group's quality system, as well as future parts and labour costs. Where the Group is aware of specific product warranty issues these are included in the provision.

The total provision of $5,361,000 is expected to be fully utilised during the 2014 and 2015 financial years. There will be no reimbursements.

20. SHARE CAPITAL

All shares are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share. All ordinary shares have equal voting rights.

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
40,783	65,351	Share capital at beginning of the year	40,783	65,351
23,558	25,996	Issue of share capital under dividend reinvestment plan (i)	23,558	25,996
200	516	Issue of share capital	200	516
		Increase in share capital under share option schemes		
763	813	for employee services	763	813
47	139	Employee share scheme shares issued for employee services	47	139
65,351	92,815	Share capital at end of the year	65,351	92,815
(2,046)	(1,535)	Less accounted for as treasury shares	(2,046)	(1,535)
63,305	91,280		63,305	91,280

Parent 2012	Parent 2013	Number of authorised shares	Consolidated 2012	Consolidated 2013
520,453,173	530,053,399	Number of shares on issue at beginning of the year	520,453,173	530,053,399
		Shares issued:		
9,510,407	12,218,223	Dividend reinvestment plan (i)	9,510,407	12,218,223
89,819	340,614	Employee share purchase schemes	89,819	340,614
-	-	Exercise of share options	-	-
-	-	Exercise of share options under cancellation facility	-	-
530,053,399	542,612,236	Total number of shares on issue	530,053,399	542,612,236
(836,134)	(810,720)	Less accounted for as treasury shares	(836,134)	(810,720)
529,217,265	541,801,516		529,217,265	541,801,516

(i) 12,218,223 (2012: 9,510,407) shares were issued under the Company's dividend reinvestment plan at an average price of $2.13 (2012: $2.48) per share.

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		21. RESERVES		
		Retained earnings		
31,902	93,385	Balance at beginning of the year	184,720	184,026
126,287	61,526	Profit after taxation	64,110	77,053
		Dividends: (i)		
(36,433)	(37,104)	Final 2012 (2011)	(36,433)	(37,104)
(28,371)	(29,057)	Interim 2013 (2012)	(28,371)	(29,057)
93,385	88,750	Balance at end of the year	184,026	194,918
		Asset revaluation reserve		
		Balance at beginning of the year	10,850	24,100
		Revaluation of land	13,250	-
		Balance at end of the year	24,100	24,100
		Cash flow hedge reserve - unrealised (ii)		
		Balance at beginning of the year	54,019	46,206
		Revaluation of derivative financial instruments	28,544	20,478
		Transfers to profit before tax	(15,131)	(23,418)
		Tax on changes in fair value and transfers to profit before tax	(3,756)	823
		Transfers to cash flow hedge reserve - realised on monetisation	(24,264)	-
		Tax on transfers to cash flow hedge reserve - realised	6,794	-
		Balance at end of the year	46,206	44,089
		Cash flow hedge reserve - realised (ii)		
		Balance at beginning of the year	22,269	27,836
		Monetised instruments	24,264	-
		Tax on monetised instruments	(6,794)	-
		Transfers to profit before tax	(17,005)	(17,781)
		Tax on transfers to profit before tax	5,102	5,249
		Balance at end of the year	27,836	15,304
		Employee share entitlement reserve		
153	292	Balance at beginning of the year	153	292
145	137	Employee expense for the year	145	137
(6)	(226)	Transfer to share capital on vesting of shares to employees	(6)	(226)
292	203	Balance at end of the year	292	203
		Employee share option reserve		
2,561	2,387	Balance at beginning of the year	2,561	2,387
589	763	Employee expense for the year	589	763
(763)	(813)	Transfer to share capital on exercise or lapse of vested options	(763)	(813)
2,387	2,337	Balance at end of the year	2,387	2,337
		Treasury shares		
(2,064)	(2,046)	Balance at beginning of the year	(2,064)	(2,046)
-	(527)	Treasury shares issued to employee share purchase plans	-	(527)
18	1,038	Shares transferred to employees	18	1,038
(2,046)	(1,535)	Balance at end of the year	(2,046)	(1,535)

(i) Supplementary dividends of $4,906,000 were paid (2012: $5,397,000).
All dividends are recognised as distributions to shareholders.
(ii) There was no ineffectiveness in relation to cash flow hedges.

	Consolidated 2012 NZ$000	Consolidated 2013 NZ$000

22. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit after tax of the Group by the weighted average number of ordinary shares outstanding during the year.

	2012 NZ$000	2013 NZ$000
Profit after tax	64,110	77,053
Weighted average number of ordinary shares (000s)	525,706	537,561
Basic earnings per share (cents per share)	12.2 cps	14.3 cps

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Options are convertible into the Company's shares, and are therefore considered dilutive securities for diluted earnings per share.

