Annual Report 2011

Fleetwood
CORPORATION

Delivering the Promise

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Delivering the Promise

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DIRECTORS
Michael Hardy

Greg Tate

Stephen Gill

Peter Gunzburg

CHIEF EXECUTIVE OFFICER
Stephen Price

COMPANY SECRETARY
Bradley Denison

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Delivering the Promise

OUR PURPOSE
"To provide an optimal return to our shareholders by satisfying the needs of our clients".

OUR PHILOSOPHY
We shall at all times:

Hold ourselves committed and accountable for "Delivering the Promise".

Have as our driving force the achievement of client satisfaction.

Offer and provide genuine value for money.

Acknowledge the loyalty of our clients, shareowners, and suppliers.

Recognise and reward the creativity and dedication of our people.

Provide a safe and fulfilling work environment.

CLIENTS' RIGHTS
All Fleetwood clients have the right to:

Feel privileged by the respect extended to them by Fleetwood people.

Be dealt with in an honest, concerned and professional manner.

Have all agreements fulfilled and honoured.

Receive immediate action from Fleetwood people.

OUR BELIEFS
We live by the beliefs that we:

Want to do business.

Will act with honesty and integrity.

Must seek out and conclude agreements in which each party "wins".

Expect all parties to adhere to the terms of our agreements.

Can be proud of our Company and our achievements.

SERVICE STANDARDS
Our service ideals require Fleetwood people to:

Extend and stretch themselves in servicing clients.

Acknowledge a person upon arrival at Fleetwood.

Accompany and introduce clients seeking a specific Fleetwood person.

Answer the phone with their name and division before four rings.

Respond within 24 hours to all messages.

Ask questions and seek creative solutions.

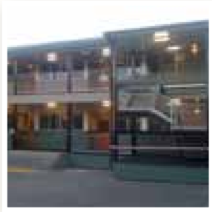
Avoid saying "No, I'm sorry we can't help you".

Manufactured Accommodation

Fleetwood


Headquartered in Perth with operations in WA, NT and SA. Manufactured accommodation solution provider to the retirement, recreation and resource sectors.

brb MODULAR

Leading manufactured accommodation solution provider to the public sector markets on the east coast, and supplier to the Queensland resource sector. Headquartered in Melbourne with operations in Victoria and Queensland.

Recreational Vehicles

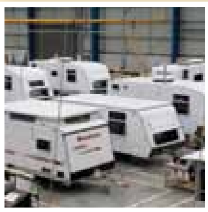
CAMEC® GO FURTHER


Manufacturer and retailer of componentry and accessories to the caravan industry in Australasia. Headquartered in Melbourne with operations in Sydney, Brisbane, Perth and Auckland.

COROMAL CARAVANS


Largest caravan manufacturer in Western Australia. Distributing caravans, campers and poptops through a national dealer network.

Windsor CARAVANS

Caravan manufacturer headquartered in Melbourne. Distributing caravans, campers and poptops through a national dealer network.

FLEXIGLASS


Largest fibreglass canopy manufacturer and retailer in Australia. Headquartered in Perth with branches, dealers and agents across the Australian mainland.

Five Year Summary

$ million (unless stated)	2011	2010	2009	2008	2007
Revenue	**466.6**	291.3	355.3	344.5	314.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**89.5**	67.8	64.7	62.5	49.0
EBITDA margin	**19.2%**	23.3%	18.2%	18.1%	15.6%
Depreciation and amortisation	**14.0**	12.8	12.2	11.3	8.7
Earnings before interest and tax (EBIT)	**75.4**	55.0	52.5	51.1	40.4
EBIT margin	**16.2%**	18.9%	14.8%	14.8%	13.0%
Finance costs	**1.8**	0.5	1.9	2.0	2.2
Income tax expense	**22.3**	15.8	15.0	14.9	11.6
Operating profit after tax	**51.3**	38.7	35.6	34.2	26.6
Interest cover (times)	**41.6**	110.9	28.0	25.2	18.6
Earnings per share (cents)	**90.0**	72.6	68.7	68.4	54.1
Dividends per share (cents)	**73.0**	68.0	66.0	65.0	63.0
Assets	**307.5**	210.5	197.2	216.8	201.9
Debt	**21.3**	-	9.0	24.0	28.0
Shareholders funds	**206.2**	156.9	141.7	130.9	119.6
Debt / Shareholders funds %	**10%**	-	6%	18%	23%
Cash flows from operations	**51.8**	54.8	54.0	60.0	40.3
Number of shares on issue (million)	**57.8**	54.0	52.6	51.2	50.0

Board of Directors & Executive Officers

1 MICHAEL HARDY

Chairman
Non-Executive Director

Barrister & Solicitor
B Juris LLB BA

Age 58 lives in Perth

Appointed to the board in 2005.

Michael was a partner of Clayton Utz (formerly Robinson Cox) from 1983 to 2002 before establishing the firm Hardy Bowen.

2 GREG TATE

Non-Executive Director

Chartered Accountant
Bachelor of Commerce

Age 58 lives in Perth

Greg was appointed a non-executive director during listing of the company in 1987 and became managing director in 1990. He relinquished this role to become executive director of operations in 2007. Greg retired from his executive position in December 2010.

Prior to joining Fleetwood he founded a chartered accountancy practice after being employed in Australia and the USA by an international accounting organisation.

3 STEPHEN GILL

Non-Executive Director

Age 59 lives in Perth

Steve became a non-executive director in 2006. He was appointed as an executive director in 1990 and prior to this was employed by Fleetwood in senior sales and management roles.

4 PETER GUNZBURG

Non-Executive Director

Bachelor of Commerce

Age 59 lives in Perth

Appointed to the board in 2002. Peter has over 20 years experience as a stockbroker. He has a Commerce Degree from the University of Western Australia and has previously been a director of Resolute Limited, the Australian Stock Exchange Limited, Eyres Reed Limited and CIBC World Markets Australia Limited, Strike Oil Limited and Matra Petroleum Plc.

He is currently executive chairman of Eurogold Ltd (director since 2001) and Brinkley Mining Plc (director since 2009), a director of PieNetworks Ltd (since 2002) and Dragon Mining Ltd (since 2010).

5 STEPHEN PRICE

Chief Executive Officer

Master of Business Administration

Age 47 lives in Perth

Stephen was appointed chief executive officer in 2010. Prior to joining Fleetwood, Stephen was employed in the Wesfarmers group for 12 years initially in business development then as director and general manager of two operating companies owned by that group.

6 BRADLEY DENISON

Chief Financial Officer
Company Secretary

Certified Practising Accountant
Bachelor of Commerce

Age 39 lives in Perth

Brad is chief financial officer for the group and was appointed company secretary in 2004. He has been employed by the company in senior finance roles since 1997. Prior to joining Fleetwood, Brad was employed by Cockburn Corporation Ltd as group accountant.

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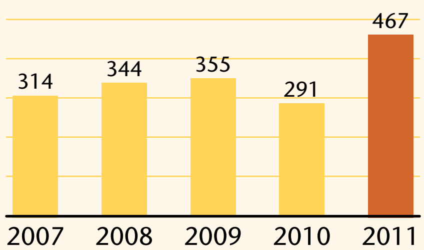
CEO Review

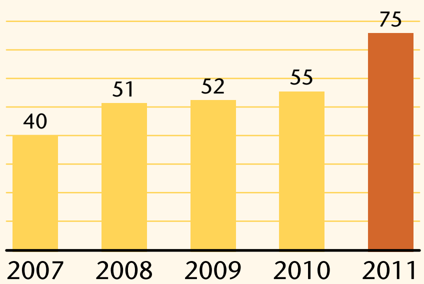
REVIEW OF OPERATIONS

- 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

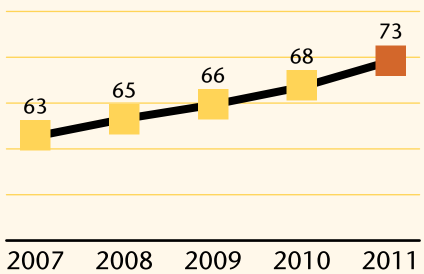
Revenue ($ million)



EBIT ($ million)



Dividend History (cents)



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, including $24m for a completed accommodation project which was received in August 2011.

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.

PEOPLE

The performance of Fleetwood is determined by the talents and commitment of its people. 2011 saw a step change in business activity across the Fleetwood group, producing significant increases in revenue and profit. On behalf of the directors, I sincerely thank the people who work for Fleetwood for achieving this record result. Well done.

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.

Financial Report 2011

Statement of comprehensive income

Fleetwood Corporation Limited

Year ended 30 June 2011

	Note	**2011 $ '000**	2010 $ '000
Sales revenue	2	**465,829**	291,091
Other income	2	**795**	248
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	4	**(22,348)**	(15,830)
Profit attributable to members of the parent entity	23	**51,250**	38,659
Other comprehensive income			
Net exchange difference relating to foreign controlled entities	22	**(352)**	89
Total comprehensive income attributable to members of the parent entity (net of tax)		**50,898**	38,748
Earnings per share			
Basic earnings per share (cents)	7	**90.0**	72.6
Diluted earnings per share (cents)	7	**88.6**	71.5

To be read in conjunction with the accompanying notes.

Statement of financial position

Fleetwood Corporation Limited

As at 30 June 2011

	Note	2011 $ '000	2010 $ '000
Current assets			
Cash and cash equivalents	8	**17,985**	15,599
Trade and other receivables	9	**74,730**	40,489
Inventories	10	**45,559**	37,485
Other financial assets	14	**5,302**	202
Total current assets		**143,576**	93,775
Non-current assets			
Trade and other receivables	9	**25**	30
Property, plant and equipment	11	**93,958**	84,405
Goodwill	12	**64,435**	28,311
Intangible assets	13	**2,390**	2,743
Deferred tax assets	4	**3,093**	1,237
Total non-current assets		**163,901**	116,726
Total assets		**307,477**	210,501
Current liabilities			
Trade and other payables	15	**66,641**	40,728
Interest bearing liabilities	17	**398**	-
Tax liabilities		**5,766**	7,279
Provisions	16	**4,336**	2,918
Total current liabilities		**77,141**	50,925
Non-current liabilities			
Interest bearing liabilities	17	**20,890**	-
Provisions	16	**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	21	**164,448**	125,780
Reserves	22	**(1,001)**	(447)
Retained earnings	23	**42,782**	31,540
Total equity		**206,229**	156,873

To be read in conjunction with the accompanying notes.

