Annual Report 2014

Fleetwood
CORPORATION

Delivering the Promise

Fleetwood
CORPORATION

50th Anniversary 2014

CONTENTS

Corporate Directory

DIRECTORS

Michael Hardy

Greg Tate

John Bond

Peter Gunzburg

Brad Denison

COMPANY SECRETARY

Yanya O'Hara

AUDITOR

Deloitte Touche Tohmatsu

BANKER

Westpac Banking Corporation

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

21 Regal Place

East Perth, WA 6004

T: (08) 9323 3300

F: (08) 9202 1106

E: info@fleetwood.com.au

SHARE REGISTRY

Computershare

Level 2, Reserve Bank Bldg

45 St. George's Terrace

Perth, WA 6000

T: (08) 9323 2000

F: (08) 9323 2033

E: info@computershare.com.au

Delivering the Promise

Our Objective

To outperform financially by providing genuine value

Our Beliefs

We:

want to do business

build strong relationships in which each party wins

expect all parties to make and honour their commitments

value the support of our shareholders, clients and suppliers

Our Commitment

We will:

act with honesty and integrity

provide a safe and healthy workplace

operate in an environmentally responsible manner

develop and reward our people for their creativity and dedication

deal with people in a concerned and professional way

find better ways to do things

always hold ourselves accountable for 'Delivering the Promise'

Manufactured Accommodation

Fleetwood

Accommodation solutions provider to the resources, education and affordable housing sectors. Headquarters in Perth and Melbourne with operations in WA, NT, Qld and Vic.

Recreational Vehicles

Fleetwood Recreational Vehicles

Manufacturer of caravans, pop-tops and campers distributed through a national dealer network. Headquarters and main operations in Perth.

COROMAL Built for Adventure

Windsor Travelling with you

FLEXIGLASS

Distributor of canopies and trays for commercial vehicles. Headquartered in Melbourne with branches and dealers across Australia.

BOCAR Built to last

Distributor of ute trays and accessories. Headquartered in Sydney with distributors throughout NSW.

CAMEC® GO FURTHER

Manufacturer and distributor of parts and accessories to the recreational vehicles industry in Australia and NZ. Headquartered in Melbourne with branches in NSW, Queensland, Victoria, WA and NZ.

Five Year Summary

$ million (unless stated)	2014	2013	2012	2011	2010
Revenue	**366.5**	333.9	382.6	466.6	291.3
Earnings before interest, tax, depreciation, amortisation and impairment (**EBITDA before impairment**)	**28.2**	40.5	94.2	89.5	67.8
EBITDA margin	**7.7%**	12.1%	24.6%	19.2%	23.3%
Depreciation and amortisation	**17.6**	16.1	14.9	14.0	12.8
Earnings before interest, tax and goodwill impairment (EBIT before impairment)	**10.6**	24.5	79.3	75.4	55.0
Earnings before interest and tax (**EBIT**)	**5.6**	24.5	79.3	75.4	55.0
EBIT margin	**1.5%**	7.3%	20.7%	16.2%	18.9%
Finance costs	**2.2**	1.3	0.8	1.8	0.5
Operating profit before income tax	**3.4**	23.2	78.5	73.6	54.5
Operating profit after tax	**0.6**	16.6	55.2	51.3	38.7
Interest cover (times)	**2.5**	19.3	103.8	41.6	110.9
Earnings per share (cents)	**0.9**	27.8	93.8	90.0	72.6
Dividends per share (cents)	**4.0**	30.0	76.0	73.0	68.0
Assets	**321.8**	312.6	289.8	307.5	210.5
Liabilities	**107.4**	98.5	58.6	101.2	53.6
Shareholders funds	**214.4**	214.1	231.2	206.2	156.9
Return on equity	**0.3%**	7.8%	24.0%	25.0%	25.0%
Debt	**62.4**	44.6	0.9	21.3	-
Debt / Shareholders funds %	**29%**	21%	0%	10%	-
Cash flows from operations	**30.9**	25.4	77.3	51.8	54.8
Number of shares on issue (million)	**60.6**	60.5	59.2	57.8	54.0

Excludes discontinued operations

Board of Directors & Executive Officers

MICHAEL HARDY

Chairman

Non-Executive Director

Barrister & Solicitor
B Juris LLB BA
Age 61 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.

PETER GUNZBURG

Non-Executive Director

Bachelor of Commerce
Age 62 lives in Perth

Mr Gunzburg was appointed to the board of Fleetwood in 2002.

Mr Gunzburg 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 Limited, Non-Executive Chairman of Newzulu Limited and a Non-Executive Director of Dragon Mining Limited.

GREG TATE

Non-Executive Director

Chartered Accountant
Bachelor of Commerce
Age 62 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 Deloitte.

JOHN BOND

Non-Executive Director

B. Juris, L. LB, B. Comm.
Age 58 lives in Perth

John became a Non-Executive Director in 2013. John has been a Director of Primewest Management Ltd since 2000, and as a professional property investor, he has over 20 years experience in negotiating acquisitions, overseeing the development of properties and asset management. John is currently a Director of ASX listed JCurve Solutions Ltd and Chairman of the Fathering Project.

BRAD DENISON

Managing Director

Fellow Certified Practising Accountant
Bachelor of Commerce
Age 42 lives in Perth

Brad was appointed Managing Director in August 2014. Prior to this, Brad was Chief Financial Officer and Company Secretary for 10 years. Before joining Fleetwood, Brad was employed by Cockburn Corporation Ltd as group accountant.

YANYA O'HARA

Company Secretary

Lawyer
LL.B. (Hon), LL.M.

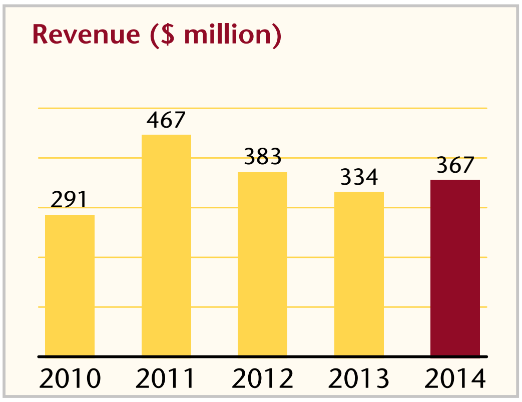
Yanya was appointed as Company Secretary on 1 August 2014. Prior to this, Yanya was employed by the Company for three years as Assistant Company Secretary. Prior to joining Fleetwood, Yanya practiced as a Corporate Attorney in New York and as a Barrister and Solicitor in Perth.

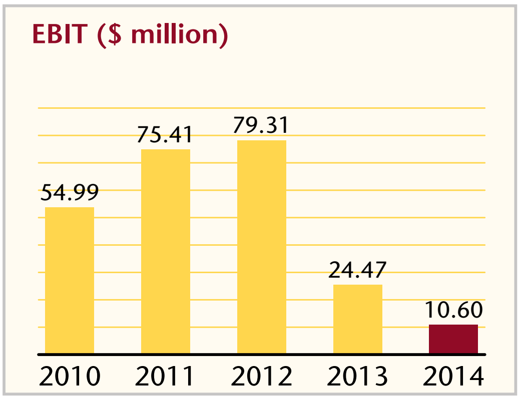
Managing Director's Review

- Revenue up 10% to $366.5m
- EBIT down 57% to $10.6m, excluding impairment charge of $5m and $0.7m loss from discontinued operation
- Net debt of $56.0m at 30 June 2014

A significant increase in demand in the education sector partially offset poor performance in the resources and recreational vehicles sectors.

While subdued conditions in the recreational vehicles market have resulted in an impairment charge in respect of the company's caravan manufacturing business, restructuring actions undertaken are starting to contribute operational efficiencies and financial benefits.





DIVIDENDS

A fully franked final dividend of 2 cents per share will be paid on 30 September 2014, resulting in a total dividend payment of 4 cents per share for the 2014 financial year.

In considering the dividend payment, the directors noted the strong cash generation achieved by the company, with operating cash flows of $30.9m during the year.

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

MANUFACTURED ACCOMMODATION

Education sector demand increased markedly in 2014. This was driven in part by government initiatives to move year seven students into high school in Western Australia and Queensland.

$ million	2014	2013
Revenue	**229.7**	220.7
EBIT	**16.0**	31.6

Volume from the Victorian transfer program increased during the year. The program involves the relocation, storage and refurbishment of classrooms for the Victorian Department of Education.

Demand for accommodation in Karratha remained moderate resulting in occupancy at Searipple averaging approximately 40% throughout the year.

In April 2014 construction of the Osprey village in Port Hedland was completed. The village comprises approximately 300 transportable homes used to accommodate key workers in the region and generates a Government underwritten earnings stream which is not dependent on village occupancy. Subject to finalisation of commercial terms, Fleetwood will operate the village for the WA Department of Housing for a term of 15 years.

In June 2014 the company announced the award of a contract to build and rent to Laing O'Rourke a 200 person fly camp and a 350 person construction camp at Combabula in Queensland. The project utilises $5m of existing company owned buildings and requires further capital expenditure of approximatly $12m, to be funded from existing facilities. The project will be completed in the first half of the 2015 financial year.

RECREATIONAL VEHICLES

The recreational vehicles division continued to experience soft trading conditons during the year, reflecting weak consumer sentiment. There has also been a shift towards lower specification budget vehicles which has affected industry revenue and margins. An impairment charge of $5m has been recorded against goodwill of the caravan manufacturing business.

$ million	2014	2013
Revenue	**136.5**	111.4
Operating EBIT	**- 2.1***	- 4.7

*excludes $0.7m loss from discontinued operation and an impairment charge of $5m.

Despite sales of new light commercial vehicles declining during the year, revenue from canopies and trays increased marginally. Additionally margin was improved as a result of restructuring activities undertaken.

Camec continued to experience competitive pressure during the year and a fall in volumes as a result of weaker production volumes in the recreational vehicle industry.

DEBT

Net debt at 30 June was $56.0m of which $32.0m relates to the Osprey project, which is supported by an earnings agreement with the State government of Western Australia.

PEOPLE

2014 was a challenging year for Fleetwood. Difficult trading conditions required our people to extend themselves during the year. On behalf of the directors, I sincerely thank our people for rising to meet these challenges.

OUTLOOK

Notwithstanding soft trading conditions in the RV market, the consolidation of caravan manufacturing activities undertaken last year resulted in improved revenue in 2014. In addition, importation of caravans from China commenced.

Continued broadening of Asian supply is expected to result in further economies for the recreational vehicles division.

On 12 August, Fleetwood announced the acquisition of Bocar, a NSW based distributor of aluminium trays for light commercial vehicles. The acquisition provides increased scale for Flexiglass in New South Wales, and the opportunity to distribute Bocar products throughout its existing Australia wide network.

Demand for accommodation in Karratha varied during the year however opportunities to increase utilisation at Searipple are being pursued.

While demand in the resource sector remains challenging, activites to improve Fleetwood competitiveness are currently being undertaken.

Activity in the education sector is driven by government expenditure. Recent funding allocations by government in Victoria and Western Australia will support these markets.

Fleetwood continues to target opportunities in the affordable housing market. The sector is large and diverse with some opportunities being driven by government initiatives to increase affordable accommodation.

Consolidated statement of profit or loss and other comprehensive income

Fleetwood Corporation Limited

Year ended 30 June 2014

Continuing operations	Note	2014 $ '000	2013 $ '000
Sales revenue	2	**366,289**	332,947
Other income	2	**229**	925
Materials used		**(146,573)**	(107,418)
Sub-contract costs		**(90,935)**	(86,972)
Employee benefits		**(66,181)**	(67,516)
Operating leases		**(11,173)**	(10,963)
Impairment of Goodwill		**(5,000)**	-
Other expenses		**(23,430)**	(20,458)
Profit before interest, tax, depreciation and amortisation **(EBITDA)**		**23,226**	40,545
Depreciation and amortisation	3	**(17,624)**	(16,074)
Profit before interest and tax **(EBIT)**		**5,602**	24,471
Finance costs	3	**(2,227)**	(1,267)
Profit before income tax expense		**3,375**	23,204
Income tax expense	4	**(2,809)**	(6,556)
Profit from continuing operations		**566**	16,648
Loss from discontinued operation	34	**(490)**	(4,193)
Profit for the year	24	**76**	12,455
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Net exchange difference relating to foreign controlled entities (net of tax)	23	**359**	319
Total comprehensive income for the year		**435**	12,774
Earnings per share from continuing and discontinued operations			
Diluted earnings per share (cents)	7	**0.1**	20.7
Basic earnings per share (cents)	7	**0.1**	20.8
Earnings per share from continuing operations			
Diluted earnings per share (cents)	7	**0.9**	27.6
Basic earnings per share (cents)	7	**0.9**	27.8

To be read in conjunction with the accompanying notes.

