Fleetwood CORPORATION

Delivering the Promise

ANNUAL REPORT

2017

COMPANY EVOLUTION

2014	Bocar acquired
2013	Fleetwood RV restructured (combined Coromal and Windsor)
2010	BRB Modular acquired
2004	Fleetwood Parks division sold Rainbow Transportable Homes acquired Searipple Village established Hertz Campervans sold
2003	Windsor Caravans acquired
2001	Serada Limited acquired in NZ Territory Transportables acquired
2000	Camec acquired Flexiglass Challenge Industries acquired
1999	Coromal Caravans acquired New corporate image developed
1998	Sun City Holiday Park acquired Sunset Beach Holiday Park acquired
1997	Hertz Campervans established in NZ Perth Holiday Village caravan park acquired
1996	Caravan Park Cooke Point Pty Ltd acquired Western Portables Pty Ltd (now Fleetwood Pty Ltd)
1994	Camperent Australia Pty Ltd (licensee for Hertz caravans) acquired
1991	Fleetwood Properties Pty Ltd acquired
1987	ASX Listing Caravan Parts of WA Pty Ltd acquired
1964	Fleetwood Group established

CORPORATE DIRECTORY

DIRECTORS

Phillip Campbell
Brad Denison
Jeff Dowling
Adrienne Parker

COMPANY SECRETARY

Yanya O'Hara

AUDITOR

Grant Thornton

BANKER

Westpac Banking Corporation

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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'

GROUP STRUCTURE

Modular Accommodation

Design, manufacture and supply of accommodation for the affordable housing, education and commercial markets.

Fleetwood

Village Operations

Operation of accommodation villages - Searipple in Karratha and Osprey in South Hedland.

Searipple

osprey village

Parts and Accessories

Manufacture and distribution of recreational and commercial vehicle parts and accessories.

CAMEC GO FURTHER FLEXIGLASS BOCAR Built to last

Recreational Vehicles

Manufacture and distribution of caravans.

COROMAL CARAVANS Built for Adventure

Windsor Travelling with you

FIVE YEAR SUMMARY

(excludes discontinued operations)

$ Million (unless stated)	2017	2016	2015	2014	2013
Revenue	330.1	284.5	272.8	366.5	333.9
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA before impairment)	21.9	7.2	17.8	28.2	40.5
EBITDA margin	6.6%	2.5%	6.5%	7.7%	12.1%
Depreciation and amortisation	7.3	9.3	12.3	17.6	16.1
Earnings (loss) before interest, tax and impairment (EBIT before impairment)	14.6	(2.1)	5.5	10.6	24.5
Earnings (loss) before interest and tax (EBIT)	14.6	(12.4)	2.3	5.6	24.5
EBIT margin	4.4%	-4.4%	0.8%	1.5%	7.3%
Finance costs	0.9	1.0	4.0	2.2	1.3
Income tax (benefit) expense	4.3	(2.4)	(0.0)	2.8	6.6
Operating profit (loss) before income tax	13.7	(13.4)	(1.6)	3.4	23.2
Operating profit (loss) after tax (continuing operations)	9.4	(11.0)	(1.6)	0.6	16.6
Interest cover (times)	15.9	(12.8)	1.2	2.5	19.3
Earnings (loss) per share (cents)	15.5	(18.1)	(2.6)	0.9	27.8
Dividends per share (cents)	5.0	0.0	0.0	4.0	30.0
Assets	267.5	238.6	327.7	321.8	312.6
Net (cash) debt	(0.4)	(3.1)	55.9	56.0	32.0
Shareholders funds	195.9	186.3	214.0	214.4	214.1
Debt / Shareholders funds %	0%	-2%	29%	29%	21%
Cash flows from operations	5.9	67.0	42.2	30.9	25.4
Number of shares on issue (million)	61.0	61.0	61.0	60.6	60.5

BOARD OF DIRECTORS

PHILLIP CAMPBELL

Non-Executive Director, Board Chair

Mr Campbell was appointed as non-executive director on 12 August 2016, and thereafter as Chair of the Board on 24 August 2016.

Mr Campbell is an independent and experienced director, having been involved with a number of listed and unlisted entities in capacities including managing director and chairman. He has a proven track record of guiding businesses through challenging and volatile environments to restore and enhance shareholder value.

Mr Campbell's business experience includes dealing with domestic and international companies across a range of industries including resources, construction, and manufacturing.

Mr Campbell holds a Bachelor in Engineering from the University of Queensland, a Diploma of Corporate Finance from the University of NSW/Institute of Management, and is a graduate member of AICD.

Mr Campbell is currently non-executive director and chairman of Vmoto Limited, and in the last three years held the position of non-executive director of ASX listed Farm Pride Foods Limited (resigned 30 September 2016).

BRAD DENISON

Managing Director

Mr Denison was appointed Managing Director on 1 August 2014. Prior to this, Mr Denison was Chief Financial Officer and Company Secretary for 12 years.

Mr Denison has significant corporate experience in commercial and complex projects, finance, risk and mergers and acquisitions.

Mr Denison holds a Bachelor of Commerce (Accounting) from Curtin University, and is a fellow of CPA Australia.

Mr Denison did not hold any other directorships with listed entities in the last three years.

JEFF DOWLING

Non-Executive Director, Chair of Audit Committee and Remuneration Committee

Mr Dowling was appointed as non-executive director on 1 July 2017, and thereafter as Chair of the Audit Committee and Remuneration Committee on 26 July 2017.

Mr Dowling holds a Bachelor of Commerce from the University of Western Australia and is a fellow of the Institute of Chartered Accountants, the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Mr Dowling is a highly experienced corporate leader with over 40 years' experience in professional services with Ernst & Young, and as a non-executive director on both listed and unlisted corporations. Mr Dowling's experience centers around finance, risk and financial transactions derived from acting as lead partner on numerous large public company audits, capital raisings and transactions. As a non-executive director on a number of ASX listed companies he has been involved with various corporate acquisitions and takeovers, debt restructures and equity raisings.

Mr Dowling is currently the Chairman of S2 Resources Limited and non-executive director and Audit Committee Chair of NRW Holdings Limited. In the last three years Mr Dowling held the position of director with the following listed companies: Board Chair of Sirius Resources NL (resigned 23 September 2015), Board Chair of Pura Vida Energy NL (resigned 16 May 2016), and non-executive director and Audit Committee Chair of Atlas Iron Limited (resigned 4 May 2016).

ADRIENNE PARKER

Non-Executive Director

Ms Parker was appointed as non-executive director on 23 August 2017.

Ms Parker is a partner at Norton Rose Fulbright Australia and specialises in major project construction, engineering and resources projects, including disputes in the infrastructure, mining, oil and gas and transport sectors.

Ms Parker's experience includes both domestic and international front end negotiations advising all parties on procurement strategies, risk assessment and management, and project delivery. Ms Parker has also acted in many large scale complex disputes involving mining projects, processing plants, oil and gas facilities, and major commercial building and infrastructure projects.

Ms Parker is the immediate past President of the WA Chapter of National Association of Women in Construction, Governing Board Member and Deputy Chair and Member of Remuneration and Nominations Committee of Perth Public Art Foundation, and Board Member of the UWA Centenary Trust. Ms Parker did not hold any other directorships with listed entities in the last three years.

Ms Parker holds a Bachelor of Laws from the University of Western Australia.

EXECUTIVE OFFICERS

ANDREW WACKETT

Chief Financial Officer

Mr Wackett commenced as Chief Financial Officer on 12 June 2017. Prior to this appointment Mr Wackett was a Division Director of Macquarie Securities Group for 20 years. During that time, Mr Wackett gained significant commercial experience with large Australian and international listed entities, developed an in depth knowledge of corporate governance, and statutory financial requirements, and has proven financial and leadership skills in guiding business, departments and teams in the formulation and execution of financial strategies. Prior to Macquarie, Mr Wackett worked at Wesfarmers Limited for over six years.

Mr Wackett holds a Bachelor of Commerce from the University of Western Australia, is a Certified Practicing Accountant and a Fellow of the Financial Services Institute of Australasia.

YANYA O'HARA

Company Secretary

Ms O'Hara was appointed Company Secretary on 1 August 2014. Prior to this appointment Ms O'Hara was the Assistant Company Secretary for 3 years. Prior to joining Fleetwood, Ms O'Hara practiced as a corporate attorney in New York and as barrister and solicitor in Perth.

Ms O'Hara holds a Bachelor of Laws with Honors from the University of Notre Dame, and a Master of Laws (Securities and Financial Regulation) from Georgetown University.

DIRECTORS RETIRED

STEPHEN BOYLE

Mr Boyle was appointed as non-executive director on 1 April 2017. Shortly thereafter Mr Boyle was appointed to the position of Deputy President of the Administrative Appeals Tribunal. Due to this appointment Mr Boyle was unable to continue as a non-executive director of Fleetwood and resigned from the Board on 31 August 2017.

Mr Boyle had been a partner of Clayton Utz for 32 years and specialised in front-end and dispute work for major engineering, infrastructure, mining and general construction projects.

Mr Boyle holds a Bachelor of Laws from the University of Western Australia and had been on the board of the Insurance Commission of Western Australia from 2011 to 2015.

Mr Boyle did not hold any other directorships with listed entities in the last three years.

MICHAEL HARDY

Mr Hardy was appointed as non-executive director in 2004, and thereafter as Board Chair in 2007. Mr Hardy resigned as Board Chair on 12 August 2016, and was appointed as an independent non-executive director. During his tenure, Mr Hardy also held positions of Chair of the Audit Committee and Chair of the Remuneration Committee. Mr Hardy resigned from the Board on 30 June 2017.

Mr Hardy has extensive legal experience in the areas of commercial, property, corporate and administrative law, and had been a partner in Clayton Utz, and principal in Hardy Bowen.

Mr Hardy holds a Bachelor of Laws from the University of Western Australia and did not hold any directorships with listed entities in the last three years.

GREG TATE

Mr Tate was first appointed to the Board in 1987 as a non-executive director, and thereafter as Managing Director in 1990. Mr Tate resigned as Managing Director in 2007 and was appointed as an executive director. In 2010 Mr Tate retired from his executive position and was appointed as a non-executive director. On 30 June 2017 Mr Tate retired from the Board.

Mr Tate is a chartered accountant and holds a Bachelor of Commerce from the University of Western Australia.

Mr Tate did not hold any other directorships with listed entities in the last three years.

BOARD CHAIR'S LETTER

Dear Shareholder,

On behalf of the Board, I have pleasure in presenting Fleetwood's Annual Report for the financial year ending 30 June 2017.

I would also like this opportunity to thank the Managing Director, Brad Denison, and his management team on a very solid performance. They have delivered on the first tranche of the promise made at the last Annual General Meeting and as expressed in the Company's turnaround strategy.

The Board would like to acknowledge the contribution that long time director and previous managing director, Greg Tate, made to the business over 30 years. As you know, Greg retired this year, and his legacy will be remembered for many years to come.

In conclusion, I would also like to thank Michael Hardy, who also retired from the board this year after 13 years as a director, the last 8 years as Board Chair. His guidance in the early months of my tenure as Board Chair was invaluable.

Sincerely,

Phillip Campbell
Board Chair
Fleetwood Corporation Limited

MANAGING DIRECTOR'S REVIEW

Review of Operations

Fleetwood's turnaround plan, initiated three years ago delivered early results in FY2017 with earnings before interest and tax increasing from a loss of $2.1m to a profit of $14.6m.

There were no impairment charges impacting underlying earnings in FY2017.

The divisional breakdown shown below demonstrates that strong earnings in Modular Accommodation and Village Operations were offset to a degree by continued underperformance in Recreational Vehicle Manufacturing.

All divisions saw an improved underlying EBIT contribution during the year.

$ million	2017	2016	Change
Revenue			
Recreational Vehicles	47.4	29.8	59%
Parts and Accessories	87.6	86.6	1%
Modular Accommodation	175.8	142.5	23%
Village Operations	26.3	30.2	-13%
Unallocated	0.3	0.1	n/a
Intersegment eliminations	(7.3)	(4.7)	56%
Total revenue	**330.1**	**284.5**	**16%**
Underlying EBIT			
Recreational Vehicles	(6.7)	(8.1)	17%
Parts and Accessories	1.3	0.9	46%
Modular Accommodation	15.2	3.6	325%
Village Operations	6.9	5.2	34%
Unallocated	(2.1)	(3.6)	43%
Total underlying EBIT	**14.6**	**(2.1)**	**n/a**

Excludes the discontinued resource sector rental business. 2016 revenue and EBIT have been adjusted by $2.8m reflecting a change in accounting treatment relating to village operations.

During the year, additional working capital was applied to supply agreements in the affordable housing and education sectors. Capital expenditure of $8.7m included rental classrooms for state governments of $3.6m.

Despite a large volume of work remaining in progress at 30 June, the company has moved from net debt of $9.6m at 31 December 2016 to a net cash position at 30 June.