	2012 NZ$000	2013 NZ$000
Profit after tax	64,110	77,053
Weighted average number of ordinary shares (000s)	525,706	537,561
Adjustment for share options (000s)	20,804	21,536
Weighted average number of ordinary shares for diluted earnings per share (000s)	546,510	559,097
Diluted earnings per share (cents per share)	11.7 cps	13.8 cps

23. SHARE BASED PAYMENTS

Details of the accounting for the various plans is described in Note 2 (v).

Employee share option plans

Options are granted to selected employees pursuant to share option plans. One option gives the employee the right to subscribe for one ordinary share in the Company subject to meeting the vesting conditions. No amount is payable for the grant of options.

Options granted before the 2013 financial year vest in three equal annual instalments commencing no earlier than the second anniversary of the grant date as long as the employee remains in the service of the Company. The exercise price of these options is determined as follows:

- A base price will be established on or around the grant date being the volume weighted average price for a share on the NZSX for the 5 business days prior to the grant date; and
- As at each anniversary of the grant date a new base price will be calculated by:
    - increasing the last calculated base price by a percentage amount determined by the Board, based on independent advice, to represent the Company's cost of capital; and
    - reducing the resulting figure by the amount of any dividend paid by the Company in respect of a share in the 12 month period immediately preceding that anniversary.

The exercise price for the one-third of options that become exercisable on the second anniversary of the grant date shall be the base price calculated as at the second anniversary of the grant date.

The exercise price for the one-third of options that become exercisable on the third anniversary of the grant date shall be the base price calculated as at the third anniversary of the grant date.

The exercise price for the one-third of options that become exercisable on the fourth anniversary of the grant date shall be the base price calculated as at the fourth anniversary of the grant date.

Options granted in the 2013 financial year vest at any time between the third anniversary of the grant date and the fifth anniversary of the grant date as long as the Company's share price on the NZSX has, at any time on or after the third anniversary of the grant date, exceeded the "escalated price" and as long as the employee remains in service of the Company.

The exercise price of these options will be the volume weighted average price for a share on the NZSX for the 5 business days prior to the grant date for the options.

The escalated price is determined as follows:

As at each anniversary of the grant date up to and including the third anniversary of the grant date for an option, a "base price" will be calculated by:

- increasing the last calculated base price (which as at the first anniversary of the grant date will be the exercise price of the option) by a percentage amount determined by the Board, based on independent advice, to represent the Company's cost of capital; and
- reducing the resulting figure by the amount of any dividend paid by the Company in respect of a share in the 12 month period immediately preceding that anniversary.

The escalated price will be the base price determined as at the third anniversary of the grant date in accordance with the above.

All unexercised options expire on the fifth anniversary of the grant date. Options also become exercisable if a person, or a group of persons acting in concert, acquires more than half of the Company's outstanding ordinary shares. On leaving employment due to serious illness, accident, permanent disablement, redundancy or other circumstances as determined by the Company's Board, the employees will have three months to exercise all outstanding options. On leaving employment upon death the employees' executor will have three months to exercise all outstanding options. On a termination of employment for any other reason all outstanding vested and unvested options will lapse.

As at 31 March 2013 options had been granted to 352 employees (2012: 337). Options granted to employees have no voting rights until they have been exercised and ordinary shares have been issued.

Movements in the number of share options outstanding and their exercise prices are as follows:

31 March 2012	Year of Issue						
	2007(i)	2008(ii)	2009(iii)	2010(iv)	2011(v)	2012(vi)	**Total**
Balance at beginning of the year	3,512,700	3,538,000	3,719,800	3,860,500	4,679,100	-	**19,310,100**
Granted during the year	-	-	-	-	-	4,999,950	**4,999,950**
Exercised during the year (vii)	-	-	-	-	-	-	**-**
Lapsed during the year (viii)	(3,512,700)	(95,300)	(111,000)	(124,200)	(131,600)	(106,000)	**(4,080,800)**
Balance at end of the year	-	3,442,700	3,608,800	3,736,300	4,547,500	4,893,950	**20,229,250**

31 March 2013	Year of Issue						
	2008(ii)	2009(iii)	2010(iv)	2011(v)	2012(vi)	2013(vii)	**Total**
Balance at beginning of the year	3,442,700	3,608,800	3,736,300	4,547,500	4,893,950	-	**20,229,250**
Granted during the year	-	-	-	-	-	3,816,650	**3,816,650**
Exercised during the year (viii)	-	-	-	-	-	-	**-**
Lapsed during the year (ix)	(3,442,700)	(115,400)	(135,700)	(192,050)	(193,000)	(121,000)	**(4,199,850)**
Balance at end of the year	-	3,493,400	3,600,600	4,355,450	4,700,950	3,695,650	**19,846,050**