Consolidated statement of financial position

Fleetwood Corporation Limited
As at 30 June 2014

	Note	2014 $ '000	2013 $ '000
Current assets			
Cash and cash equivalents	8	**6,405**	12,665
Trade and other receivables	9	**46,654**	54,054
Tax assets		**55**	-
Inventories	10	**44,504**	41,707
Non-current assets held for sale	11	**51**	4,168
Total current assets		**97,669**	112,594
Non-current assets			
Trade and other receivables	9	**-**	11
Property, plant and equipment	12	**109,702**	114,471
Inventories	10	**45,745**	14,088
Goodwill	13	**59,431**	64,435
Intangible assets	14	**4,844**	3,028
Deferred tax assets	4	**4,396**	3,973
Total non-current assets		**224,118**	200,006
Total assets		**321,787**	312,600
Current liabilities			
Trade and other payables	15	**37,853**	45,167
Interest bearing liabilities	17	**62,411**	44,610
Tax liabilities		**-**	1,147
Provisions	16	**3,743**	4,416
Other financial liabilities	20	**139**	-
Total current liabilities		**104,146**	95,340
Non-current liabilities			
Interest bearing liabilities		**-**	11
Provisions	16	**3,232**	3,158
Total non-current liabilities		**3,232**	3,169
Total liabilities		**107,378**	98,509
Net assets		**214,409**	214,091
Equity			
Issued capital	22	**194,096**	193,001
Reserves	23	**(219)**	(578)
Retained earnings	24	**20,532**	21,668
Total equity		**214,409**	214,091

To be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

Fleetwood Corporation Limited
Year ended 30 June 2014

	Issued capital $ '000	Foreign currency translation reserve $ '000	Retained earnings $ '000	Total $ '000
Balance 1 July 2012	179,425	(897)	52,717	231,245
Profit for the year	-	-	12,455	12,455
Exchange differences arising on translation of foreign operations	-	319	-	319
Total comprehensive income for the year	-	319	12,455	12,774
Dividends paid	9,187	-	(43,504)	(34,317)
Share-based payments	1,470	-	-	1,470
Shares issued pursuant to employee and executive option plans	2,919	-	-	2,919
Balance at 30 June 2013	193,001	(578)	21,668	214,091
Profit for the year	-	-	76	76
Exchange differences arising on translation of foreign operations	-	359	-	359
Total comprehensive income for the year	-	359	76	435
Dividends paid	150	-	(1,212)	(1,062)
Share-based payments	945	-	-	945
Balance at 30 June 2014	194,096	(219)	20,532	214,409

To be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
Fleetwood Corporation Limited
Year ended 30 June 2014

	Note	2014 $ '000	2013 $ '000
Cash flows from operating activities			
Receipts in the course of operations		**415,906**	370,494
Payments in the course of operations		**(378,631)**	(334,339)
Interest received		**120**	206
Income taxes paid		**(4,224)**	(9,602)
Finance costs paid		**(2,227)**	(1,310)
Net cash provided by operating activities	28.1	**30,944**	25,449
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(21,289)**	(37,976)
Proceeds from sale of non-current assets		**844**	941
Payment for intangible assets		**(2,813)**	(1,638)
Payment for capital work in progress		**(30,718)**	(3,856)
Net cash used in investing activities		**(53,976)**	(42,529)
Cash flows from financing activities			
Proceeds from issue of shares	22	**-**	2,919
Proceeds from borrowings		**47,390**	47,728
Repayment of borrowings		**(29,600)**	(4,000)
Dividends paid		**(1,062)**	(34,318)
Net cash provided by financing activities		**16,728**	12,329
Net decrease in cash and cash equivalents		**(6,304)**	(4,751)
Cash and cash equivalents at the beginning of the financial year		**12,665**	17,380
Effect of exchange rate changes on the balance of cash held in foreign currencies		**44**	36
Cash and cash equivalents at the end of the financial year	8	**6,405**	12,665

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. Compliance with Australian Accounting Standards ensures the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards. The Company is a for profit entity and the financial statements comprise the consolidated financial statements of the Group.

The financial statements were authorised for issue by the directors on 30 September 2014.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Adoption of these standards has had no effect on the amounts reported for the current or prior period.

The date of authorisation of the financial statements, the following applicable standards and interpretations were in issue but not yet effective:

Standard	Effective for reporting periods beginning on or after:	Expected to be applied in the year ending:
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' Part C: 'Materiality'	1 July 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
AASB 14 'Regulatory Deferral Accounts'	1 January 2016	30 June 2017
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017

[1] The AASB has issued the following versions of AASB 9 and the relevant amending standards:

- AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'
- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure'.
- In December 2013 the AASB issued AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C – Financial Instruments. This amending standard has amended the mandatory effective date of AASB 9 to 1 January 2017. For annual reporting periods beginning before 1 January 2017, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.
- In June 2014 the AASB issued AASB 2014-1 'Amendment to Australian Accounting Standards', Part E – Financial Instruments. This amending standard has amended the mandatory effective date of AASB 9 to 1 January 2018. For annual reporting periods beginning before 1 January 2018, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard / Interpretation	Effective for reporting periods beginning on or after:	Expected to be applied in the year ending:
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016	30 June 2017
IFRS 9 Financial Instruments	1 January 2018	30 June 2019
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016	30 June 2017
Narrow-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)	1 January 2016	30 June 2017

Management are in the process of determining the potential impact of the initial application of the Standards and Interpretations. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

1.2 Basis of preparation

The financial report has been prepared on the basis of historical costs, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Cost is generally based on the fair values of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136. Accounting policies have been consistently applied and except where there are changes in accounting policy, are consistent with those of the previous year. All amounts are presented in Australian Dollars unless otherwise noted.

The Company is 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 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders, potential voting rights held by the Company, other vote holders or other parties, rights arising from other contractual arrangements, and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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 at the acquisition-date of the 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, 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.

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. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds 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 interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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 or receivable net of goods and services tax (GST).

Sale of goods
Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract cost. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. 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.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, for advances received. Amounts billed for work performed but not yet paid are included in the consolidated statement of financial position as trade and other receivables.

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

Interest
Interest 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

Functional currency
The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each group entity are expressed in Australian Dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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 they arose.

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. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognised in other comprehensive income and accumulated in equity.

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 tax 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 the 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.

Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax
Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary 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 liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 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 their carrying amount and fair value less costs to sell. Non-current assets 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 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 provision is made for any doubtful debts. Changes in the carrying amount of the allowance are recognised in profit or loss.

1.13 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using standard cost and for work in progress includes an appropriate share of both variable and fixed costs. Net realisable value represents the estimated selling prices for the inventories less all estimated costs of completion and costs necessary to make the sale.

1.14 Impairment of assets other than goodwill

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed 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 any impairment loss. 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.

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.

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 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.

1.16 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.

Property in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.17 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:

	2014	2013
Buildings	**2.5%**	2.5%
Leasehold property and improvements	**2% - 25%**	2% - 25%
Plant and equipment	**2.5% - 50%**	2.5% - 50%

1.18 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.19 Goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.20 Product development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the asset first meets the recognition criteria. Where no internally-generated asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.21 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 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 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 in respect of services provided by employees up to the reporting date.

Share based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of equity instruments that will eventually vest. At the end of each reporting period, estimate of the number of equity instruments expected to vest is reviewed. The impact of the revision is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

Superannuation
Contributions to employee superannuation funds are expensed when the employees have rendered service entitling them to the contributions.

1.22 Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Equity instruments issued by the Group are recognised at the amount received, net of direct issue costs.

Payables
Liabilities are recognised for amounts to be paid in the future for goods or services received regardless of whether they have been billed to the consolidated entity. They are initially valued at fair value, net of transaction costs.

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.

The Group derecognises liabilities when, and only when, the obligations are discharged, cancelled or expire. The difference between the carrying amount of the liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.23 Comparative information

Comparative information has been restated to account for the impact of the discontinued operation and other reclassifications to bring them in line with the current year classifications.

1.24 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.25 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.26 Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in note 20.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

1.27 Critical accounting judgments and key sources of estimation uncertainty

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. Contracts may span several accounting periods. Estimates of forecast costs are regularly updated in accordance with the agreed work scope and schedule under the contract. Forecasts are based on the cost expected to apply when the related activity is undertaken. Contingencies are included in order to cover the risks in those forecasts. Revenues reflect the 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 except for where fair value less cost to sell has been applied. 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 13. Where the actual future cash flows are less than expected, a material impairment loss may arise.

- 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 21 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.

- The carrying amount of goodwill at 30 June 2014 was $59.4 million (30 June 2013: $64.4 million) after an impairment loss of $5 million was recognised during 2014 (2013: nil). Details of the impairment loss calculation including key assumptions are set out in note 13.

- As disclosed in the interest bearing liabilities note 17, the Westpac facility is due for refinancing or repayment on or before 21 November 2014. As at the date of this report, the company is in discussion with Westpac regarding the facility renewal, however the discussions have not been concluded. While certainty regarding renewal and likely terms of that renewal cannot be gained at this stage, the Directors are of the opinion that there are reasonable grounds to believe the debt will be refinanced on terms acceptable to the company. In arriving at this position the Directors have reviewed the quantum and timing of discretionary expenditure, and where necessary, these costs will be minimised or deferred to suit the group's cash flow forecast. Additionally, a large proportion of the group's current debt position is related to construction of the Osprey project, which has a government underwritten income stream. This provides reasonable certainty regarding facility renewal.

- As part of the assessment of the preparation of the financial report the forecast for a period of 12 months from the date of the financial report has been considered including the finance facilities of the Company and the terms of which those facilities are available. The use of estimates is inherently uncertain and requires a significant of level of judgement. Forward looking estimates have been used in the preparation of the financial report in respect of impairment of assets, the Company's ability to extend the current Wespac debt facility, the appropriate level of provisions and preparation of the financial report on a going concern basis. Management and the Directors have concluded that appropriate assessments have been made with respect to the use of forecasts in the preparation of the financial report.

General information

Fleetwood Corporation Limited 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.

The registered & business address of the Company is 21 Regal Place, East Perth, Western Australia.

	2014	2013
	$ '000	$ '000

2 Revenue

Revenue from continuing operations comprises:

	2014 $ '000	2013 $ '000
Sales revenue		
Goods	**179,769**	140,489
Construction	**139,772**	131,835
Rental	**46,748**	60,623
	366,289	332,947
Other income		
Interest	**120**	206
Gain on revaluation of investment property	**-**	1,151
Gain / (loss) on sale of non-current assets	**109**	(432)
	229	925
	366,518	333,872

All rental fleet units 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

Expenses from continuing operations contain the following items:

	2014 $ '000	2013 $ '000
Cost of sales	**280,295**	235,118
Depreciation and amortisation of:		
buildings	**34**	69
leasehold improvements	**5,307**	4,854
plant and equipment	**11,290**	10,583
product development	**993**	568
	17,624	16,074
Finance costs:		
Bank loans and overdraft	**2,198**	1,218
Charges on hire purchases	**29**	49
	2,227	1,267
Net bad and doubtful debts	**(58)**	(29)
Research and development costs	**23**	245
Superannuation expense	**5,003**	4,854
Equity settled share-based payments	**945**	1,470

4 Income taxes recognised in profit or loss

	Note	2014 $ '000	2013 $ '000
Current tax expense		**2,990**	6,665
Deferred tax expense relating to origination and reversal of temporary differences		**(424)**	(76)
Under/(over) provision of income tax in prior year		**243**	(33)
Continuing operations		**2,809**	6,556
Discontinued operations	34	**(210)**	(1,801)

Reconciliation of income tax expense to the accounting profit

	2014 $ '000	2013 $ '000
Profit before tax from continuing operations	**3,375**	23,204
Income tax expense calculated at 30% (2013: 30%)	**1,013**	6,961
Effect of lower tax rates on overseas income	**(13)**	(14)
Non-deductible expenses	**1,784**	441
Research & development allowance	**(221)**	(249)
Rights to future income deductions	**(39)**	(474)
Non-assessable amounts	**42**	(104)
Sundry items	**-**	28
	2,566	6,589
Adjustments relating to income tax in prior year	**243**	(33)
	2,809	6,556

The tax rate used for 2014 and 2013 is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Deferred tax:

	Balance 2012 $ '000	Charged to income $ '000	Balance 2013 $ '000	**Charged to income $ '000**	**Balance 2014 $ '000**
Deferred tax relating to:					
Property, plant and equipment	1,476	107	1,583	**543**	**2,126**
Employee provisions	2,229	42	2,271	**(179)**	**2,092**
Other provisions	30	(6)	24	**2**	**26**
Accruals	220	(126)	94	**58**	**152**
	3,955	17	3,972	**424**	**4,396**

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 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 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.

