



Delivering the Promise

Preliminary Final Report 2011



Preliminary Final Report 2011

Review of Operations

- Revenue up 60% to \$466.6m
- EBITDA up 32% to \$89.5m
- EBIT up 37% to \$75.4m
- OPAT up 33% to \$51.2m
- EPS up 24% to 90.0 cents
- Return on equity of 25%
- Net debt of \$3.3m at 30 June 2011

BRB Modular was acquired on 10 August 2010. During the year it contributed \$118.8m of revenue and \$11.3m of EBIT.

Fleetwood has recorded another record result in 2011. Operating profit after tax was \$51.2 million compared with \$38.7 million in 2010.

Revenue in 2011 increased significantly, and included a part year contribution from BRB Modular, as well as increased sales of accommodation units and caravans.

The result for Searipple Village in Karratha was marginally higher than the previous year.

The higher proportion of revenue derived from manufacturing activity resulted in the group's EBIT margin reducing from 18.9% in 2010 to 16.2% in 2011.

Cash flow from operations for the year was \$51.8m. Working capital at 30 June 2011 was \$66.4m, which includes \$24m for a completed accommodation project.

Operationally, in addition to integrating BRB Modular into the group, Fleetwood invested in its people including some key management appointments, and expanded its business processes to more effectively serve the larger organisation.

Dividends

A fully franked final dividend of 41 cents per share will be paid on 30 September 2011, resulting in a total dividend payment of 73 cents per share for the 2011 financial year. This represents a 7% increase on the 2010 financial year.

The Dividend Reinvestment Plan will be available for the final dividend at a re-investment discount of 2.5%.

Manufactured Accommodation

\$ million	2011	2010	% Chg
Revenue	292.2	136.3	114.4%
EBIT	61.2	41.3	48.2%
EBIT Margin	20.9%	30.3%	

Manufacturing activity for the resources sector increased during the year. A third production line for accommodation units was commissioned in Perth, and Fleetwood completed a 186 room village in Karratha using product sourced from the company's supplier in Thailand.

The results for BRB Modular were in line with expectations. The integration of BRB Modular into the group progressed as planned and good progress was made to introduce BRB products on the West Coast and Fleetwood products on the East Coast. This involved relocating BRB Modular's operations in Brisbane to a larger facility and installing a production line for accommodation units for the resource sector.

Recreational Vehicles

\$ million	2011	2010	% Chg
Revenue	173.8	154.7	12.3%
EBIT	18.1	15.5	16.8%
EBIT Margin	10.4%	10.1%	

The Recreational Vehicles division experienced a rapid recovery in trading conditions following the global financial crisis.

Caravan production was higher than in the previous year. The branch and dealer networks were strengthened and improvements were implemented to both product design and process technology.

The division continues to have a healthy order book for caravans.

Outlook

Fleetwood is well positioned in sectors that are expected to exhibit strong growth.

The level of tender activity for resource projects continues to increase and Fleetwood is involved in a number of large tenders.

The results for Searipple Village are affected by resource project activity around Karratha. High levels of occupancy are expected for the first half of 2012, after which occupancy may soften to an extent before firming again to meet the expected start up of a number of major new construction projects in the region.

As anticipated, the Government's Building the Education Revolution program is winding down and BRB Modular is supplementing the lower level of new classroom production with alternative products for public sector clients.

Revenues and earnings for the RV division are expected to grow. However, as with park and transportable homes, results will be affected by business and consumer sentiment.

Fleetwood looks for other avenues in which to grow, including acquisitions and the development and ownership of accommodation assets.



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Fleetwood Corporation Limited
ABN 69 009 205 261

Preliminary Final Report
Year ended 30 June 2011

Results for Announcement to the Market

	Change		Amount \$'000
Revenue from ordinary activities	Up 60%	to	466,624
Profit from ordinary activities after tax attributable to members	Up 33%	to	51,250
Net profit attributable to members of Fleetwood Corporation Limited	Up 33%	to	51,250

Dividends	Amount per security	Franked %	
Final dividend	41 ¢	100%	
Interim dividend	32 ¢	100%	
Total dividend for period	<table border="1"><tr><td>73 ¢</td></tr></table>	73 ¢	
73 ¢			

Dividend Reinvestment Plan

The company's dividend reinvestment plan will be available for the final dividend. The plan offers a 2.5% reinvestment discount. The last date for receipt of an election notice for participation in the plan is 2 September 2011.