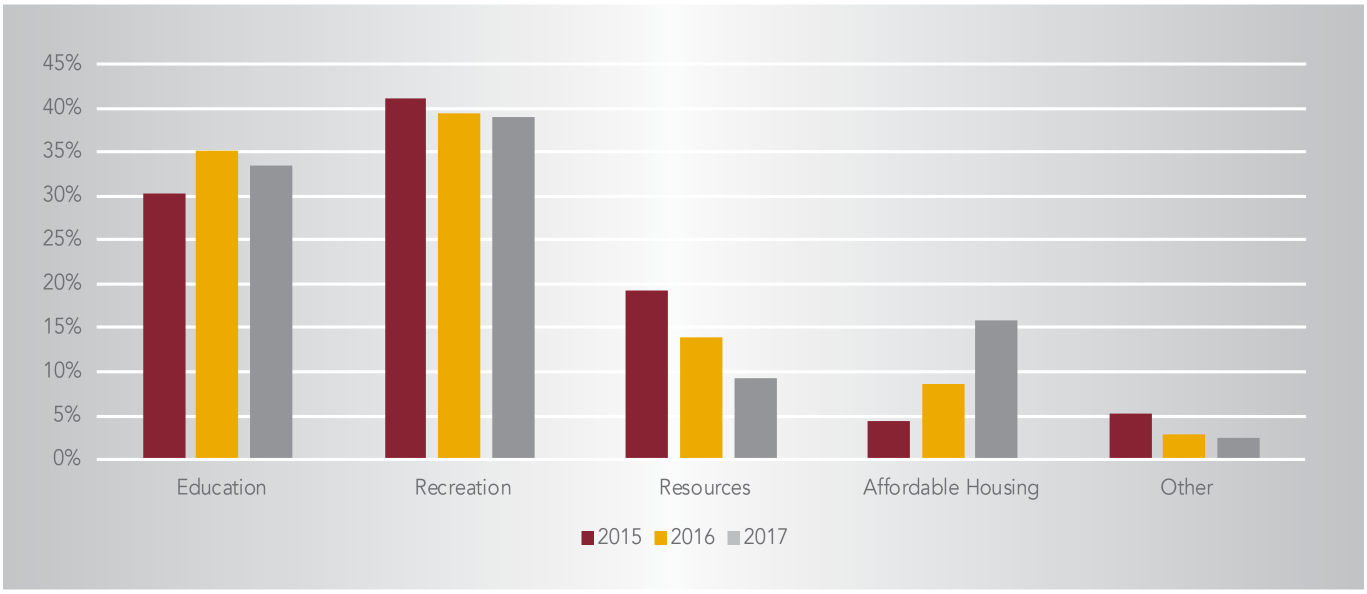
While the turnaround remains in progress the directors have resolved to pay a fully franked final dividend of 5 cents per share.

Significant changes have been made to Fleetwood's board, senior management team and business operations in the last two years. The operational changes have seen the company become net debt free, re-focus on growth markets and significantly reduce operating costs.

Both the board and management team remain focussed on continuing to deliver the turnaround plan in FY2018.

Growth Markets

As can be seen in the chart below revenue has moved away from resources and has been replaced by affordable housing, an important growth sector.



Education and Affordable Housing comprise the Manufactured Accommodation segment. Recreation is comprised of the Parts and Accessories and RV Manufacturing segments. Resources comprises the Village Operations segment.

Modular Accommodation

Revenue improved by 23% in the Modular Accommodation segment compared to the previous corresponding period. While education has been a strong contributor to this, supply agreements with key customers have been an important part of a refocus towards affordable housing, which is a market with a solid forward outlook.

The outlook for education spending in East Coast markets remains strong as evidenced by recent state government budget spending plans.

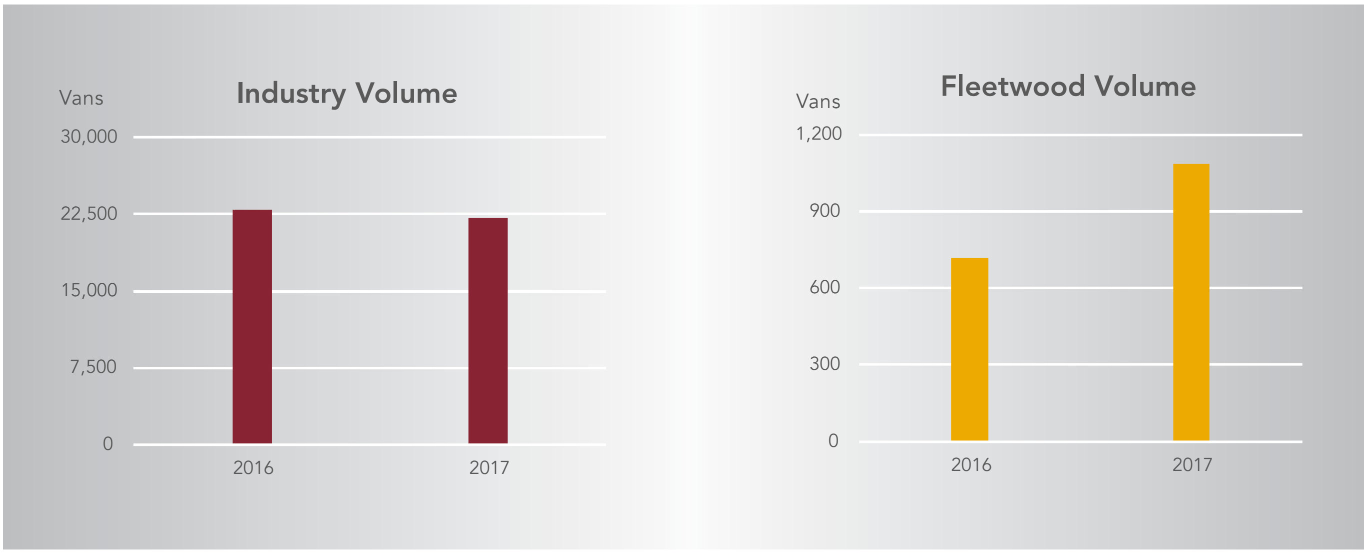
While education and affordable housing are the backbone of the Modular Accommodation segment, the company is actively pursuing opportunities in other modular markets.

A major restructure of the Western Australian accommodation business was undertaken in the 2016 financial year. The restructure has substantially reduced overheads in WA which has been a major contributor to the increase in earnings.

Encouragingly, the company experienced an improvement in enquiries from the resource sector towards the end of the financial year.

Recreational Vehicles

The charts below highlight that the Recreational Vehicle business has been able to grow its volume by over 50% into a soft market environment in 2017.



Improvements to the company's product range and dealer network in the last eighteen months have resulted in a marked increase in order intake and factory output. This is evident in the revenue increase of 59% over the previous corresponding period.

However, to facilitate such a rapid increase in output, the number of factory employees has more than doubled in the last two years, and time required to train new employees has resulted in lower than ideal labour efficiency.

Despite improvements in the business and strong results at the Perth and Sydney caravan shows, results from other capital city shows have been weaker than previous years. This is in line with a generally weakening trend seen in the Australian caravan manufacturing sector towards the end of the financial year.

Given this and notwithstanding that the company is targeting market share growth in the coming year, it is not expected that the business will return to profitability in FY2018.

The board has confidence in the direction the business is taking given the number of improvement initiatives currently underway.

Parts and Accessories

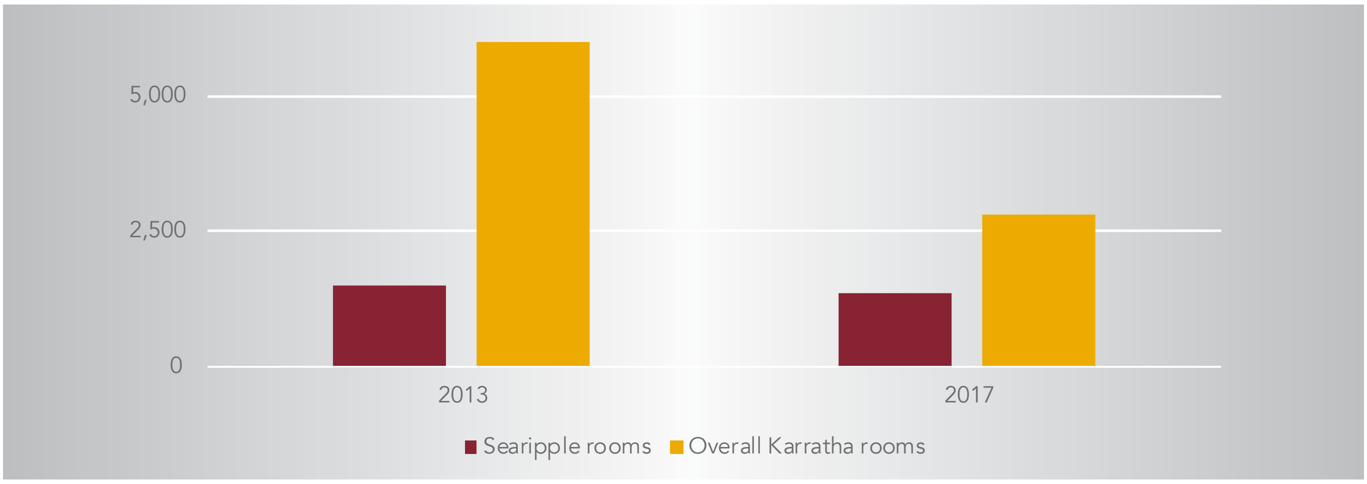
Fleetwood's parts and accessories segment is comprised of Camec which is a major supplier of components to the RV manufacturing industry and Flexiglass which supplies fibreglass canopies and aluminium trays for utility vehicles.

Despite significant pressure from overseas competitors and the caravan market weakness towards year end noted above, a modest revenue improvement was generated in 2017. Both businesses remain leaders in their respective markets.

While operating costs and capital employed in this segment remain the subject of close management, there is an opportunity to improve market share through the development of innovative products and strong customer relationships. A number of new products are planned for release during the 2018 financial year.

Village Operations

The chart below demonstrates the estimated change in supply of accommodation rooms in the Karratha market since 2013.



Revenue moderated in the Village Operations segment in 2017 despite some improvement in both occupancy and revenue at Searipple Village in the second half of the year. This was the result of fluctuating demand from customers.

EBIT improved due to a combination of lower costs negotiated with suppliers and lower depreciation and amortisation charges.

While the downturn in the mining sector has generally seen demand for worker accommodation reduce, the income streams from Searipple and Osprey are underpinned by blue chip customers.

Discontinued Operation

The company's discontinued mining rental business generated $6.5m in revenue from residual contracts during the period and delivered a result marginally below break-even.

The remaining stock has been reclassified as a current asset held for sale.

Dividends

Given the improved results and outlook, the directors have declared a fully franked 5 cent per share final dividend. This represents 53% of second half 2017 earnings. The dividend reinvestment plan will apply to this dividend. The plan offers a 2.5% reinvestment discount.

Sustainability

Fleetwood's strive for sustainability at Searipple continued this year, with a 51% reduction in water consumption and a 23% reduction in electricity consumption. The reduction in water and electricity usage is a result of near real time monitoring which has resulted in Fleetwood qualifying for consideration for a Gold Award from the Water Corporation of Western Australia under their Water Wise Business Recognition Scheme.

Further measures to be rolled out by the Company next year include an in-room energy management system which will reduce electricity waste, and further optimisation of the Company's onsite waste water treatment plant to increase the treatment of Village waste water from 65% to 95% for use in reticulating gardens.

Fleetwood People

Fleetwood has been through significant changes over the last three financial years. These changes have in some instances necessitated reductions in the company's workforce and in other cases they have resulted in significant increases in workforce numbers.

The board is aware of the impact these changes can have and we wish to thank all Fleetwood employees and contractors for their diligent work ethic and for the significantly improved results delivered to shareholders in the 2017 financial year.

FINANCIAL REPORT 2017

Consolidated statement of profit or loss and other comprehensive income

Fleetwood Corporation Limited

Year ended 30 June 2017

Continuing operations	**Note**	**2017 $ '000**	2016 $ '000
Sales revenue	2	**330,144**	284,297
Other income	2	**1**	195
Materials used		**(138,384)**	(110,382)
Sub-contract costs		**(78,262)**	(75,311)
Employee benefits		**(58,067)**	(56,092)
Operating leases		**(8,709)**	(10,059)
Impairment of non-current assets	13, 14	**-**	(10,312)
Other expenses		**(24,856)**	(25,444)
Profit (Loss) before interest, tax, depreciation and amortisation (EBITDA)		**21,867**	(3,108)
Depreciation and amortisation	3	**(7,256)**	(9,305)
Profit (Loss) before interest and tax (EBIT)		**14,611**	(12,413)
Finance costs	3	**(921)**	(968)
Profit (Loss) before income tax expense		**13,690**	(13,381)
Income tax (expense) benefit	4	**(4,258)**	2,362
Profit (Loss) from continuing operations		**9,432**	(11,019)
Loss from discontinued operation	33	**(437)**	(16,985)
Profit (Loss) for the year	5, 24	**8,995**	(28,004)
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	**301**	13
Total comprehensive income (loss) for the year		**9,296**	(27,991)
Earnings (loss) per share from continuing and discontinued operations			
Basic earnings (loss) per share (cents)	7	**14.7**	(45.9)
Diluted earnings (loss) per share (cents)	7	**14.7**	(45.8)
Earnings (loss) per share from continuing operations			
Basic earnings (loss) per share (cents)	7	**15.5**	(18.1)
Diluted earnings (loss) per share (cents)	7	**15.4**	(18.0)
Earnings (loss) per share from continuing operations before impairment			
Basic earnings (loss) per share (cents)	7	**15.5**	(3.0)
Diluted earnings (loss) per share (cents)	7	**15.4**	(3.0)

To be read in conjunction with the accompanying notes.