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

5 Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Business segments	**Products / Services**
Recreational Vehicles	Manufacture of caravans and vehicle parts and accessories
Manufactured Accommodation	Design, manufacture, sale and rental of manufactured accommodation
Corporate	Corporate is an aggregation of the Group's corporate function

Group revenue and results by reportable operating segment:

	Segment revenue		**Depreciation & amortisation**		**Goodwill Impairment**		**Segment result (EBIT)**	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
Recreational Vehicles	**136,520**	111,408	**2,839**	2,454	**5,000**	-	**(7,129)**	(4,714)
Accommodation	**229,702**	220,662	**14,581**	13,383	**-**	-	**15,977**	31,637
Corporate	**296**	1,802	**204**	237	**-**	-	**(3,246)**	(2,452)
	366,518	333,872	**17,624**	16,074	**5,000**	-	**5,602**	24,471
Finance costs							**(2,227)**	(1,267)
Profit before income tax expense							**3,375**	23,204
Income tax expense							**(2,809)**	(6,556)
Profit from continuing operations							**566**	16,648
Loss from discontinued operations							**(490)**	(4,193)
Profit attributable to members of the parent entity							**76**	12,455

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment results represents earnings before interest and tax of each segment without the allocation of corporate overheads.

Group assets and liabilities by reportable operating segment:

	Segment assets		**Additions to non-current assets**		**Segment liabilities**	
	2014	2013	**2014**	2013	**2014**	2013
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
Recreational Vehicles	**81,018**	88,198	**3,432**	4,064	**18,236**	18,169
Manufactured Accommodation	**222,103**	195,489	**57,176**	48,685	**25,322**	33,747
Corporate*	**18,666**	28,913	**91**	46	**63,820**	46,593
	321,787	312,600	**60,699**	52,795	**107,378**	98,509

For the purposes of monitoring segment performance and allocating resources all assets and liabilities are allocated to the reportable segments other than current and deferred tax amounts and assets and liabilities directly utilised by the Corporate entity.

The Group operates in two principal geographical areas - Australia (country of domicile) and New Zealand.

Group non-current assets and revenues by geographical segment:

	Segment non-current assets		**Revenue from external customers**	
	2014	2013	**2014**	2013
	$ '000	$ '000	**$ '000**	$ '000
Australia	**219,181**	195,517	**360,305**	328,284
New Zealand	**541**	516	**6,213**	5,588
	219,722	196,033	**366,518**	333,872

* Includes non-current assets held for sale.

	2014 $ '000	2013 $ '000

6 Dividends

Recognised amounts

	2014 $ '000	2013 $ '000
Interim 2014 - paid 2 cents per share fully franked	**1,212**	-
Interim 2013 - paid 30 cents per share fully franked	**-**	18,031
Final 2012 - paid 43 cents per share fully franked	**-**	25,473
	1,212	43,504

Unrecognised

	2014 $ '000	2013 $ '000
Final 2014 - 2 cents per share fully franked	**1,212**	-

On 26 August 2014 the Directors declared a final dividend of 2 cents per share which was paid on 30 September 2014. As the dividend was not announced until after 30 June 2014 it has not been included as a liability in these financial statements.

Dividend franking account

	2014 $ '000	2013 $ '000
30% franking credits available to shareholders of Fleetwood Corporation Limited for subsequent years	**26,267**	22,730

7 Earnings per share

	2014 $ '000	2013 $ '000
Earnings used in the calculation of basic and diluted earnings per share from continuing and discontinued operations	**76**	12,455
Adjustment to exclude loss from discontinued operation	**490**	4,193
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	**566**	16,648

The weighted average number of ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Weighted average number of shares used	
Weighted average number of ordinary shares used in the calculation of basic EPS	**60,537,267**	59,944,825
Number of shares deemed to be issued for no consideration in respect of options	**74,423**	302,073
Weighted average number of ordinary shares used in the calculation of diluted EPS	**60,611,690**	60,246,898

From continuing and discontinued operations		
Basic earnings per share (cents)	**0.1**	20.8
Diluted earnings per share (cents)	**0.1**	20.7
From continuing operations		
Basic earnings per share (cents)	**0.9**	27.8
Diluted earnings per share (cents)	**0.9**	27.6
From continuing operations before impairment		
Basic earnings per share (cents)	**9.2**	27.8
Diluted earnings per share (cents)	**9.2**	27.6

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

	2014 $ '000	2013 $ '000

8 Cash and cash equivalents

Cash and cash equivalents	**6,405**	12,665

Cash at bank is at call and received interest at a weighted average rate of 1.61% (2013: 2.16%).

9 Trade and other receivables

Current

Trade receivables	**32,939**	44,244
Less: allowance for doubtful debts	**(15)**	(102)
Term loans - secured	**-**	7
Other debtors	**13,730**	9,905
	46,654	54,054

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 to 60 days. All trade and other debtors are expected to be settled within 60 days of year end.

Non-current

Term loans - secured	**-**	11

The weighted average interest rate on term loans in 2013 was 12.5%.

Concentrations of risk

The five largest outstanding receivables at 30 June 2014 by customer are as follows:

Department of Education & Early Childhood Development (Victorian State Government)	**5,158**	3,179
GE Commercial Finance	**4,540**	7,282
Jon Christopher Neilsen	**4,530**	-
Department of Education, Training & Employment (Queensland State Government)	**4,470**	821
FK Gardner & Sons Pty Ltd	**1,989**	758

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:

Less than 3 months	**4,879**	6,772
Between 3 - 6 months	**166**	2,426
Longer than 6 months	**144**	2,259
	5,189	11,457

Movement in allowance for doubtful debts

Balance at beginning of year	**102**	269
Impairment losses recognised on receivables	**55**	9
Amounts written off during the year as uncollectable	**(142)**	(176)
	15	102

	2014	2013
	$ '000	$ '000

10 Inventories

Current		
Raw materials & stores	**8,477**	8,844
Work in progress	**14,200**	10,811
Finished goods	**21,827**	22,052
	44,504	41,707
Non-current		
Work in progress	**45,745**	14,088
	45,745	14,088

The cost of inventories recognised as an expense during the year in respect of continuing operations was $146.6 million (2013: $107.4 million).

11 Non-current assets held for sale

Land	**-**	2,961
Buildings	**-**	1,108
Plant & equipment	**51**	99
	51	4,168

The group entered into a sale contract to dispose of an investment property, comprised of land and buildings in 2013, which settled in the 2014 financial year. Plant & equipment held for sale are residual assets from the discontinued operation.

12 Property, plant and equipment

Freehold land		
Cost	**1,408**	1,408
Buildings		
Cost	**1,342**	1,342
Accumulated depreciation	**(272)**	(238)
	1,070	1,104
Leasehold property and improvements		
Cost	**53,461**	53,528
Accumulated amortisation	**(36,621)**	(31,410)
	16,840	22,118
Plant and equipment		
Cost	**130,268**	134,536
Accumulated depreciation	**(54,492)**	(53,226)
	75,776	81,310
Assets under construction		
Cost	**14,608**	8,531
	109,702	114,471

12 Property, plant and equipment (continued)

Movement in the carrying amounts for each class of property, plant and equipment:

2014 Financial Year	Freehold land	Buildings	Leasehold Property	Plant and equipment	Assets under Construction	Total
Balance at 1 July 2013	1,408	1,104	22,118	81,310	8,531	114,471
Additions	-	-	124	5,742	18,633	24,499
Transferred from assets under construction	-	-	-	9,346	-	9,346
Transferred to plant and equipment	-	-	-	-	(9,346)	(9,346)
Transferred to product development	-	-	-	(121)	(259)	(380)
Disposals	-	-	(16)	(9,240)	(2,951)	(12,207)
Depreciation and amortisation	-	(34)	(5,386)	(11,290)	-	(16,710)
Effect of foreign exchange differences	-	-	-	29	-	29
Balance at 30 June 2014	**1,408**	**1,070**	**16,840**	**75,776**	**14,608**	**109,702**
2013 Financial Year						
Balance at 1 July 2012	3,218	2,281	20,318	71,323	4,405	101,545
Additions	-	-	6,870	19,464	12,480	38,814
Transferred to non current assets held for sale	(1,810)	(1,108)	-	(140)	-	(3,058)
Transferred from assets under construction	-	-	-	7,517	-	7,517
Transferred to plant and equipment	-	-	-	-	(7,517)	(7,517)
Disposals	-	-	(179)	(6,218)	(837)	(7,234)
Depreciation and amortisation	-	(69)	(4,891)	(10,656)	-	(15,616)
Effect of foreign exchange differences	-	-	-	20	-	20
Balance at 30 June 2013	1,408	1,104	22,118	81,310	8,531	114,471

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

	2014	2013
	$ '000	$ '000

13 Goodwill

Goodwill	**59,431**	64,435

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

Carrying amount at beginning of year	**64,435**	64,435
Impairment loss in respect of caravan manufacturing CGU	**(5,000)**	-
Effect of foreign exchange differences	**(4)**	-
	59,431	64,435

Individual cash-generating units (CGU) allocations:

Caravan manufacturing	**2,097**	7,097
Parts and accessories	**12,401**	12,401
Canopies, trays and accessories	**6,613**	6,617
Manufactured accommodation	**38,320**	38,320
	59,431	64,435

The recoverable amount of the cash generating units has been determined as the higher of fair value less costs to sell and value in use.

The value in use has been calculated using cashflow projections over five years based on financial budgets and business plans approved by the board for the first three years, and utilising a cashflow growth rate of 2.6% (2013: 2.6%) for caravan manufacturing CGU, 4% (2013: 4%) for canopies, trays and accessories CGU and 5% (2013: 5%) for manufactured accommodation CGU for those years not modelled in the board approved budgets and plans.

Assessment of the recoverable amount of the caravan manufacturing CGU involved consideration of the likely impact of future initiatives including Asian sourcing and stock reduction strategies.

The implied discount rates of 14.7% (2013: 18.0%) for caravan manufacturing CGU, 14.7% (2013: 18.0%) for canopies, trays and accessories CGU and 9.3% (2013: 8.4%) for manufactured accomodation CGU, reflect the respective CGU's pre-tax weighted average cost of capital, and has been used in the value in use calculations of the respective CGU. The terminal growth rate used is 2.5% (2013: 2%).

At 30 June 2014, if the forecast EBITDA for the caravan manufacturing CGU decreased by 5.7% in the first year, with all other variables held constant, it would result in a further impairment of goodwill of approximately $2.1m. At 30 June 2014, if the forecast EBITDA for the canopies, trays and accessories CGU decreased by 30-40%, with all other variables held constant, the carrying amount would likely exceed the recoverable amount for this CGU. For the manufactured accommodation CGU there is no reasonably possible change in the key assumptions which would result in the carrying amount exceeding the recoverable amount.

The recoverable amount for the parts and accessories CGU has been assessed using a fair value less cost to sell model, utilising a discounted cash flow projection over 10 years based on the financial budgets and business plans as approved by the board for the first year and utilising a cash flow growth rate of 2.6% thereafter. The assumed cost of sale is then deducted to arrive at the recoverable value of the CGU. A a pre-tax discount rate of 20.0% and a terminal growth rate of 2.5% is utilised in this analysis. At 30 June 2013 the CGU was valued using an EBIT multiple against historical earnings of the CGU. At 30 June 2014, if the forecast cashflow for the parts and accessories CGU decreased by 30-40% in the first year, with all other variables held constant, the carrying amount would likely exceed the recoverable amount. These assumptions are considered to be Level 2 inputs, other than quoted prices that are observable for the CGU either directly or indirectly.

