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FISHER & PAYKEL APPLIANCES ACQUIRES DYNAMIC COOKING SYSTEMS

October 11, 2004

HUNTINGTON BEACH, CA – Fisher & Paykel Appliances Holdings Limited (“FPA”) today announces the acquisition of Dynamic Cooking Systems, Inc. (“DCS”), a leading US manufacturer and distributor of premium cooking appliances.

John Bongard, Managing Director and CEO, Fisher & Paykel Appliances Holdings Limited said, “DCS is considered one of the leading brands of high-end indoor and outdoor cooking appliances in the United States. The DCS products are an excellent fit with our own dedicated US range of laundry and kitchen products, and will provide us with a comprehensive suite of premium appliances for the US market.”

“Fisher & Paykel Appliances has, for some time, been focused on growing its sales in key international markets, in particular the United States which is the largest appliances market in the world,” said John. “The acquisition of DCS will allow us to build on our existing US sales and distribution infrastructure with a completely new cooking range which is complementary to our existing range of premium products. Furthermore, the acquisition will establish a manufacturing base in the United States for us. Over time, there is the potential to expand the DCS facilities to manufacture other products for the US. This acquisition clearly demonstrates our long-term commitment to the US market, and we expect this will increase Fisher & Paykel’s profile and brand value in this core market”.

DCS has been acquired from a private equity investor and the original founders of the business. In addition to the purchase price of US\$33 million (NZ\$49.3 million) FPA anticipates investing a further US\$9.7 million (NZ\$14.5 million) in new manufacturing plant and equipment and US\$12 million (NZ\$17.9 million) in working capital for DCS through to December 2005. DCS is being acquired on a debt free basis.

Dynamic Cooking Systems Inc. commenced operations in 1987 manufacturing cooking appliances under an Original Equipment Manufacturing (OEM) arrangement, initially for Thermador. In 1991, DCS began manufacturing ultra premium outdoor cooking appliances, primarily outdoor grills (barbeques), where it retains a leading market position in the United States. The company expanded into high-end, commercial style indoor ranges, cooktops and ovens through the 1990s. DCS now manufactures OEM products for General Electric and Maytag, two of the largest appliances companies in the world.

DCS products are now widely regarded to be among the best performing professional cooking equipment in the US market place. The company has a strong reputation for product innovation and evolution of the high-end cooking market and has recently won two prestigious Kitchen and Bath Innovator Awards.

DCS products are manufactured at its factory in Huntington Beach, Los Angeles, which was purpose built for the company in 1998. The factory is located close to FPA’s main US sales and distribution facilities in Irvine, California.

DCS products are sold, directly or via distributors, to approximately 1,200 retail dealers in the United States. Many of these dealers also stock the Fisher & Paykel range of kitchen and laundry products.

The company has achieved strong sales growth since establishment. For the year to 31 December 2003, DCS achieved sales of US\$102.9 million (NZ\$153.6 million) and for the eight months to 31 August 2004 sales were US\$75.8 million (NZ\$113.1 million). This sales growth has been achieved despite a lack of investment in new

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manufacturing equipment and processes, minimal marketing spend and management changes over recent years, all of which have impacted earnings. This led to a restructuring of the business that gave rise to the opportunity for FPA to make this acquisition.

John Bongard said that DCS was an ideal strategic opportunity for FPA. The acquisition is in the core appliances sector and in a market that FPA is very familiar with through its existing US business. "DCS will provide us with a new strategic platform to significantly expand and enhance the Company's product range and sales profile in the United States".

Since 1999, FPA has steadily grown its product range and sales in the US with unit volume growth of more than 44 per cent per annum over that period. For the year to 31 March 2004, FPA's US dollar sales were US\$85 million (NZ\$140 million) which comprised approximately 16% of FPA's total Appliances sales. The US product range now includes DishDrawer Dishwashers, Smart Drive clothes washers, the Titan cooking products (wall ovens and gas and electric cooktops), Active Smart refrigerators and SmartLoad Clothes Dryers.

For the six months to 30 September 2004, FPA continued to achieve record sales in the US with volumes at 97,600 units, an increase of 35.5 per cent over the corresponding six months in 2003. Dollar sales for this period were US\$54.3 million (NZ\$84.8 million), an increase of 36.4 per cent. As a result of changes in distribution and initial costs associated with integrating DCS with FPA's operations in the US, it is expected that FPA's net profit after tax for the year to 31 March 2005 will be reduced by approximately US\$1.3 million (NZ\$1.9 million). However, the acquisition is expected to contribute US\$3.3 million (NZ\$4.9 million) to net profit before taxation in the calendar year to 31 December 2005. This corresponds to an EBIT of US\$7.7 million (NZ\$11.5 million).

"Importantly, the acquisition meets all of our threshold criteria. Its long-term strategic value to FPA is considered significant," John Bongard said.

FPA will immediately relocate key people experienced in manufacturing and operations to lead the integration of the businesses. The Company expects to achieve synergies from acquiring DCS through streamlining distribution arrangements, improving manufacturing equipment and processes and implementing new marketing initiatives. In addition, the acquisition will almost double FPA's sales revenue in the US, making it the company's second largest market after Australia. "This will provide additional geographical diversification for us, balancing our exposure to the Australian and New Zealand markets", said John Bongard.

Funding for the acquisition will be sourced from FPA's debt facilities

The total acquisition price and cost of new investment is expected to amount to NZ\$83.3 million, taking FPA's net debt to approximately NZ\$145 million thereby increasing gearing to approximately 22 per cent. The Directors believe that the DCS acquisition is an excellent investment and will provide better returns to shareholders, in the medium term, than the previously announced on market share buy-back. For this reason the Directors have decided not to proceed with the share buy-back of up to NZ\$85 million.

The Company has completed detailed due diligence on DCS. UBS advised FPA in connection with the acquisition and KPMG and Munger, Tolles & Olsen LLP provided accounting and tax advice and US legal advice, respectively.

About Fisher & Paykel Appliances

Fisher & Paykel is a global company best known for its innovative DishDrawer® dishwasher. Fisher & Paykel Appliances designs, manufactures and markets a range of innovative household appliances developed with a commitment to technology, design, user friendliness and environmental awareness.

DCS by Fisher & Paykel products are widely regarded to be among the best performing professional cooking equipment in the U.S. market place. The brand has a strong reputation for product innovation and evolution of the high-end cooking market.

Fisher & Paykel Appliances has manufacturing sites located in Auckland and Dunedin, New Zealand; Cleveland, Australia; Huntington Beach, California and Clyde, Ohio, USA; and Treviso, Italy.

Fisher & Paykel and DCS products are sold, directly or via distributors, to approximately 4,500 dealers in the United States. Further details on Fisher & Paykel Appliances and DCS Appliances are available on their Web sites:

www.fisherpaykel.com
www.dcsappliances.com

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