Consolidated statement of financial position

Fleetwood Corporation Limited
As at 30 June 2017

	Note	2017 $ '000	2016 $ '000
Current assets			
Cash and cash equivalents	8	**5,383**	6,116
Trade and other receivables	9	**64,953**	40,628
Inventories	10	**63,211**	49,291
Non-current assets held for sale	11	**20,220**	25,839
Total current assets		**153,767**	121,874
Non-current assets			
Trade and other receivables	9	**1,369**	427
Property, plant and equipment	12	**46,848**	45,836
Goodwill	13	**55,230**	55,230
Intangible assets	14	**91**	1,120
Deferred tax assets	4	**10,167**	14,121
Total non-current assets		**113,705**	116,734
Total assets		**267,472**	238,608
Current liabilities			
Trade and other payables	15	**58,831**	42,247
Interest bearing liabilities	17	**5,000**	3,000
Provisions	16	**5,812**	5,556
Other financial liabilities	20	**363**	301
Total current liabilities		**70,006**	51,104
Non-current liabilities			
Provisions	16	**1,551**	1,177
Total non-current liabilities		**1,551**	1,177
Total liabilities		**71,557**	52,281
Net assets		**195,915**	186,327
Equity			
Issued capital	22	**195,371**	195,079
Reserves	23	**57**	(244)
Retained earnings	24	**487**	(8,508)
Total equity		**195,915**	186,327

To be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

Fleetwood Corporation Limited
Year ended 30 June 2017

	Issued capital $ '000	Foreign currency translation reserve $ '000	Retained earnings $ '000	Total $ '000
Balance 1 July 2015	194,762	(257)	19,496	214,001
Loss for the year	-	-	(28,004)	(28,004)
Exchange differences arising on translation of foreign operations	-	13	-	13
Total comprehensive income (loss) for the year	-	13	(28,004)	(27,991)
Share-based payments	317	-	-	317
Balance at 30 June 2016	195,079	(244)	(8,508)	186,327
Profit for the year	-	-	8,995	8,995
Exchange differences arising on translation of foreign operations	-	301	-	301
Total comprehensive income for the year	-	301	8,995	9,296
Share-based payments	292	-	-	292
Balance at 30 June 2017	**195,371**	**57**	**487**	**195,915**

To be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

Fleetwood Corporation Limited
Year ended 30 June 2017

	Note	2017 $ '000	2016 $ '000
Cash flows from operating activities			
Receipts in the course of operations		**345,102**	381,985
Payments in the course of operations		**(338,240)**	(313,528)
Interest received		**54**	290
Income taxes paid		**(116)**	(617)
Finance costs paid		**(921)**	(1,153)
Net cash provided by operating activities	28.1	**5,879**	66,977
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(8,719)**	(7,972)
Proceeds from sale of non-current assets		**117**	436
Payment for intangible assets		**(10)**	(484)
Net cash used in investing activities		**(8,612)**	(8,020)
Cash flows from financing activities			
Proceeds from borrowings		**70,300**	85,000
Repayment of borrowings		**(68,300)**	(144,500)
Net cash used in financing activities		**2,000**	(59,500)
Net (decrease) in cash and cash equivalents		**(733)**	(543)
Cash and cash equivalents at the beginning of the financial year		**6,116**	6,634
Effect of exchange rate changes on the balance of cash held in foreign currencies		**-**	25
Cash and cash equivalents at the end of the financial year	8	**5,383**	6,116

To be read in conjunction with the accompanying notes.

Notes to the financial statements
Fleetwood Corporation Limited
Year ended 30 June 2017

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 (Cth) 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 29 September 2017.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (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.

At the date of authorisation of the financial statements, the following applicable standards and interpretations have been issued but are 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 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	30 June 2019
AASB 2014-7 'Amendments to Australian Accounting Standards arising from AASB 9'	1 January 2018	30 June 2019
AASB 2015-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15'	1 January 2017	30 June 2018
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-1 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

The Group has yet to undertake a detailed assessment of the impact of AASB 15 and AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

For all other standards and interpretations that have been issued but are not yet effective in the table above, management is in the process of determining the potential impact of the initial application of those standards and interpretations.

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 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 has applied the relief available to it under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016 / 191 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest $1,000, or in certain cases, the nearest dollar.

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.

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.

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 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 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 reliably measured and its receipt is considered probable. Where the outcome of a contract cannot be reliably estimated, 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 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 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. 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 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.

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. Freehold land is not depreciated.

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:

	2017	2016
Buildings	**2.5%**	2.5%
Leasehold property and improvements	**2% - 25%**	2% - 25%
Plant and equipment	**2.5% - 50%**	2.5% - 50%

1.18 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.

1.19 Intangibles

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 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.

1.20 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. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash flows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

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, the 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.

1.21 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, 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.

1.22 Comparative information

Comparative information has been restated for Village Operations income which had been accounted for on a gross basis.

1.23 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.

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.

1.24 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.

1.25 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 notes 20 and 27.

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.

1.26 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 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 share rights and share units 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 rights and share units.

- The carrying amount of goodwill at 30 June 2017 was $55.3 million (30 June 2016: $55.3 million). No impairment loss was recognised during 2017 (30 June 2016: $6.5 million). Details of the impairment loss calculation including key assumptions are set out in note 13.

- The carrying amount of property, plant and equipment at 30 June 2017 was $46.8 million (30 June 2016: $45.8 million). No impairment loss was recognised during 2017 (30 June 2016: $19.7 million) and no transfers to non-current assets held for sale were recognised (30 June 2016: $25.8 million).

- The Company uses historical and observable market information to measure the value of assets classified as held for sale.

1.27 Profit or loss from discontinued operations

A discontinued operation is a component of the Group that has either been disposed of, or is held for sale, and;

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations, is further analysed in note 33.

General information

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

The registered and business address of the Company is 21 Regal Place, East Perth, Western Australia. The telephone number of the company is (08) 9323 3300.

Tax consolidation

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

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.

2 Revenue

Revenue from continuing operations comprises:

	2017 $ '000	2016 $ '000
Sales revenue		
Goods	**159,428**	141,493
Construction	**138,073**	109,300
Rental	**32,643**	33,504
	330,144	284,297
Other income		
Interest	**53**	290
Loss on sale of non-current assets	**(52)**	(95)
	1	195
	330,145	284,492

All non-resource rental fleet units are available for sale and their sale is included in Sales revenue - Goods rather than loss on sale of non-current assets.

3 Profit before income tax expense

Expenses from continuing operations contain the following items:

	2017 $ '000	2016 $ '000
Cost of sales	**260,666**	226,240
Depreciation and amortisation of:		
buildings	**34**	34
leasehold improvements	**748**	1,921
plant and equipment	**5,761**	6,602
product development	**713**	748
	7,256	9,305
Finance costs:		
Bank loans and overdraft	**921**	968
Net bad and doubtful debts	**869**	1,192
Research and development costs	**255**	310
Equity settled share-based payments	**292**	317

4 Income taxes recognised in profit or loss

	Note	2017 $ '000	2016 $ '000
Current tax expense (benefit)		**4,148**	(1,531)
Deferred tax expense (benefit) relating to origination and reversal of temporary		**110**	(398)
Over provision of income tax in prior year		**-**	(433)
Continuing operations		**4,258**	(2,362)
Discontinued operations	33	**(187)**	**(7,279)**

Reconciliation of income tax expense to the accounting profit

	2017 $ '000	2016 $ '000
Profit (loss) before tax from continuing operations	**13,690**	(13,381)

The tax rate used for 2017 and 2016 is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

	2017 $ '000	2016 $ '000
Income tax expense (benefit) calculated at 30% (2016: 30%)	**4,107**	(4,014)
Amortisation of leasehold improvements	**8**	8
Effect of lower tax rates on overseas income	**(17)**	(8)
Non-deductible expenses	**88**	2,054
Research & development allowance	**(51)**	(74)
Non-assessable amounts	**109**	90
Sundry items	**14**	15
	4,258	(1,929)
Adjustments relating to income tax in prior year	**-**	(433)
	4,258	(2,362)

Deferred tax

	Balance 2015 $ '000	Charged to income $ '000	Balance 2016 $ '000	**Charged to income $ '000**	**Balance 2017 $ '000**
Deferred tax relating to:					
Property, plant and equipment	2,733	5,515	8,248	**(2,150)**	**6,097**
Employee provisions	1,973	46	2,019	**189**	**2,208**
Other provisions	12	6	18	**-**	**18**
Accruals	104	97	201	**122**	**324**
Unused tax losses	-	3,635	3,635	**(2,115)**	**1,520**
	4,822	9,299	14,121	**(3,954)**	**10,167**

The company anticipates future profits will be earned to utilise deferred tax assets.

5 Segment information

Group operating segments are 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**
RV Manufacturing	Manufacture of caravans
Parts and Accessories	Manufacture and distribution of RV and commercial vehicle parts and accessories
Modular Accommodation	Design, manufacture and sale of accommodation
Village Operations	Operation of accommodation villages
Unallocated	Group corporate function

Group revenue and results by reportable operating segment:

	Segment revenue		**Depreciation & amortisation**		**Segment result (EBIT)**	
	2017	2016	**2017**	2016	**2017**	2016
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
RV Manufacturing	**47,353**	29,752	**632**	627	**(6,721)**	(8,096)
Parts and Accessories	**87,616**	86,570	**1,857**	1,876	**1,255**	858
Modular Accommodation	**175,827**	142,533	**2,323**	2,298	**15,211**	3,583
Village Operations	**26,303**	30,246	**2,232**	4,282	**6,944**	5,183
Unallocated	**349**	80	**212**	222	**(2,078)**	(3,629)
Intersegment eliminations	**(7,303)**	(4,689)	**-**	-	**-**	-
	330,145	284,492	**7,256**	9,305	**14,611**	(2,101)
Finance costs					**(921)**	(968)
Asset impairment					**-**	(10,312)
Profit (loss) before income tax benefit					**13,690**	(13,381)
Income tax (expense) benefit					**(4,258)**	2,362
Profit (loss) from continuing operations					**9,432**	(11,019)
Loss from discontinued operations					**(437)**	(16,985)
Profit (loss) attributable to members of the parent entity					**8,995**	(28,004)

Revenue from the top three external customers comprised 23.9%, 11.3% & 6.5%, respectively (2016: 20.7%, 11.3% & 9.8%), of group revenue, derived from the manufactured accommodation segment.

In 2016 impairment of $10.3 million relates to impaired goodwill and intangible assets to the Parts and Accessories segment.

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 without the allocation of corporate overheads.

Group assets and liabilities by segment:

	Segment assets		**Additions to non-current assets**		**Segment liabilities**	
	2017	2016	**2017**	2016	**2017**	2016
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
RV Manufacturing	**23,603**	15,959	**1,155**	847	**6,840**	6,280
Parts and Accessories	**56,367**	54,838	**1,510**	1,114	**13,413**	13,343
Manufactured Accommodation	**126,930**	97,148	**5,537**	3,789	**41,921**	25,428
Village Operations	**24,474**	27,786	**326**	172	**2,782**	2,442
Unallocated	**36,098**	42,877	**191**	2,659	**6,601**	4,788
	267,472	238,608	**8,719**	8,581	**71,557**	52,281

Unallocated segment assets include idle mining rental assets of $20.2 million (2016: $25.8 million).

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.

5 Segment information (continued)

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	
	2017 $ '000	2016 $ '000	**2017 $ '000**	2016 $ '000
Australia	**113,282**	116,268	**323,587**	281,176
New Zealand	**423**	466	**6,558**	6,081
	113,705	116,734	**330,145**	287,257

6 Dividends

	2,017 $ '000	2,016 $ '000
Unrecognised		
Final 2017 - 5 cents per share fully franked	**3,052**	-
	3,052	-

On 28 August 2017 the Directors declared a fully franked final dividend of 5 cents per share which was paid on 29 September 2017. As the dividend was not announced until after 30 June 2017 it has not been included as a liability in these financial statements.

Dividend franking account		
30% franking credits available to shareholders of Fleetwood Corporation Limited for subsequent years	**26,146**	26,146

7 Earnings per share

Earnings used in the calculation of basic and diluted earnings per share from continuing and discontinued operations	**8,995**	(28,004)
Adjustment to exclude loss from discontinued operation	**437**	16,985
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	**9,432**	(11,019)

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	**61,039,412**	61,039,412
Number of shares deemed to be issued for no consideration in respect of options	**104,810**	131,220
Weighted average number of ordinary shares used in the calculation of diluted EPS	**61,144,222**	61,170,632
From continuing and discontinued operations		
Basic earnings (loss) per share (cents)	**14.7**	(45.9)
Diluted earnings (loss) per share (cents)	**14.7**	(45.8)
From continuing operations		
Basic earnings (loss) per share (cents)	**15.5**	(18.1)
Diluted earnings (loss) per share (cents)	**15.4**	(18.0)

	2017 $ '000	2016 $ '000

8 Cash and cash equivalents

Cash and cash equivalents	**5,383**	6,116

Cash at bank is at call and received interest at a weighted average rate of 0.6% (2016: 0.98%)

9 Trade and other receivables

Current		
Trade receivables	**54,899**	29,813
Less: allowance for doubtful debts	**(1,363)**	(608)
Other debtors	**11,417**	11,423
	64,953	40,628
Non-Current		
Other debtors	**1,369**	427
	1,369	427

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.

The three largest outstanding customer receivables comprised 14.2%, 12.0% & 7.8%, respectively (2016: 12.5%, 9.6% & 9.5%), of trade and other receivables.

Retentions on construction contracts included within other debtors amount to $0.4 million (2016: 0.2 million), to be received from the customer on acceptance of the works performed and other contractual milestones.

Other non-current debtors represent funds advanced to the trust to purchase shares on market for the employee and executive long term incentive plans.

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 these amounts is included below:

Less than 3 months	**134**	4,081
Between 3 - 6 months	**48**	41
Longer than 6 months	**476**	645
	657	4,767

Movement in allowance for doubtful debts

Balance at beginning of year	**608**	387
Impairment losses recognised on receivables	**82**	625
Amounts (written off) / provided for during the year	**673**	(404)
	1,363	608

	2017 $ '000	2016 $ '000

10 Inventories

Current		
Raw materials & stores	**11,241**	8,832
Work in progress	**26,651**	17,984
Finished goods	**25,319**	22,475
	63,211	49,291

The cost of inventories recognised as an expense during the year in respect of continuing operations was $138.7 million (2016: $115.0 million).

11 Non-current assets held for sale

Plant & equipment - idle mining rental assets	**20,220**	25,839
	20,220	25,839

Further information in respect of the Group's discontinued operation is set out in note 33.