Statement of changes in equity

Fleetwood Corporation Limited
Year ended 30 June 2011

	Note	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	22	-	-	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	6, 21, 23	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	21, 22, 23	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	22	-	-	(352)	-	(352)
Total comprehensive income for the period		-	-	(352)	51,250	50,898
Settlement of cash flow hedges	22	-	(202)	-	-	(202)
Dividends paid to equity holders	6, 21, 23	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	21, 22, 23	**164,448**	**-**	**(1,001)**	**42,782**	**206,229**

To be read in conjunction with the accompanying notes.

Statement of cash flows

Fleetwood Corporation Limited
Year ended 30 June 2011

	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	27.1	**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	31	**(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	21	**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		**2,576**	9,569
Cash and cash equivalents at the beginning of the financial year		**15,599**	6,018
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(190)**	12
Cash and cash equivalents at the end of the financial year	8	**17,985**	15,599

To be read in conjunction with the accompanying notes.

1 Statement of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

1.1 Statement of compliance

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

The following new and revised standards and interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvement Process'.
- AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions'.
- AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues'.
- AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Program'.
- Interpretation 19 'Extinguishing Liabilities with Equity Instruments'.

In addition, at the date of authorisation of the financial statements, a number of standards and interpretations were in issue but not yet effective.

The financial statements were authorised for issue by the directors on 19 September 2011.

1.2 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.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

1.3 Principles of consolidation

The financial statements of subsidiaries are included from the date control commences until the date control ceases. Unrealised gains and losses, inter-entity balances and transactions between subsidiaries are eliminated on consolidation.

1.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity instruments issued by the Company in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities or assets related to employment benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively.

Business combinations that took place prior to 1 July 2009 were accounted for in accordance with the previous version of AASB 3.

1.5 Revenue recognition

Revenue is recognised at the fair value of consideration received net of goods and services tax (GST).

Sale of goods
Revenue from the sale of goods is recognised when the company has passed control of the goods to the buyer.

Construction contracts
When the stage of contract completion can be reliably measured, revenue is recognised in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. Where the outcome of a contract cannot be reliably estimated, contract costs are immediately recognised as an expense. Where it is probable costs will not be recovered, revenue is only recognised to the extent costs are recoverable. An expected loss is recognised immediately as an expense.

Rental
Rental income is recognised on a straight line basis over the term of the relevant rental contract.

Interest
Interest revenue is recognised on an accrual basis, taking into account the effective yield on the financial asset.

Sale of non-current assets
Gains or losses on sale of non-current assets are included as income or expenses at the date the significant risks and rewards of the asset pass to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Dividends
Dividends and distributions from subsidiaries are recognised by the parent entity when they are declared by the subsidiaries. Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised as revenue.

1.6 Foreign currency

Transactions
Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rate of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of comprehensive income in the financial year in which the exchange rates change.

Translation of controlled foreign operations
The assets and liabilities of foreign operations, including subsidiaries are translated at the rates of exchange ruling at balance date. Equity items are translated at historical rates. Exchange differences arising from translation are taken directly to the foreign currency reserve until disposal or partial disposal of the operations.

1.7 Goods and services tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1.8 Taxation

Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid or refundable.

Deferred tax
Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that a sufficient taxable amount will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets and the liabilities giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

1.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in fair value and have a maturity of three months or less at the date of acquisition.

1.10 Acquisition of assets

All assets acquired including property, plant and equipment and intangibles are initially recorded at their cost at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials, direct labour, directly attributable overheads and other incidental costs.

Expenditure, including that on internally generated assets other than development costs, is only recognised as an asset when it is probable that future economic benefits will eventuate and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable future economic benefits will flow to the consolidated entity. Costs that do not meet the criteria for capitalisation are expensed as incurred.

1.11 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

1.12 Receivables

Trade debtors are recorded at amortised cost less impairment. The collectability of debts is assessed at year-end and a specific provision is made for any doubtful debts. Trade debtors are normally settled within 60 days.

1.13 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first in first out basis and for work in progress includes an appropriate share of both variable and fixed costs. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

1.14 Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.15 Investments

Investments in controlled entities are carried in the consolidated entity's financial statements at cost less any provision for impairment.

1.16 Leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.17 Property, plant and equipment

Each class of property, plant and equipment is stated at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of self-constructed assets includes the cost of materials and direct labour and any other costs attributable to bringing an asset to a working condition ready for its intended use.

1.18 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

1.19 Product development costs

An intangible asset arising from product development (or from the development phase of an internal project) is recognised if the following are demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Internally generated intangible assets are stated at cost less accumulated amortisation and impairment and are amortised on a straight-line basis over their useful lives of 2 to 5 years.

1.20 Depreciation and amortisation

All non-financial assets of the entity (except land) have limited useful lives and are depreciated / amortised using the straight-line method over their estimated useful lives to their estimated residual values. Assets are depreciated or amortised from the time an asset is ready for use.

Depreciation and amortisation rates and methods and residual values are reviewed annually for appropriateness. When changes are made adjustments are reflected in current and future periods only. Depreciation and amortisation are expensed, except to the extent they are included in the carrying amount of another asset as an allocation of production overheads.

Depreciation / amortisation rates used for each class of asset are as follows:

	2011	2010
Buildings	**2.5%**	2.5%
Leasehold property and improvements	**2% - 25%**	2% - 25%
Plant and equipment	**2.5% - 50%**	2.5% - 50%

1.21 Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received where normally they are expected to be paid within 60 days regardless of whether they have been billed to the consolidated entity.

1.22 Interest bearing liabilities

Bank loans are recognised initially at fair value net of transaction costs. Subsequent to initial recognition, bank loans are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate. Interest expense is recognised on an accrual basis.

1.23 Employee benefits

Wages, salaries, annual and long service leave
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of wages and salaries, annual leave, sick leave and other employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of other employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash flows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Share option plans
The Company has granted options to employees under share option plans. The value of benefits provided to employees under the plans are measured at grant date and expensed over the vesting periods.

Superannuation plan
Contributions to employee superannuation funds are expensed as they are made.

1.24 Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Financial liabilities are stated at fair value, with any gains or losses recognised in profit or loss.

Critical accounting judgments

In the application of accounting policies, management is required to make judgments, estimates and assumptions. The estimates and associated assumptions are based on experience and other factors that are considered relevant. Actual results may differ from these estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Accounting for construction contracts involves the continuous use of assessed estimates based on assumptions consistent with project scope and schedule, contract and risk management processes. These contracts may span several accounting periods. Estimates of forecast costs at completion of construction contracts are regularly updated in accordance with the agreed work scope and schedule under the contract. Forecast costs are based on the cost expected to apply when the related activity is expected to be undertaken. Contingencies are included in order to cover the risks in those forecasts. Revenues reflect the contract price agreed in the contract and variations where they have been approved or if it is probable they will be approved. Claims are included in contract revenue only where negotiations have reached an advanced stage such that it is probable that the client will accept the claim and recovery of the amount involved is probable.

- Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of goodwill and the subsequent testing for impairment are set out in Note 12.

- As described in Note 20, the Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of options issued during the year. Note 20 provides information about the key assumptions used in the determination of the fair value of these options. The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the options.

General information

Fleetwood Corporation Limited (the Company) is a public company listed on the Australian Stock Exchange (trading under the symbol ‘FWD’), incorporated in Australia and operating in Australia and New Zealand.

	2011	2010
	$ '000	$ '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

All units in the rental fleet are available for sale. The sale of rental units is included in sales revenue - goods rather than profit on sale of non-current assets.

3 Profit from ordinary activities before income tax expense

Profit 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
	14,049	12,797
Finance costs:		
Bank loans and overdraft	**1,705**	496
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

4 Taxation

	2011 $ '000	2010 $ '000
Income tax recognised in profit or loss		
Current tax expense	**22,789**	16,784
Deferred tax expense relating to origination and reversal of temporary differences	**(185)**	(829)
Over provision of income tax in prior year	**(256)**	(125)
	22,348	15,830
Reconciliation of prima facie tax expense on accounting profit to income tax expense		
Prima facie income tax expense calculated at 30% (2010: 30%) on profit from ordinary activities	**22,079**	16,347
Amortisation of leasehold improvements	**8**	8
Non-deductible expenses	**564**	275
Research & development allowance	**(68)**	(122)
Sundry items	**21**	11
Investment allowance	**-**	(564)
	22,604	15,955
Over provision of income tax in prior year	**(256)**	(125)
	22,348	15,830

Taxable and deductible temporary differences arise from the following:

	Balance at 2009 $ '000	Charged to income $ '000	Balance at 2010 $ '000	**Acquired** **$ '000**	**Charged to income** **$ '000**	**Balance at 2011** **$ '000**
Consolidated						
Deferred tax						
Property, plant and equipment	(1,283)	708	(574)	**97**	**1,153**	**676**
Provisions / accruals	1,690	121	1,811	**1,576**	**(968)**	**2,417**
	407	829	1,237	**1,673**	**185**	**3,093**

Tax consolidation

The Company and its wholly-owned Australian resident entities have elected to be taxed as a single entity from 1 July 2003.

Fleetwood Corporation Limited, as the head entity, and the subsidiaries in the tax consolidated group continue to account for their own current and deferred tax amounts. The amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. The current tax balances are then transferred to the head entity via intercompany balances.

The method used to calculate current and deferred tax amounts is summarised in Note 1.8.

The entities within the Group have entered a tax funding arrangement whereby each subsidiary will compensate the head entity for the amount of tax payable that would be calculated as if the subsidiary was a tax paying entity.