Testing for impairment is carried out on an annual basis and whenever there is an indication of impairment. A $5 million impairment has been recorded against the goodwill of the caravan manufacturing CGU reflecting the challenging demand environment for recreational vehicles. No impairment charge has been recorded since recognising goodwill except those mentioned. The recoverable amount of each CGU equals or exceeds the carrying amount of goodwill as at 30 June 2014. The key assumptions used in determining the recoverable amounts are based on past experience and where applicable are consistent with external sources of information.

	2014 $ '000	2013 $ '000

14 Intangible assets

	2014 $ '000	2013 $ '000
Product development		
At cost	**4,684**	4,670
Accumulated amortisation	**(1,921)**	(2,788)
	2,763	1,882
Product development WIP		
At cost	**2,081**	1,146
	4,844	3,028

Reconciliation of the carrying amounts is set out below:

	2014 $ '000	2013 $ '000
Product development		
Cost		
Opening balance	**4,670**	7,209
Transferred from product development WIP	**515**	1,390
Transferred from property, plant and equipment	**380**	-
Additions	**983**	67
Disposals	**(1,864)**	(3,996)
	4,684	4,670
Accumulated amortisation		
Opening balance	**2,788**	6,133
Amortisation charged for the year	**993**	593
Eliminated on disposal	**(1,860)**	(3,938)
	1,921	2,788
Product development WIP		
Carrying amount at beginning of year	**1,146**	1,445
Additions	**1,450**	1,571
Disposals	**-**	(480)
Transferred to product development	**(515)**	(1,390)
	2,081	1,146

15 Trade and other payables

	2014 $ '000	2013 $ '000
Trade creditors	**23,706**	25,084
Payments in advance	**182**	-
Other creditors and accruals	**13,965**	20,083
	37,853	45,167

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	2014 $ '000	2013 $ '000

16 Provisions

	2014 $ '000	2013 $ '000
Current		
Employee benefits	**3,638**	4,005
Other	**105**	411
	3,743	4,416
Non-current		
Employee benefits	**3,232**	3,158
Aggregate employee benefits	**6,870**	7,163

Provisions for employee benefits represent accrued annual leave and long sevice leave entitlements. Other provisions represent amounts required to remove asbestos from portable buildings and other costs associated with the discontinued operation.

17 Interest bearing liabilities

	Note	2014 $ '000	2013 $ '000
Current - at amortised cost			
Bank loans - secured	18	**62,400**	44,000
Hire purchase creditors - secured	19	**11**	610
		62,411	44,610

The existing funding arrangements with Westpac are due to expire with a repayment date of 21 November 2014. Negotiations with Westpac have commenced regarding renewal of the facility for a further term. In the existing facility $32 million relates to the Osprey project.

Hire purchases have repayment periods of less than 1 year (2013: 1 to 5 years), with interest rates payable of 7.46% to 7.47% (2013: 6.18% to 7.47%).

18 Financing arrangements

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

	Note	2014 $ '000	2013 $ '000
Facilities available			
Bank loans		**68,400**	50,000
Bank guarantees		**3,000**	5,000
Multi Option Facility		**71,400**	55,000

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

	Note	2014 $ '000	2013 $ '000
Facilities utilised			
Bank loans	17	**62,400**	44,000
Bank guarantees		**1,973**	3,189
		64,373	47,189
Facilities not utilised			
Bank loans		**6,000**	6,000
Bank guarantees		**1,027**	1,811
		7,027	**7,811**

Bank loans
Bank loans are secured by a mortgage debenture over the assets of the consolidated entity and bear interest at the BBSY rate plus 1.00% (2013: 0.60%) plus a line fee of 1.00% (2013: 0.6%). The effective annual interest rate at the end of the financial year was 3.57% (2013: 3.48%).

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

	2014 $ '000	2013 $ '000

19 Commitments

Operating lease commitments

Within one year	**8,111**	9,314
Between one and five years	**11,591**	15,597
Later than five years	**-**	-
	19,702	24,911

The Group has a number of non-cancellable operating lease arrangements for land and buildings 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.

Operating lease receivables

Within one year	**24,932**	28,571
Between one and five years	**9,672**	33,527
Later than five years	**-**	-
	34,604	62,098

The Group has a number of non-cancellable operating lease arrangements for portable buildings and contracts for the provision of accommodation services. The leases have varying terms and renewal rights. The majority of these lease contracts contain market review clauses. 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	
	2014 $ '000	2013 $ '000	**2014 $ '000**	2013 $ '000
Within one year	**11**	639	**11**	610
One year or later and no later than five years	**-**	11	**-**	11
Later than five years	**-**	-	**-**	-
	11	650	**11**	621
Less: future finance charges	**-**	(29)	**-**	-
Present value of minimum lease payments	**11**	621	**11**	621

20 Other financial liabilities

Current

Derivatives not in designated hedge accounting relationships	**139**	-

The Group has entered into forward exchange contracts to hedge foreign currency risk on highly probable future purchases of inventory from overseas suppliers.

21 Share based payments

Employee option plan

Employees with more than 1 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.

Summary of movements:

Issue date	Exercise price $	Options at beginning of year No.	Options granted No.	Options expired / forfeited No.	Options exercised (shares issued) No.	Options at end of year No.	Vested at end of year No.	Proceeds received on exercise $	Fair value (market value) of shares on exercise $
31/10/07	8.30								
2013		222,750	-	(106,500)	(116,250)	-	-	964,875	1,171,290
14/11/08	4.20								
2014		**110,200**	**-**	**(110,200)**	**-**	**-**	**-**	**-**	**-**
2013		203,350	-	(39,200)	(53,950)	110,200	110,200	226,590	538,713
31/10/09	6.00								
2014		**195,327**	**-**	**(28,870)**	**-**	**166,457**	**166,457**	**-**	**-**
2013		312,277	-	(62,450)	(54,500)	195,327	195,327	327,000	536,940
31/10/10	8.02								
2014		**330,394**	**-**	**(51,195)**	**-**	**279,199**	**279,199**	**-**	**-**
2013		470,465	-	(100,538)	(39,533)	330,394	219,934	317,055	390,264
02/09/11	8.68								
2014		**356,571**	**-**	**(56,438)**	**-**	**300,133**	**220,989**	**-**	**-**
2013		492,625	-	(103,779)	(32,275)	356,571	182,188	280,147	318,583
29/08/12	9.39								
2014		**437,570**	**-**	**(70,930)**	**-**	**366,640**	**183,775**	**-**	**-**
2013		-	573,250	(135,680)	-	437,570	-	-	-
30/08/13	2.56								
2014		**-**	**584,850**	**(75,800)**	**-**	**509,050**	**-**	**-**	**-**
2014		**1,430,062**	**584,850**	**(393,433)**	**-**	**1,621,479**	**850,420**	**-**	**-**
2013		1,701,467	573,250	(548,147)	(296,508)	1,430,062	707,649	2,115,667	2,955,789
Weighted average exercise price ($)									
2014		**5.16**	**2.56**	**6.09**	**N/A**	**6.53**	**8.09**		
2013		7.42	9.39	8.04	7.14	8.03	7.04		

Options information:

Issue Date	Expiry Date	Option life Years	Volatility %	Dividend yield %	Risk free interest rate %	Fair value at grant date $	Exercise price $	Share price at grant date $	Weighted average share price at exercise date 2014 $	Weighted average share price at exercise date 2013 $
31/10/07	30/10/12	5	28.01	6.88	7.20	1.64	8.30	10.68	-	10.08
14/11/08	13/11/13	5	45.90	10.74	3.97	0.42	4.20	5.25	-	9.99
31/10/09	30/10/14	5	50.00	8.54	4.53	2.09	6.00	7.57	-	9.85
31/10/10	30/10/15	5	40.00	6.14	4.50	4.03	8.02	10.02	-	9.87
02/09/11	01/09/16	5	35.69	6.18	4.50	2.53	8.68	10.66	-	9.87
29/08/12	28/08/17	5	35.80	7.59	2.77	2.31	9.39	11.78	-	-
30/08/13	30/08/18	5	45.03	3.64	2.54	0.90	2.56	3.10	-	-

21 Share based payments (continued)

Executive option plan

Executives are granted options to purchase ordinary shares in Fleetwood Corporation Limited. No amounts are payable for the options. For options issued prior to 1 July 2012, 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. Options issued after 1 July 2012 vest three years from the issue date. 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 Industrials Accumulation Index. The options expire 5 years from the date of issue. There are no voting or dividend rights attaching to the options.

Summary of movements:

Issue date	Exercise price $	Options at beginning of year No.	Options granted No.	Options expired / forfeited No.	Options exercised (shares issued) No.	Options at end of year No.	Vested at end of year No.	Proceeds received on exercise $	Fair value (market value) of shares on exercise $
31/10/07	8.30								
2013		24,000	-	-	(24,000)	-	-	199,200	262,800
14/11/08	7.25								
2014		**31,122**	**-**	**(31,122)**	**-**	**-**	**-**	**-**	**-**
2013		42,451	-	-	(11,329)	31,122	31,122	82,135	120,185
31/10/09	6.00								
2014		**16,000**	**-**	**-**	**-**	**16,000**	**16,000**	**-**	**-**
2013		81,669	-	-	(65,669)	16,000	16,000	394,014	262,822
31/10/10	8.02								
2014		**135,000**	**-**	**(33,334)**	**-**	**101,666**	**101,666**	**-**	**-**
2013		151,000	-	-	(16,000)	135,000	70,667	128,320	160,400
02/09/11	8.68								
2014		**206,337**	**-**	**(75,000)**	**-**	**131,337**	**87,558**	**-**	**-**
2013		206,337	-	-	-	206,337	68,779	-	-
20/02/13	10.57								
2014		**325,000**	**-**	**(135,000)**	**-**	**190,000**	**-**	**-**	**-**
2013		-	325,000	-	-	325,000	-	-	-
30/08/13	2.88								
2014		**-**	**580,000**	**(230,000)**	**-**	**350,000**	**-**	**-**	**-**
2014		**713,459**	**580,000**	**(504,456)**	**-**	**789,003**	**205,224**	**-**	**-**
2013		505,457	325,000	-	(116,998)	713,459	186,568	803,669	806,207
Weighted average exercise price ($)									
2014		**9.29**	**2.88**	**6.41**	**N/A**	**6.42**	**8.14**		
2013		7.91	10.57	N/A	6.87	9.29	7.96		

Options information:

Issue Date	Expiry Date	Option life Years	Volatility %	Dividend yield %	Risk free interest rate %	Fair value at grant date $	Exercise price $	Share price at grant date $	Weighted average share price at exercise date 2014 $	Weighted average share price at exercise date 2013 $
14/11/08	13/11/13	5	45.90	10.74	3.97	0.32	7.25	5.25	-	10.61
31/10/09	30/10/14	5	50.00	8.54	4.53	2.09	6.00	7.57	-	12.02
31/10/10	30/10/15	5	40.00	6.14	4.50	2.43	8.02	10.02	-	10.03
02/09/11	01/09/16	5	35.69	6.18	4.50	2.53	8.68	10.66	-	-
20/02/13	19/02/18	5	35.39	7.59	2.85	1.15	10.57	9.66	-	-
30/08/13	30/08/18	5	45.03	3.64	3.68	1.40	2.88	3.10	-	-

21 Share based payments (continued)

Employee and Executive share options outstanding at the end of the financial year had a weighted average remaining contractual life of 730 days.

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

- Options issued in 2010: $1.73 per option
- Options issued in 2011: $3.24 per option
- Options issued in 2012: $2.50 per option
- Options issued in 2013: $1.57 per option
- Options issued in 2014: $0.67 per option

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

Executive Options were valued using a Monte Carlo simulation model. The expected volatility is based on historical share price volatility over the past 5 years, and the risk free interest rate and dividend yield have been assessed based on prevailing market conditions.