12 Property, plant and equipment

Freehold land		
Cost	**2,964**	2,964
Buildings		
Cost	**1,342**	1,342
Accumulated depreciation	**(374)**	(340)
	968	1,002
Leasehold property and improvements		
Cost	**50,391**	50,744
Accumulated amortisation	**(39,876)**	(39,490)
	10,515	11,254
Plant and equipment		
Cost	**72,477**	67,928
Accumulated depreciation	**(41,365)**	(38,326)
	31,112	29,602
Assets under construction		
Cost	**1,289**	1,014
	46,848	45,836

12 Property, plant and equipment (continued)

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

2017 Financial Year	Freehold land	Buildings	Leasehold Property	Plant and equipment	Assets under Construction	Total
Balance at 1 July 2016	2,964	1,002	11,254	29,602	1,014	45,836
Additions	-	-	8	3,947	4,764	8,719
Transferred from assets under construction	-	-	-	4,489	-	4,489
Transferred from product development WIP	-	-	-	325	-	325
Transferred to plant and equipment	-	-	-	-	(4,489)	(4,489)
Disposals	-	-	-	(1,489)	-	(1,489)
Depreciation and amortisation	-	(34)	(748)	(5,761)	-	(6,543)
Balance at 30 June 2017	**2,964**	**968**	**10,514**	**31,113**	**1,289**	**46,848**
2016 Financial Year						
Balance at 1 July 2015	2,964	1,036	13,161	66,528	23,987	107,676
Additions	-	-	14	3,095	4,989	8,098
Transferred to non current assets held for sale	-	-	-	(25,839)	-	(25,839)
Transferred from assets under construction	-	-	-	27,733	-	27,733
Transferred to plant and equipment	-	-	-	-	(27,733)	(27,733)
Transferred to other debtors	-	-	-	-	(126)	(126)
Transferred to other creditors	-	-	-	288	-	288
Disposals	-	-	-	(6,143)	(103)	(6,246)
Depreciation and amortisation	-	(34)	(1,921)	(16,397)	-	(18,352)
Impairment	-	-	-	(19,680)	-	(19,680)
Effect of foreign exchange differences	-	-	-	17	-	17
Balance at 30 June 2016	2,964	1,002	11,254	29,602	1,014	45,836

13 Goodwill

	2017 $ '000	2016 $ '000
Goodwill	**55,230**	55,230

Reconciliation of the carrying amount of Goodwill:

	2017 $ '000	2016 $ '000
Gross carrying amount		
Opening balance	**68,856**	68,858
Additional amounts recognised from business combination occurring during the period	**-**	-
Effect of foreign exchange differences	**-**	(2)
	68,856	68,856
Accumulated impairment		
Opening balance	**(13,626)**	(7,097)
Impairment loss in respect of canopies, trays and accessories CGU	**-**	(6,529)
	(13,626)	(13,626)

Individual cash-generating unit (CGU) allocations:

	2017 $ '000	2016 $ '000
Parts and accessories	**12,401**	12,401
Canopies, trays and accessories	**4,509**	4,509
Manufactured accommodation	**38,320**	38,320
	55,230	55,230

The recoverable amount of the cash generating units has been determined based on value in use. The value in use has been calculated using cashflow projections based on financial budgets approved by the board with key assumptions based on past experience and where applicable external sources of information. Projections are extrapolated for a 5 year period using an estimated growth rate. 2.8% (2016: 2.5%) for parts and accessories CGU, 2.5% (2016: 2.5%) for canopies, trays and accessories CGU and 2.5% (2016: 2.5%) for manufactured accommodation CGU. The terminal growth rate used for all CGUs is 2.5% (2016: 2.5%).

Pre-tax discount rate assumptions utilised in the value-in-use calculations are: 16.0% (2016: 17.8%) for parts and accessories CGU, 16.0% (2016: 17.0%) for canopies, trays and accessories CGU and 16.00% (2016: 9.65%) for manufactured accommodation CGU. The discount rate recognises the risk factor applicable to the industry in which each CGU operates.

In respect of the Parts and Accessories CGU, the discount rate, foreign exchange rates and EBIT are considered to be key assumptions used in the value-in-use calculations. The cash flow projection for 2018 assumes an increase in annual EBIT from the CGU's actual 2017 greater than 2.5%. This is based on anticipated sales of new products and the effects of cost reduction initiatives on operating expenditures enacted in fiscal 2017. Otherwise, the projection for 2018 reflects stable profit margins achieved immediately before the budget period.

Management has used the forecasts of industry specialists to determine the anticipated foreign exchange rates applied to overseas purchases in the forecasted periods. With all other inputs held constant, if the AUD were to weaken by approximately 8% to the USD when compared to the industry specialists' predictions, the CGU's recoverable amount would be equivalent to its carrying amount.

If management's assumptions for 2018 cash flows as described above were to be achieved, and maintaining steady growth of 2.5% for each period thereafter, the carrying amount would exceed the recoverable amount and no reasonable fluctuation in discounts rates or growth rates could cause the CGU's carrying amount to exceeds its recoverable amount.

Testing for impairment is carried out on an annual basis and whenever there is an indication of impairment. In 2016 a $6.5 million impairment was recorded against the goodwill of the canopies, trays and accessories CGU reflecting the challenging environment for Flexiglass. The recoverable amount of each CGU equals or exceeds the carrying amount of goodwill as at 30 June 2017.

14 Intangible assets

	2017 $ '000	2016 $ '000
Product development		
At cost	**274**	289
Accumulated amortisation	**(183)**	(160)
	91	129
Product development WIP		
At cost	**-**	991
	91	1,120

Reconciliation of the carrying amounts:

	2017 $ '000	2016 $ '000
Product development		
Cost		
Opening balance	**289**	4,993
Transferred from product development WIP	**676**	505
Additions	**-**	238
Disposals	**(691)**	(423)
Impairment	**-**	(5,025)
	274	289
Accumulated amortisation		
Opening balance	**160**	1,932
Amortisation charged for the year	**713**	748
Eliminated on disposal	**(690)**	(423)
Eliminated on impairment	**-**	(2,097)
	183	160
Product development WIP		
Carrying amount at beginning of year	**991**	2,105
Additions	**10**	246
Impairment	**-**	(854)
Transferred to product development	**(676)**	(506)
Transferred to plant and equipment	**(325)**	-
	-	991
	91	**1,120**

Intangible assets have a useful life of 2 to 5 years.

No impairment was recorded against product development in 2017 (2016:$3.7 million).

15 Trade and other payables

	2017 $ '000	2016 $ '000
Trade creditors	**34,289**	27,506
Payments in advance	**47**	51
Other creditors and accruals	**24,495**	14,690
	58,831	42,247

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.

Included in other creditors and accruals is $8.2 million of advances received from customers related to work not yet performed on construction contracts in progress at the end of the reporting period (2016: $2.6 million).

	Note	2017 $ '000	2016 $ '000

16 Provisions

		2017	2016
Current			
Employee benefits		**5,812**	5,544
Other		**-**	12
		5,812	5,556
Non-current			
Employee benefits		**1,551**	1,177
Aggregate employee benefits		**7,363**	6,721

Provisions for employee benefits represent accrued annual leave and long sevice leave entitlements. Based on past experience, the consolidated entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months.

17 Interest bearing liabilities

		2017	2016
Current - at amortised cost			
Bank loans - secured	18	**5,000**	3,000
		5,000	3,000

18 Financing arrangements

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

		2017	2016
Facilities available			
Bank overdraft		**-**	1,500
Bank loans		**18,000**	20,000
Bank guarantees		**2,000**	3,500
Multi Option Facility		**20,000**	25,000

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.

		2017	2016
Facilities utilised			
Bank loans	17	**5,000**	3,000
Bank guarantees		**1,842**	1,438
		6,842	4,438
Facilities not utilised			
Bank overdraft		**-**	1,500
Bank loans		**13,000**	17,000
Bank guarantees		**158**	2,062
		13,158	**20,562**

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 0.95% (2016: 0.875%) plus a line fee of 0.90% (2016: 0.875%). The effective annual interest rate at the end of the financial year was 3.50% (2016: 3.65%).

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.

	2017 $ '000	2016 $ '000

19 Commitments

Operating lease commitments

Within one year	**7,819**	7,293
Between one and five years	**10,771**	13,846
	18,590	21,139

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	**7,425**	6,080
Between one and five years	**2,701**	4,315
	10,126	10,395

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.

20 Other financial liabilities

Current

Derivatives not in designated hedge accounting relationships	**363**	301

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

21 Share based payments

Employee plan

A scheme under which rights to acquire ordinary shares may be issued by the company to employees for no consideration was approved by shareholders at the 2014 annual general meeting. Employees who have been continuously employed by the group for at least one year are eligible to participate in the scheme. Employees will be issued shares in Fleetwood Corporation Limited upon the exercise of the rights. One third of the rights are exercisable 1 year from the date of issue and a further one third of the rights are exercisable in each of the next 2 years. One share right represents one Fleetwood Corporation Limited share. There are no voting or dividend entitlements attaching to the rights. No amount is payable upon exercise of the rights and shares issued upon exercise rank equally with existing shares on the ASX.

21 Share based payments (continued)

Summary of movements:

Grant date	Weighted average share price at grant date $	Rights at beginning of year No.	Rights granted No.	Rights expired / forfeited No.	Rights exercised (shares issued) No.	Rights at end of year No.	Vested at end of year No.	Fair value (market value) of shares on issue $
18/12/14	1.35							
2017		**40,060**	**-**	**(2,520)**	**(19,330)**	**18,210**	**-**	**40,400**
2016		72,600	-	(11,360)	(21,180)	40,060	-	29,758
08/09/15	1.44							
2017		**33,600**	**-**	**(667)**	**(11,200)**	**21,733**	**-**	**23,408**
2016		-	220,680	(187,080)	-	33,600	-	-
01/12/16	1.94							
2017		**-**	**208,480**	**(17,280)**	**-**	**191,200**	**-**	**-**
2017		**73,660**	**208,480**	**(20,467)**	**(30,530)**	**231,143**	**-**	**63,808**
2016		72,600	220,680	(198,440)	(21,180)	73,660	-	29,758

Employee share rights granted have been valued at the volume weighted average price at which Fleetwood's share traded over five trading days commencing 1 December 2016 ($1.94).

Executive Plan

Long-term incentives in the form of shares received by the Managing Director, executives and key management personnel are determined in accordance with the provisions of the Executive Long Term Incentive plan (LTIP), which was approved by shareholders at the 2014 annual general meeting.

Under the plan, eligible directors, executives and key management personnel are invited to participate in a grant of shares or options through a trust established for the LTIP. The Company provides participants with an interest free, non-recourse loan for an amount equivalent to the price of the shares or options issued, for the sole purpose of acquiring units in the trust. The loans are repayable upon the eventual sale or transfer of the shares from the trust to the participant. The share units are restricted and subject to a risk of forfeiture until the end of the vesting period.

The number of shares granted is determined by the Board. The price of the shares issued is calculated using the Volume Weighted Average Price (**VWAP**) over the five days prior to the grant date.

The LTIP contains a gateway level of minimum performance below which no benefit accrues. The performance gateway is met where the Company's total shareholder return from grant to vesting date, equals or exceeds 15% p.a. and is equal to or greater than the ASX All Ordinaries Index.

Assuming the participant continues to be employed by Fleetwood and the performance hurdles are reached, the vesting dates for the shares are as follows: for one third of the shares, the date that is at least a minimum of 1 year after being granted; for two thirds of the shares, the date that is at least a minimum of 2 years after being granted; and for the balance of the shares, the date that is at least a minimum of 3 years after being granted.

In the event that a performance hurdle is not reached, or the value of the shares is less than the outstanding balance of the loan, or the participant ceases to be an employee for reasons other than death, illness and injury, the participant may surrender and forfeit the units in the trust to the Company in full settlement of the loan balance. The share units expire 5 years from the grant date. Until the shares vest, voting and dividend rights remain with the trustee.

21 Share based payments (continued)

Summary of movements:

Grant date	Weighted average share price at grant date $	Share units at beginning of year No.	Share uints granted No.	Share units expired / forfeited No.	Share units exercised (shares issued) No.	Share units at end of year No.	Vested at end of year No.	Fair value (market value) of shares on exercise $
18/12/14	1.35							
2017		**300,000**	**-**	**-**	**(6,800)**	**293,200**	**99,000**	**13,260**
2016		360,000	-	(60,000)	-	300,000	102,000	-
18/12/15	1.22							
2017		**355,000**	**-**	**-**	**-**	**355,000**	**120,700**	**-**
2016		-	355,000	-	-	355,000	-	-
20/12/16	1.94							
2017		**-**	**418,000**	**-**	**-**	**418,000**	**-**	**-**
12/06/17	2.19							
2017			**60,000**	**-**	**-**	**60,000**	**-**	**-**
2017		**655,000**	**478,000**	**-**	**(6,800)**	**1,126,200**	**219,700**	**13,260**
2016		360,000	355,000	(60,000)	-	655,000	102,000	-

Share units information:

Grant Date	Expiry Date	Vesting tranche	Volatility %	Dividend yield %	Risk free interest rate %	Fair value at grant date $	Exercise price $	Weighted average share price at grant date $	Weighted average share price at exercise date 2017 $	Weighted average share price at exercise date 2016 $
18/12/14	18/12/19	1	47.57	3.20	2.40	0.43	1.35	1.35	-	-
		2	47.57	3.20	2.40	0.42	1.35	1.35	-	-
		3	47.57	3.20	2.40	0.39	1.35	1.35	-	-
18/12/15	18/12/20	1	50.21	3.20	1.73	0.46	1.22	1.22	-	-
		2	50.21	3.20	1.73	0.42	1.22	1.22	-	-
		3	50.21	3.20	1.73	0.37	1.22	1.22	-	-
20/12/16	18/12/21	1	49.48	3.20	2.33	0.82	1.94	1.94	-	-
		2	49.48	3.20	2.33	0.74	1.94	1.94	-	-
		3	49.48	3.20	2.33	0.68	1.94	1.94	-	-
12/06/17	12/06/22	1	49.48	1.90	2.53	0.91	2.19	2.19	-	-
		2	49.48	1.90	2.53	0.83	2.19	2.19	-	-
		3	49.48	1.90	2.53	0.72	2.19	2.19	-	-

The fair value at grant date for Executive shares units is determined 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. In addition, specific factors in relation to the likely achievement of performance hurdles and employment tenure have been taken into account.