(i) Options expired December 2011 at exercise prices of $4.90, $5.25 and $5.64 per option.
(ii) Options expired December 2012 at exercise prices of $3.71, $3.95 and $4.19 per option.
(iii) Options expiring September 2013 at exercise prices of $3.48, $3.68 and $3.88 per option.
(iv) Options expiring September 2014 at exercise prices of $3.68 and $3.88. Final exercise price based on future costs of capital and dividends using a base price of $3.29 per option.
(v) Options expiring September 2015 at exercise price of $3.21. Further exercise prices based on future costs of capital and dividends using a base price of $2.91 per option.
(vi) Options expiring September 2016 at exercise prices based on future costs of capital and dividends using a base price of $2.15 per option.
(vii) Options expiring August 2017 at an exercise price of $2.06.

(viii) The number of options exercised during the year also includes any options cancelled under the cancellation facility. The cancellation facility allows optionholders to cancel their options and receive in return ordinary shares equal in value to the gain on the options.

(ix) The number of options that lapsed during the year includes options held by employees at resignation and options that lapsed upon expiry.

Out of the 19,846,050 outstanding options (2012: 20,229,250 options), 7,154,534 options (2012: 6,913,618 options) were exercisable.

There were no options exercised during the 2012 or 2013 financial years.

There were no options cancelled during the 2012 or 2013 financial years.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Financial Year	Expiry	Exercise Price	Number of Share Options	
			2012	**2013**
2013	December 2012	Variable (i)	3,442,700	**-**
2014	September 2013	Variable (ii)	3,608,800	**3,493,400**
2015	September 2014	Variable (iii)	3,736,300	**3,600,600**
2016	September 2015	Variable (iv)	4,547,500	**4,355,450**
2017	September 2016	Variable (v)	4,893,950	**4,700,950**
2018	August 2017	$2.06 (vi)	-	**3,695,650**
			20,229,250	**19,846,050**

(i) Options expired December 2012 at exercise prices of $3.71, $3.95 and $4.19 per option.

(ii) Options expiring September 2013 at exercise prices of $3.48, $3.68 and $3.88 per option.

(iii) Options expiring September 2014 at exercise prices of $3.68 and $3.88. Final exercise price based on future costs of capital and dividends using a base price of $3.29 per option.

(iv) Options expiring September 2015 at exercise price of $3.21. Further exercise prices based on future costs of capital and dividends using a base price of $2.91 per option.

(v) Options expiring September 2016 at exercise prices based on future costs of capital and dividends using a base price of $2.15 per option.

(vi) Options expiring August 2017 at an exercise price of $2.06.

The fair value of options granted during the period determined using Monte Carlo simulation (2012: the Binomial Options Pricing Model) was $0.30 (2012: $0.089) per option or $1,145,000 (2012: $445,000) in aggregate.

The significant inputs into the model were:

	2012	2013
Share price at grant date	$2.15	$2.06
Base price at grant date	$2.15	$2.06
Expected/historical share price volatility	12.7%	25.0%
Dividends expected over option life (cents)	65.2	62.0
Option life (years)	5	5
Risk free interest rate	3.30%	2.98%
Cost of equity	8.75%	8.70%

The expected price volatility is derived by analysing the historical volatility over the most recent historical period corresponding to the term of the option.

	2012	2013
Total amount expensed in year for employee share option plans	$589,000	$594,000

Employee performance share rights plan

PSRs are granted to selected employees pursuant to the performance share rights plan. One share right gives the employee the potential to exercise a share right for an ordinary share in the Company at no cost. Share rights become exercisable if the Company's gross total shareholder return (TSR) performance exceeds the performance of the Dow Jones US Select Medical Equipment Total Return Index (DJSMQDT) in New Zealand dollars over the same period. If the Company's TSR performance exceeds that of the DJSMQDT at either of the third, fourth or fifth anniversary of the grant date of the PSRs, some or all of the PSRs become exercisable as long as the employee remains in the service of the Company. Where an employee has exercised a portion of their PSRs before the fifth anniversary of the grant date, the remaining PSRs lapse at the time that portion has been exercised.

All unexercised PSRs expire on the fifth anniversary of the grant date.

PSRs also become exercisable, subject to the Company TSR performance exceeding that of the DJSMQDT if a person, or a group of persons acting in concert, acquires more than half of the Company's outstanding ordinary shares. On leaving employment due to death, serious illness, accident, permanent disablement, redundancy or other circumstances as determined by the Company's Board, the employees or, if applicable, the employees' executors may be able to exercise the PSRs . On a termination of employment for any other reason all outstanding PSRs will lapse.

As at 31 March 2013 PSRs had been granted to 258 employees (2012: nil). PSRs granted to employees have no voting rights until they have been exercised and ordinary shares issued.