5 Segment information

Information provided to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of products or services delivered or provided. The Group's reportable segments are therefore as follows:

Business segments	**Products / Services**
Recreational Vehicles	Manufacture of caravans and vehicle parts and accessories
Manufactured Accommodation	Design, manufacture, sale and rental of manufactured accommodation

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

	Segment revenue		**Depreciation & amortisation**		**Segment result (EBIT)**	
	2011	2010	**2011**	2010	**2011**	2010
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '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**	
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

The following is an analysis of the Group's assets and revenues by geographical segment:

	Segment assets		**Acquisitions of non-current assets**		**Segment revenue**	
Australia*	**298,318**	201,112	**21,147**	11,763	**457,358**	281,087
New Zealand	**9,159**	9,389	**333**	586	**9,266**	10,252
	307,477	210,501	**21,480**	12,349	**466,624**	291,339

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

	2011 $ '000	2010 $ '000

6 Dividends

Recognised

	2011 $ '000	2010 $ '000
Interim 2011 - paid 32 cents per share fully franked	**18,418**	-
Final 2010 - paid 38 cents per share fully franked	**21,590**	-
Interim 2010 - paid 30 cents per share fully franked	**-**	16,027
Final 2009 - paid 36 cents per share fully franked	**-**	18,941
	40,008	34,968

Unrecognised

	2011 $ '000	2010 $ '000
Final 2011 - 41 cents per share fully franked	**23,718**	-
	23,718	-

On 22 August 2011 the directors declared a final dividend to be paid on 30 September 2011. The dividend was not announced until after 30 June 2011 and has not been included as a liability in these financial statements.

Dividend franking account

	2011 $ '000	2010 $ '000
30% franking credits available to shareholders of Fleetwood Corporation Limited for subsequent years	**18,072**	8,775

The reduction in the franking account due to dividends not recognised will be $10,164,709.

7 Earnings per share

	2011 $ '000	2010 $ '000
Earnings used in the calculation of basic and diluted earnings per share	**51,250**	38,659

The weighted average number of ordinary shares used in the calculation of earnings per share:

	Weighted average number of shares used	
Basic earnings per share	**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 earnings per share	**57,863,088**	54,070,881
Basic earnings per share (cents)	**90.0**	72.6
Diluted earnings per share (cents)	**88.6**	71.5

There are no potential ordinary shares that are anti-dilutive.

	2011 $ '000	2010 $ '000

8 Cash and cash equivalents

	2011 $ '000	2010 $ '000
Cash and cash equivalents	**17,985**	15,599

Cash at bank is at call and receives interest at a weighted average rate of 3.71% (2010: 2.77%).

9 Trade and other receivables

Current

	2011 $ '000	2010 $ '000
Trade debtors	**65,360**	35,515
Less: allowance for doubtful debts	**(93)**	(140)
Term loans - secured	**5**	8
Other debtors	**9,458**	5,106
	74,730	40,489

Trade and other debtors are non-interest bearing and are generally on terms ranging between 7 and 60 days. The average credit period on sales of goods is 30 days.

Non-current

	2011 $ '000	2010 $ '000
Term loans - secured	**25**	30

The weighted average interest rate on term loans which have varying maturity dates is 12.5% (2010: 12.5%).

Concentrations of risk

The five largest outstanding receivables at 30 June 2011 by customer are as follows:

	2011 $ '000	2010 $ '000
Velocity Villages Pty Ltd	**24,372**	-
Department of Education & Early Childhood Development	**9,911**	-
GE Commercial Finance	**5,218**	5,232
Department of Education & Training	**2,372**	-
Department of Services, Technology & Administration	**2,154**	-

Trade receivables include amounts that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. An analysis of aged receivables is included below:

	2011 $ '000	2010 $ '000
Less than 3 months	**4,810**	2,319
Between 3 - 6 months	**375**	15
Longer than 6 months	**2,614**	1,101
	7,799	3,435

	2011 $ '000	2010 $ '000

10 Inventories

	2011 $ '000	2010 $ '000
Raw materials & stores	**8,579**	6,749
Work in progress	**14,837**	6,661
Finished goods	**22,143**	24,075
	45,559	37,485

The cost of inventories recognised as an expense during the year in respect of continuing operations was $185.1 million (2010: $122.4 million).

11 Property, plant and equipment

	2011 $ '000	2010 $ '000
Freehold land		
Cost	**3,218**	3,218
Buildings		
Cost	**2,747**	2,747
Accumulated depreciation	**(397)**	(328)
	2,350	2,419
Leasehold property and improvements		
Cost	**46,188**	46,147
Accumulated amortisation	**(21,862)**	(17,269)
	24,326	28,878
Plant and equipment		
Cost	**98,735**	80,332
Accumulated depreciation	**(40,536)**	(30,661)
	58,199	49,671
Assets under construction		
Cost	**5,865**	219
	93,958	84,405

Reconciliation of the carrying amounts for each class of property, plant and equipment is set out below:

	2011 $ '000	2010 $ '000
Freehold land		
Carrying amount at beginning of year	**3,218**	3,218
	3,218	3,218
Buildings		
Carrying amount at beginning of year	**2,419**	2,487
Depreciation	**(69)**	(69)
	2,350	2,419
Leasehold property and improvements		
Carrying amount at beginning of year	**28,878**	31,942
Additions	**43**	1,371
Amortisation	**(4,595)**	(4,435)
	24,326	28,878

	2011 $ '000	2010 $ '000

11 Property, plant and equipment (continued)

Reconciliations (continued)

	2011 $ '000	2010 $ '000
Plant and equipment		
Carrying amount at beginning of year	**49,671**	48,625
Additions	**14,862**	9,198
Disposals	**(5,569)**	(1,907)
Acquisition through entity acquired	**7,593**	-
Transferred from assets under construction	**219**	697
Depreciation	**(8,577)**	(6,942)
	58,199	49,671
Assets under construction		
Carrying amount at beginning of year	**219**	697
Additions	**5,865**	219
Transferred to plant and equipment	**(219)**	(697)
	5,865	219

No items of property, plant and equipment are pledged as security.

12 Goodwill

	2011 $ '000	2010 $ '000
Goodwill	**64,435**	28,311

Reconciliation of the carrying amount of Goodwill is set out below:

	2011 $ '000	2010 $ '000
Carrying amount at beginning of year	**28,311**	28,311
Additional amounts recognised from business combinations occurring during the period	**36,124**	-
	64,435	28,311

Goodwill has been allocated for impairment testing purposes to individual cash-generating units (CGU) as follows:

	2011 $ '000	2010 $ '000
Caravan manufacturing	**7,097**	7,097
Parts and accessories	**12,401**	12,401
Canopies, trays and accessories	**6,617**	6,617
Manufactured accommodation	**38,320**	2,196
	64,435	28,311

The recoverable amount of cash-generating units is determined based on a value in use calculation using cash flow projections based on financial budgets approved by management and utilising a cash flow growth rate of 29% (2010: 11%) for caravan manufacturing CGU, 7.9% (2010: 11%) for parts and accessories CGU, 8.6% (2010: 7.5%) for canopies, trays and accessories CGU and 4% (2010: 0%) for manufactured accommodation CGU.

The implied discount rate of 18.7% pa reflects the consolidated entity's pre-tax weighted average cost of capital, and has been used in the recoverable amount calculations of each CGU.

Testing for impairment is carried out on a bi-annual basis. No impairment charge has been recorded since recognising goodwill. The recoverable amount of each CGU exceeds the carrying amount of goodwill at 30 June 2011.

13 Intangible assets

	2011 $ '000	2010 $ '000
Product development		
At cost	**6,987**	6,557
Accumulated amortisation	**(5,479)**	(4,670)
	1,508	1,887
Product development WIP		
At cost	**882**	856
	2,390	2,743

Reconciliation of the carrying amounts is set out below:

	2011 $ '000	2010 $ '000
Product development		
Carrying amount at beginning of year	**1,887**	2,467
Transferred from product development WIP	**428**	770
Amortisation	**(808)**	(1,351)
	1,508	1,887
Product development WIP		
Carrying amount at beginning of year	**856**	860
Additions	**481**	851
Disposals	**(27)**	(84)
Transferred to product development	**(428)**	(770)
	882	856

14 Other financial assets

	2011 $ '000	2010 $ '000
Current		
Restricted cash	**5,302**	-
Foreign currency forward contracts	**-**	202
	5,302	202

Restricted cash balances are funds held on term deposit as security for work to be performed for various construction contracts. The company is unable to access these funds until work has been completed to the satisfaction of the counterparty. The weighted average interest rate on these deposits at 30 June 2011 is 4.75% (2010: N/A).

15 Trade and other payables

	2011 $ '000	2010 $ '000
Trade creditors	**35,715**	26,097
Other creditors and accruals	**30,926**	14,631
	66,641	40,728

Payables include amounts for goods received not invoiced. Trade and other payables are non-interest bearing. The average credit period on purchases is 45 days.

	Note	2011 $ '000	2010 $ '000

16 Provisions

	Note	2011 $ '000	2010 $ '000
Current			
Employee benefits		**4,336**	2,918
Non-current			
Employee benefits		**3,217**	2,703
Aggregate employee benefits		**7,553**	5,621

17 Interest bearing liabilities

	Note	2011 $ '000	2010 $ '000
Current			
Hire purchase creditors - secured		**398**	-
Non-current			
Bank loans - secured	18	**20,000**	-
Hire purchase creditors - secured		**890**	-
		20,890	-

Hire purchases are used by the company to finance the acquisition of property, plant and equipment, have terms ranging from 1 to 5 years, with interest rates payable of 6.18% to 11.07% (2010: N/A).