22 Issued capital

	2014	2013
	$ '000	$ '000
Issued and paid-up capital		
60,581,211 (2013: 60,522,619) ordinary shares, fully paid	**194,096**	193,001

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

	2014		2013	
	# Shares	**$ '000**	# Shares	$ '000
Movements in ordinary share capital				
Balance at beginning of year	**60,522,619**	**193,001**	59,217,993	179,425
Equity settled share-based payments	**-**	**945**	-	1,470
Shares issued pursuant to Dividend Reinvestment Plan	**58,592**	**150**	891,120	9,187
Shares issued pursuant to Employee and Executive Option Plans	**-**	**-**	413,506	2,919
Balance at the end of year	**60,581,211**	**194,096**	60,522,619	193,001

Ordinary shares are allotted under the dividend reinvestment plan at a discount to the weighted average price of ordinary shares sold on the ASX over the period of 5 business days up to and including the record date. The current discount is 2.5% (2013: 2.5%).

At 30 June 2014, employees held options over 1,621,479 ordinary shares of the Company, of which 166,457 will expire on 30 October 2014. At 30 June 2013, employees held options over 1,430,062 ordinary shares of the Company, of which 110,200 expired on 13 November 2013.

At 30 June 2014, executives held options over 789,003 ordinary shares of the Company, of which 16,000 will expire on 30 October 2014. At 30 June 2013, executives held options over 713,459 ordinary shares of the Company, of which 31,122 expired on 13 November 2013.

23 Reserves (net of income tax)

	2014 $ '000	2013 $ '000
Foreign currency translation reserve		
Balance at beginning of year	**(578)**	(897)
Translation of foreign operations	**359**	319
	(219)	(578)

Reserves relate to exchange differences on the translation of self-sustaining foreign operations.

24 Retained earnings

	2014 $ '000	2013 $ '000
Balance at beginning of year	**21,668**	52,717
Profit attributable to members of the parent entity	**76**	12,455
Dividends recognised	**(1,212)**	(43,504)
	20,532	21,668

25 Auditors' remuneration

	2014 $ '000	2013 $ '000
Audit services	**208**	176
Other services - taxation and accounting assistance	**13**	29
	221	204

The auditor of Fleetwood Corporation Limited is Deloitte Touche Tohmatsu.

26 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 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:

Bendigo Re-locatable Buildings Pty Ltd
BRB Modular Pty Ltd
Camec Pty Ltd
Fleetwood Recreational Vehicles 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:

	2014	2013
	$ '000	$ '000
Statement of profit or loss and other comprehensive income		
Continuing operations		
Sales revenue	**360,337**	327,570
Other income	**1,023**	7,028
Materials used	**(142,308)**	(103,704)
Sub-contract costs	**(90,935)**	(86,972)
Employee benefits expense	**(65,493)**	(66,800)
Operating leases	**(10,884)**	(10,699)
Other expenses	**(23,357)**	(20,346)
Profit before interest, tax, depreciation and amortisation and impairment **(EBITDA before impairment)**	**28,383**	46,077
Depreciation and amortisation expense	**(17,551)**	(16,010)
Profit before interest, tax and impairment **(EBIT before impairment)**	**10,832**	30,067
Impairment of goodwill	**(5,000)**	-
Profit before interest and tax **(EBIT)**	**5,832**	30,067
Finance costs	**(2,227)**	(1,267)
Profit before income tax expense for the year	**3,605**	28,800
Income tax expense	**(2,633)**	(6,360)
Profit from continuing operations for the year	**972**	22,440
Discontinued operations		
Loss from discontinued operation	**(490)**	(4,193)
Total profit and other comprehensive income for the year	**482**	18,247

	2014	2013
	$ '000	$ '000

26 Deed of cross guarantee (continued)

Statement of financial position

	2014 $ '000	2013 $ '000
Current assets		
Cash and cash equivalents	**5,980**	12,189
Trade and other receivables	**45,562**	53,029
Inventories	**41,995**	39,269
Tax assets	**99**	-
Non-current assets held for sale	**51**	4,168
Total current assets	**93,687**	108,655
Non-current assets		
Trade and other receivables	**-**	11
Investments	**74**	102
Property, plant and equipment	**109,434**	114,207
Goodwill	**59,457**	64,457
Intangible assets	**4,844**	3,028
Inventories	**45,745**	14,089
Deferred tax assets	**4,400**	3,976
Total non-current assets	**223,954**	199,870
Total assets	**317,641**	308,525
Current liabilities		
Trade and other payables	**37,103**	44,526
Interest bearing liabilities	**62,411**	44,610
Tax liabilities	**-**	1,112
Provisions	**3,702**	4,373
Other financial liabilities	**139**	-
Total current liabilities	**103,355**	94,621
Non-current liabilities		
Interest bearing liabilities	**-**	11
Provisions	**3,232**	3,158
Total non-current liabilities	**3,232**	3,169
Total liabilities	**106,587**	97,790
Net assets	**211,054**	210,735
Equity		
Issued capital	**194,092**	193,001
Reserves	**(219)**	(578)
Retained earnings	**17,181**	18,312
Total equity	**211,054**	210,735

27 Financial instruments

Capital management

The Group manages capital to ensure it 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 statement of financial position. The Group's overall strategy remains unchanged since 2013.

The capital structure of the Group includes borrowings and related repayment terms (as detailed in note 17), cash and cash equivalents (as detailed in note 8) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings (as detailed in notes 22, 23 and 24).

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

The group has requirements imposed by its financier pertaining to gearing ratio, shareholders' funds and interest cover. There was no instance of non-compliance with these requirements during the period.

27 Financial instruments (continued)

Financial risk management objectives

Financial instruments comprise cash, receivables, payables, hire purchase creditors, and bank loans. All financial instruments except forward foreign exchange contracts 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 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, foreign currency, credit and liquidity risk. Different methods are used to measure and manage of risks including monitoring exposure to interest and foreign exchange rates 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 rolling cash flow forecasts.

Policies for managing each of these risks is summarised below.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. The Group is mainly exposed to United States Dollars and the Euro.

Foreign exchange sensitivity analysis to a 10% movement in the Australian Dollar

	- 10%			+ 10%		
	USD	**Euro**	**Total**	**USD**	**Euro**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
2014 Profit	**(198)**	**(80)**	**(279)**	**198**	**80**	**279**
2013 Profit	-	-	-	-	-	-
2014 Equity	**(198)**	**(80)**	**(279)**	**198**	**80**	**279**
2013 Equity	-	-	-	-	-	-

Forward foreign exchange contracts

Group policy is to enter into forward foreign exchange contracts to manage the risk associated with anticipated purchases denominated in foreign currency. Anticipated purchases are assessed out to six months from the date the contract is entered into, with 40-60% of the anticipated exposure covered. Basis adjustments are made to the carrying amounts of non-financial items when the anticipated purchase transaction takes place.

Forward foreign currency contracts outstanding at the end of the reporting period:

Outstanding contracts	**Average exchange rate**		**Foreign Currency**		**Notional Value**		**Fair Value**	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	$	$	**FC '000**	FC '000	**$ '000**	$ '000	**$ '000**	$ '000
Buy USD								
Less than 3 months	**0.88**	-	**1,534**	-	**1,743**	-	**(104)**	-
3 to 6 months	**0.93**	-	**450**	-	**484**	-	**(4)**	-
Buy Euro								
Less than 3 months	**0.66**	-	**504**	-	**764**	-	**(26)**	-
3 to 6 months	**0.68**	-	**300**	-	**441**	-	**(5)**	-
							(139)	-

27 Financial instruments (continued)

Interest rate risk management

Interest rate risk arises from borrowings. Group policy is to manage finance costs by using a mix of fixed and variable rate debt after considering market forecasts.

Interest rate sensitivity analysis to interest rate risk

		- 75 bps		+ 75 bps	
	Carrying amount $ '000	**Profit $ '000**	**Equity $ '000**	**Profit $ '000**	**Equity $ '000**
Financial assets					
Cash and cash equivalents - 2014	**6,405**	**(48)**	**(48)**	**48**	**48**
- 2013	12,665	(95)	(95)	95	95
Financial liabilities					
Borrowings - 2014	**62,411**	**468**	**468**	**(468)**	**(468)**
- 2013	44,623	335	335	(335)	(335)
2014		**420**	**420**	**(420)**	**(420)**
2013		240	240	(240)	(240)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Group policy is to deal with creditworthy counterparties and obtain sufficient collateral where appropriate as a means of mitigating the risk of financial loss from default. Reviews of a customer's creditworthiness are undertaken before 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, and compliance with credit limits is regularly monitored. Customers that fail to meet 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 risk management

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. Note 18 lists unused facilities that the Group has at its disposal to reduce liquidity risk. The remaining contractual maturities of the Group are:

- 3 months or less: Trade and other payables as disclosed at Note 15. Trade and other payables do not attract an interest charge and are expected to be settled within 60 days of year end.
- 3 months or less: Bank Loans as disclosed at Note 17. Weighted average interest rate 4.18% (2013: 4.18%). Loans are expected to be settled within three months of year end.
- 12 months or less: Hire purchase creditors – 2014 $11,407 (2013: $610,364). Weighted average interest rate 7.47% (2013: 6.31%). The hire purchase creditors are expected to be settled during the 2015 financial year.
- Greater than 12 months: Hire purchase creditors – 2014 $Nil (2013: $11,407). Weighted average interest rate in 2013 was 6.43%.

27 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, except as disclosed in the table below. 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.

Some of the Group's financial liabilities are measured at fair value and the end of each reporting period. Information about how the fair values of these financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial liabilties	Fair value as at		Fair value Hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2014	2013				
Foreign currency forward contracts	$139,408	Nil	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract forward rates, discounted to their present value.	N/A	N/A

28 Notes to the consolidated statement of cash flows

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

	2014 **$ '000**	2013 $ '000
Operating profit after income tax	**76**	12,455
Less items classified as investing activities:		
(Gain) / loss on sale of non-current assets	**(109)**	983
Add / (subtract) non-cash items:		
Equity settled share-based payments	**945**	1,469
Depreciation and amortisation expense - continuing operations	**17,624**	16,074
Depreciation and amortisation expense - discontinued operations	**79**	135
Written down value of rental fleet sold	**8,984**	5,277
Gain on revaluation of investment property	**-**	(1,151)
Impairment on Goodwill	**5,000**	-
Changes in assets and liabilities during the year:		
Increase in inventories	**(3,736)**	(5,524)
(Increase) decrease in trade and other receivables	**7,411**	(509)
Decrease in other financial assets	**4,069**	41
Increase (decrease) in trade and other payables	**(7,314)**	904
Increase (decrease) in provisions	**(598)**	142
Decrease in income taxes payable	**(1,202)**	(4,829)
Increase in deferred taxes receivable	**(424)**	(18)
Increase in other financial liabilities	**139**	-
Net cash provided by operating activities	**30,944**	25,449

28.2 Non-cash financing and investing activities

During the year, dividends of $148,824 (2013: $9,187,172) were reinvested in the Company as 58,592 (2013: 891,120) fully paid ordinary shares pursuant to the Dividend Reinvestment Plan.

The Company received dividends of $25,384,307 (2013: $72,565,976) from controlled entities by way of an increase in controlled entities loan accounts.

29 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 $106,448,000 (2013: $97,789,810) 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.

Included within Trade and Other Receivables is an amount of $0.5m which remains unpaid at the date of this report. A further $0.9m is included within Inventories and relates to works performed for the same customer.

30 Particulars relating to controlled entities

Fleetwood Corporation Limited (Ultimate parent entity)

Controlled entities	Place of Incorporation	Principal Activities	Interest held (%) 2014	2013
Bendigo Re-locatable Buildings Pty Ltd	Australia	Dormant	100	100
BRB Modular Pty Ltd	Australia	Accommodation solutions provider to the resources, education and affordable housing sectors.	100	100
Camec Pty Ltd	Australia	Manufacturer and distributor of parts and accessories to the recreational vehicles industry.	100	100
Fleetwood Recreational Vehicles Pty Ltd	Australia	Manufacturer of caravans, pop-tops and campers distributed through a national dealer network.	100	100
Fleetwood Pty Ltd	Australia	Accommodation solutions provider to the resources, education and affordable housing sectors.	100	100
Fleetwood Finance (WA) Pty Ltd	Australia	Provider of finance	100	100
Flexiglass Challenge Pty Ltd	Australia	Distributor of canopies and trays for commercial vehicles.	100	100
Windsor Caravans Pty Ltd	Australia	Dormant	100	100
Flexiglass Challenge Industries (NZ) Limited	New Zealand	Dormant	100	100
Camec NZ Limited	New Zealand	Manufacturer and distributor of parts and accessories to the recreational vehicles industry.	100	100

Fleetwood Corporation Limited is the head entity within the tax consolidated group. All companies incorporated in Australia are members of the tax consolidated group.