Movements in the number of PSRs outstanding are as follows:

	2012 Number	**2013 Number**
As at beginning of the year	-	**-**
Granted during the year	-	**623,840**
Vested during the year	-	**-**
Lapsed due to resignation	-	**(23,600)**
As at end of the year	-	**600,240**

There is no nominal value for the PSRs

PSRs outstanding at the end of the year have the following vesting dates:

Financial Year	Expiry	Number of PSRs 2012	2013
2018	August 2017	-	600,240

The fair value of PSRs granted during the period using Monte Carlo simulation was $1.44 per PSR or $898,000 in aggregate.

The significant inputs into the model were:

	2013
Share price at grant date	$2.11
NZD/USD exchange rate of grant date	0.8017
5 yr NZD risk free rate	3.00%
5 yr USD risk free rate	0.66%
Expected/historical share price volatility	25.0%
Expected/historical NZD/USD volatility	14.0%
Expected/historical DJSMDQT index volatility	18.0%

There is no prior year information as the 2013 year was the first year that PSRs were granted.

	2012	2013
Total amount expensed in year for employee performance share rights plan	-	$169,000

Employee share purchase plans

Shares are issued at a discount of 20% of market price, on terms permitted by the plans in accordance with sections DC13 and 14 of the New Zealand Income Tax Act 2007, with no interest being charged on the loans. All New Zealand and Australian full time employees are eligible to participate after a qualifying period. The qualifying period between grant and vesting date is 3 years. Dividends paid during the qualifying period on shares allocated to employees under the plans are paid to the employees. Voting rights on the shares are exercisable by the Trustees under the plans.

810,720 shares (2012: 836,134) are held by the Trustees of the plan, being 0.1% (2012: 0.2%) of the Company's issued and paid up capital. As at 31 March 2013, all shares were allocated to employees, except for 40,615 (2012: 81,684). Once vested an employee participant may elect to transfer the shares into their own name after which the shares are freely transferable.

All shares are allocated to employees at the time of issue, on the condition that should they leave employment before the qualifying period ends, their shares will be repurchased by the Trustees at the lesser of market price and the price at which the shares were originally allocated to the employee, subject to repayment of the original loan.

Any such repurchased shares are held by the Trustees for allocation to future plans. Trustees of the Employee Share Purchase plans are appointed by the Company.

At 31 March 2013 the total receivable owing from employees was $689,000 (2012: $655,000).

Movements in the number of shares outstanding and their related weighted average issue prices are as follows:

	2012		**2013**	
	Price*	Number	**Price***	**Number**
As at beginning of the year	$2.45	820,676	**$2.45**	**754,450**
Granted during the year	-	-	**$1.51**	**422,291**
Vested during the year	$2.66	(6,682)	**$2.59**	**(348,100)**
Lapsed due to resignation	$2.44	(59,544)	**$2.23**	**(58,536)**
As at end of the year	$2.45	754,450	**$1.98**	**770,105**

*Weighted average

Shares outstanding at the end of the year have the following vesting dates and issue prices:

Financial Year	Vesting	Issue Price*		Shares	
		2012	**2013**	2012	**2013**
2013	August 2012	$2.61	**$2.61**	349,682	**896**
2014	December 2013 and March 2014	$2.30	**$2.30**	404,768	**358,395**
2015	Not applicable				
2016	August 2015		**$2.15**		**410,814**
				754,450	**770,105**

*Weighted average

The fair value of shares granted during each period is determined as being the discount on issue and the present value of the interest free loan to the employee and is $302,000 (2012: $0).

	2012	2013
Total amount expensed in year for employee share purchase plans		
- Discount on issue	$145,000	$137,000
- Interest free loan	$47,000	$39,000

Employee stock purchase plan

Shares are issued at a discount of 15% being the lower of the market price at the date of issue or the market price at the beginning of the annual offering period in accordance with section 423 of the US Internal Revenue Code, as amended. All North American employees working more than 20 hours per week are eligible after a qualifying period. Employees make regular payroll contributions to the plan with shares being issued to employees quarterly to the value of their accumulated contributions to the plan.

All shares are allocated to employees at the time of issue and vest immediately.

Shares issued in 2013 totalled 17,928 (2012: 89,819).

	2012	2013
Total amount expensed in year for employee stock purchase plans	$36,000	$6,000

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		24. RETIREMENT BENEFIT OBLIGATIONS		
		Balance Sheet obligations for:		
		Pension benefits asset	597	718
		Pension benefits liability	157	57
		Income Statement (credit) charge:		
		Pension benefits	245	(221)

All qualifying New Zealand based employees of the Group plus employees in certain other countries are entitled to superannuation benefits from the Group's defined contribution superannuation plans on retirement, disability, death or resignation. In addition to these plans, 2 (2012: 2) New Zealand based employees have benefits on a defined benefit basis such that should their account balances under the plan at the time a benefit is payable be below the defined benefit level, the Company makes a special contribution. The defined benefit arrangements provide a top up lump sum benefit based on years of membership and final average salary.