18 Financing arrangements

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

	Note	2011 $ '000	2010 $ '000
Facilities available			
Bank overdraft		**5,000**	5,000
Bank loans		**20,000**	-
Bank guarantees		**15,000**	35,000
Multi Option Facility		**40,000**	40,000

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

	Note	2011 $ '000	2010 $ '000
Facilities utilised			
Bank loans	17	**20,000**	-
Bank guarantees		**6,073**	1,256
		26,073	1,256
Facilities not utilised		**13,927**	38,744

18 Financing arrangements (continued)

Bank overdrafts

The bank overdraft is secured by a mortgage debenture over the assets of the consolidated entity, and is payable on demand subject to annual review with interest charged at prevailing market rates. The effective interest rate at the end of the financial year was 9.18% (2010: 8.95%).

Bank loans

Bank loans are secured by a mortgage debenture over the assets of the consolidated entity and bear interest at the bank's prime rate plus 0.60% (2010: 0.60%) plus a line fee of 0.6% (2010: 0.9%). The effective annual interest rate at the end of the financial year was 5.55% (2010: 5.10%).

Bank guarantees

Bank guarantees are utilised for construction contracts. No liability has been recognised in the statement of financial position with respect to bank guarantees.

19 Commitments

	2011	2010
	$ '000	$ '000
Operating lease commitments		
Within one year	**9,462**	5,775
One year or later and no later than five years	**21,695**	13,277
Later than five years	**-**	1,936
	31,157	20,988
Operating lease receivables		
Within one year	**48,492**	22,161
One year or later and no later than five years	**2,121**	144
Later than five years	**-**	-
	50,613	22,305

The group has a number of non-cancellable operating lease arrangements with lease terms of between 1 to 5 years. The leases have varying terms and renewal rights. The majority of these lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have the option to purchase the property at the expiry of the lease period.

Hire purchase commitments	**Minimum lease payments**		**Present value of minimum lease payments**	
	2011	2010	**2011**	2010
	$ '000	$ '000	**$ '000**	$ '000
Within one year	**470**	-	**398**	-
One year or later and no later than five years	**969**	-	**890**	-
Later than five years	**-**	-	**-**	-
	1,439	-	**1,288**	-
Less: future finance charges	**(151)**	-	**-**	-
Present value of minimum lease payments	**1,288**	-	**1,288**	-

20 Employee and Executive Options

Employee option plan

In accordance with the provisions of the plan, employees with more than 2 years service with the consolidated entity are granted options to purchase ordinary shares in Fleetwood Corporation Limited. No amounts are payable for the options. 50% of the options are exercisable 1 year from the date of issue and a further 25% are exercisable in each of the next 2 years. The options expire 5 years from the date of issue. There are no voting or dividend rights attaching to the options.

The following is a summary of movements under the plan:

Issue date	Exercise price $	Options at beginning of year	Options granted	Options expired / forfeited	Options exercised (shares issued)	Options at end of year	Vested at end of year	Proceeds received on exercise $	Fair value (market value) of shares at date of exercise $
31/10/04	7.85								
2010		164,025	-	(164,025)	-	-	-	-	-
31/10/05	6.40								
2011		**244,258**	**-**	**(192,238)**	**(52,020)**	**-**	**-**	**332,928**	**639,535**
2010		273,277	-	(22,100)	(6,919)	244,258	244,258	44,282	58,137
31/10/06	6.38								
2011		**339,087**	**-**	**(30,000)**	**(65,937)**	**243,150**	**243,150**	**420,678**	**751,026**
2010		385,887	-	(37,275)	(9,525)	339,087	339,087	60,770	78,947
31/10/07	8.30								
2011		**397,876**	**-**	**(34,438)**	**(39,052)**	**324,386**	**324,386**	**324,132**	**456,777**
2010		451,000	-	(51,250)	(1,874)	397,876	397,876	15,554	17,803
14/11/08	4.20								
2011		**402,500**	**-**	**(36,400)**	**(56,850)**	**309,250**	**217,825**	**238,770**	**654,391**
2010		476,000	-	(55,800)	(17,700)	402,500	-	74,340	150,604
31/10/09	6.00								
2011		**550,800**	**-**	**(54,400)**	**(44,983)**	**451,417**	**203,217**	**269,898**	**531,979**
2010		-	557,200	(6,400)	-	550,800	-	-	-
31/10/10	8.02								
2011		**-**	**665,280**	**-**	**-**	**665,280**	**-**	**-**	**-**
Total 2011		**1,934,521**	**665,280**	**(347,476)**	**(258,842)**	**1,993,483**	**988,578**	**1,586,406**	**3,033,708**
Total 2010		1,750,189	557,200	(336,850)	(36,018)	1,934,521	981,221	194,946	305,491
Weighted average price ($)									
2011		**6.22**	**8.02**	**6.29**	**6.13**	**6.82**	**6.45**		
2010		6.42	6.00	7.02	5.41	6.22	7.16		

Issue Date	Exercise price $	Share price at grant date $	Weighted average share price at exercise date 2011 $	Weighted average share price at exercise date 2010 $
31/10/05	6.40	6.82	12.29	8.40
31/10/06	6.38	6.98	11.39	8.29
31/10/07	8.30	10.68	11.70	9.50
14/11/08	4.20	5.25	11.51	8.51
31/10/09	6.00	7.57	11.83	-
31/10/10	8.02	10.02	-	-

20 Employee and Executive Options (continued)

Executive option plan

In accordance with the provisions of the plan, executives are granted options to purchase ordinary shares in Fleetwood Corporation Limited. No amounts are payable for the options. One third of the options are exercisable after the 30 June subsequent to the date of issue, a further one third of the options are exercisable in each of the next 2 years. The options are only exercisable if the company's total shareholder return equals or exceeds 15% p.a. compounded from the inception of the plan (1999) and is equal to or greater than the ASX300 All Industrial Accumulation Index. The options expire 5 years from the date of issue. There are no voting or dividend rights attaching to the options.

The following is a summary of movements under the plan:

Issue date	Exercise price $	Options at beginning of year	Options granted	Options expired / forfeited	Options exercised (shares issued)	Options at end of year	Vested at end of year	Proceeds received on exercise $	Fair value (market value) of shares at date of exercise $
31/10/04	7.85								
2010		67,000	-	(67,000)	-	-	-	-	-
31/10/05	6.40								
2011		**16,667**	**-**	**-**	**(16,667)**	**-**	**-**	**106,669**	**161,170**
2010		116,667	-	-	(100,000)	16,667	16,667	640,000	648,000
31/10/06	6.38								
2011		**30,000**	**-**	**-**	**(30,000)**	**-**	**-**	**191,400**	**344,658**
2010		48,334	-	-	(18,334)	30,000	30,000	116,971	118,804
31/10/07	8.30								
2011		**225,000**	**-**	**-**	**(191,000)**	**34,000**	**34,000**	**1,585,300**	**1,996,370**
2010		335,000	-	(43,334)	(66,666)	225,000	133,334	553,328	633,327
14/11/08	7.25								
2011		**261,250**	**-**	**-**	**(106,249)**	**155,001**	**78,332**	**770,305**	**1,109,540**
2010		405,000	-	(102,084)	(41,666)	261,250	76,666	302,079	395,827
31/10/09	6.00								
2011		**276,250**	**-**	**-**	**(96,249)**	**180,001**	**16,667**	**577,494**	**1,018,373**
2010		-	370,000	(93,750)	-	276,250	-	-	-
31/10/10	8.02								
2011		**-**	**198,000**	**-**	**-**	**198,000**	**-**	**-**	**-**
Total 2011		**809,167**	**198,000**	**-**	**(440,165)**	**567,002**	**128,999**	**3,231,168**	**4,630,111**
Total 2010		972,001	370,000	(306,168)	(226,666)	809,167	256,667	1,612,377	1,795,958
Weighted average price ($)									
2011		**7.07**	**8.02**	**-**	**7.34**	**7.19**	**7.37**		
2010		7.51	6.00	7.15	7.11	7.07	7.64		

Issue Date	Exercise price $	Share price at grant date $	Weighted average share price at exercise date 2011 $	Weighted average share price at exercise date 2010 $
31/10/05	6.40	6.82	9.67	8.40
31/10/06	6.38	6.98	11.49	8.29
31/10/07	8.30	10.68	10.45	9.50
14/11/08	7.25	5.25	10.44	8.51
31/10/09	6.00	7.57	10.58	-
31/10/10	8.02	10.02	-	-

20 Employee and Executive Options (continued)

Total Employee and Executive share options outstanding at the end of the financial year had a weighted average remaining contractual life of 1,336 days.

The grant date weighted average fair value of options in existence at reporting date is as follows:

- Options issued in 2007: $1.04 per option
- Options issued in 2008: $1.64 per option
- Options issued in 2009: $0.32 per option
- Options issued in 2010: $1.73 per option
- Options issued in 2011: $3.24 per option

Options were priced using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of exercise restrictions and behavioral considerations. The expected volatility is based on the historical share price volatility over the past 5 years (40.00%), whilst the risk free interest rate (4.50%) and dividend yield (6.09%) have been assessed based on prevailing market conditions.

21 Issued capital

	2011	2010
	$ '000	$ '000
Issued and paid-up capital		
57,847,937 (2010: 53,967,182) ordinary shares, fully paid	**164,448**	125,780

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Holders of ordinary shares are entitled to receive dividends as declared and to one vote per share held.

	2011		2010	
	# Shares	**$ '000**	# Shares	$ '000
Movements in ordinary share capital				
Balance at beginning of year	**53,967,182**	**125,780**	52,598,325	114,637
Equity settled share-based payments	**-**	**1,880**	-	917
Shares issued pursuant to Dividend Reinvestment Plan	**681,748**	**7,146**	1,106,173	8,419
Shares issued pursuant to Employee and Executive Option Plans	**699,007**	**4,817**	262,684	1,807
Shares issued as consideration for acquisition of BRB Modular	**2,500,000**	**24,825**	-	-
Balance at the end of year	**57,847,937**	**164,448**	53,967,182	125,780

Ordinary shares are allotted under the dividend reinvestment plan at a discount to the weighted average price of ordinary shares sold on the Stock Exchange over the period of 5 business days up to and including the record date. The current discount is 2.5%.