31 Related parties

Directors

The names of each person holding the position of Director of Fleetwood Corporation Limited during the financial year were P Gunzburg, M Hardy, G Tate, J. Bond. 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 during and 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.

Further information on remuneration of key management personnel can be found in the Remuneration Report.

31 Related parties (continued)

Key management personnel

Aggregate compensation of the key management personnel of the consolidated entity and the Company for the year:

	2014	2013
	$	$
Short-term employee benefits	**2,161,262**	2,533,672
Post-employment benefits	**130,747**	139,769
Share-based payments	**149,762**	218,938
	2,441,771	2,892,379

Transactions between Fleetwood Corporation and its related parties

During the financial year subsidiaries of the parent company made dividend payments totaling $25,384,307 (2013: $72,565,976) to the parent entity.

Non-current loans totaling $218,928,724 (2013: $174,593,998) repayable to the parent are outstanding at reporting date.

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

32 Parent entity disclosures

32.1 Financial position

Assets			
Current assets		**10,604**	16,864
Non-current assets		**261,076**	253,780
Total assets		**271,680**	270,644
Liabilities			
Current liabilities		**63,844**	50,095
Non-current liabilities		**452**	745
Total liabilities		**64,296**	50,840
Equity			
Issued capital		**194,096**	193,001
Retained earnings		**13,288**	26,803
Total equity		**207,384**	219,804
32.2 Financial performance			
Total comprehensive income		**(12,305)**	63,261
32.3 Guarantees entered into by the parent entity in relation to debts of its subsidiaries	**Note**		
Guarantee provided under the deed of cross guarantee	26	**106,587**	97,790
32.4 Commitments			
Operating lease commitments			
Within one year		**364**	350
One year or later and no later than five years		**606**	970
Later than five years		**-**	-
		970	1,320

32 Parent entity disclosures (continued)

The accounting policies of the parent entity, which have been applied in determining the financial information above are the same as those applied in the consolidated financial statements.

Under the terms of the Deed of Cross Guarantee, the Company has guaranteed the repayment of all current and non-current liabilities totaling $106,448,000 (2013: $97,789,810) in the event any of the entities which are party to the Deed are wound up.

The parent entity had no other contingent liabilities as at 30 June 2014 (2013: nil).

33 Business combination

Fleetwood Corporation Ltd entered into an agreement to purchase the assets of Bocar Pty Ltd (Bocar) on 12 August 2014, as per the ASX announcement lodged that day.

Bocar was established over 25 years ago and is a leading New South Wales based aluminium tray and accessory manufacturer for the automotive sector. The acquisition provides Fleetwood subsidiary Flexiglass with increased scale in New South Wales, and the opportunity to distribute Bocar products through its Australia wide network.

The estimated total cost of the transaction is $4,750,000 funded from existing facilities with Westpac. Transfer duty, legal and other costs of the transaction are estimated to be $150,000.

The acquisition was executed and completed after the end of the reporting period and as at the date of this report the initial accounting for the business combination is incomplete, including the determination of fair values of identifiable assets acquired (including identifiable intangibles). However, included in the acquisition price was $339,000 of inventory and plant & equipment.

34 Discontinued operation

On 2 November 2012 the Company closed its Victorian caravan manufacturing operations. Financial information relating to the discountinued operation for the period is set out below.

	2014	2013
	$ '000	$ '000
34.1 Financial performance		
Revenue	**1,288**	4,326
Expenses	**(1,988)**	(10,320)
Loss from discontinued operation before income tax	**(700)**	(5,994)
Attributable income tax	**210**	1,801
Loss from discontinued operation after income tax	**(490)**	(4,193)
34.2 Cashflow information		
Net cash outflows from operating activities	**(684)**	(5,608)
Net cash inflows (outflows) from investing activities	**-**	334
Net cash outlfow from discontinued operations	**(684)**	(5,274)

Revenue relates to the sale of caravans manufactured at the Victorian caravan manufacturing operation prior to its closure.

35 Significant events after the reporting period

Fleetwood Corporation Limited appointed Bradley Denison as its Managing Director on 1 August 2014. The company finalised the purchase of Bocar Pty Ltd on 12 August 2014, as stated in note 33.

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 2nd Edition (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.fleetwoodcorporation.com.au.

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

Role of the Board and the Managing Director

The Board operates in accordance with the general principles set out in its Charter. 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 Managing Director, 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 delegates responsibility for managing the day-to-day operations of the Group to the Managing Director. There are clear lines of communication between the Chairman and the Managing Director. The Managing Director is supported by Senior Executives who report directly to him.

Board Structure

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

With the exception of the Managing Director, Directors must retire from office no later than the third Annual General Meeting or three years following the Director's last election or appointment, whichever is last to occur. The director is then eligible for re-election.

The Board is currently comprised of four non-executive Directors and one executive Managing Director, with the majority being independent. Mr. M. Hardy, who is the Chairman, Mr. P. Gunzburg, and Mr. J. Bond are non-executive independent Directors who are free of any business or other relationship, interest or association which could interfere with the exercise of their independent judgment. Mr. G. Tate is a non-executive Director who is not independent due to the nature of his shareholdings in the Company. Managing Director Mr. Denison is not independent as he is employed in an executive capacity.

The period of office together with the background, skills and experience of each Director is described in the Annual Report.

The Company recognises the importance of having a Board comprised of directors with appropriate backgrounds, skills, diversity and experience. Matters to do with Board succession are reviewed regularly by the Directors. In considering candidates for appointment the Board considers the qualifications, expertise, experience and the professional and personal reputation of the person.

Newly appointed directors participate in an induction program which introduces the director to the financial, strategic, operational and risk management systems, and the culture and values of the Company. The duties and responsibilities required and expected of newly appointed directors are described in an offer letter and or employment contract.

The Board considers the establishment of a Nominations Committee unnecessary as the Company 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.

Company Secretary

The Company Secretary is directly accountable to the Board, through the Chairman, for all governance matters that relate to the Board's proper functioning. Each of the Directors have unfettered access to the Company Secretary and to other senior executives and officers.

Review of Director and Board Performance

Fleetwood has processes in place to review the performance of Directors and the Board.

The assessment and monitoring of the Managing Director is undertaken annually by the Chairman and discussed with Board members. The Managing Director's performance is evaluated by reference to the overall performance of the Company together with relevant key performance indicators and period specific objectives.

The Chairman is also responsible for monitoring the contribution of the 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.

During the reporting period the performance of each Director and the Board was reviewed as described above.

Each year the Board considers broad corporate governance matters. Subject to normal privacy requirements Directors have unrestricted access to Company records and information, and senior executives and officers. Directors receive regular detailed reports on financial and operational aspects of the Company and may request elaboration or explanation of those reports at any time. The

Directors have the right to seek independent professional advice at the Company's expense.

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 and Conduct

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 and the operation of clause 206J of the Corporations Act (Cth) 2001 (No hedging of remuneration of key management personnel) the Company is of the view that it is not relevant for the policy on share trading to address such transactions.

The Company has implemented codes of conduct for Directors and employees. The codes establish the standards of ethical behaviour and the practices necessary to comply with legal obligations and include a code entitled "Delivering the Promise" which outlines the Company's objective and the 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 the Board, senior executives and employees. These codes are available on the Company's website.

Diversity

The Company has a Diversity Policy, which is available on the Company's website.

The policy supports and promotes the achievement in the Group of diversity in gender, ethnicity, religion, culture, language, sexual orientation, disability, and age. The Board believes that diversity contributes to an inclusive workplace culture where there is equality of opportunity and treatment, which attracts and retains talented people and creates diversity of thought.

In accordance with the Company's Diversity Policy and the ASX Principles, the Company has established measurable objectives for achieving diversity. Those objectives and the progress towards achieving those objectives are described below.

	Measureable Objective	**Progress**
1.	Review equality of remuneration.	Undertaken annually
2.	Review candidates from diverse backgrounds, both internal and external, to identify key talent for purposes of promotion/employment.	Ongoing
3.	Assess and provide flexible working arrangements that balance employee and Company needs.	Ongoing

The Diversity Policy, objectives and progress towards achieving the objectives are reviewed and assessed by the Board on an annual basis. The Group's most recent 'Gender Equality Indicators' are disclosed in its annual filing with the Workplace Gender Equality Agency, a copy of which is available at www.wgea.gov.au/public-reports-0.

In relation to Recommendation 3.4 of the ASX Principles, the proportion of women employees within the Group is described below:

	Number	**Women**	**Men**
Board	5	0%	100%
Executives	9	33%	67%
Managers	107	14%	86%
Admin & other	496	15%	85%
Total	**617**	**15%**	**85%**

Audit Committee

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

All non-executive Directors are members of the Audit Committee, with the majority being independent of the Company and management. All members have appropriate business and financial expertise. The chairman of the Audit Committee is nominated by the Board and is not the Chairman of the Board. Mr. P. Gunzburg is the chairman of the Audit Committee.

The Audit Committee oversees the adequacy of the accounting and financial policies and controls of the Company. 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, and each member has the right to seek independent professional advice at the Company's expense.

The Audit Committee reviews and reassesses its Charter at least annually and recommends any changes it considers necessary to the Board.

The number of Audit Committee meetings and attendances are noted in the Directors' Report.

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

Financial Reporting

The Managing Director provides a declaration that the Group's financial records have been properly maintained, that the financial reports present a true and fair view and are in accordance with relevant accounting standards, and that the risk management and internal control systems are operating effectively in all material respects.

The Managing Director 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 price or value of securities are announced to the ASX in a timely manner. The Company Secretary has primary responsibility for ensuring that the Company complies with its disclosure obligations. Directors receive copies of all announcements immediately after notification to the ASX. All announcements are posted on the Company website.

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 and Communications

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 website.

The Company also conducts teleconferences for shareholders and interested parties upon the release of half year and full year results. Shareholders are able to receive Company communications electronically from the Company's share registry and shareholders are able to communicate with the Company electronically.

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 Managing Director 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 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. During the reporting period, the effectiveness of the internal control systems of each division in managing the material business risks were periodically reported to and reviewed by the Audit Committee.

The Board has received a written assurance from the Managing Director that to the best of his knowledge and belief, the declaration provided by him in accordance with section 295A of the Corporations Act (Cth) 2001 is founded on a sound system of risk management and internal controls 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.

Workplace Health and Safety

The Company places a high importance on workplace health and safety and has implemented a comprehensive Workplace Health and Safety Management System, which is reviewed and audited at least annually.

Since the introduction of this System workplace health and safety culture in the Group has improved resulting in Lost Time Injury Frequency Rates, Medically Treated Injury Frequency Rates, and first aid injuries being significantly reduced.

Environment

Protecting the environment is a core Company value. The Company is committed to reduce, re-use and recycle across all its operations so as to minimise the impact the Group has on the environment. The Company has implemented an Environmental Policy, which is available on the Company website.

During the reporting period a Water Efficiency Initiative for Searipple Village in Karratha was realised. With the support of the Water Corporation, Fleetwood constructed and commissioned a waste water treatment plant that substantially reduces water usage at the village. The recycled treated water is used to "green" the village environment.

Remuneration

Details of the Remuneration Committee and remuneration policies are set out in the Directors' Report in the Annual 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 2014.

Directors and Officers

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 or have been appointed subsequent to the date of the report are disclosed on page 5 of this Annual Report.

Stephen Price ceased to be Chief Executive Officer on 27 June 2014. Mr. Price served in that position for four years, prior to which he was employed in the Wesfarmers group for 12 years, initially in business development then as Director and General Manager of two Wesfarmers subsidiaries.

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.

Operations

A review of operations for the year is contained in the Managing Director's Review. Results of operations for the year are contained in the Financial Report.