Parent			Consolidated	
2012	2013		2012	2013
NZ$000	NZ$000		NZ$000	NZ$000

25. RELATED PARTY TRANSACTIONS

During the period the Group has not entered into any material contracts involving related parties or directors' interests. No amounts owed by related parties have been written off or forgiven during the period.

During the period the Company advanced and repaid loans to its subsidiaries by way of internal current accounts. In presenting the financial statements of the Group, the effect of transactions and balances between fellow subsidiaries and those with the Parent have been eliminated. All transactions with related parties were in the normal course of business and provided on the terms below.

The Parent entered into certain transactions with its subsidiaries as follows:

Material amounts outstanding between the Parent and its subsidiaries at year end were:
Loans from the Parent to subsidiaries $151,454,000 (2012: $127,792,000).
These unsecured advances represent funding even though they are for no fixed term, are repayable on demand and bear interest at 7.93% (2012: 8.57%).

Material transactions between the Parent and its subsidiaries were:
Interest charged in respect of the loans to subsidiaries of $8,720,000 (2012: $5,886,000).
Dividends received from subsidiaries $56,249,000 (2012: $122,905,000).
Payments from subsidiaries to Parent for options, performance share rights and shares issued to employees $906,000 (2012: $770,000).
Proceeds from employee share purchase plans in respect of vested shares paid to the Parent from its subsidiaries $930,000 (2012: $218,000).
These amounts are not outstanding at balance date.

(a) Key Management and Director Compensation
Key management and director compensation for the years ended 31 March 2012 and 2013 is set out below. The key management personnel includes the Chief Executive Officer and those employees who report directly to the CEO.

Parent 2012	Parent 2013		Consolidated 2012	Consolidated 2013
		Short-term benefits		
		Salaries and other short term benefits	4,606	5,106
664	683	Directors fees paid	664	683
-	-	Directors' retirement fee paid	-	-
6	3	Movement in accrual for directors' retirement fees	6	3
670	686	Total short-term benefits	5,276	5,792
		Post-employment benefits		
		Employer contributions to defined contribution superannuation plans	181	171
		Share-based benefits		
		Employee share purchase plans	2	2
		Employee share option plans	127	138
		Employee performance share right plans	-	38
-	-	Total share-based benefits	129	178
670	686	Total compensation	5,586	6,141

The amounts of key management and director compensation outstanding as at balance date are $2,023,000 (2012: $1,591,000) for the Group and $366,000 (2012: $363,000) for the Parent.

(b) Other Transactions with Key Management and Directors or Entities related to them
There have been no other material transactions with key management and directors or entities related to them during the period.

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		26. CASH FLOW RECONCILIATIONS		
126,287	61,526	**Profit after tax**	64,110	77,053
		Add (deduct) non-cash items:		
		Depreciation and writedown of property, plant and equipment to recoverable amount	20,407	23,713
		Cash flow hedge gain from monetised instruments, net of tax	(11,904)	(12,532)
		Amortisation of intangibles	2,145	2,693
		Accrued financing income / expense	1	161
		Movement in provisions	(910)	930
2	-	Movement in deferred tax asset / liability	(699)	(2,328)
		Movement in foreign currency option contracts time value	369	(914)
		Movement in working capital:		
(2)	-	Trade and other receivables	2,220	(4,349)
		Inventory	(4,329)	(4,681)
142	40	Trade and other payables	3,667	2,872
5,141	3,679	Provision for taxation net of supplementary dividend paid	6,119	4,043
(3,967)	(1,593)	Intercompany advances in relation to operating cashflows		
		Foreign currency translation	(4,783)	(224)
		Add non-Income Statement items:		
		Monetised cash flow hedges, net of tax	17,470	-
127,603	63,652	**Net cash flows from operations**	93,883	86,437

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		27. IMPUTATION CREDITS		
27	104	New Zealand imputation credits available for use in subsequent	3,036	2,196
27	104	reporting periods	3,036	2,196
4,666	4,992	Australian franking credits available for use in subsequent	4,803	5,090
4,666	4,992	reporting periods	4,803	5,090

The above amounts represent the balance of the imputation and franking accounts as at the end of the reporting period.

The consolidated amounts include imputation and franking credits that would be available to the parent entity if subsidiaries paid dividends.

Parent			Consolidated	
2012	2013		2012	2013
NZ$000	NZ$000		NZ$000	NZ$000

28. CONTINGENT LIABILITIES

Periodically the Group is party to litigation including product liability and patent claims. To date such claims have been few in number and have been expensed or covered by our insurance. The Directors are unaware of the existence of any claim or other contingencies that would have a material impact on the operations of the Group.