Record date for determining entitlements to the final dividend

2 September 2011

Date the final dividend is payable

30 September 2011

For further information contact:
Bradley Denison
Chief Financial Officer
08-9323 3300

Fleetwood Corporation Limited
Consolidated Statement of Comprehensive Income
Year ended 30 June 2011



	Note	2011 \$ '000	2010 \$ '000
Revenue	2	466,624	291,339
Materials used		(185,074)	(122,413)
Sub-contract costs		(71,311)	(21,583)
Employee benefits expense		(75,756)	(49,732)
Operating leases		(11,058)	(6,741)
Other expenses		(33,967)	(23,088)
Profit before interest, tax, depreciation and amortisation (EBITDA)		89,458	67,782
Depreciation and amortisation expense	3	(14,049)	(12,797)
Profit before interest and tax (EBIT)		75,409	54,985
Finance costs	3	(1,811)	(496)
Profit before income tax expense		73,598	54,489
Income tax expense		(22,348)	(15,830)
Profit attributable to members of the parent entity		51,250	38,659
Other comprehensive income			
Net exchange difference relating to foreign controlled entities		(352)	89
Total comprehensive income attributable to members of the parent entity (net of tax)		50,898	38,748
Earnings per share			
Basic (cents per share)	10	90.0	72.6
Diluted (cents per share)	10	88.6	71.5

Fleetwood Corporation Limited
Consolidated Statement of Financial Position
As at 30 June 2011



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	Note	2011 \$ '000	2010 \$ '000
Current assets			
Cash and cash equivalents		17,985	15,599
Trade and other receivables		74,730	40,489
Inventories		45,559	37,485
Other financial assets		5,302	202
Total current assets		143,576	93,775
Non-current assets			
Trade and other receivables		25	30
Property, plant and equipment		93,958	84,405
Intangible assets		2,390	2,743
Goodwill	7	64,435	28,311
Deferred tax assets		3,093	1,237
Total non-current assets		163,901	116,726
Total assets		307,477	210,501
Current liabilities			
Trade and other payables		66,641	40,728
Interest bearing liabilities		398	-
Current tax liabilities		5,766	7,279
Provisions		4,336	2,918
Total current liabilities		77,141	50,925
Non-current liabilities			
Interest bearing liabilities		20,890	-
Provisions		3,217	2,703
Total non-current liabilities		24,107	2,703
Total liabilities		101,248	53,628
Net assets		206,229	156,873
Equity			
Issued capital		164,448	125,780
Reserves		(1,001)	(447)
Retained earnings	5	42,782	31,540
Total equity		206,229	156,873

Fleetwood Corporation Limited
Consolidated Statement of Changes in Equity
Year ended 30 June 2011



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	Issued capital \$ '000	Cash flow hedging reserve \$ '000	Foreign currency translation reserve \$ '000	Retained earnings \$ '000	Total \$ '000
Balance at 1 July 2009	114,637	-	(737)	27,849	141,749
Profit for the period	-	-	-	38,659	38,659
Exchange differences arising on translation of foreign operations	-	-	89	-	89
Total comprehensive income for the period	-	-	89	38,659	38,748
Gain on cash flow hedges	-	202	-	-	202
Dividends paid to equity holders	8,419	-	-	(34,968)	(26,549)
Share-based payments	917	-	-	-	917
Shares issued pursuant to employee and executive option plans	1,807	-	-	-	1,807
Balance at 30 June 2010	125,780	202	(649)	31,540	156,873
Balance at 1 July 2010	125,780	202	(649)	31,540	156,873
Profit for the period	-	-	-	51,250	51,250
Exchange differences arising on translation of foreign operations	-	-	(352)	-	(352)
Total comprehensive income for the period	-	-	(352)	51,250	50,898
Settlement of cash flow hedges	-	(202)	-	-	(202)
Dividends paid to equity holders	7,146	-	-	(40,008)	(32,862)
Share-based payments	1,880	-	-	-	1,880
Shares issued pursuant to employee and executive option plans	4,817	-	-	-	4,817
Shares issued as consideration for business combination	24,825	-	-	-	24,825
Balance at 30 June 2011	164,448	-	(1,001)	42,782	206,229

Fleetwood Corporation Limited
Consolidated Statement of Cash Flows
Year ended 30 June 2011