21 Share based payments (continued)

Employee option plan

The group ceased offering options to its employees and now utilizes the rights plan approved at its 2014 AGM. Options under the old Employee option plan remain valid options with the same terms as they were issued.

Employees with more than 1 year's service with the consolidated entity were 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 $
31/10/10	8.02								
2016		237,031	-	(237,031)	-	-	-	-	-
02/09/11	8.68								
2017		**215,517**	**-**	**(215,517)**	**-**	**-**	**-**	**-**	**-**
2016		255,156	-	(39,639)	-	215,517	215,517	-	-
29/08/12	9.39								
2017		**256,440**	**-**	**(13,200)**	**-**	**243,240**	**243,240**	**-**	**-**
2016		303,400	-	(46,960)	-	256,440	256,440	-	-
30/08/13	2.56								
2017		**349,250**	**-**	**(17,250)**	**-**	**332,000**	**332,000**	**-**	**-**
2016		416,050	-	(66,800)	-	349,250	261,938	-	-
2017		**821,207**	**-**	**(245,967)**	**-**	**575,240**	**575,240**	**-**	**-**
2016		1,211,637	-	(390,430)	-	821,207	733,895	-	-
Weighted average exercise price ($)									
2017		**6.30**	**N/A**	**8.29**	**N/A**	**5.45**	**5.45**		
2016		6.63	N/A	7.32	N/A	6.30	6.74		

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 2017 $	Weighted average share price at exercise date 2016 $
31/10/10	30/10/15	5	40.00	6.14	4.50	4.03	8.02	10.02	-	-
02/09/11	01/09/16	5	35.69	6.18	4.50	2.53	8.68	10.66	-	-
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

The previous Executive option plan has been replaced by the Executive Long Term Incentive Plan as approved at the 2014 AGM. Options issued under the old Executive option plan remain valid options with the same terms as they were issued.

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 $
31/10/10	8.02								
2016		81,666	-	(81,666)	-	-	-	-	-
02/09/11	8.68								
2017		**39,171**	**-**	**(39,171)**	**-**	**-**	**-**	**-**	**-**
2016		96,775	-	(57,604)	-	39,171	39,171	-	-
20/02/13	10.57								
2017		**65,000**	**-**	**-**	**-**	**65,000**	**65,000**	**-**	**-**
2016		130,000	-	(65,000)	-	65,000	65,000	-	-
30/08/13	2.88								
2017		**140,000**	**-**	**-**	**-**	**140,000**	**140,000**	**-**	**-**
2016		270,000	-	(130,000)	-	140,000	-	-	-
2017		**244,171**	**-**	**(39,171)**	**-**	**205,000**	**205,000**	**-**	**-**
2016		578,441	-	(334,270)	-	244,171	104,171	-	-
Weighted average exercise price ($)									
2017		**5.86**	**N/A**	**8.68**	**N/A**	**5.32**	**5.32**		
2016		6.30	N/A	6.63	N/A	5.86	9.86		

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 2017 $	Weighted average share price at exercise date 2016 $
31/10/10	30/10/15	5	40.00	6.14	4.50	2.43	8.02	10.02	-	-
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	-	-

Employee and Executive share options outstanding at the end of the financial year had a weighted average remaining contractual life of 296 days.

21 Share based payments (continued)

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

- 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

	2017	2016
	$ '000	$ '000
Issued and paid-up capital		
61,039,412 (2016: 61,039,412) ordinary shares, fully paid	**195,371**	195,079

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

	2017		2016	
	# Shares	**$ '000**	# Shares	$ '000
Movements in ordinary share capital				
Balance at beginning of year	**61,039,412**	**195,079**	61,039,412	194,762
Equity settled share-based payments	**-**	**292**	-	317
Shares issued pursuant to Dividend Reinvestment Plan	**-**	**-**	-	-
Shares issued pursuant to Employee and Executive Option Plans	**-**	**-**	-	-
Balance at the end of year	**61,039,412**	**195,371**	61,039,412	195,079

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%.

At 30 June 2017, employees held options over 575,240 ordinary shares of the Company, of which 243,240 will expire on 29 August 2017. At 30 June 2016, employees held options over 821,207 ordinary shares of the Company, of which 215,517 expired on 1 September 2016.

At 30 June 2017, employees held rights over 231,143 ordinary shares of the Company. The rights do not have an expiry date (2016: 73,500). At 30 June 2017, executives held options over 205,000 ordinary shares of the Company, of which 65,000 will expire on 20 February 2018. At 30 June 2016, executives held options over 244,171 ordinary shares of the Company, of which 39,171 expired on 1 September 2016.

23 Reserves (net of income tax)

	2017	2016
Foreign currency translation reserve		
Balance at beginning of year	**(244)**	(257)
Translation of foreign operations	**301**	13
	57	(244)

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

	2017 **$ '000**	2016 $ '000

24 Retained earnings

Balance at beginning of year	**(8,508)**	19,496
Profit (loss) attributable to members of the parent entity	**8,995**	(28,004)
	487	(8,508)

25 Auditors' remuneration

Audit services	**135**	130
Other services - taxation and accounting assistance	**-**	6
	135	136

The auditor of Fleetwood Corporation Limited is Grant Thornton Audit Pty Ltd.

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 (Cth) 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:

Bocar Pty Ltd (formerly 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 on the following page:

26 Deed of cross guarantee (continued)

Statement of profit or loss and other comprehensive income

	2017 $ '000	2016 $ '000
Continuing operations		
Sales revenue	**324,592**	281,498
Other income	**609**	1,259
Materials used	**(133,923)**	(105,737)
Sub-contract costs	**(78,262)**	(75,311)
Employee benefits expense	**(57,549)**	(55,538)
Operating leases	**(8,709)**	(9,761)
Other expenses	**(25,180)**	(25,789)
Profit before interest, tax, depreciation and amortisation and impairment	**21,578**	10,621
Depreciation and amortisation expense	**(7,175)**	(9,222)
Profit before interest, tax and impairment	**14,403**	1,399
Impairment of non-current assets	**-**	(10,312)
Profit (loss) before interest and tax	**14,403**	(8,913)
Finance costs	**(921)**	(3,733)
Profit (loss) before income tax expense for the year	**13,482**	(12,646)
Income tax (expense) benefit	**(4,213)**	2,470
Profit (loss) from continuing operations for the year	**9,269**	(10,176)
Discontinued operations		
Loss from discontinued operation	**(437)**	(16,985)
Total profit (loss) and other comprehensive income for the year	**8,832**	(27,161)

26 Deed of cross guarantee (continued)

Statement of financial position

Current assets		
Cash and cash equivalents	**4,874**	5,805
Trade and other receivables	**63,937**	39,566
Inventories	**60,932**	47,296
Non-current assets held for sale	**20,219**	25,839
Total current assets	**149,962**	118,506
Non-current assets		
Trade and other receivables	**1,369**	427
Investments	**66**	66
Property, plant and equipment	**46,704**	45,649
Goodwill	**55,256**	55,256
Intangible assets	**91**	1,120
Deferred tax assets	**10,319**	14,146
Total non-current assets	**113,805**	116,664
Total assets	**263,767**	235,170
Current liabilities		
Trade and other payables	**57,618**	41,296
Interest bearing liabilities	**5,000**	3,000
Provisions	**5,775**	5,521
Other financial liabilities	**363**	301
Total current liabilities	**68,756**	50,118
Non-current liabilities		
Provisions	**1,551**	1,177
Total non-current liabilities	**1,551**	1,177
Total liabilities	**70,307**	51,295
Net assets	**193,460**	183,875
Equity		
Issued capital	**195,364**	195,073
Reserves	**57**	(244)
Retained earnings	**(1,961)**	(10,954)
Total equity	**193,460**	183,875

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 2015.

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.

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 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.

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, the Euro and Chinese Yuan Renminbi.

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

	- 10%				+ 10%			
	USD	**Euro**	**Renminbi**	**Total**	**USD**	**Euro**	**Renminbi**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
2017 Profit	**(1,873)**	**(792)**	**(164)**	**(2,829)**	**1,873**	**792**	**164**	**2,829**
2016 Profit	(1,212)	(449)	(104)	(1,765)	1,212	449	104	1,765
2017 Equity	**(1,873)**	**(792)**	**(164)**	**(2,829)**	**1,873**	**792**	**164**	**2,829**
2016 Equity	(1,212)	(449)	(104)	(1,765)	1,212	449	104	1,765

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 twelve months from the date the contract is entered into, with 40-80% of the anticipated exposure covered. Basis adjustments are made to the carrying amounts of non-financial items when the anticipated purchase transaction takes place.

Outstanding contracts	**Average exchange rate**		**Foreign Currency**		**Notional Value**		**Fair Value**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	$	$	**FC '000**	FC '000	**$ '000**	$ '000	**$ '000**	$ '000
Buy USD								
Less than 3 months	**0.75**	0.74	**4,701**	4,548	**6,265**	6,134	**(150)**	(142)
3 to 6 months	**0.75**	0.74	**4,749**	2,019	**6,343**	2,733	**(152)**	14
6 to 12 months	**0.75**	0.74	**500**	2,433	**669**	3,306	**(16)**	4
Buy Euro								
Less than 3 months	**0.65**	0.66	**2,151**	1,762	**3,297**	2,655	**(92)**	(72)
3 to 6 months	**0.69**	0.66	**1,400**	875	**2,042**	1,321	**66**	(24)
6 to 12 months	**0.66**	0.66	**200**	1,000	**305**	1,524	**(1)**	(39)
Buy Renminbi								
Less than 3 months	**5.04**	4.70	**2,609**	2,768	**517**	589	**(17)**	(30)
3 to 6 months	**5.27**	4.95	**3,100**	1,218	**588**	246	**1**	(4)
6 to 12 months	**5.15**	4.97	**350**	2,100	**68**	423	**(2)**	(8)
							(363)	(301)

During 2017 a loss of $363,000 was recognised in profit and loss pertaining to forward exchange contracts (2016: $301,000 loss).

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

	Carrying amount $ '000	- 75 bps Profit $ '000	- 75 bps Equity $ '000	+ 75 bps Profit $ '000	+ 75 bps Equity $ '000
Financial assets					
Cash and cash equivalents - 2017	**5,383**	**(40)**	**(40)**	**40**	**40**
- 2016	6,116	(46)	(46)	46	46
Financial liabilities					
Borrowings - 2017	**5,000**	**37**	**37**	**(37)**	**(37)**
- 2016	3,000	23	23	(23)	(23)
2017		**(3)**	**(3)**	**3**	**3**
2016		(23)	(23)	23	23

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 customer 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 18. Weighted average interest rate 3.50% (2016: 4.18%). Loans are expected to be settled within three months of year end.

There were no contractual maturities greater than 12 months as at 30 June 2017

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 assets and 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).

	Fair value as at 2017	Fair value as at 2016	Fair value Hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets Foreign currency forward contracts	Nil	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
Financial liabilities Foreign currency forward contracts	$362,871	$300,779	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

	2017 $ '000	2016 $ '000
Operating profit (loss) after income tax	**8,995**	(28,004)
Items classified as investing activities:		
Loss on sale of non-current assets	**52**	95
Non-cash items:		
Equity settled share-based payments	**292**	317
Depreciation and amortisation expense - continuing operations	**7,256**	9,305
Depreciation and amortisation expense - discontinued operations	**442**	9,795
Written down value of rental fleet sold	**6,799**	5,813
Impairment of plant and equipment	**-**	19,680
Impairment of intangible assets	**-**	3,782
Impairment of goodwill	**-**	6,529
Changes in assets and liabilities during the year:		
Increase in inventories	**(13,920)**	(4,046)
(Increase) decrease in trade and other receivables	**(25,267)**	55,142
(Increase) in other financial assets	**-**	(206)
Increase (decrease) in trade and other payables	**16,584**	(1,425)
Increase in provisions	**630**	157
(Decrease) increase in deferred taxes receivable	**3,954**	(10,258)
Increase in other financial liabilities	**62**	301
Net cash provided by operating activities	**5,879**	66,977

28.2 Non-cash financing and investing activities

The Company received dividends of $615,120 (2016: $14,312,390) 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 $70,307,744 (2016: $51,295,220) 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 the outcome of any of these claims will have a material adverse impact on the financial position of the consolidated entity.

30 Particulars relating to controlled entities

Fleetwood Corporation Limited (Ultimate parent entity)

Controlled entities	Place of Incorporation	Principal Activities	Interest held (%) 2017	2016
Bocar Pty Ltd (formerly Bendigo Re-locatable Buildings Pty Ltd)	Australia	Dormant (Bocar products are traded through Flexiglass Challenge Pty Ltd)	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	Dormant	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 Campbell, B Denison, S Boyle, M Hardy, G Tate, J Bond. Details of directors' remuneration are 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.