The Parent has a contingent liability relating to guarantees of all subsidiary company indebtedness (refer Note 17). The guarantee has not been recognised as there is no reasonable likelihood of liability arising.

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000

29. COMMITMENTS

Capital expenditure commitments contracted for but not recognised as at the reporting date

			Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		Within one year	32,437	2,519
		Between one and two years	740	-
		Between two and five years	-	-
			33,177	2,519

Gross commitments under non-cancellable operating leases

			Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		Within one year	4,638	4,625
		Between one and two years	3,833	4,033
		Between two and five years	4,091	3,804
		Over five years	3,121	2,234
			15,683	14,696

Operating lease commitments relate mainly to building leases. There are no renewal options or options to purchase in respect of leases of plant and equipment.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Parent: Loans and receivables NZ$000	Parent: Other financial assets NZ$000	Parent: Total NZ$000	31 March 2012 Assets as per Balance Sheets	Consolidated: Loans and receivables NZ$000	Consolidated: Assets at fair value through the profit and loss NZ$000	Consolidated: Derivatives used for hedging NZ$000	Consolidated: Total NZ$000
			Cash and cash equivalents	6,253	-	-	6,253
			Trade receivables	68,076	-	-	68,076
			Derivative financial instruments	-	1,227	72,986	74,213
127,792	-	127,792	Intergroup advances				
127,792	-	127,792	Total	74,329	1,227	72,986	148,542

31 March 2012 Liabilities as per Balance Sheets	Liabilities at fair value through the profit and loss NZ$000	Derivatives used for hedging NZ$000	Other financial liabilities measured at amortised cost NZ$000	Total NZ$000
Interest-bearing liabilities	-	-	114,741	114,741
Trade and other payables	-	-	38,405	38,405
Derivative financial instruments	39	8,810	-	8,849
Total	39	8,810	153,146	161,995

Parent: Loans and receivables NZ$000	Parent: Other financial assets NZ$000	Parent: Total NZ$000	31 March 2013 Assets as per Balance Sheets	Consolidated: Loans and receivables NZ$000	Consolidated: Assets at fair value through the profit and loss NZ$000	Consolidated: Derivatives used for hedging NZ$000	Consolidated: Total NZ$000
			Cash and cash equivalents	7,709	-	-	7,709
			Trade receivables	72,884	-	-	72,884
			Derivative financial instruments	-	637	69,434	70,071
151,454	-	151,454	Intergroup advances				
151,454	-	151,454	Total	80,593	637	69,434	150,664

31 March 2013 Liabilities as per Balance Sheets	Liabilities at fair value through the profit and loss NZ$000	Derivatives used for hedging NZ$000	Other financial liabilities measured at amortised cost NZ$000	Total NZ$000
Interest-bearing liabilities	-	-	134,525	134,525
Trade and other payables	-	-	38,767	38,767
Derivative financial instruments	-	8,165	-	8,165
Total	-	8,165	173,292	181,457

Parent			Consolidated	
2012	2013		2012	2013
NZ$000	NZ$000		NZ$000	NZ$000

31. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Parent 2012 NZ$000	Parent 2013 NZ$000		Consolidated 2012 NZ$000	Consolidated 2013 NZ$000
		Fair value gains		
		Foreign exchange forward contracts	376	154
			376	154
		Fair value losses		
		Foreign exchange forward contracts	(7)	-
			(7)	-

Changes in fair values of foreign exchange contracts which have not been hedge accounted are recorded within the foreign exchange gain on hedged sales, being a component of operating revenue in the Income Statement.

32. SEGMENT INFORMATION

The operating segments of the Group have been determined based on the components of the Group that the CODM monitors in making decisions about operating matters. These components have been identified on the basis of internal reports that the CODM reviews regularly in order to allocate resources and to assess the performance of the Group.

The Group has four operating segments reportable under NZ IFRS 8, as described below, which are the Group's strategic business units or groupings of business units. All other operating segments have been included in 'New Zealand segments'.

The strategic business units all offer the same products, being medical device products and systems for use in respiratory and acute care and the treatment of obstructive sleep apnea. Products are sold in over 120 countries worldwide through the Group's distribution subsidiaries, third party distributors and original equipment manufacturers (OEMs), with these sales being managed geographically from New Zealand and other locations worldwide. It is the management of these worldwide sales relationships that forms the basis for the Group's reportable segments. The following summary describes the operations in each of the Group's reportable segments:

1) ***New Zealand.*** Includes all activities controlled by entities or employees based in New Zealand, principally research and development, manufacturing, marketing, sales and distribution and administration. The research and development activity relates to New Zealand. The manufacturing activity principally relates to New Zealand, however the Mexico manufacturing activity is also included in this segment as the Mexico facility is managed by New Zealand-based employees. The sales and distribution activity principally relates to New Zealand, Latin America, Africa, the Middle East and other countries in Asia not included in 4) below. Also included are sales made to countries within Europe and Asia-Pacific where the management of the sale is from New Zealand.
2) ***North America.*** Includes all activities controlled by entities or employees based in the United States of America and Canada, principally sales, distribution and administration activities.
3) ***Europe.*** Includes all activities controlled by entities or employees based in the United Kingdom, France, Germany, Sweden and Turkey, principally sales, distribution and administration activities. These sales and distribution hubs also distribute product into neighbouring European countries.
4) ***Asia-Pacific.*** Includes all activities controlled by entities or employees based in Australia, Japan, India, China, South Korea, Taiwan and Hong Kong, principally sales, distribution and administration activities.