Shares issued as consideration for acquisition of BRB Modular were subject to a 12 month escrow period which expired 18 August 2011.

Since the end of the financial year 274,221 shares have been issued pursuant to the exercise of employee and executive options.

	2011 $ '000	2010 $ '000

22 Reserves

Foreign currency translation reserve	**(1,001)**	(649)
Hedging reserve	**-**	202
	(1,001)	(447)
Foreign currency translation reserve		
Balance at beginning of year	**(649)**	(737)
Translation of foreign operations	**(352)**	89
	(1,001)	(649)
Hedging reserve		
Balance at beginning of year	**202**	-
Gain on cash flow hedges	**-**	202
Settlement of cash flow hedges	**(202)**	-
	-	202

Reserves relate to exchange differences on the translation of self-sustaining foreign operations and hedging gains or losses recognised on the effective portion of cash flow hedges.

23 Retained earnings

Balance at beginning of year	**31,540**	27,849
Profit attributable to members of the parent entity	**51,250**	38,659
Dividends recognised	**(40,008)**	(34,968)
	42,782	31,540

	2011 $	2010 $

24 Auditors' remuneration

Audit services	**171,000**	148,875
Other services	**39,012**	62,438
	210,012	211,313

The auditor of Fleetwood Corporation Limited is Deloitte Touche Tohmatsu.

25 Deed of cross guarantee

Pursuant to an ASIC Class Order 98/1418 dated 13 August 1998, relief was granted to the wholly owned subsidiaries listed below from the requirement to prepare, have audited and lodge financial reports.

It is a condition of the Class Order that the Company and each of the subsidiaries listed below enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor, payment in full of any debt in the event of winding up of any subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Law, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

Subsidiaries subject to the deed are:

A.C.N. 008 763 193 Pty Ltd
BRB Modular Pty Ltd
Camec Pty Ltd
Coromal Caravans Pty Ltd
Fleetwood Finance (WA) Pty Ltd
Fleetwood Pty Ltd
Flexiglass Challenge Pty Ltd
Windsor Caravans Pty Ltd

A consolidated statement of financial performance and financial position comprising the Company and its subsidiaries, which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee is set out below:

	2011	2010
	$ '000	$ '000
Income statement		
Sales revenue	**457,273**	281,856
Other income	**765**	155
Materials used	**(179,461)**	(116,305)
Sub-contract costs	**(71,307)**	(21,570)
Employee benefits expense	**(74,593)**	(48,517)
Operating leases	**(10,804)**	(6,417)
Other expenses	**(33,754)**	(22,748)
Profit before interest, tax, depreciation and amortisation **(EBITDA)**	**88,119**	66,454
Depreciation and amortisation expense	**(13,937)**	(12,678)
Profit before interest and tax **(EBIT)**	**74,182**	53,776
Finance costs	**(1,811)**	(496)
Profit before income tax expense	**72,371**	53,280
Income tax expense	**(22,124)**	(15,469)
Profit attributable to members of the parent entity	**50,247**	37,811

25 Deed of cross guarantee (continued)

Balance sheet

	2011 $ '000	2010 $ '000
Current assets		
Cash and cash equivalents	**12,759**	11,394
Trade and other receivables	**73,418**	39,063
Inventories	**43,239**	34,376
Other financial assets	**5,302**	202
Total current assets	**134,718**	85,035
Non-current assets		
Trade and other receivables	**25**	30
Investments	**124**	111
Property, plant and equipment	**93,762**	84,080
Intangibles	**2,390**	2,743
Goodwill	**64,457**	28,333
Deferred tax assets	**3,075**	1,782
Total non-current assets	**163,833**	117,079
Total assets	**298,551**	202,114
Current liabilities		
Trade and other payables	**65,816**	39,413
Interest bearing liabilities	**398**	-
Tax liabilities	**5,996**	7,307
Provisions	**4,303**	2,820
Total current liabilities	**76,513**	49,540
Non-current liabilities		
Interest bearing liabilities	**20,890**	-
Deferred tax liabilities	**-**	577
Provisions	**3,217**	2,703
Total non-current liabilities	**24,107**	3,280
Total liabilities	**100,620**	52,820
Net assets	**197,931**	149,294
Equity		
Issued capital	**164,450**	125,780
Reserves	**(1,001)**	(446)
Retained earnings	**34,482**	23,960
Total equity	**197,931**	149,294

26 Financial instruments

Capital management

The group manages capital to ensure entities in the group will be able to continue as a going concern, while maximising returns to shareholders through optimisation of debt and equity balances. The categories of financial instruments of the entity are apparent from the face of the statement of financial position.

The group's overall strategy remains unchanged from 2010.

The capital structure of the group consists of debt, which includes borrowings disclosed in Note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 21, 22 and 23 respectively.

Operating cash flows are used to maintain and expand the group's operating assets, make payments of tax and dividends and to repay maturing debt. The group's policy is to borrow centrally to meet anticipated funding requirements. The group does not have a target gearing ratio.

26 Financial instruments (continued)

Financial risk management objectives

Principal financial instruments comprise cash, receivables, payables, hire purchase creditors, and bank loans disclosed in Notes 8, 9, 15, 17, and 18 respectively. All financial instruments are carried at amortised cost. The group manages its exposure to key financial risks, including interest rate and currency risk, in accordance with the group's financial risk management policy. The objective of the policy is to support delivery of financial targets whilst providing financial security.

The main financial instrument risks are interest rate risk, foreign currency risk, credit risk and liquidity risk. Different methods are used to measure and manage different types of risks including monitoring exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest and foreign exchange rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Policies for managing each of these risks is summarised below.

Foreign currency

30 June 2011 (and 30 June 2010) exposure to foreign currency was immaterial.

Interest rate

Interest rate risk arises from borrowings disclosed in Note 18. Group policy is to manage finance costs by using a mix of fixed and variable rate debt after considering market forecasts. The following table summarises the sensitivity of the Group's financial assets and liabilities to interest rate risk:

Interest rate sensitivity analysis

		- 75 bps		+ 75 bps	
	Carrying amount $ '000	**Profit $ '000**	**Equity $ '000**	**Profit $ '000**	**Equity $ '000**
Financial assets					
Cash and cash equivalents - 2011	**17,985**	**(135)**	**(135)**	**135**	**135**
Cash and cash equivalents - 2010	15,600	(117)	(117)	117	117
Financial liabilities					
Borrowings - 2011	**21,288**	**160**	**160**	**(160)**	**(160)**
Borrowings - 2010	-	-	-	-	-
Total - 2011		**25**	**25**	**(25)**	**(25)**
Total - 2010		(117)	(117)	117	117

Exposure to interest rate risk on financial assets and liabilities, both recognised and unrecognised, has been disclosed in Notes 8, 9, 14 and 18.

Credit

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group's policy is to deal with creditworthy counterparties and obtain sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. Reviews of each new customer's creditworthiness are undertaken before the group's standard payment and delivery terms are offered. The review assesses credit quality of the customer, taking into account its financial position, past experience, industry reputation and other factors. Purchase limits are established for each customer. Compliance by customers with credit limits is regularly monitored by management. Customers that fail to meet the benchmark creditworthiness may transact with the group only on a prepayment basis. Sales to retail customers are required to be settled in cash or by using major credit cards, mitigating credit risk.

The carrying amount of financial assets recorded in the financial statements represents the group's maximum exposure to credit risk.

Liquidity

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk framework for the management of short, medium and long-term funding. Liquidity risk is managed by maintaining adequate reserves and banking facilities, by monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. Included in Note 18 is a listing of unused facilities that the group has at its disposal to further reduce liquidity risk. The remaining contractual maturities of the group and parent entity's financial liabilities are:

- 3 months or less: Trade and other payables as disclosed at Note 15.
- 12 months or less: Hire purchase creditors – 2011 $398,279 (2010: Nil).
- Greater than 12 months: Commercial Bills – 2011 $20,000,000 (2010: Nil).
- Greater than 12 months: Hire purchase creditors – 2011 $890,367 (2010: Nil).

26 Financial instruments (continued)

Fair value of financial assets and liabilities

The fair value of financial assets and liabilities recognised in the statement of financial position is based on cash flows due from customers or payable to suppliers. The cash flows have not been discounted to their present value. The carrying values approximate fair value.

The fair values of financial instruments are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. There are clearly observable quoted prices for all financial instruments held by the Group.

27 Notes to the statement of cash flows

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

	2011 $ '000	2010 $ '000
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	**51,835**	54,817

27.2 Non-cash financing and investing activities

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

The Company received dividends of $51,693,018 (2010: $33,647,296) from controlled entities by way of an increase in controlled entities loan accounts.

28 Contingent liabilities

Under the terms of the Deed of Cross Guarantee, the Company has guaranteed the repayment of all current and non-current liabilities totalling $99,950,425 (2010: $52,819,912) in the event any of the entities which are party to the Deed are wound up.

The directors are not aware of any circumstances or information that would lead them to believe these liabilities will crystallise and consequently no provisions are included in the financial statements in respect of these matters.

Certain claims arising out of construction and insurance contracts have been made by or against controlled entities in the ordinary course of business, some of which involved litigation or adjudication. The directors do not consider that the outcome of any of these claims will have a material adverse impact on the financial position of the consolidated entity.

29 Particulars relating to controlled entities

Fleetwood Corporation Limited (Ultimate parent entity)

	Interest held	
	2011	2010
Controlled entities	**%**	%
A.C.N. 008 763 193 Pty Ltd	100	100
BRB Modular Pty Ltd	100	0
Camec Pty Ltd	100	100
Coromal Caravans Pty Ltd	100	100
Fleetwood Pty Ltd	100	100
Fleetwood Finance (WA) Pty Ltd	100	100
Flexiglass Challenge Pty Ltd	100	100
Windsor Caravans Pty Ltd	100	100
Flexiglass Challenge Industries (NZ) Limited (incorporated in New Zealand)	100	100
Camec NZ Limited (incorporated in New Zealand) – formerly Serada Limited	100	100

30 Related parties

Directors

The names of each person holding the position of director of Fleetwood Corporation Limited during the financial year are S Gill, P Gunzburg, M Hardy, and G Tate. Details of directors' remuneration is set out in the Remuneration Report contained in the Directors' Report.