Financial Position

A summary of the financial position of the Group is disclosed on page 2 of this Annual Report.

State of Affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity.

Significant Events After the Reporting Period

The Company entered into an agreement to purchase the assets of Bocar Pty Ltd (Bocar) on 12 August 2014. Bocar is a leading New South Wales based aluminium tray and accessory manufacturer for the automotive sector. The acquisition provides Fleetwood subsidiary Flexiglass with increased scale in New South Wales, and the opportunity to distribute Bocar products through its Australia wide network. The estimated cost of the transaction was $4.9m. Further information is contained in note 33 of the financial statements.

Fleetwood Corporation Limited appointed Bradley Denison as its Managing Director on 1 August 2014.

Other than the above, there were no significant events which occurred after the reporting period.

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 Managing Director's Review.

Dividends

A final dividend for the year to 30 June 2014 of 2 cents per ordinary share will be paid on 30 September 2014. 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 were 100% franked at the income tax rate of 30%.

Share Options

Details of all share based payment arrangements in existence at 30 June 2014 and 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 21 to the financial statements. No options have been issued subsequent to year end. 20,595 options have been forfeited subsequent to year end. Details of unissued shares the subject of options as at the date of this report are outlined below.

Employee Options

Issue date	**31/10/2009**	**31/10/2010**	**2/09/2011**	**29/08/2012**	**30/08/2013**
Total unissued shares under option	166,457	279,199	300,133	366,640	509,050
Exercise price ($)	6.00	8.02	8.68	9.39	2.56
Expiry date	30/10/2014	30/10/2015	1/09/2016	29/08/2017	30/08/2018

Executive Options

Issue date	**31/10/2009**	**31/10/2010**	**2/09/2011**	**20/02/2013**	**30/08/2013**
Total unissued shares under option	16,000	101,666	131,337	190,000	350,000
Exercise price ($)	6.00	8.02	8.68	10.57	2.88
Expiry date	30/10/2014	30/10/2015	1/09/2016	20/02/2018	30/08/2018

There are no voting or dividend rights attaching to the options. Details of options granted to Directors and key management personnel are contained in note 21 to the financial statements and in the Remuneration Report.

Indemnification of Directors and Officers

The Company has indemnified current and former Directors and officers 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 Director or officer 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 are as follows:

	Board		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Peter Gunzburg	9	8	4	3	1	1
Michael Hardy	9	8	4	3	1	1
Greg Tate	9	9	4	3	1	1
John Bond	9	8	4	3	1	1

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
Michael Hardy	16,975	-
Greg Tate	6,581,271	-
John Bond	20,000	-
Brad Denison	45,464	231,837

Remuneration Report

The Remuneration Committee is responsible for determining the remuneration of Board members, executives and key management personnel. All non-executive Directors are members of the Remuneration Committee, with the majority being independent of the Company and management. Mr. P. Gunzburg is the chairman of the Remuneration Committee.

During the year the Remuneration Committee reviewed:

- conditions of service and remuneration of the Directors, executives, 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 has authority to seek independent legal, financial, remuneration or other advice it considers necessary to achieve its objectives and fulfil its responsibilities. In doing so it may invite external consultants and/or 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.

The Remuneration Committee reviews and reassesses its charter annually, and recommends any changes it considers necessary to the Board. The Remuneration Committee's charter is available on the Company website.

The remuneration of non-executive directors is determined by the Board upon recommendation by the Remuneration Committee, within the aggregate limits approved by shareholders. The remuneration arrangements of executive directors, executives and key management personnel is determined by the Remuneration Committee.

When considering remuneration arrangements for executives and key management personnel the Remuneration Committee seeks to ensure that the remuneration arrangement motivates the recipient to pursue the short and long term performance objectives of the Company. It does this by ensuring that there is a clear relationship between Company performance and remuneration by striking an appropriate balance between fixed and variable ('at risk') remuneration.

The proportion of fixed and variable remuneration is based on available market data for comparable roles, the capacity of the individual to influence the overall outcome of Company operations and return to shareholders. When considering the fixed component of remuneration, the Remuneration Committee will take into account the person's responsibilities, qualifications and experience. When considering the variable component of remuneration, the Remuneration Committee considers the capacity of the individual to affect profit earned by the Company and the individual's performance against key responsibilities, key competencies and period specific objectives. The variable remuneration includes short-term incentives in the form of cash payments and long-term incentives in the form of share options and or shares, which are subject to performance hurdles and vesting provisions.

The short-term incentive amounts received by senior executives and key management personnel are determined in accordance with the provisions of the Fleetwood Short Term Incentive Plan (STIP). Fleetwood's STIP was implemented in the 2011 financial year. The objective of the STIP is to motivate superior performance and to align the financial interests of the participant with that of the Company.

Remuneration Report (continued)

The STIP uses a combination of individual and Company performance targets. The weighting is generally 30% non-financial and 70% financial, though can differ depending on the individual and their role within the Company. Individual performance targets are derived from position descriptions, key responsibilities, key competencies and period specific objectives which are in turn aligned with key business strategies identified annually during the business planning process. Financial performance targets are derived from budgeted Earnings Before Interest and Tax and Return on Capital. These targets are considered appropriate given their effectiveness in measuring the efficiency and profitability of invested capital. Depending on the individual and their role within the Group, some targets may be restricted to the operating company in which the participant is employed, or expanded to include a Division and/or the Group as a whole. Financial targets are expressed as a range over which performance will be measured. The standard range is 95% to 110% of the applicable budget. The maximum amount a participant can earn through the STIP is capped at a percentage of the participant's Annual Fixed Remuneration (AFR), and payments are based on the achievement of individual and financial key performance indicators. In order for a payment under the STIP to be made, the participant must: meet the minimum financial and non-financial performance hurdles, be an employee at the time the payment is to be made, and not have tendered their resignation at the time the payment is made.

The Remuneration Committee's determination of the parameters of the STIP for FY2014 as applicable to key management personnel were as follows:

Participant	Maximum STIP as % of AFR	STI Component Summary % – FY2014		
		Non-financial Targets	Group EBIT, ROC	Operating Company EBIT, ROC
Stephen Price[1]	50.0	30.0	35.0	35.0
Bradley Denison	40.0	30.0	35.0	35.0
Bradley Van Hemert	40.0	30.0	20.0	50.0
Ben Rosser	40.0	30.0	20.0	50.0
David Martin[2]	40.0	30.0	20.0	50.0
Steve Carroll	30.0	30.0	20.0	50.0

The Remuneration Committee is of the opinion that the STIP appropriately aligns executive remuneration with shareholder wealth generation.

Long-term incentives in the form of options received by senior executives and key management personnel are determined in accordance with the provisions of the executive option plan, which plan is currently under review by the Remuneration Committee. The objective of this plan is to retain and reward executives and key management personnel and to align executives' long term interests with those of shareholders. Invitation to participate in the plan is at the discretion of the Board, however participants generally must be employed in an executive or key management position for a minimum period of two years before such invitation will be extended. Under the plan, executives are granted options to purchase ordinary shares in Fleetwood. The number of options granted is determined by the Board with reference to the participant's individual performance over the immediately preceding financial year, the Group's financial performance and shareholder wealth generation. No amounts are payable for the options. Each option entitles the holder to subscribe for one share upon exercise. Assuming the participant continues to be employed by Fleetwood and the performance hurdles are reached, for options issued after 1 July 2012 100% of the issued options vest on the third anniversary of the grant date, and for options issued prior to 1 July 2012, one third of the options vest after 30 June subsequent to the date of issue, a further one third of the options vest over each of the next 2 years. The exercise price of options issued is calculated using the Volume Weighted Average Price (**VWAP**) of the shares over the five days prior to the issue date. The maximum discount that can be applied to the VWAP is 10%.

Executive options are only exercisable if the company's total shareholder return equals or exceeds 15% p.a. compounded from the inception of the plan and is equal to or greater than the ASX 300 All Industrials Accumulation Index. The Remuneration Committee considers that the use of this index reduces sensitivity to the performance of a particular competitor or the influence of cyclical industry specific factors.

In the event that a performance hurdle is not reached, the options do not vest. If the participant ceases to be an employee for reasons other than death, illness, injury, the attainment of the normal age of retirement or for other reasons approved by the Board, the options lapse and terminate. The options expire 5 years from the date of issue. There are no voting or dividend rights attaching to the options.

Movements in shareholder wealth for the five years to 30 June 2014:

	2010	2011	2012	2013	2014
Share price at start of year ($)	5.90	9.19	11.33	11.74	3.60
Share price at end of year ($)	9.19	11.33	11.74	3.60	2.33
Dividend per share (cents)	68.0	73.0	76.0	30.0	2.0
Earnings per share (cents)	72.6	90.0	90.4	20.8	0.1
Diluted earnings per share (cents)	71.5	88.6	89.2	20.7	0.1
$ Million					
Revenue	291.3	466.6	332.9	332.9	366.3
Net profit before tax	54.5	73.6	75.6	23.2	3.4
Net profit after tax	38.7	51.3	53.2	16.6	0.6

[1] Mr. Price resigned on 27 June 2014.
[2] Mr. Martin resigned on 26 December 2013.

Remuneration Report (continued)

Remuneration of Directors and senior management

Key management personnel	Short-term employee benefits Salary & fees $	Bonus $	Non-monetary $	Post Employment Superannuation $	Share Based Payment Options $	Total $	Performance based remuneration %
Directors							
Michael Hardy							
2014	**85,000**	**-**	**-**	**-**	**-**	**85,000**	**-**
2013	85,000	-	-	-	-	85,000	-
Stephen Gill (Resigned 23/11/12)							
2013	35,000	-	-	-	-	35,000	-
Peter Gunzburg							
2014	**70,000**	**-**	**-**	**-**	**-**	**70,000**	**-**
2013	70,000	-	-	-	-	70,000	-
Greg Tate							
2014	**70,000**	**-**	**-**	**-**	**-**	**70,000**	**-**
2013	70,000	-	-	-	-	70,000	-
John Bond (Appointed 18/03/13)							
2014	**70,000**	**-**	**-**	**-**	**-**	**70,000**	**-**
2013	20,192	-	-	-	-	20,192	-
Executives							
Stephen Price CEO, Fleetwood Corporation (Resigned 27/06/14)							
2014	**618,253**	**-**	**-**	**25,000**	**(30,983)**	**612,270**	**(5.1)**
2013	591,667	75,000	-	25,000	74,981	766,648	19.6
Bradley Denison Chief Financial Officer							
2014	**290,287**	**-**	**7,803**	**25,000**	**55,532**	**378,622**	**14.7**
2013	283,913	40,000	8,431	25,000	42,698	400,042	20.7
Bradley Van Hemert CEO, Fleetwood RV							
2014	**296,538**	**-**	**-**	**25,000**	**46,358**	**367,896**	**12.6**
2013	385,288 (1)	36,000	-	25,000	41,562	487,850	15.9
Ben Rosser CEO, Fleetwood Pty Ltd							
2014	**267,130**	**-**	**5,725**	**24,710**	**53,418**	**350,983**	**15.2**
2013	258,855	42,000	3,572	23,297	37,806	365,530	21.8
Steve Carroll GM, Camec Pty Ltd							
2014	**208,860**	**-**	**23,878**	**22,460**	**28,275**	**283,473**	**10.0**
2013	191,197	11,000	33,759	25,000	19,053	280,009	10.7
David Martin CEO, BRB Modular Pty Ltd (Resigned 26/12/13)							
2014	**147,788**	**-**	**-**	**8,577**	**(2,838)**	**153,527**	**(1.8)**
2013	261,798	31,000	-	16,472	2,838	312,108	10.8
2014 Company and Consolidated	**2,123,856**	**-**	**37,406**	**130,747**	**149,762**	**2,441,771**	**6.1**
2013 **Company and Consolidated**	2,252,910	235,000	45,762	139,769	218,938	2,892,379	15.7

For FY2014 no key management personnel qualified for a STIP payment.

(1) Includes $86,538 of unused long-service leave entitlements paid in lieu of exercising entitlements, accrued and recognised in prior periods.

Remuneration Report (continued)

There are no post-employment benefits other than superannuation. Executive contracts do not provide for any termination payments, other than the payment of accrued leave entitlements.