All minor or other activities have been included in the New Zealand segment as they are controlled by New Zealand entities or employees.

There are varying levels of integration between these geographical segments. This integration includes transfers of finished product, principally from New Zealand to other segments, and shared costs. The accounting policies of the reportable segments are the same as described in Note 2.

Information regarding the operations of each reportable segment is included below. Performance is measured based on segment operating profit or EBIT. Segment profit is used to measure performance as the CODM believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry. Inter-segment pricing is determined on an arm's length basis.

Operating Segments - 31 March 2012

	New Zealand NZ$000	North America NZ$000	Europe NZ$000	Asia-Pacific NZ$000	Eliminations NZ$000	Total NZ$000
Sales revenue - external	52,405	203,029	142,354	68,938	-	466,726
Sales revenue - internal	280,488	-	-	-	(280,488)	-
Foreign exchange gain on hedged sales	49,962	-	-	-	-	49,962
Total operating revenue	382,855	203,029	142,354	68,938	(280,488)	516,688
Other income	2,400	-	-	-	-	2,400
Depreciation and amortisation	21,258	360	414	520	-	22,552
Reportable segment operating profit before financing costs	85,855	5,875	6,416	3,048	(8,389)	92,805
Financing income	2,020	-	3	6	(1,749)	280
Financing expense	(3,614)	(1,199)	(806)	(464)	1,749	(4,334)
Exchange gain on foreign currency borrowings	3,668	-	(102)	-	-	3,566
Reportable segment assets	543,820	59,400	53,719	28,222	(113,107)	572,054
Reportable segment capital expenditure	66,424	436	381	267	-	67,508

Operating Segments - 31 March 2013

	New Zealand NZ$000	North America NZ$000	Europe NZ$000	Asia-Pacific NZ$000	Eliminations NZ$000	Total NZ$000
Sales revenue - external	56,765	217,180	150,386	82,919	-	507,250
Sales revenue - internal	327,088	-	-	-	(327,088)	-
Foreign exchange (loss) on hedged sales	49,000	-	-	-	-	49,000
Total operating revenue	432,853	217,180	150,386	82,919	(327,088)	556,250
Other income	2,400	-	-	-	-	2,400
Depreciation and amortisation	25,019	359	387	641	-	26,406
Reportable segment operating profit before financing costs	106,842	4,720	9,291	4,257	(12,377)	112,733
Financing income	2,378	5	2	5	(2,201)	189
Financing expense	(4,378)	(1,685)	(637)	(404)	2,201	(4,903)
Exchange gain (loss) on foreign currency borrowings	1,387	-	(20)	-	-	1,367
Reportable segment assets	586,733	66,805	62,569	32,515	(130,025)	618,597
Reportable segment capital expenditure	59,969	269	246	1,551	-	62,035

Product Segments

The Group's products and systems are for use in respiratory care, acute care and the treatment of obstructive sleep apnea and are sold in over 120 countries worldwide. Revenues are managed on a regional basis, but a split by product group is set out below. Assets are not split by product group.

Product Group Information

	Year Ended 31 March 2012 NZ$000	Year Ended 31 March 2013 NZ$000
Respiratory & acute care	271,036	301,503
Obstructive sleep apnea	228,899	235,778
Core products subtotal	499,935	537,281
Distributed and other	16,753	18,969
Total revenue	516,688	556,250

Major Customer

Revenues from one customer of the North America segment (being a distributor) represent approximately $66.9million (2012: $59.1million) of the Group's total revenues.

33. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 23 May 2013 the directors approved the payment of a fully imputed 2013 final dividend of $37,983,391 (7.0 cents per share) to be paid on 5 July 2013.