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	Note	2011 \$ '000	2010 \$ '000
Cash flows from operating activities			
Receipts in the course of operations		490,248	318,443
Payments in the course of operations		(414,979)	(248,771)
Interest received		820	253
Income taxes paid		(22,443)	(14,612)
Finance costs paid		(1,811)	(496)
Net cash provided by operating activities	6	51,835	54,817
Cash flows from investing activities			
Acquisition of property, plant and equipment		(20,782)	(10,787)
Proceeds from sale of non-current assets		743	132
Payment for acquisition of subsidiary		(19,805)	-
Payment for intangible assets		(480)	(851)
Net cash used in investing activities		(40,324)	(11,506)
Cash flows from financing activities			
Proceeds from issue of shares		4,817	1,807
Proceeds from borrowings		40,611	6,000
Repayment of borrowings		(21,500)	(15,000)
Dividends paid		(32,861)	(26,550)
Net cash used in financing activities		(8,933)	(33,743)
Net increase in cash and cash equivalents held		2,578	9,569
Cash and cash equivalents at the beginning of the financial year		15,599	6,018
Effects of exchange rate changes on the balance of cash held in foreign currencies.		(191)	12
Cash and cash equivalents at the end of the financial year		17,985	15,599

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2011



1. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporation Act 2001, Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards "A-IFRS". Compliance with A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards "IFRS".

Basis of preparation

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or current valuations of non-current assets. Accounting policies have been consistently applied and except where there are changes in accounting policy, are consistent with those of the previous year.

	2011 \$ '000	2010 \$ '000
2. Revenue		
Sales revenue		
Goods	208,082	175,721
Construction	171,804	39,019
Rental	85,943	76,351
	465,829	291,091
Other income		
Interest	820	253
Loss on sale of non-current assets	(25)	(5)
	795	248
	466,624	291,339

3. Profit from ordinary activities before income tax expense

Profit from ordinary activities before income tax expense has been arrived at after charging the following items:

Cost of sales	319,181	192,349
Depreciation and amortisation of:		
buildings	69	69
leasehold improvements	4,595	4,435
plant and equipment	8,577	6,942
product development	808	1,351
	14,048	12,797
Finance costs:		
finance costs - bank loans and overdraft	1,705	496
finance charges on hire purchases	106	-
	1,811	496
Net bad and doubtful debts	67	85
Research and development costs	73	98
Superannuation expense	5,264	3,623
Equity settled share-based payments	1,880	917

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2011



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2011 2010
 \$ '000 \$ '000

4. Commentary on the results

The commentary on the results for the period is contained in the review accompanying this statement.

5. Retained earnings

Retained earnings at the beginning of the year	31,540	27,849
Net profit attributable to members of the parent entity	51,250	38,659
Dividends paid	(40,008)	(34,968)
Retained earnings at the end of the year	<u>42,782</u>	<u>31,540</u>

6. Notes to the cash flow statement

Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

Operating profit after income tax	51,250	38,659
Less items classified as investing activities:		
Loss on sale of non-current assets	25	5
Add non-cash items:		
Equity settled share-based payments	1,880	917
Depreciation and amortisation expense	14,049	12,797
Written down value of rental fleet sold	4,801	1,855
Changes in assets and liabilities during the year:		
(Increase) decrease in inventories	9,410	(1,927)
(Increase) decrease in trade and other receivables	(21,048)	(3,936)
(Increase) decrease in other financial assets	(5,302)	-
Increase (decrease) in trade and other payables	(2,004)	4,656
Increase (decrease) in provisions	(1,131)	572
Increase (decrease) in income taxes payable	275	2,048
Decrease in deferred taxes payable	(370)	(829)
Net cash provided by operating activities	<u>51,835</u>	<u>54,817</u>

Non-cash financing and investing activities

During the year dividends of \$7,145,923 (2010: \$8,418,361) were reinvested as 681,748 (2010: 1,106,173) fully paid ordinary shares in the Company.

7. Goodwill

Goodwill	<u>64,435</u>	<u>28,311</u>
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Reconciliation of the carrying amount of Goodwill is set out below:

Carrying amount at beginning of year	28,311	28,311
Additional amounts recognised from business combination occurring during the period	36,124	-
	<u>64,435</u>	<u>28,311</u>

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2011



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2011	2010
\$ '000	\$ '000

8. Financing arrangements

The economic entity has access to the following lines of credit:

Multi Option Facility	40,000	40,000
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Under the terms of Multi Option Facility, the economic entity is allowed to draw on any mix of commercial bill, bank guarantee, standby letter of credit or overdraft facilities.

Facilities utilised:

Bank loans	20,000	-
Bank guarantees	6,073	1,256
	26,073	1,256

Facilities not utilised	13,927	38,744
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Hire purchase liabilities	1,288	-
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9. Dividends

	Date Paid	Cents Per Security		
Interim 2011	31/03/2011	32	18,418	-
Final 2010	30/09/2010	38	21,590	-
Interim 2010	31/03/2010	30	-	16,027
Final 2009	30/09/2009	36	-	18,941
			40,008	34,968

The final dividend in respect of ordinary shares for the year ended 30 June 2011 has not been recognised in the financial statements because the dividend was not declared, determined or publicly recommended as at 30 June 2011.