The amount included in remuneration as share-based payments are not related to or indicative of the benefits (if any) that individual executives may ultimately realise should the equity instruments vest.

Share based payment arrangements in existence at the reporting date

Issue date	Exercise price $	Options at beginning of year No.	Options granted No.	Options expired / forfeited No.	Options exercised (shares issued) No.	Options at end of year No.	Vested at end of year No.	Proceeds received on exercise $	Fair value (market value) of shares on exercise $
31/10/07	8.30								
2013		24,000	-	-	(24,000)	-	-	199,200	262,800
14/11/08	7.25								
2014		**31,122**	**-**	**(31,122)**	**-**	**-**	**-**	**-**	**-**
2013		42,451	-	-	(11,329)	31,122	31,122	82,135	1,996,370
31/10/09	6.00								
2014		**16,000**	**-**	**-**	**-**	**16,000**	**16,000**	**-**	**-**
2013		74,335	-	-	(58,335)	16,000	-	350,010	182,515
31/10/10	8.02								
2014		**135,000**	**-**	**(33,334)**	**-**	**101,666**	**101,666**	**-**	**-**
2013		145,000	-	-	(10,000)	135,000	70,667	80,200	94,700
02/09/11	8.68								
2014		**206,337**	**-**	**(75,000)**	**-**	**131,337**	**87,558**	**-**	**-**
2013		206,337	-	-	-	206,337	68,779	-	-
20/02/13	10.57								
2014		**310,000**	**-**	**(135,000)**	**-**	**175,000**	**-**	**-**	**-**
2013		-	310,000	-	-	310,000	-	-	-
30/08/13	2.88								
2014		**-**	**540,000**	**(230,000)**	**-**	**310,000**	**-**	**-**	**-**
2014		**698,459**	**540,000**	**(504,456)**	**-**	**734,003**	**205,224**	**-**	**-**
2013		492,123	310,000	-	(103,664)	698,459	170,568	711,545	2,536,385
Weighted average price ($)									
2014		**9.27**	**2.88**	**6.41**	**N/A**	**6.53**	**8.14**		
2013		7.94	10.57	N/A	6.86	9.27	8.15		

Options information:

Issue Date	Expiry Date	Option life Years	Volatility %	Dividend yield %	Risk free interest rate %	Fair value at grant date $	Exercise price $	Share price at grant date $	Weighted average share price at exercise date 2014 $	Weighted average share price at exercise date 2013 $
14/11/08	13/11/13	5	45.90	10.74	3.97	0.32	7.25	5.25	-	10.61
31/10/09	30/10/14	5	50.00	8.54	4.53	2.09	6.00	7.57	-	12.02
31/10/10	30/10/15	5	40.00	6.14	4.50	2.43	8.02	10.02	-	10.03
02/09/11	01/09/16	5	35.69	6.18	4.50	2.53	8.68	10.66	-	-
20/02/13	19/02/18	5	35.39	7.59	2.85	1.15	10.57	9.66	-	-
30/08/13	30/08/18	5	45.03	3.64	3.68	1.40	2.88	3.10	-	-

Remuneration Report (continued)

Shares and options held by Directors, executives and key management personnel and movements during the reporting period;

Shares	Shares at beginning of year	Options exercised	Net other change	Shares at end of year
Directors	**No.**	**No.**	**No.**	**No.**
Michael Hardy				
2014	**1,975**	**-**	**15,000**	**16,975**
2013	-	-	1,975	1,975
Stephen Gill (Resigned 23/11/12)				
2013	3,028,823	-	(3,028,823)	-
Greg Tate				
2014	**6,569,427**	**-**	**11,844**	**6,581,271**
2013	6,526,220	41,667	1,540	6,569,427
John Bond				
2014	**-**	**-**	**20,000**	**20,000**
2013	-	-	-	-
Executives				
Bradley Denison				
2014	**25,464**	**-**	**20,000**	**45,464**
2013	116,464	-	(91,000)	25,464
Bradley Van Hemert				
2014	**175,334**	**-**	**114**	**175,448**
2013	247,794	51,997	(124,457)	175,334
Stephen Price (Resigned 27/06/14)				
2014	**16,666**	**-**	**-**	**16,666**
2013	16,666	-	-	16,666
Ben Rosser				
2014	**10,000**	**-**	**-**	**10,000**
2013	**-**	10,000	-	10,000
2014	**6,798,866**	**-**	**66,958**	**6,865,824**
2013	9,935,967	103,664	(3,240,765)	6,798,866

Peter Gunzburg, Steve Carroll and David Martin did not hold any shares during FY2013 or FY2014.

Remuneration Report (continued)

Options

Directors	Options at beginning of year No.	Granted No.	Forfeited No.	Exercised No.	Options at end of year No.	Vested during the year No.	Vested at end of year No.	Proceeds received on exercise $
Greg Tate								
2013	41,667	-	-	(41,667)	-	41,667	-	250,002
Executives								
Steve Carroll								
2014	**58,433**	**50,000**	**-**	**-**	**108,433**	**11,144**	**27,288**	**-**
2013	33,433	25,000	-	-	58,433	11,144	16,144	-
Bradley Denison								
2014	**131,837**	**100,000**	**-**	**-**	**231,837**	**26,390**	**68,779**	**-**
2013	81,837	50,000	-	-	131,837	42,389	42,389	-
Bradley Van Hemert								
2014	**150,293**	**80,000**	**(31,122)**	**-**	**199,171**	**26,390**	**97,235**	**-**
2013	162,290	40,000	-	(51,997)	150,293	43,057	70,845	381,343
Stephen Price (Resigned 27/06/14)								
2014	**218,334**	**150,000**	**(368,334)**	**-**	**-**	**41,667**	**-**	**-**
2013	108,334	110,000	-	-	218,334	41,667	41,667	-
Ben Rosser								
2014	**114,562**	**80,000**	**-**	**-**	**194,562**	**21,520**	**43,040**	**-**
2013	64,562	60,000	-	(10,000)	114,562	21,520	21,520	80,200
David Martin (Resigned 26/12/13)								
2014	**25,000**	**80,000**	**(105,000)**	**-**	**-**	**-**	**-**	**-**
2013	-	25,000		-	25,000	-	-	-
2014	**698,459**	**540,000**	**(504,456)**	**-**	**734,003**	**127,111**	**236,342**	**-**
2013	492,123	310,000	-	(103,664)	698,459	201,444	192,565	711,545

Option values that form part of current year remuneration;

	Year Options Granted				
	2011 $	2012 $	2013 $	2014 $	Total $
Executives					
Stephen Price					
(Resigned 27/06/14)	**-**	**-**	**-**		**-**
2013	15,780	46,712	12,489	-	74,981
Bradley Denison					
2014	**-**	**9,659**	**20,493**	**25,380**	**55,532**
2013	12,624	24,397	5,677	-	42,698
Bradley Van Hemert					
2014	**-**	**9,659**	**16,394**	**46,358**	**72,411**
2013	12,624	24,397	4,541	-	41,562
Ben Rosser					
2014	**-**	**8,523**	**24,591**	**53,418**	**86,532**
2013	9,468	21,526	6,812	-	37,806
Steve Carroll					
2014	**-**	**4,545**	**10,246**	**28,275**	**43,067**
2013	4,734	11,481	2,838	-	19,053
David Martin					
(Resigned 26/12/13)	-	-	**-**	**-**	**-**
2013	-	-	2,838	**-**	2,838
2014	**-**	**32,386**	**71,725**	**153,431**	**257,542**
2013	50,496	117,031	29,520	-	216,100

Remuneration Report (continued)

Movements in option entitlements during the year:

Key management personnel	Options granted No. at grant date	Value at grant date $	Options exercised (shares issued) No. during year	Value at exercise date $	Amounts paid $	Options Vested No. during year	Value of options included in remuneration for the year $	Remuneration by options %
Stephen Price	150,000	129,440	-	-	-	41,667	(30,983)	(5.1)
Bradley Denison	100,000	86,293	-	-	-	26,390	55,532	14.7
Bradley Van Hemert	80,000	69,034	-	-	-	26,390	46,358	12.6
Ben Rosser	80,000	69,034	-	-	-	21,520	53,418	15.2
Steve Carroll	50,000	43,147	-	-	-	11,144	28,275	10.0
David Martin	80,000	69,034	-	-	-	-	(2,838)	(1.8)

The issue date of the options granted to the executives was 30 August 2013. Each option entitles the holder to subscribe for one share upon exercise at an exercise price of $2.88 per share. There have been no alterations to the terms and conditions of this grant since the grant date.

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. No Director is a party to a contract whereby such person would have a right to call for or deliver shares in, or debentures of or interests in a registered scheme made available by the Group.

No options issued during the year vested during the year and no bonuses were forfeited during the year because the person did not meet service or performance criteria. 31,122 options lapsed during the year and 473,334 options were forfeited during the year because the person did not meet service or performance criteria.

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. However, the Company may terminate an employment contract at any time and without notice if serious misconduct has occurred.

Non-audit Services

The Directors are satisfied that the provision of non-audit services during the year by the auditor is 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 that they do not impact impartiality and objectivity of the auditor; and
- none of the services undermine the general principle relating to auditor independence as set out in the Corporations Act 2001 or the Code of Conduct APES 110 Code of Ethics for Professional Accountants, as amended, 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 25 to the financial statements.

Company Secretary

Yanya O'Hara was appointed Company Secretary on 1 August 2014. Yanya has been employed by the Company for three years as Assistant Company Secretary. Prior to joining Fleetwood, Yanya practiced as a Corporate Attorney in New York and as a Barrister and Solicitor in Perth. The previous Company Secretary Mr. Denison resigned on 1 August 2014.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/0100 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.

M Hardy
Chairman

30 September 2014

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

30 September 2014

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

The Board of Directors
Fleetwood Corporation Limited
21 Regal Place
East Perth WA 6004

30 September 2014

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 June2014, 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

Peter Rupp
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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 2014, the statement of profit or loss and other 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 34 and 46.

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 gives a true and fair view and 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.

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 2014 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 on pages 39 to 45 of the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants
Perth, 30 September 2014

ASX Additional Information
as at 24 September 2014

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	5,211,823	8.60%
HSBC Custody Nominees (Australia) Limited	3,484,250	5.75%
Zero Nominees Pty Ltd	2,739,493	4.52%
Citicorp Nominees Pty Limited	2,361,162	3.90%
National Nominees Limited	2,212,649	3.65%
J P Morgan Nominees Australia Limited	2,101,618	3.47%
Adventure Holdings Pty Ltd	1,540,388	2.54%
HSBC Custody Nominees (Australia) Limited - GSCO ECA	843,594	1.39%
Jarli Pty Ltd	800,000	1.32%
Argo Investments Limited	795,997	1.31%
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	367,417	0.61%
Mr John Ian Amos + Mrs Cintra Gail Amos <Ningana Super Fund A/C>	309,143	0.51%
Ace Property Holdings Pty Ltd	300,000	0.50%
Mr Greg Tate	300,000	0.50%
Navigator Australia Ltd <MLC Investment Sett A/C>	260,067	0.43%
Tideways Classic Pty Ltd <Tideways Classic A/C>	191,860	0.32%
Mr Stephen Gill + Mrs Suzanne Gill <The Gills Super Fund A/C>	167,220	0.28%
BNP Paribas Noms Pty Ltd <DRP>	165,548	0.27%
Karrad Pty Ltd	165,035	0.27%
Mr Alistair Robert Graeme Paton	158,566	0.26%
	24,475,830	**40.40%**

Substantial shareholders

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

Name		
Greg Tate	6,581,271	10.86%
HSBC Custody Nominees (Australia) Limited	4,343,985	7.17%
Zero Nominees Pty Ltd	2,739,493	4.52%
Citicorp Nominees Pty Limited	2,361,163	3.90%
J P Morgan Nominees Australia Limited	2,101,618	3.47%

Distribution of equity security holders

Category	Number of shareholders
1 -1,000	4,138
1,001 - 5,000	4,966
5,001 - 10,000	960
10,001 - 100,000	577
100,001 and over	25
	10,666
Shareholders holding less than a marketable parcel	1,001

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 CORPORATION

21 Regal Place, East Perth, WA 6004 | Tel: (08) 9323 3300 | Fax: (08) 9202 1106 | info@fleetwood.com.au

ABN 69 009 205 261