Independent Auditors' Report

to the shareholders of Fisher & Paykel Healthcare Corporation Limited

Report on the Financial Statements

We have audited the financial statements of Fisher & Paykel Healthcare Corporation Limited ("the Company") on pages 11 to 75, which comprise the balance sheets as at 31 March 2013, the income statements, statements of comprehensive income and statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 March 2013 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

pwc

Independent Auditors' Report

Fisher & Paykel Healthcare Corporation Limited

Opinion

In our opinion, the financial statements on pages 11 to 75:

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

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company and the Group as at 31 March 2013, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2013:

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

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

Restriction on Distribution or Use

This report is made solely to the Company's shareholders in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants — Auckland

23 May 2013

OTHER INFORMATION

1.0 NTA backing	Previous corresponding Period 31 March 2012	Current period 31 March 2013
Net tangible asset backing per +ordinary security	NZ$0.67	NZ$0.69

2.0 Control gained over entities having material effect

There was no gain of control of entities that would have a material effect on the consolidated financial statements of Fisher & Paykel Healthcare Corporation Limited.

3.0 Loss of control of entities having material effect

There was no loss of control of entities that would have a material effect on the consolidated financial statements of Fisher & Paykel Healthcare Corporation Limited.

4.0 Dividends

4.01	Date the dividend is payable	5 July 2013
4.02	+Record date to determine entitlements to the dividend (distribution) (i.e., on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	21 June 2013

4.1 Amount per security

			Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
4.11	**Final Dividend:**	Current year	NZ 7.0¢	N/A	N/A
4.12		Previous year	NZ 7.0¢	N/A	N/A
4.13	Interim Dividend:	Current year	NZ 5.4¢	N/A	N/A
		Previous year	NZ 5.4¢	N/A	N/A

4.2 Final dividend on all securities

		Previous corresponding Year to 31 March 2012 $NZ000	Current year to 31 March 2013 $NZ000
4.21	+Ordinary securities *(each class separately)*	37,104	37,983
4.22	Preference +securities *(each class separately)*	N/A	N/A
4.23	Other equity instruments *(each class separately)*	N/A	N/A
4.24	**Total**	**37,104**	**37,983**

The Company operates a DRP. For the final dividend a discount of 3% will apply.

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

Per attached NZX Appendix 7.

5.0 Material interests in entities which are not controlled entities

Fisher & Paykel Healthcare Corporation Limited does not have any material interests in entities which are not controlled entities.

6.0 Issued and quoted securities at end of the half-year

6.1 Ordinary Shares

Opening balance 1 April 2012	530,053,399
Issued during the year	12,558,837
Closing balance 31 March 2013	542,612,236

6.2 Share Options

Financial Year of Issue	2008	2009	2010	2011	2012	2013	Total
Opening balance at 1 April 2012	3,442,700	3,608,800	3,736,300	4,547,500	4,893,950	-	20,229,250
Granted during the year	-	-	-	-	-	3,816,650	3,816,650
Lapsed during the year	3,442,700	115,400	135,700	192,050	193,000	121,000	4,199,850
Exercised/cancelled during the year	-	-	-	-	-	-	-
Closing balance at 31 March 2013	-	3,493,400	3,600,600	4,355,450	4,700,950	3,695,650	19,846,050

2008 issue	- expiry date December 2012
	- exercise prices of $3.71, $3.95 and $4.19
2009 issue	- expiry date September 2013
	- exercise prices of $3.48, $3.68 and $3.88
2010 issue	- expiry date September 2014
	- exercise prices of $3.68 and $3.88, final exercise price based on cost of capital calculation
2011 issue	- expiry date September 2015
	- exercise price of $3.21, further exercise prices based on cost of capital calculation
2012 issue	- expiry date September 2016
	- exercise price various based on cost of capital calculation
2013 issue	- expiry date August 2017
	- exercise price of $2.06

6.3 Performance Share Rights

Financial Year of Issue	2013	Total
Opening balance at 1 April 2012	-	-
Granted during the year	623,840	623,840
Lapsed during the year	23,600	23,600
Exercised during the year	-	-
Closing balance at 31 March 2013	600,240	600,240

Directors' Details

The directors of Fisher & Paykel Healthcare Corporation Limited at all times during or since the end of the financial year are as follows:

Antony John Carter	Chairman, Non-Executive, Independent
Michael Grenfell Daniell	Managing Director and Chief Executive Officer
Dr Nigel Thomas Evans	Non-Executive, Independent
George Roger Wayne France	Non-Executive, Independent
William Lindsay Gillanders	Non-Executive, Independent
Dr Arthur James Morris	Non-Executive, Independent
Donal Paul O'Dwyer	Non-Executive, Independent
Gary Albert Paykel	Non-Executive, Independent

During the twelve months to 31 March 2013:

- At the Annual Meeting of Shareholders on 22 August 2012 Messrs France and Morris retired by rotation in accordance with the Company's constitution, and were re-elected to the Board.
- At the Annual Meeting of Shareholders held on 22 August 2012 Mr Daniell was re-appointed as Managing Director.
- At the Board meeting held on 25 October 2012 Mr O'Dwyer was appointed to the Board in accordance with the Company's constitution with effect from 1 December 2012.