Key management personnel

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

	Consolidated 2017 $	2016 $
Short-term employee benefits	**2,212,505**	2,556,902
Post-employment benefits	**145,621**	183,131
Other long term benefits	**41,157**	45,337
Share-based payments	**176,756**	81,272
	2,576,039	2,866,642

Transactions between Fleetwood Corporation and its related parties

During the financial year subsidiaries of the parent company made dividend payments totaling $615,120 (2016:14,312,390) to the parent entity. Non-current loans totaling $175,674,540 (2016: $178,584,357) 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

	2017 $ '000	2016 $ '000
Assets		
Current assets	**6,196**	6,317
Non-current assets	**183,752**	180,873
Total assets	**189,948**	187,190
Liabilities		
Current liabilities	**4,247**	572
Non-current liabilities	**581**	547
Total liabilities	**4,828**	1,119
Equity		
Issued capital	**195,371**	195,079
Retained earnings	**(10,251)**	(9,009)
Total equity	**185,120**	186,070

32.2 Financial performance

	2017 $ '000	2016 $ '000
(Loss) profit for the year	**(1,242)**	9,790
Total comprehensive (loss) income	**(1,242)**	9,790

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

	Note	2017 $ '000	2016 $ '000
Guarantee provided under the deed of cross guarantee	29	**70,307**	51,295

32.4 Commitments

Operating lease commitments	2017 $ '000	2016 $ '000
Within one year	**203**	338
One year or later and no later than five years	**329**	583
Later than five years	**-**	-
	532	921

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 $70,307,744 (2016: 51,295,220) 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 2017 (2016: nil).

33 Discontinued operation

On 1 March 2016 the company ceased resource sector rental operations due to the downturn in the mining industry and the resulting reduction in demand for construction workforce accommodation.

	2017 $ '000	2016 $ '000
33.1 Financial performance		
Revenue	**6,479**	12,524
Impairment	**-**	(19,680)
Expenses	**(7,103)**	(17,108)
Loss from discontinued operation before income tax	**(624)**	(24,264)
Attributable income tax benefit	**187**	7,279
Loss from discontinued operation after income tax	**(437)**	(16,985)
33.2 Cashflow information		
Net cash inflows from operating activities	**5,384**	9,729
Net cash outflows from investing activities	**-**	(2,596)
Net cash inflow from discontinued operations	**5,384**	7,133
33.3 Loss per share from discontinued operations		
Basic loss per share (cents)	(0.7)	(27.8)
Diluted loss per share (cents)	(0.7)	(27.8)

Revenue relates to the rental of portable buildings to the resource sector.

34 Significant events after the reporting period

Final Dividend

On 23 August 2017 the Directors declared a fully franked final dividend of 5 cents per share which was paid on 29 September 2017. As the dividend was not announced until after 30 June 2017 it has not been included as a liability in these financial statements.

Directors' Report

The Directors of Fleetwood Corporation Limited present their report for the year ended 30 June 2017.

Directors and Officers

The Board is currently comprised of three non-executive Directors and one Managing Director. The names, qualifications, experience, special responsibilities, current and previous directorships for the last 3 years of the Directors who are in office at the date of this report are disclosed on page 5 of this Annual Report.

Principal Activities

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

- design, manufacture, and sale of manufactured accommodation;
- manufacture of caravans and vehicle parts and accessories;
- manufacture and distribution of vehicle parts and accessories; and
- operation of accommodation villages.

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 4 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

There were no significant events which occurred after the reporting period.

Future Developments

The consolidated entity will continue to pursue increasing both 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 fully franked dividend of 5c per share has been declared, the ex-dividend date for the final dividend was 4 September 2017, the record date for determining entitlements to the final dividend was 5 September 2017, and payment for the final dividend is 29 September 2017.

The final dividend in respect of ordinary shares for the year ended 30 June 2017 has not been recognised in the financial statements because the dividend was not declared, determined or publicly recommended at 30 June 2017.

Share Options

Details of all share based payment arrangements in existence at 30 June 2017 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. 472,000 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	**29/08/2012**	**30/08/2013**
Total unissued shares under option	243,240	332,000
Exercise price ($)	9.39	2.56
Expiry date	29/08/2017	30/08/2018

Executive Options

Issue date	**20/02/2013**	**30/08/2013**
Total unissued shares under option	65,000	140,000
Exercise price ($)	10.57	2.88
Expiry date	20/02/2018	30/08/2018

The Employee and Executive Option Plans have been replaced by long term incentive share plans, approved by shareholders at the 2014 annual general meeting. Since that time, no options have been issued to employees or executives pursuant to those plans. With respect to the above options no voting or dividend rights attach to the options. Details of options previously granted to Directors, executives and key management personnel are contained in note 21 to the financial statements and in the Remuneration Report.

Indemnification of Directors, Officers and Auditors

The Company has executed agreements with current and former Directors and officers in respect of indemnity, access to documents and insurance.

Subject to the *Corporations Act (Cth) 2001* and Fleetwood's Constitution, Directors and officers are indemnified 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 Company provides D&O insurance cover to current and former directors and officers. The contract of insurance prohibits disclosure of the nature of the liability, however insurance premiums paid during the financial year were $50,808 (2016: $47,930).

The access deed provides, among other things, current and former directors and officers with access to certain Company information, during their tenure and for a period of seven years after they cease to be an officer or director.

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 liability incurred as an auditor.

Directors', Audit Committee and Remuneration Committee Meetings

During the financial year, twelve board meetings, three audit committee meetings and two remuneration committee meetings were held. The number of Board, Audit Committee and Remuneration Committee meetings attended by each current and former Director of the Company during the financial year are as follows:

	Board		Audit Committee		Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Phillip Campbell (Appointed 12/08/2016)	8	8	2	2	1	1
Brad Denison	12	12	3*	3*	2*	2*
Stephen Boyle (Resigned 31/08/2017)	2	2	1	1	0	0
Michael Hardy (Resigned 30/06/2017)	12	12	3	3	2	2
Greg Tate (Resigned 30/06/2017)	12	12	3	3	2	2
John Bond (Resigned 24/08/16)	5	5	1	1	0	0

*By invitation of the Audit Committee and Remuneration Committee

Directors' Shareholdings

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

	Number of Shares	Number of share units	Number of options
Phillip Campbell (Appointed 12/08/2016)	15,000	-	-
Brad Denison	227,364	570,000	150,000
Jeff Dowling (Appointed 01/07/2017)	25,000	-	-
Adrienne Parker (Appointed 23/08/2017)	-	-	-
Stephen Boyle (Resigned 31/08/2017)	-	-	-
Michael Hardy (Resigned 30/06/2017)	16,975	-	-
Greg Tate (Resigned 30/06/2017)	6,568,271	-	-
John Bond (Resigned 24/08/16)	20,000	-	-

Remuneration Report (audited)

The Remuneration Committee is responsible for recommending the remuneration of non-executive Directors to the Board, and for determining remuneration arrangements of executives and key management personnel.

During the financial year the members of 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 long and short term incentive plans;
- succession plans for senior management; and
- other related matters.

In accordance with the Remuneration Committee charter non-executive directors receive fees and other statutory benefits within aggregate limits approved by shareholders, and are not entitled to participate in the Company's short or long term incentive plans.

In respect of remuneration arrangements for executives and key management personnel the Remuneration Committee seeks to ensure that the remuneration arrangements motivate 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. In undertaking this role the Remuneration Committee has authority to seek information as required from Company employees and may take such independent legal, financial, remuneration or other advice it considers necessary.

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 Report (continued)

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 shares, which are subject to performance hurdles and vesting provisions.[1]

Short Term Incentive Plan

Short-term incentives received by the Managing Director, executives and key management personnel are determined in accordance with the provisions of the Fleetwood Short Term Incentive Plan (STIP). Fleetwood's STIP was revised in the 2015 financial year such that it only rewards exceptional performance. The STIP is designed to put a meaningful proportion of the participant's remuneration at risk, to be delivered upon the achievement of targets linked to the Company's annual business objectives.

The STIP is linked to the Company's annual business objectives through the incorporation of company specific qualifying gates. A participant will only qualify for a STIP payment if the qualifying gates are satisfied. Qualifying gates are met if, the Company or operating company the participant is employed by or manages (i) passes an independent internal safety audit, achieving at least at a 90% rating; and (ii) achieves at least 90% of budget Earnings Before Interest and Tax (EBIT) for the financial year[2]. Once the gates have been met a review of the performance measures is undertaken to determine if exceptional performance has been demonstrated.

The performance measures of the STIP comprise a combination of individual and company specific performance targets. The weighting is 50% non-financial and 50% financial. In setting the performance measures for the STIP, the Remuneration Committee is conscious to ensure that all targets are measurable and provide a challenging but meaningful incentive to participants.

Non-financial metrics are based on performance against specific individual key performance targets. 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 or forecast EBIT above the qualifying gate which is considered an appropriate measure of the Company's profitability.

Depending on the participant 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 the Group as a whole. Financial targets are expressed as a range over which performance will be measured. The standard range is 100% to 125% 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). STIP percentage caps as determined by the Remuneration Committee applicable to the Managing Director, executives and key management personnel are noted below.

	Maximum STIP as % of AFR
Brad Denison	50%
Andrew Wackett	40%
Yanya O'Hara	25%
Giles Everest	40%
Jarrod Waring	40%
Peter Naylor	40%
Manuel Larre	40%

In order for a payment under the STIP to be made, the qualifying gate must be satisfied and the participant must: meet the minimum financial and non-financial performance measures, 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 is of the opinion that the STIP appropriately aligns executive remuneration with shareholder wealth generation.

Executive Share Plan

Long-term incentives in the form of shares received by the Managing Director, executives and key management personnel are determined in accordance with the provisions of the Executive Long Term Incentive plan (LTIP), which was approved by shareholders at the 2014 annual general meeting. The objective of this plan is to retain and reward the Managing Director, executives and key management personnel and to align their long term interests with those of shareholders.

Under the plan, eligible directors, executives and key management personnel are invited to participate in a grant of shares or options through a trust established for the LTIP. The Company provides participants with an interest free, non-recourse loan for an amount equivalent to the price of the shares or options issued, for the sole purpose of acquiring units in the trust. The loans are repayable upon the eventual sale or transfer of the shares from the trust to the participant. The share units are restricted and subject to a risk of forfeiture until the end of the vesting period.

The number of shares granted is determined by the Board with reference to the participant's position in the company, the Group's financial performance and shareholder wealth generation. The price of the shares issued is calculated using the Volume Weighted Average Price (**VWAP**) over five trading days following the annual general meeting.

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[1] As the majority of the members of the current Remuneration Committee were appointed after year end, the committee undertook a benchmarking exercise of non-executive director remuneration, as well as executive and key management personnel remuneration. The results of the benchmarking exercise were then used to review current remuneration arrangements for non-executive directors, executives, and key management personnel, and to provide guidance to the committee for determining remuneration arrangements for non-executive directors, executives and key management personnel for FY 2018.

[2] For FY 2018 the Remuneration Committee has revised the second qualifying gate of the STIP to now require the Company or the operating company the participant is employed by to achieve 100% of Budget Earnings Before Interest and Tax.

Remuneration Report (continued)

The LTIP contains a gateway level of minimum performance below which no benefit accrues. The performance gateway is met where the Company's total shareholder return from grant to vesting date, equals or exceeds 15% p.a. and is equal to or greater than the ASX All Ordinaries Index. The Remuneration Committee considers that the use of this index provides an external benchmark that enables a comparison of the Company's TSR performance to that of a broad group of diverse companies. Such a comparison reduces sensitivity to the performance of a particular competitor or the influence of cyclical industry specific factors.

Assuming the participant continues to be employed by Fleetwood and the performance hurdles are reached, the vesting dates for the shares are as follows: for one third of the shares, the date that is at least a minimum of 1 year after being granted; for two thirds of the shares, the date that is at least a minimum of 2 years after being granted; and for the balance of the shares, the date that is at least a minimum of 3 years after being granted.

In the event that a performance hurdle is not reached, or the value of the shares is less than the outstanding balance of the loan, or the participant ceases to be an employee for reasons other than death, illness and injury, the participant will surrender and forfeit the units in the trust to the Company in full settlement of the loan balance. The share units expire 5 years from the grant date. Until the shares vest, voting and dividend rights remain with the trustee.

Up until the implementation of the LTIP, eligible directors, executives and key management persons participated in the Executive Option Plan. The options granted pursuant to that plan are noted in this Report, and that plan will remain in effect until all granted options have been exercised, fortified or have expired.

Executive Option Plan

Long-term incentives in the form of options received by eligible directors, senior executives and key management personnel were determined in accordance with the provisions of the old Executive Option Plan. The objective of that plan was to retain and reward eligible directors, executives and key management personnel and to align their long term interests with those of shareholders.

Invitation to participate in the plan was at the discretion of the Board, however participants generally needed to be employed in an executive or key management position for a minimum period of two years before such invitation was extended.

Under the plan, participants were granted options to purchase ordinary shares in Fleetwood. The number of options granted was 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 were payable for the options, and each option entitles the holder to subscribe for one ordinary 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 the options was calculated using the Volume Weighted Average Price (**VWAP**) of the shares over the five days prior to the issue date. The maximum discount that could be applied to the VWAP was 10%.