No director has entered into a material contract with the Company or the consolidated entity since the end of the financial year and there were no material contracts involving directors' interests existing at year-end.

Directors of the Company or its controlled entities may purchase goods from the consolidated entity. These purchases are on the same terms and conditions as those entered into by other consolidated entity employees.

Directors' and executives' share and option holdings

The interest of directors and executives of the consolidated entity and its related entities, in shares and options of Fleetwood Corporation Limited are

	Shares at beginning of year	**Options exercised**	**Net other change**	**Shares at end of year**
Directors				
Stephen Gill				
2011	**2,989,395**	**-**	**39,428**	**3,028,823**
2010	2,907,360	50,000	32,035	2,989,395
Robert McKinnon				
2010	10,000	108,332	(118,332)	-
Greg Tate				
2011	**6,577,653**	**179,999**	**40,860**	**6,798,512**
2010	6,307,518	50,000	220,135	6,577,653
Executives				
Bradley Denison				
2011	**18,130**	**58,000**	**-**	**76,130**
2010	24,296	8,334	(14,500)	18,130
Bradley Van Hemert				
2011	**150,996**	**72,667**	**1,185**	**224,848**
2010	169,889	-	(18,893)	150,996
Wayne Manners				
2010	5,000	-	(5,000)	-
2011	**9,736,174**	**310,666**	**81,473**	**10,128,313**
2010	9,424,063	216,666	95,445	9,736,174

There are no shares held nominally. Steve Price, Steve Carroll and Ben Rosser did not hold any shares as at 30 June 2011 (2010: nil).

30 Related parties (continued)

	Options at beginning of year	Granted (forfeited)	Exercised	Options at end of year	Vested during the year	Vested at end of year	Proceeds received on exercise
Directors							**$**
Stephen Gill							
2011	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2010	50,000	-	(50,000)	-	-	-	320,000
Robert McKinnon							
2010	225,000	(29,168)	(108,332)	-	75,000	-	855,406
Greg Tate							
2011	**350,000**	**-**	**(179,999)**	**170,001**	**116,667**	**45,000**	**1,357,910**
2010	275,000	125,000	(50,000)	350,000	75,000	108,334	320,000
Executives							
Steve Carroll							
2011	**-**	**15,000**	**-**	**15,000**	**-**	**-**	**-**
2010	-	-	-	-	-	-	-
Bradley Denison							
2011	**111,000**	**40,000**	**(58,000)**	**93,000**	**37,000**	**10,000**	**421,500**
2010	86,334	33,000	(8,334)	111,000	21,000	31,000	53,171
Bradley Van Hemert							
2011	**196,667**	**40,000**	**(72,667)**	**164,000**	**50,000**	**73,999**	**513,869**
2010	186,667	10,000	-	196,667	33,334	96,667	-
Wayne Manners							
2010	85,000	(85,000)	-	-	-	-	-
Stephen Price							
2011	**-**	**50,000**	**-**	**50,000**	**-**	**-**	**-**
2010	-	-	-	-	-	-	-
Ben Rosser							
2011	**-**	**30,000**	**-**	**30,000**	**-**	**-**	**-**
2011	**657,667**	**175,000**	**(310,666)**	**522,001**	**203,667**	**128,999**	**2,293,279**
2010	908,001	53,832	(216,666)	657,667	204,334	236,001	1,548,577

All vested options are exercisable.

The aggregate compensation of the key management personnel of the consolidated entity and the Company for the year is set-out below:

	2011	2010
	$	$
Short-term employee benefits	**3,212,031**	1,721,225
Post-employment benefits	**131,983**	150,042
Share-based payment	**381,037**	340,451
	3,725,051	2,211,718

Transactions between Fleetwood Corporation and its related parties

During the financial year, the following transactions occurred between the company and its other related parties:

- Subsidiaries of the parent company made dividend payments totaling $51,693,018 (2010: $33,647,296) to the parent entity.

The following balances arising from transactions between the company and its other related parties are outstanding at reporting date:

- Current loans totaling $113,570,418 (2010: $106,229,367) are repayable to the parent.

Transactions and balances between the company and its subsidiaries were eliminated in the preparation of the consolidated financial statements of the Group.

31 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	Fair Value Recognised
	$ '000	**$ '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.

	Note	2011 $ '000	2010 $ '000

32 Parent entity disclosures

32.1 Financial position

	Note	2011 $ '000	2010 $ '000
Assets			
Current assets		**13,385**	11,846
Non-current assets		**191,739**	128,541
Total assets		**205,124**	140,387
Liabilities			
Current liabilities		**7,542**	8,787
Non-current liabilities		**20,300**	385
Total liabilities		**27,842**	9,172
Equity			
Issued capital		**164,448**	125,780
Retained earnings		**12,834**	5,435
Total equity		**177,282**	131,215

32.2 Financial performance

	Note	2011 $ '000	2010 $ '000
Total comprehensive income		**47,406**	31,959

32.3 Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

	Note	2011 $ '000	2010 $ '000
Guarantee provided under the deed of cross guarantee	25	**100,620**	52,820

Under the terms of the Deed of Cross Guarantee, the Company has guaranteed the repayment of all current and non-current liabilities totaling $99,950,425 (2010: $52,819,912) in the event any of the entities which are party to the Deed are wound up.

33 Events after the reporting period

There were no material events after the end of the reporting period.

Corporate Governance Statement

Compliance with the ASX Corporate Governance Council's Principles and Recommendations

Fleetwood has a governance culture based on the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles).

This statement outlines the main corporate governance practices of the Company, which were in place throughout the year and at the date of this report. In accordance with the ASX Principles, the Company has posted copies of its corporate governance practices on its website www.fleetwood.com.au.

Areas of non-compliance and the reasons for non-compliance are noted in this statement.

Role of the Board and Chief Executive Officer

The Board operates in accordance with the general principles set out in its charter, which is available from the corporate governance section of the Company's website. The major roles of the Board are to:

- Set the strategic direction of the Group with management and monitor implementation of the strategy;
- Select and appoint the Chief Executive Officer, determine conditions of service and monitor performance;
- Ratify appointment of the Chief Financial Officer and Company Secretary;
- Approve conditions of service and monitor performance of senior executives;
- Monitor financial outcomes and the integrity of reporting;
- Set limits of authority for committing to expenditure, entering into contracts or acquiring businesses;
- Ensure effective audit, risk management and compliance systems are in place;
- Monitor compliance with regulatory requirements and ethical standards;
- Review executive succession planning and development on a regular basis; and
- Ensure effective and timely reporting to Shareholders.

The Board has delegated responsibility for managing the strategic direction and day–to-day operations of the Group to the Chief Executive Officer. There are clear lines of communication established between the Chairman and Chief Executive Officer.

Board Structure

The Board determines Board size and composition, subject to limits imposed by the Company's constitution.

At the date of this Annual Report the Board was comprised of four non-executive Directors, two of whom are independent. Mr. G. Tate and Mr. S. Gill are both non-executive Directors and are not independent due to their shareholdings in the Company. Mr. M. Hardy, who is the Chairman, and Mr. P. Gunzburg, are both non-executive Directors and are free of any business or other relationship which could interfere with them exercising independent judgment.

The Board recognises that its composition does not comply with Recommendation 2.1 of the ASX Principles, however considers that its composition is conducive to making appropriate decisions as its members bring a variety of perspectives and skills to the Board and each has the right to seek independent professional advice at the Company's expense.

The Company recognises the importance of having a Board comprised of directors with an appropriate range of backgrounds, skills, diversity and experience. In considering candidates for appointment to the Board, the Company considers the following factors:

- Qualifications, expertise and experience of the person; and
- Professional and personal reputation of the person.

The period of office together with the backgrounds, skills and experience of each director is described on page 5 of this Annual Report.

The Board considers that the establishment of a Nominations Committee is unnecessary as the Board is not of a size sufficient to justify the formation of a sub-committee for this task and in this regard the responsible entity does not comply with Recommendation 2.4 of the ASX Principles.

Review of Senior Executives and Board Performance

Fleetwood has processes in place to review the performance of senior executives and Board members.

The assessment and monitoring of the Chief Executive Officer is undertaken annually by the Chairman and discussed with Board members. The Chief Executive Officer's performance is evaluated by reference to the overall performance of the Company together with relevant key performance indicators. The assessment and monitoring of the Chief Financial Officer is undertaken annually by the Chief Executive Officer and the Board. The Chief Financial Officer's performance is evaluated by reference to the financial results of the Company and relevant key performance indicators. During the reporting period the performance of the Chief Executive Officer and the Chief Financial Officer was reviewed in accordance with the process disclosed.

The Chairman is responsible for monitoring the contribution of individual Directors. The Board plays a similar role in respect of the Chairman's performance.

The Board undertakes an annual performance review of itself that compares the performance of the Board with the requirements of its charter.

Each year the Board devotes time to consideration of broad corporate governance matters. Subject to normal privacy requirements Directors have unfettered access to Company records and information, to the Company Secretary and to other senior executives and officers. They receive regular detailed reports on financial and operational aspects of the Company's business and may request elaboration or explanation of those reports at any time.

Directors and senior management are encouraged to expand and enhance their knowledge of the Company's business by keeping abreast of developments in business generally by attending relevant professional development activities. The Company meets expenses involved in such activities.

Ethics, Conduct and Diversity

The Company has a policy on conflicts of interest and share trading by Directors, key management personnel and senior managers. These policies are available on the company's website. Due to the limited financial products available to facilitate hedging of unvested or vested options it is not relevant for the policies on share trading to address such transactions.

The Company has implemented codes of conduct for Directors and employees. The codes of conduct establish the standards of ethical behaviour and the practices necessary to comply with their legal obligations. The Group also has an additional code of conduct entitled "Delivering The Promise" which sets out the Company's objective and standards of behaviour expected of its people. These codes of conduct seek to enhance shareholder confidence in the Company by clearly articulating the acceptable practices of its Board, senior executives and employees.