10. Earnings per share

Earnings	51,250	38,659
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	Weighted average number of shares used	
Basic	56,923,609	53,257,708
Number of shares deemed to be issued for no consideration in respect of employee and executive options	939,479	813,173
Diluted	57,863,088	54,070,881

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2011



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2011 2010

11. Net tangible assets per security

Net tangible assets per security	\$3.52	\$2.86
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12. Segment information

The following is an analysis of the Group's revenue and results by reportable operating segment:

	Segment Revenue		Segment Depreciation and Amortisation		Segment Result (EBIT)	
	2011 \$ '000	2010 \$ '000	2011 \$ '000	2010 \$ '000	2011 \$ '000	2010 \$ '000
Recreational Vehicles	173,822	154,692	2,735	3,287	18,088	15,505
Manufactured Accommodation	292,180	136,302	11,078	9,254	61,202	41,257
Corporate and other overheads	622	345	236	256	(3,881)	(1,777)
	466,624	291,339	14,049	12,797	75,409	54,985
Finance costs					(1,811)	(496)
Profit before income tax expense					73,598	54,489
Income tax expense					(22,348)	(15,830)
Profit attributable to members of the parent entity					51,250	38,659

Segment result represents the earnings before interest and tax of each segment without the allocation of corporate and other overheads. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	Segment Assets		Acquisitions of Non-Current Assets		Segment Liabilities	
	2011 \$ '000	2010 \$ '000	2011 \$ '000	2010 \$ '000	2011 \$ '000	2010 \$ '000
Recreational Vehicles	97,186	93,288	3,413	2,290	23,347	23,610
Manufactured Accommodation*	185,091	93,455	17,956	10,041	50,101	20,847
Unallocated	25,200	23,758	111	18	27,800	9,171
	307,477	210,501	21,480	12,349	101,248	53,628

*Acquisition of non-current assets excludes assets acquired as part of the business combination.

13. Information on audit

This preliminary final report is based on accounts that are in the process of being audited.

14. Comparatives

Comparative information shown is for the year ended 30 June 2010.

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2011



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15. Business combination

Fleetwood Corporation Ltd (Fleetwood) entered into an agreement to purchase all of the issued capital of BRB Modular Pty Ltd (BRB) on 10 August 2010.

The fair value of the identifiable assets and liabilities of BRB at the date of acquisition, the total cost of the acquisition and the cash flow at acquisition were as follows:

	Carrying Value \$ '000	Fair Value Recognised \$ '000
Cash and cash equivalents	11,716	11,716
Trade and other receivables	11,538	11,306
Inventories	18,470	17,930
Prepayments	674	674
Property, plant and equipment	7,925	7,593
Current tax assets	1,788	1,788
Deferred tax assets	1,300	1,576
Total assets	53,411	52,583
Trade and other payables	14,266	15,016
Unearned revenue	12,214	12,214
Provisions	2,416	3,250
Finance lease liabilities	2,178	2,178
Deferred tax liabilities	-	(97)
Total liabilities	31,074	32,561
Fair value of identifiable net assets acquired	22,337	20,022
Book value of net assets (including working capital and plant and equipment)		20,022
Goodwill		36,124
		56,146

The receivables acquired, which principally comprised trade receivables, had gross contractual amounts receivable of \$11,538,000. The best estimate, at acquisition date, of the contractual cash flows not expected to be collected was \$232,000.

Cost of the combination:

Fair value of shares issued	24,825
Cash paid	31,321
Direct costs relating to the acquisition (recorded in the income statement)	200
Total cost of the combination	56,346

The cash outflow on acquisition is as follows:

Net cash acquired with the subsidiary	11,716
Direct costs relating to the acquisition	(200)
Cash paid	(31,321)
Net consolidated cash outflow	(19,805)

The acquired business contributed revenues of \$118,835,312 and net profit after tax of \$7,887,514 (excluding incremental interest) to the Group for the period 10 August 2010 to 30 June 2011. Had BRB been acquired at 1 July 2010, the revenue for the group would have been \$479,647,855, and the profit attributable to members of the parent entity would have been \$52,113,807. The directors have determined these 'pro-forma' numbers to represent an approximate measure of the performance of the group on an annualised basis.

In determining the 'pro-forma' revenue and profit of the group had BRB been acquired at 1 July 2010, the directors have extrapolated the revenue and earnings for BRB for the period from acquisition date to 30 June 2011 over a 12 month period, and added them to the revenues and profits of the remainder of the group for the year.