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 and is equal to or greater than the ASX 300 All Industrials Accumulation Index. 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 2017 (from continuing operations):

	2013	2014	2015	2016	2017
Share price at start of year ($)	11.74	3.60	2.33	1.37	1.91
Share price at end of year ($)	3.60	2.33	1.37	1.91	2.36
Dividend per share (cents)	30.0	4.0	-	-	5.0
Earnings (loss) per share (cents)	20.8	0.1	0.3	(45.9)	14.7
Diluted earnings (loss) per share (cents)	20.7	0.1	0.3	(45.8)	14.7
$ Million					
Revenue	332.9	366.3	302.0	284.3	330.1
Net profit (loss) before tax	23.2	3.4	0.9	(13.4)	13.7
Net profit (loss) after tax	16.6	0.6	0.2	(11.0)	9.4

Remuneration Report (continued)

Key management personnel	Short-term employee benefits Salary & fees $	Bonus $	Non-monetary $	Post Employment Superannuation $	Other long Term Benefits $	Share Based Payment Options $	Share Based Payment Share units $	Total $	Performance based remuneration %
Directors*									
Phillip Campbell (Appointed 12/8/2016)									
2017	**99,999**	**-**	**-**	**-**	**-**	**-**	**-**	**99,999**	**-**
Brad Denison[1] Managing Director									
2017	**507,842**	**35,000**	**15,473**	**30,000**	**3,636**	**1,953**	**99,187**	**693,092**	**19.6**
2016	541,970	-	10,153	30,000	25,562	16,175	56,432	680,293	10.7
Stephen Boyle (Resigned 31/08/2017)									
2017	**17,500**	**-**	**-**	**-**	**-**	**-**	**-**	**17,500**	**-**
Michael Hardy (Resigned 30/6/2017)									
2017	**75,875**	**-**	**-**	**-**	**-**	**-**	**-**	**75,875**	**-**
2016	85,000	-	-	-	-	-	-	85,000	-
Greg Tate (Resigned 30/6/2017)									
2017	**70,000**	**-**	**-**	**-**	**-**	**-**	**-**	**70,000**	**-**
2016	70,000	-	-	-	-	-	-	70,000	-
John Bond (Resigned 24/08/16)									
2017	**10,548**	**-**	**-**	**-**	**-**	**-**	**-**	**10,548**	**-**
2016	70,000	-	-	-	-	-	-	70,000	-
Peter Gunzburg (Resigned 27/11/15)									
2016	35,000	-	-	-	-	-	-	35,000	-
2017 Company and	**781,764**	**35,000**	**15,473**	**30,000**	**3,636**	**1,953**	**99,187**	**967,014**	**14.1**
2016 **Consolidated**	801,970	-	10,153	30,000	25,562	16,175	56,432	940,293	7.7

[1]The Remuneration Committee resolved to grant Mr. Denison a $35,000 bonus for FY 2016 for satisfaction of a specific KPI relating to the Osprey transaction. This amount was paid in FY 2017.

Remuneration Report (continued)

Key management personnel	Short-term employee benefits Salary & fees $	Bonus $	Non-monetary $	Post Employment Superannuation $	Other long Term Benefits $	Share Based Payment Options $	Share Based Payment Share units $	Total $	Performance based remuneration %
Executives									
Andrew Wackett[2] Chief Financial Officer (Appointed 12/06/17)									
2017	**17,022**	**-**		**1,502**	**15**	**-**	**2,608**	**21,147**	**12.3**
Yanya O'Hara Company Secretary									
2017	**175,947**	**-**	**-**	**15,930**	**5,507**	**9**	**11,827**	**209,220**	**5.7**
2016	165,505	-	-	15,154	9,039	43	5,316	195,057	2.7
Jarrod Waring Executive GM, BRB Modular Pty Ltd									
2017	**285,950**	**-**	**-**	**19,615**	**15,966**	**5**	**16,468**	**338,005**	**4.9**
2016	248,948	25,000	-	19,308	6,936	21	9,200	309,412	11.1
Giles Everest[1] Executive GM, Fleetwood Pty Ltd (Appointed 01/12/14)									
2017	**282,402**	**15,000**	**-**	**25,909**	**3,395**	**-**	**14,870**	**341,576**	**8.7**
2016	272,680	-	-	25,250	757	-	6,850	305,537	2.2
Peter Naylor[1] Executive GM, Fleetwood RV Pty Ltd									
2017	**295,490**	**25,000**	**-**	**26,756**	**1,353**	**-**	**12,580**	**361,179**	**10.4**
2016	282,706	-	-	25,124	262	-	2,865	310,957	0.9
Manuel Larre Executive GM, Camec & Flexiglass									
2017	**283,455**	**-**	**-**	**25,909**	**11,285**	**781**	**16,468**	**337,898**	**5.1**
2016	275,272	-	-	36,328	12,249	6,003	9,200	339,052	4.5
Steve Carroll GM, International Business (Resigned 09/10/15)									
2016	60,502	-	-	5,748	(9,468)	(8,087)	(4,903)	43,792	(29.7)
Bradley Van Hemert GM, International Procurement (Redundant 11/03/16)									
2016	414,165	-	-	26,220	-	(12,940)	(4,903)	422,542	(4.2)
2017 Company and	**1,340,267**	**40,000**	**-**	**115,621**	**37,521**	**795**	**74,821**	**1,609,025**	**7.2**
2016 Consolidated	1,719,778	25,000	-	153,131	19,775	(14,960)	23,625	1,926,350	1.7

Included in salary & fees are amounts of annual leave accrued during the reporting period. 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. Other long term benefits comprise long service leave entitlements accrued to the executive during the reporting period.

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.

[1]The Remuneration Committee resolved to grant Mr Everest a $15,000 bonus for FY 2016 for satisfaction of a specific KPI relating to the Fleetwood West business restructure following a downturn in the resources sector, and a $25,000 bonus to Mr. Naylor for FY 2016 for satisfaction of a specific KPI relating to expanding the Coromal and Windsor product range and Dealer Network. These amounts were paid in FY 2017.

[2]Andrew Wackett was appointed to the position of CFO of the Company on 12 June 2017.

Remuneration Report (continued)

Share based payment arrangements in existence at the reporting date: Options

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 $
31/10/10	8.02								
2016		81,666	-	(81,666)	-	-	-	-	-
02/09/11	8.68								
2017		**39,171**	**-**	**(39,171)**	**-**	**-**	**-**	**-**	**-**
2016		96,775	-	(57,604)	-	39,171	39,171	-	-
30/08/12	9.39								
2017		**220**	**-**	**-**	**-**	**220**	**220**	**-**	**-**
2016		220	-	-	-	220	220	-	-
20/02/13	10.57								
2017		**65,000**	**-**	**-**	**-**	**65,000**	**65,000**	**-**	**-**
2016		130,000	-	(65,000)	-	65,000	**65,000**	**-**	**-**
30/08/13	2.56								
2017		**750**	**-**	**-**	**-**	**750**	**750**	**-**	**-**
2016		750	-	-	-	750	500	**-**	**-**
30/08/13	2.88								
2017		**140,000**	**-**	**-**	**-**	**140,000**	**140,000**	**-**	**-**
2016		270,000	-	(130,000)	-	140,000	-	-	-
2017		**245,141**	**-**	**(39,171)**	**-**	**205,970**	**205,970**	**-**	**-**
2016		579,411	-	(334,270)	-	245,141	104,891	-	-
Weighted average price ($)									
2017		**5.85**	**N/A**	**8.68**	**N/A**	**5.31**	**5.31**		
2016		6.30	N/A	6.63	N/A	5.85	9.82		

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 2017 $	Weighted average share price at exercise date 2016 $
31/10/10	30/10/15	5	40.00	6.14	4.50	2.43	8.02	10.02	-	-
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	-	-

Refer to summary on following pages for those options which are vested and exercisable, and vested and unexercisable.

Yanya O'Hara was issued options under the Employee Option Plan in 2013 and 2014. Jarrod Waring was issued options under the Employee Option Plan in 2014.

Remuneration Report (continued)

Share based payment arrangements in existence at the reporting date: Share units

Grant date	Weighted average share price at grant date	Share units at beginning of year	Share uints granted	Share units expired / forfeited	Share units exercised (shares issued)	Share units at end of year	Vested at end of year	Fair value (market value) of shares on exercise
	$	No.	No.	No.	No.	No.	No.	$
18/12/14	1.35							
2017		**265,000**	**-**	**-**	**-**	**265,000**	**87,450**	**-**
2016		325,000	-	(60,000)	-	265,000	90,100	-
18/12/15	1.22							
2017		**325,000**	**-**	**-**	**-**	**325,000**	**110,500**	**-**
2016			325,000	-	-	325,000	-	-
20/12/16	1.94							
2017			**368,000**	**-**	**-**	**368,000**	**-**	**-**
12/06/17	2.19							
2017			**60,000**	**-**	**-**	**60,000**	**-**	**-**
2017		**590,000**	**428,000**	**-**	**-**	**1,018,000**	**197,950**	**-**
2016		325,000	325,000	(60,000)	-	590,000	90,100	-

Grant Date	Expiry Date	Vesting tranche	Volatility %	Dividend yield %	Risk free interest rate %	Fair value at grant date $	Exercise price $	Weighted average share price at grant date $	Weighted average share price at exercise date 2017 $	Weighted average share price at exercise date 2016 $
18/12/14	18/12/19	1	47.57	3.20	2.40	0.43	1.35	1.35	-	-
		2	47.57	3.20	2.40	0.42	1.35	1.35	-	-
		3	47.57	3.20	2.40	0.39	1.35	1.35	-	-
18/12/15	18/12/20	1	50.21	3.20	1.73	0.46	1.22	1.22	-	-
		2	50.21	3.20	1.73	0.42	1.22	1.22	-	-
		3	50.21	3.20	1.73	0.37	1.22	1.22	-	-
20/12/16	18/12/21	1	49.48	3.20	2.33	0.82	1.94	1.94	-	-
		2	49.48	3.20	2.33	0.74	1.94	1.94	-	-
		3	49.48	3.20	2.33	0.68	1.94	1.94	-	-
12/06/17	12/06/22	1	49.48	1.90	2.53	0.91	2.19	2.19	-	-
		2	49.48	1.90	2.53	0.83	2.19	2.19	-	-
		3	49.48	1.90	2.53	0.72	2.19	2.19	-	-

Remuneration Report (continued)

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

Shares **Directors**	**Shares at beginning of year No.**	**Options exercised No.**	**Net other change No.**	**Shares at end of year No.**
Phillip Campbell (Appointed 12/8/2016)				
2017	**-**	**-**	**15,000**	**15,000**
Brad Denison				
2017	**45,464**	**-**	**181,900**	**227,364**
2016	45,464	-	-	45,464
Stephen Boyle (Resigned 31/08/17)				
2017	**-**	**-**	**-**	**-**
Michael Hardy (Resigned 30/6/2017)				
2017	**16,975**	**-**	**-**	**16,975**
2016	16,975	-	-	16,975
Greg Tate (Resigned 30/6/2017)				
2017	**6,568,271**	**-**	**-**	**6,568,271**
2016	6,568,271	-	-	6,568,271
John Bond (Resigned 24/08/16)				
2017	**20,000**	**-**	**-**	**20,000**
2016	20,000	-	-	20,000
Executives				
Andrew Wackett (Apponted 12/06/17)				
2017	**-**	**-**	**-**	**-**
Yanya O'Hara				
2017	**5,100**	**-**	**11,750**	**16,850**
2016	**-**	**-**	5,100	5,100
Jarrod Waring				
2017	**18,704**	**-**	**20,100**	**38,804**
2016	8,504	-	10,200	18,704
Giles Everest				
2017	**6,800**	**-**	**15,100**	**21,900**
2016	**-**	**-**	6,800	6,800
Peter Naylor				
2017	**-**	**-**	**6,800**	**6,800**
Manuel Larre				
2017	**10,200**	**-**	**20,100**	**30,300**
2016	**-**	**-**	10,200	10,200
Bradley Van Hemert (Redundant 11/03/16)				
2016	175,810	-	(59,173)	116,637
2017	**6,691,514**	**-**	**270,750**	**6,962,264**
2016	6,835,024	-	(26,873)	6,808,151

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 and exer-cisable at end of year No.	Vested and unexer-cisable at end of year No.	Proceeds received on exercise $
Brad Denison									
2017	**189,171**	**-**	**(39,171)**	**-**	**150,000**	**100,000**	**-**	**150,000**	**-**
2016	215,837	-	(26,666)	-	189,171	50,000	-	89,171	-
Executives									
Yanya O'Hara (Appointed 01/08/14)									
2017	**720**	**-**	**-**	**-**	**720**	**167**	**720**	**-**	**-**
2016	720	-	-	-	720	240	553	-	-
Jarrod Waring (Appointed 01/09/14)									
2017	**250**	**-**	**-**	**-**	**250**	**84**	**250**	**-**	**-**
2016	250	-	-	-	250	83	166	-	-
Manuel Larre									
2017	**55,000**	**-**	**-**	**-**	**55,000**	**40,000**	**-**	**55,000**	**-**
2016	55,000	-	-	-	55,000	15,000	-	15,000	-
Steve Carroll (Resigned 09/10/15)									
2016	108,433	-	(108,433)	-	-	-	-	-	-
Bradley Van Hemert (Redundant 11/03/16)									
2016	199,171	-	(199,171)	-	-	40,000	-	-	-
2017	**245,141**	**-**	**(39,171)**	**-**	**205,970**	**140,251**	**970**	**205,000**	**-**
2016	579,411	-	(334,270)	-	245,141	105,323	719	104,171	-

Andrew Wackett, Giles Everest and Peter Naylor did not hold any options during the reporting period.

Remuneration Report (continued)

Option values that form part of current year remuneration;

	Year Options Granted 2013 $	2014 $	Total $	Remuneration as options %
Directors				
Brad Denison				
2017	**-**	**1,953**	**1,953**	**0.3%**
2016	4,669	11,506	16,175	2.4%
Executives				
Yanya O'Hara (Appointed 01/08/14)				
2017	**-**	**9**	**9**	**0.0%**
2016	-	43	43	0.0%
Jarrod Waring (Appointed 01/09/14)				
2017	**-**	**5**	**5**	**0.0%**
2016	-	21	21	0.0%
Manuel Larre				
2017	**-**	**781**	**781**	**0.2%**
2016	1,401	4,602	6,003	1.8%
Bradley Van Hemert (Redundant 11/03/16)				
2016	(3,735)	(9,205)	(12,940)	-3.1%
Steve Carroll (Resigned 09/10/15)				
2016	(2,334)	(5,753)	(8,087)	-18.5%
2017	**-**	**2,748**	**2,748**	**0.2%**
2016	-	1,214	1,214	0.1%

Movements in option entitlements during the year:

Key management personnel	Options granted No. at grant date	Options granted Value at grant date $	Options exercised (shares issued) No. during year	Options exercised (shares issued) Value at exercise date $	Amounts paid $	Options Vested No. during year	Value of options included in remuneration for the year $	Remuneration by options %
Brad Denison	-	-	-	-	-	100,000	1,953	0.3
Yanya O'Hara	-	-	-	-	-	167	9	0.0
Jarrod Waring	-	-	-	-	-	84	5	0.0
Manuel Larre	-	-	-	-	-	40,000	781	0.2

39,171 options lapsed during the year (2016: 66,666 options). No options were forfeited during the year because the person did not meet service or performance criteria.