The Group has a Diversity Policy. This policy supports and promotes the achievement of diversity in gender, ethnicity, religion, culture, language, sexual orientation, disability and age in the Group by ensuring that appropriate internal and external recruitment practices are undertaken and that training regimes and management practices (including mentoring, advancement and leadership skills and programs) are developed and implemented.

The current proportion of women employees in the Group is 16.1% with 0.62% holding senior executive positions. The Company has no female Board members. The Board is currently in the process of establishing measurable objectives for achieving better gender diversity and at this time does not comply with Recommendation 3.3 of the ASX Principles.

The above mentioned codes of conduct and Diversity Policy are available on the Company's website.

Audit Committee

The Audit Committee provides advice and assistance to the Board in fulfilling its responsibilities relating to the Company's financial statements, financial reporting processes, internal audit, external audit and such other matters as the Board may request from time to time.

Mr. S. Gill, Mr. M. Hardy and Mr. P. Gunzburg are members of the Audit Committee. All three members are non-executive directors, a majority of whom are independent of the Company and management and all of whom have appropriate business and financial expertise. The chairman of the Audit Committee is nominated by the Board and may not be the Chairman of the Board. The Board appointed Mr. S. Gill as chairman of the Audit Committee. The Company acknowledges that it does not fully comply with Recommendation 4.2 of the ASX Principles as the chairman is not independent. However, the Board is of the opinion that the chairman's business and financial expertise enables him to exercise independent judgment and to discharge his mandate effectively. Further, each Director has the right to seek independent professional advice at the Company's expense.

The Audit Committee oversees the adequacy of the Company's accounting and financial policies and controls. The committee also holds discussions with management and external auditors and seeks assurance on compliance with relevant regulatory and statutory requirements.

In exercising its oversight role, the Audit Committee may investigate any matter relevant to its charter. The Audit Committee reviews and reassesses its Charter at least annually and recommends any changes it considers necessary to the Board.

The Audit Committee's charter is available on the Company's website.

Financial Reporting

The Chief Executive Officer and the Chief Financial Officer provide undertakings to the Board that the Group's financial reports present a true and fair view and are in accordance with relevant accounting standards.

The Chief Financial Officer and the external auditor attend Audit Committee meetings at the discretion of the committee. The minutes of each Audit Committee meeting are reviewed at the subsequent meeting of the Board.

The role and responsibilities of the Audit Committee includes reviewing:

- The annual audit plan with the external auditor;
- Accounting and financial reporting practices, ASX listing requirements and corporate legislation;
- Significant transactions which are not a normal part of the Group's business;
- Half-year and full-year accounts;
- Audit reports and reports on risk management activities;
- Performance of the external auditor and the use of auditors to provide consulting and other services; and
- Other financial matters which the Audit Committee or the Board determines desirable.

Continuous Disclosure

A continuous disclosure regime operates throughout the Group. Policies and procedures are in place to ensure matters that a person could reasonably expect to have a material effect on the share price are announced to the ASX in a timely manner. Directors receive copies of all announcements immediately after notification to the ASX. All announcements are posted on the Company's website www.fleetwood.com.au.

In the event a decision is made not to notify the ASX of a particular event or development, the reasons for non-notification are advised to the Board.

Shareholders Rights

The Company keeps its Shareholders informed of matters likely to be of interest to them through:

- Reports to the ASX;
- Half-yearly profit announcements;
- Annual Reports; and
- Information provided to analysts.

These are posted on the Company's website www.fleetwood.com.au.

The Company also conducts teleconferences for shareholders and interested parties upon the release of half year and full year results.

At the Annual General Meeting, questions and comments from Shareholders are encouraged. In the interests of clarity, questions on operational matters may be answered by the Chief Executive Officer or other appropriate members of management. The external auditor is available at the meeting to respond to questions about the conduct of the audit and the preparation and content of the Independent Audit Report.

Risk Management

The Company is committed to the identification, monitoring and management of material risks associated with its business activities and has embedded in its reporting systems a number of overarching risk management controls.

The Company manages the diverse nature of its operations as autonomous divisions. The management of each division is required by the Board to design and implement risk management policies and internal control systems to best manage the material business risks of the division in accordance with the Company's risk management policy. The effectiveness of the internal control systems of each division in managing the material business risks have been periodically reported to the Board.

The Board has received a written assurance from the Chief Executive Officer and the Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks in all material respects.

The Group's Risk Management Policy is available on the Company's website.

Remuneration

Details of remuneration policies are set out in the Directors' Report under the heading "Remuneration Report".

Directors' Report

Fleetwood Corporation Limited

The Directors of Fleetwood Corporation Limited present their report for the year ended 30 June 2011.

Directors

The names, qualifications, experience, special responsibilities and previous directorships for the last 3 years of the Directors who are in office at the date of the report are disclosed on page 5 of this Annual Report.

Principal Activities

The principal activities of the entities in the Group during the financial year were:

- Manufacture and sale of caravans, parts and accessories; and
- Design, manufacture, sale and rental of manufactured accommodation.

Review of Operations

A review of operations for the year is contained in the CEO's Review.

State of Affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity other than as referred to in the financial statements or notes thereto.

Future Developments

The consolidated entity will continue to pursue its policy of increasing profitability and market share in its major business sectors. Further information as to likely developments and expected future results are disclosed in the CEO's Review.

Dividends

A final dividend for the year to 30 June 2011 of 41 cents per ordinary share will be paid on 30 September 2011. Dividends paid and declared during the year are disclosed in Note 6 to the financial statements.

All dividends paid or declared by the Company since the end of the previous financial year are 100% franked at the corporate income tax rate of 30%.

Share Options

Unissued shares the subject of options at the date of this Annual Report and shares issued pursuant to the exercise of options during or since the end of the year are disclosed in Note 20 to the financial statements. 717,167 options have been issued subsequent to year end. Details of all share based payment arrangements in existence at 30 June 2011 have been disclosed in Note 20.

Indemnification of Directors and Officers

The Company has indemnified current and former Directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums in this regard relate to costs and expenses incurred by the relevant Directors and officers in defending proceedings, whether civil or criminal and whatever their outcome and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the Company or any related body corporate against a liability incurred as an auditor.

Directors', Audit Committee and Remuneration Committee Meetings

Number of Board, Audit Committee and Remuneration Committee meetings held and attended by each Director of the Company during the financial year:

	Board		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Stephen Gill	9	7	2	2	1	1
Peter Gunzburg	9	9	2	2	1	1
Michael Hardy	9	8	2	2	1	1
Greg Tate	9	9				

Directors' Shareholdings

The relevant interest of each Director in shares of the Company at the date of this report, as notified by the Directors to the ASX in accordance with s205G(1) of the Corporations Act 2001 are as follows:

	Number of shares	Number of options
Stephen Gill	3,028,823	Nil
Greg Tate	6,798,512	170,001

Remuneration Report

The Remuneration Committee is responsible for determining the remuneration of Board members, senior executives and key management personnel of the Group. Mr. S. Gill, Mr. M. Hardy and Mr. P. Gunzburg are members of the Remuneration Committee, with Mr. P. Gunzburg being chairman. All three members are non-executive directors a majority of whom are independent of the Company and management. The Remuneration Committee reviews and reassesses its charter at least annually, and recommends any changes it considers necessary to the Board. The Remuneration Committee's charter is available on the Company's website.

During the year the Remuneration Committee reviewed:

- Conditions of service and remuneration of the directors, Chief Executive Officer, Chief Financial Officer and key management personnel;
- Remuneration policies of the Group;
- Proposals for new issues under, or changes to, the Company's option plans;
- Succession plans for senior management; and
- Other related matters.

The Remuneration Committee invites external consultants and senior executives to its meetings to seek input on the Group's remuneration policies, however no senior executive is directly involved in deciding their own remuneration.

From 1 July 2010 to 31 December 2010, Mr. G. Tate was an executive director of the Company. During that time, his remuneration package consisted of a mixture of base salary, superannuation and short and long term incentives.

Non-executive directors receive fees determined by the Board, but within the aggregate limits approved by shareholders. Mr. Tate became a non-executive director on 1 January 2011, his remuneration consists of director fees and post-employment unexercised options.

Senior executives and key management personnel of the Group receive a balance of fixed and variable ('at risk') remuneration. The proportion of fixed and variable remuneration is determined by the Remuneration Committee and is based on the capacity of the person to influence the overall outcome of the Company's operations and return to shareholders. When considering the fixed component of remuneration, the Remuneration Committee will take into account the persons responsibilities, qualifications and experience. When considering the variable component of remuneration, the Remuneration Committee uses its discretion to consider the capacity of the person to affect the profit earned by the Company and performance against key performance indicators. The variable remuneration includes short-term incentives in the form of cash bonuses and long-term incentives in the form of options, which are subject to vesting provisions and performance hurdles.

Remuneration packages contain the following key elements:

- Short-term – salary & fees, bonus and non-monetary;
- Post employment – superannuation; and
- Share-based payment – options subject to performance hurdles.

Key management personnel	Salary & fees		Short-term Bonus	Short-term Non-monetary	Post Employment Superannuation	Share Based Payment Options	Total	Performance based remuneration
	$		$	$	$	$	$	%
Directors								
Michael Hardy								
2011	**75,000**		**-**	**-**	**-**	**-**	**75,000**	**-**
2010	65,000		-	-	-	-	65,000	-
Stephen Gill								
2011	**60,000**		**-**	**-**	**-**	**-**	**60,000**	**-**
2010	50,000		-	-	-	-	50,000	-
Peter Gunzburg								
2011	**60,000**		**-**	**-**	**-**	**-**	**60,000**	**-**
2010	50,000		-	-	-	-	50,000	-
Robert McKinnon (Resigned 31/3/2010)								
2010	264,154		-	30,122	33,443	76,121	403,840	18.8
Greg Tate								
2011	**1,451,841**	(1)	**150,000**	**11,081**	**25,000**	**91,035**	**1,728,957**	**13.9**
2010	433,338		-	27,521	50,000	153,315	664,174	23.1
Executives								
Steve Carroll GM, Camec								
2011	**187,594**		**-**	**22,539**	**18,912**	**19,029**	**248,074**	**7.7**
2010	154,029		-	29,454	16,514	-	199,997	-
Bradley Denison Chief Financial Officer								
2011	**274,140**		**25,000**	**11,338**	**24,853**	**83,948**	**419,279**	**26.0**
2010	207,332		25,000	9,008	18,660	52,099	312,099	24.7
Bradley Van Hemert CEO, RV Manufacturing								
2011	**285,000**		**25,000**	**-**	**25,000**	**85,537**	**420,537**	**26.3**
2010	266,055		-	-	23,945	58,916	348,916	16.9
Stephen Price CEO, Fleetwood Corporation (Appointed 29/3/2010)								
2011	**418,462**		**-**	**-**	**25,000**	**63,429**	**506,891**	**12.5**
2010	110,212		-	-	7,480	-	117,692	-
Ben Rosser CEO, Fleetwood Pty Ltd (Appointed 25/10/2010)								
2011	**146,872**		**-**	**8,164**	**13,218**	**38,058**	**206,313**	**18.4**
Total 2011 **Company and Consolidated**	**2,958,909**		**200,000**	**53,122**	**131,983**	**381,037**	**3,725,051**	**15.6**
Total 2010	1,600,120		25,000	96,105	150,042	340,451	2,211,718	16.5

(1) Includes a $350,000 ex-gratia termination payment in recognition of over 20 years service and $686,674 of unused leave entitlements accrued and recognised in prior periods.

All bonuses were at the discretion of the Remuneration Committee.

The amount included in remuneration as share-based payments is not related to or indicative of the benefits (if any) that individual executives may ultimately realise should the equity instruments vest. No options issued during the year vested during the year and no bonuses or options were forfeited during the year because the person did not meet service or performance criteria.

Remuneration Report (continued)

In accordance with the provisions of the executive option plan, executives are granted options to purchase ordinary shares in Fleetwood. No amounts are payable for the options. One third of the options are able to be exercised after the 30 June subsequent to the date of issue, a further one third of the options are able to be exercised in each of the next 2 years. The options are only exercisable if the company's total shareholder return equals or exceeds 15% pa compounded from the inception of the plan and the company's total shareholder return is equal to or greater than the ASX 300 All Industrial Accumulation Index. This performance hurdle was chosen as it seeks to link executive remuneration with long term shareholder wealth generation. The options expire 5 years from the date of issue. There are no voting or dividend rights attaching to the options. No options lapsed during the year. No options were forfeited during the year. Each option entitles the holder to subscribe for one share upon exercise at an exercise price of $8.02 per share. Due to the limited financial products available to facilitate hedging of unvested or vested options the Board does not impose any restrictions in relation to a person limiting his or her exposure to the risk in respect of options issued by the Company.

Details of share based payment arrangements that were in existence at the reporting date have been disclosed in Note 20 to the financial statements.

The terms and conditions of employment of senior executives and key management personnel are governed by individual employment contracts. Employment contracts are not limited in duration and do not contain termination payments. Each employment contract may be terminated by either party upon the giving of 4 weeks' notice.

Option values that form part of current year remuneration is shown below:

	Year Options Granted				
	2008	**2009**	**2010**	**2011**	**Total**
	$	**$**	**$**	**$**	**$**
Robert McKinnon					
2010	16,289	8,269	51,563	-	76,121
Greg Tate					
2011	**-**	**5,700**	**85,335**	**-**	**91,035**
2010	21,720	16,725	114,870	-	153,315
Steve Carroll					
2011	**-**	**-**	**-**	**19,029**	**19,029**
Bradley Denison					
2011	**-**	**436**	**32,769**	**50,743**	**83,948**
2010	6,516	1,212	44,371	-	52,099
Bradley Van Hemert					
2011	**-**	**660**	**34,134**	**50,743**	**85,537**
2010	10,860	1,836	46,220	-	58,916
Stephen Price					
2011	**-**	**-**	**-**	**63,429**	**63,429**
Ben Rosser					
2011	**-**	**-**	**-**	**38,058**	**38,058**
Total 2011	**-**	**6,796**	**152,238**	**222,002**	**381,036**
Total 2010	55,385	28,042	257,024	-	340,451

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2011:

Movements in shareholder wealth

	2011	**2010**	**2009**	**2008**	**2007**
Share price at start of year ($)	9.19	5.90	9.25	8.70	6.60
Share price at end of year ($)	11.33	9.19	5.90	9.25	8.70
Dividend per share (cents)	73.0	68.0	66.0	65.0	63.0
Earnings per share (cents)	90.0	72.6	68.7	68.4	54.1
Diluted earnings per share (cents)	88.6	71.5	68.5	67.8	53.4
$ Million					
Revenue	466.6	291.3	355.3	344.5	314.4
Net profit before tax	73.6	54.5	50.6	49.1	38.2
Net profit after tax	51.3	38.7	35.6	34.2	26.6

Remuneration Report (continued)

Value of options issued to directors and executives:

Key management personnel	Options granted: No. at grant date	Options granted: Value at grant date $	Options exercised (shares issued): No. during year	Options exercised (shares issued): Value at exercise date $	Options exercised (shares issued): Amounts paid $	Options Vested No. during year	Value of options included in remuneration for the year $	Remuneration by options %
Greg Tate	-	-	179,999	1,952,588	1,357,910	116,667	91,035	5.3
Steve Carroll	15,000	35,824	-	-	-	-	19,029	7.7
Bradley Denison	40,000	95,531	58,000	610,460	421,500	37,000	83,948	20.0
Bradley Van Hemert	40,000	95,531	72,667	815,985	513,869	50,000	85,537	20.3
Stephen Price	50,000	119,413	-	-	-	-	63,429	12.5
Ben Rosser	30,000	71,648	-	-	-	-	38,058	18.4

The issue date of the options granted to the executives is 31 October 2010. Assuming the employee continues to be employed by Fleetwood one third of the options are able to be exercised after the 30 June subsequent to the date of issue, a further one third of the options are able to be exercised in each of the next 2 years.

Non-audit Services

The directors are satisfied that the provision of non-audit services during the year by the auditor were compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditors did not compromise the auditor independence requirement of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards board, including reviewing or auditing the auditors own work acting in a management or a decision making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 24 to the financial statements.

Company Secretary

Bradley Denison, a Certified Practicing Accountant with 19 years experience in senior financial roles.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and accordingly amounts in the financial report and directors' report have been rounded to the nearest one thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

M Hardy
Chairman

19 September 2011

Deloitte.

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Board of Directors
Fleetwood Corporation Limited
21 Regal Street
EAST PERTH WA 6004

19 September 2011

Dear Board Members

Fleetwood Corporation Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Fleetwood Corporation Limited.

As lead audit partner for the audit of the financial statements of Fleetwood Corporation Limited for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Kathleen Bozanic

Kathleen Bozanic
Partner
Perth, 19 September 2011

Directors' Declaration

The directors of Fleetwood Corporation Limited declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in Note 25 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

M Hardy
Chairman

19 September 2011

Deloitte.

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Independent Auditor's Report to the members of Fleetwood Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Fleetwood Corporation Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 1 to 30 and 40.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Fleetwood Corporation Limited would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Fleetwood Corporation Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 35 to 38 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Fleetwood Corporation Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Kathleen Bozanic

Kathleen Bozanic
Partner
Chartered Accountants
Perth, 19 September 2011

ASX Additional Information
as at 16 September 2011

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Twenty largest shareholders

Name	Number of ordinary shares held	%
Karrad Pty Ltd	5,478,189	9.43%
HSBC Custody Nominees (Australia) Limited	5,228,519	9.00%
J P Morgan Nominees Australia Limited	4,323,920	7.44%
National Nominees Limited	3,701,210	6.37%
Bendigo Re-Locatable Buildings Pty Ltd	2,500,000	4.30%
Adventure Holdings Pty Ltd	1,924,665	3.31%
ARGO Investments Limited	1,492,485	2.57%
Fleetwood Retirement Fund Pty Ltd	1,054,158	1.81%
Cogent Nominees Pty Limited	857,684	1.48%
Australian Foundation Investment Company Limited	764,020	1.31%
J P Morgan Nominees Australia Limited <Cash Income A/C>	753,753	1.30%
Citicorp Nominees Pty Limited	746,866	1.28%
Mirrabooka Investments Limited	720,519	1.24%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	526,123	0.91%
Mr Thomas Joseph Falvey	372,000	0.64%
Mr Greg Tate	338,873	0.58%
RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI A/C>	308,087	0.53%
Mr John Ian Amos & Mrs Cintra Gail Amos <Ningana Super Fund A/C>	298,143	0.51%
AMP Life Limited	287,454	0.49%
Cogent Nominees Pty Limited <SMP Accounts>	231,586	0.40%
	31,908,254	**54.90%**

Substantial shareholders

The number of shares held by substantial shareholders are set out below:

Name		
Greg Tate	6,928,718	11.92%
HSBC Custody Nominees (Australia) Limited	5,385,376	9.27%
J P Morgan Nominees Australia Limited	4,354,628	7.49%
National Nominees Limited	3,701,310	6.37%
Stephen Gill	3,028,823	5.21%

Distribution of equity security holders

Category	Number of shareholders
1 -1,000	4,372
1,001 - 5,000	4,658
5,001 - 10,000	650
10,001 - 100,000	291
100,001 and over	32
	10,003
Shareholders holding less than a marketable parcel	213

Voting rights of shareholders

On a show of hands, every member in person or by proxy shall have one vote. Upon a poll, voting rights of such members shall be one vote for each share held.

On market buy-back

There is no current on market buy-back.

Other information

Fleetwood Corporation Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Fleetwood
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