Remuneration Report (continued)

Share units

Directors	Units at beginning of year No.	Granted No.	Forfeited No.	Exercised No.	Units at end of year No.	Vested during the year No.	Vested at end of year No.	Proceeds received on exercise $
Brad Denison								
2017	**370,000**	**200,000**	**-**	**-**	**570,000**	**124,100**	**181,900**	**-**
2016	170,000	200,000	-	-	370,000	57,800	57,800	-
Executives								
Andrew Wackett (Appointed 12/06/17)								
2017[1]	**-**	**60,000**	**-**	**-**	**60,000**	**-**	**-**	**-**
Yanya O'Hara								
2017	**35,000**	**28,000**	**-**	**-**	**63,000**	**11,750**	**16,850**	**-**
2016	15,000	20,000	-	-	35,000	5,100	5,100	-
Jarrod Waring								
2017	**60,000**	**35,000**	**-**	**-**	**95,000**	**20,100**	**30,300**	**-**
2016	30,000	30,000	-	-	60,000	10,200	10,200	-
Giles Everest								
2017	**45,000**	**35,000**	**-**	**-**	**80,000**	**15,100**	**21,900**	**-**
2016	20,000	25,000	-	-	45,000	6,800	6,800	-
Peter Naylor								
2017	**20,000**	**35,000**	**-**	**-**	**55,000**	**6,800**	**6,800**	**-**
2016	-	20,000	-	-	20,000	-	-	-
Manuel Larre								
2017	**60,000**	**35,000**	**-**	**-**	**95,000**	**20,100**	**30,300**	**-**
2016	30,000	30,000	-	-	60,000	10,200	10,200	-
Bradley Van Hemert (Redundant 11/03/16)								
2016	30,000	-	(30,000)	-	-	10,000	-	-
Steve Carroll (Resigned 09/10/15)								
2016	30,000	-	(30,000)	-	-	-	-	-
2017	**590,000**	**428,000**	**-**	**-**	**1,018,000**	**197,950**	**288,050**	**-**
2016	325,000	325,000	(60,000)	-	590,000	100,100	90,100	-

[1] Share units issued as part of Andrew Wackett’s remuneration package. The units are subject to a 12 month holding period.

Remuneration Report (continued)

Share units values that form part of current year remuneration;

	Year Share units granted 2015 $	2016 $	2017 $	Total $	Remuneration as share units %
Directors					
Brad Denison					
2017	**11,751**	**36,278**	**51,157**	**99,187**	14.3%
2016	27,784	28,648	-	56,432	8.3%
Executives					
Andrew Wackett					
2017	**-**	**-**	**2,608**	**2,608**	**12.3%**
Yanya O'Hara					
2017	**1,037**	**3,628**	**7,162**	**11,827**	**5.7%**
2016	2,452	2,865	**-**	5,317	2.7%
Jarrod Waring					
2017	**2,074**	**5,442**	**8,953**	**16,468**	**4.9%**
2016	4,903	4,297	-	9,200	3.0%
Giles Everest					
2017	**1,383**	**4,535**	**8,953**	**14,870**	**4.4%**
2016	3,269	3,581	-	6,850	2.2%
Peter Naylor					
2017	**-**	**3,628**	**8,953**	**12,580**	**3.5%**
2016	-	2,865	**-**	2,865	0.9%
Manuel Larre					
2017	**2,074**	**5,442**	**8,953**	**16,468**	**4.9%**
2016	4,903	4,297	**-**	9,200	2.7%
Bradley Van Hemert (Redundant 11/03/16)					
2016	(4,903)	-	-	(4,903)	-1.2%
Steve Carroll (Resigned 09/10/15)					
2016	(4,903)	-	-	(4,903)	-11.2%
2017	**18,318**	**58,951**	**96,738**	**174,008**	**7.6%**
2016	33,504	46,553	-	80,058	7.3%

Movements in share unit entitlements during the year:

Key management personnel	Share units granted: No. at grant date	Share units granted: Value at grant date $	Share units exercised (shares issued): No. during year	Share units exercised (shares issued): Value at exercise date $	Amounts paid $	Units Vested No. during year	Value of share units included in remuneration for the year $	Remuneration by share units %
Brad Denison	200,000	149,333	-	-	-	124,100	99,187	14.3
Andrew Wackett	60,000	49,200	-	-	-	-	2,608	12.3
Yanya O'Hara	28,000	20,907	-	-	-	11,750	11,827	5.7
Jarrod Waring	35,000	26,133	-	-	-	20,100	16,468	4.9
Giles Everest	25,000	26,133	-	-	-	15,100	14,870	4.4
Peter Naylor	20,000	26,133	-	-	-	-	12,580	3.5
Manuel Larre	30,000	26,133	-	-	-	20,100	16,468	4.9

The issue date for share units granted pursuant to the LTIP was 18 December 2016 at a price of $1.94 per share (2016: 18 December 2015 at a price of $1.22 per share) for all Key management personnel other than for Andrew Wackett. Share units were granted to Andrew Wackett at a price of $2.19 per share on 12 June 2017. Under the LTIP, each unit can be redeemed for one underlying share in the Company upon repayment of the loan. There have been no alterations to the terms and conditions of this grant since the grant date.

Remuneration Report (continued)

Section 206J of the *Corporation Act (Cth) 2001* prohibits the hedging of remuneration by key management personnel; as such the Board does not directly impose any restrictions in relation to key management personnel limiting his or her exposure to risk in respect of share units 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.

Loans to key management personnel in connection with the Long Term Incentive Plan totaling $1,602,515 (2016: $747,785) were outstanding at the end of the reporting period. As the loans are non-recourse there is no fixed term, and no allowance for doubtful debts or impairment loss has been recognised against them. The number of key management personnel included in the aggregate of loans is 7.

Mr. Denison had loans totaling $863,319 (2016: $469,521) made to him at the end of the reporting period, with the total loan remaining outstanding at the end of the reporting period in connection with the Long Term Incentive Plan. As the loan is non-recourse there is no fixed term, and no allowance for doubtful debts or impairment loss has been recognised against it.

No share units issued during the year vested or lapsed during the year. No bonuses or share units 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.

2016 Annual General Meeting

At the 2016 Annual General Meeting, a group of shareholders advised the Board that they intended to vote against the Remuneration Report resolution as a protest against performance over recent years. The particular shareholders were clear in stating that they did not take issue with the contents of the Remuneration Report itself, but saw no other way of strongly conveying their displeasure of performance. As a result, when the advisory resolution to adopt the Remuneration Report was put to shareholder vote, more than 25% of the votes cast were cast against the adoption of the Remuneration Report, and the Company received a first strike under the *Corporations Act (Cth) 2001*.

The directors do not expect the reasoning behind last year's vote to impact this year's Annual General Meeting.

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 (Cth) 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 (Cth) 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 (Cth) 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

Ms. Yanya O'Hara is the Company Secretary, and was appointed to that position on 1 August 2014. Ms. O'Hara is responsible for all company governance and secretarial services, and oversees and coordinates the Groups general legal matters. Prior to her appointment, 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.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2017, may be accessed from the Company's website at http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 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.

Board Chair

29 September 2017

Directors' Declaration

In the opinion of the directors of Fleetwood Corporation Limited:

a) The financial statements and notes set out on pages 12 to 47, are in accordance with the *Corporations Act (Cth) 2001*, including:

    i. Complying with Australian Accounting Standards and the *Corporations Regulations 2001 (Cth)*; and

    ii. Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

c) There are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order 98/1418 applies, as detailed in note 26 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.

The Directors' draw attention to note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

The directors have been given the declarations required by s.295A of the *Corporations Act (Cth) 2001* from the Managing Director and Chief Financial Officer. Signed in accordance with a resolution of the directors.

On behalf of the Directors

P Campbell
Board Chair

29 September 2017

Perth

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Auditor's Independence Declaration
To the Directors of Fleetwood Corporation Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Fleetwood Corporation Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

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GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

Patrick Warr
Partner - Audit & Assurance
29 September 2017

Grant Thornton

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Fleetwood Corporation Limited (the Company), and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated statement statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying consolidated statement report of Fleetwood Corporation Limited, is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated statement report of the current period. These matters were addressed in the context of our audit of the consolidated statement report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for construction contracts **Note 1.5 and Note 2**	
For the year ended 30 June 2017, the Group recognised $138.073 million in revenues from its construction contracts within its Modular Accommodation operating segment. The Group recognises revenues from construction contracts with reference to AASB 111 *Construction Contracts* and uses percentage-of-completion accounting. There is heightened risk around the application of percentage-of-completion accounting as it requires management to estimate margins that impact revenue recognised. This area is a key audit matter due to the degree of management estimation and judgements required with regard to revenue recognised under the percentage-of-completion method.	Our procedures included, amongst others: • discussions with management to obtain an understanding of the revenue recognition policies applied and assess their compliance with AASB 111 *Construction Contracts*; • testing the operating effectiveness of controls over the modular accommodation projects; • testing a sample of costs incurred and their allocation to projects, through supporting documentation such as an invoice and approved timesheets; • reviewing the schedule of all contracts in progress provided by management and recompute using budgeted margin percentages applied to accumulated costs; • sampled the contract prices to approved contracts signed by the customer; • performed analytical procedures to assess the budgeting accuracy; and • assessed the appropriateness of financial statement disclosures.
Goodwill valuation **Note 13**	
As at 30 June 2017, the Group carries $55.230 million in Goodwill across various cash-generating units. Goodwill is required to be assessed for valuation annually by management as prescribed in *AASB 138 – Intangible Assets* and *AASB 136 – Impairment of Assets*. This area is a key audit matter due to significant balances carried by the Company that are assessed using management estimates and judgement. The Group estimates the fair value of its cash-generating units by employing a discounted cash flow model and, in doing so, determining the following: • forecasted cash flows from operations • working capital adjustments • capital expenditure estimates • discount and growth rates • a terminal value These estimates and judgments can require specific valuation expertise and analysis.	Our procedures included, amongst others, obtaining management's latest discounted cash flow model and performing the following audit procedures: • identified the key assumptions in the model; • obtained from management available evidence to support the key assumptions; • performed sensitivity analysis on the key assumptions; • tested the mathematical accuracy of the model; • considered the reasonableness of the revenue and costs forecasts against current year actuals; • involved the expertise of our internal corporate finance experts; and • ensured the appropriateness of related financial statement disclosures.

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Key audit matter	How our audit addressed the key audit matter
Non-current assets held for sale **Note 11**	
As at 30 June 2017, the Group holds $20.220 million of non-current assets that are held for sale. These assets had been previously classified as assets held for sale as at 30 June 2016. As per *AASB 5 – Non-current Assets Held for Sales and Discontinued Operations,* assets held for sale are required to be presented as Current Assets and presented at the lower of their written-down value and fair value less cost to sell the assets. This area is a key audit matter due to significant balances carried by the Group. The assets held for sale are presented at their fair value less cost to sell the assets, which is determined using management estimates and judgments.	Our procedures included, amongst others: • obtaining a schedule of non-current assets held for sale sold during the period and on-hand as at 30 June 2017; • reviewed in-period sales results and compared to carrying value assessments, testing management's ability to accurately estimate the fair value less cost to sell the assets; • sampled the vouched sales results to source invoices and proof of receipt in bank; • reviewed correspondence of tender documents and third party interest in purchase of the units and assessed buyer price against the fair value assigned to the units; and • viewed evidence of the sale or sale contracts of any units post year-end and compared results to the fair value less cost to sell of units carried as at 30 June 2017.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' 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 preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

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includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 49 to 61 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Fleetwood Corporation Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner – Audit & Assurance
29 September, 2017

ASX Additional Information as at 26 September 2017

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	%
National Nominees Limited	9,656,044	15.82%
HSBC Custody Nominees (Australia) Limited	6,404,868	10.49%
Karrad Pty Ltd	5,211,823	8.54%
Citicorp Nominees Pty Limited	2,315,325	3.79%
One Managed Invt Funds Ltd <Sandon Capital Inv Ltd A/c>	2,010,634	3.29%
J P Morgan Nominees Australia Limited	1,435,582	2.35%
One Managed Invt Funds Ltd <1 A/c>	1,048,032	1.72%
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/c>	906,941	1.49%
Jarli Pty Ltd	800,000	1.31%
Trinity Management Pty Ltd	676,300	1.11%
Adventure Holdings Pty Ltd	596,315	0.98%
BNP Paribas Noms Pty Ltd <DRP>	560,300	0.92%
Smartequity EIS Pty Ltd	433,260	0.71%
Citicorp Nominees Pty Limited <Colonial First State Inv A/c>	428,198	0.70%
Creative Living (Qld) Pty Ltd	420,000	0.69%
Mr Greg Tate	338,873	0.56%
Mr John Ian Amos + Mrs Cintra Gail Amos <Ningana Super Fund A/c>	309,143	0.51%
NewEconomy Com AU Nominees Pty Ltd <900 Account>	302,618	0.50%
Mr Brian Garfield Benger	232,151	0.38%
National Nominees Limited <DB A/c>	226,452	0.37%
	34,312,859	**56.21%**

Substantial shareholders

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

Name		
National Nominees Limited	9,882,496	16.19%
Greg Tate	6,588,731	10.79%
HSBC Custody Nominees (Australia) Limited	6,404,869	10.49%
One Managed Invt Funds Ltd	3,058,666	5.01%
Citicorp Nominees Pty Limited	2,315,325	3.79%

Distribution of equity security holders

Category	Number of shareholders
1 -1,000	2,821
1,001 - 5,000	2,861
5,001 - 10,000	603
10,001 - 100,000	473
100,001 and over	33
	6,791
Shareholders holding less than a marketable parcel	619

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

Delivering the Promise

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