FINANCIAL REPORT

2018

FLEETWOOD™
AUSTRALIA

CONTENTS

Fleetwood Corporation Limited
ABN 69 009 205 261

Preliminary Final Report
Year ended 30 June 2018

Results for Announcement to the Market

	Change			Amount $'000
Revenue from ordinary activities	Up	2%	to	267,049
Profit from continuing operations after tax attributable to members	Down	19%	to	12,204
Net loss attributable to members of Fleetwood Corporation Limited	Down	250%	to -	13,461

Dividends	**Amount per security**	**Franked %**
Final dividend	- ¢	100%
Interim dividend	1 ¢	100%
Total dividend for period	1 ¢	

For further information contact:

Brad Denison	or	Andrew Wackett
Managing Director		Chief Financial Officer
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Operations Review

The Directors present their report together with consolidated financial statements for the full year ended 30 June 2018.

Directors and Executive Officers

Phillip Campbell	Board Chair, Non-Executive Director
Brad Denison	Managing Director, CEO
Jeff Dowling	Non-Executive Director, Chair of Audit Committee and Remuneration Committee
Adrienne Parker	Non-Executive Director, Chair of Nominations and Diversity Committee
Andrew Wackett	Chief Financial Officer, Company Secretary
Jarrod Waring	Chief Executive Officer, Modular Accommodation
Manny Larre	Chief Executive Officer, Parts and Accessories
Dominic Letts	Executive General Manager, Village Operations

Turnaround Plan

Four corporate transactions executed in the last six months have signalled finalisation of Fleetwood's turnaround plan, which was initiated in 2014.

In February 2018, Fleetwood sold its loss making ute canopy and tray business, Flexiglass to Aeroklas Australia for $7 million.

This preceded the sale of Fleetwood's loss making caravan manufacturing business in June 2018 to Apollo Tourism & Leisure Ltd for $1 million in goodwill plus raw materials and finished goods required for Apollo to commence manufacture in Brisbane.

Following a successful capital raise in July 2018, Fleetwood acquired Sydney based Modular Building Systems for $34.2 million and Melbourne based Northern RV for $10 million.

Trading Results

Excluding operating losses and asset write-downs associated with Flexiglass and Caravan Manufacturing, Fleetwood generated underlying EBIT of $18.8 million, compared to $22.7 million in FY17.

The reduction in underlying EBIT in FY18 compared to FY17 was predominantly the result of a change in procurement method by the Victorian Education Department to a rental model as opposed to a straight sale model in the final quarter of the financial year. Procurement has returned to the straight sale model so far in FY19.

In addition, the Modular Accommodation business was impacted to a lesser degree by lower volume from the affordable retirement sector, particularly into the fourth quarter, and establishment of two new factories in Melbourne to meet a higher future level of anticipated demand.

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Following announcement of the sale of Flexiglass and Caravan Manufacturing, these businesses have been treated as discontinued operations in the statutory accounts.

If these businesses had been treated as continuing operations, underlying FY18 EBIT would have been $5.5 million which is in-line with Fleetwood's announcement released on 8 May 2018.

The Caravan Manufacturing assets have been written down by $7.4 million in the second half to their estimated realisable value. In addition, a provision of $4.0 million has been taken for factory closure costs. These are shown in discontinued operations in the table below.

Result summary

$ million	2018	2017	Change
Revenue	**267.0**	**262.4**	**2%**
Underlying EBITDA	**25.2**	**29.0**	**-13%**
Depreciation and Amortisation	6.3	6.3	0%
Underlying EBIT	**18.8**	**22.7**	**-17%**
Finance costs	1.2	0.8	56%
Pre-tax profit	17.6	21.9	-20%
Tax expense (benefit)	5.4	6.7	-20%
Underlying NPAT	**12.2**	**15.2**	**-19%**
Loss from discontinued operations	(25.7)	(6.2)	n/a
Statutory NPAT	**(13.5)**	**9.0**	**n/a**

The divisional breakdown shown below demonstrates that strong earnings in Village Operations and Parts and Accessories were offset by Modular Accommodation.

$ million	2018	2017	Change
Revenue			
Parts and Accessories	66.6	67.2	-1%
Modular Accommodation	179.3	175.8	2%
Village Operations	27.9	26.3	6%
Unallocated	0.2	0.3	-36%
Intersegment eliminations	(7.0)	(7.3)	n/a
Total revenue	**267.0**	**262.4**	**2%**
Underlying EBIT			
Parts and Accessories	3.6	2.6	39%
Modular Accommodation	10.1	15.2	-34%
Village Operations	9.1	6.9	32%
Unallocated	(4.0)	(2.1)	n/a
Total underlying EBIT	**18.8**	**22.7**	**-17%**

The above table excludes the discontinued resource sector rental, Flexiglass and Caravan Manufacturing businesses.

Cashflow and debt

Net cash of $0.6 million compares to FY17 net cash of $0.4 million and H1 FY18 net debt of $12.7 million. The movement in net debt is detailed below.

$ million	FY18	FY17
EBITDA	**25.2**	**29.0**
Interest paid (net)	(1.1)	(0.9)
Tax	1.0	(0.1)
Working capital (and other)	(7.2)	(22.2)
Operating cashflow	**17.9**	**5.9**
Net capex	(14.6)	(8.6)
Free cashflow	**3.3**	**(2.7)**
Financing cashflows	(3.1)	0.0
Opening net cash (debt)	0.4	3.1
Closing net cash (debt)	**0.6**	**0.4**

Cashflow from operations of $17.9 million was ahead of FY17 $5.9 million and was driven by strong debtor management and improved working capital management in the RV division in the fourth quarter of the year.

Net capex is primarily related to new educational hire classrooms and the ongoing upgrade of Fleetwood's ERP system. Capex is expected to reduce substantially in FY19.

Modular Accommodation

While education demand ran at a strong rate in the first half of FY18, over the fourth quarter, order flow in Victoria shifted from units manufactured for immediate sale to units manufactured for rental ahead of the Victorian state budget announcement, which was delivered on 1 May.

In addition, the business was impacted to a lesser degree by lower volume from the affordable retirement sector, particularly into the fourth quarter, and establishment of two new factories in Melbourne to meet a higher future level of anticipated demand.

While these had a negative impact on the second half, a series of modest project wins in the Western Australian resource sector saw this part of the business return to profitability in the second half of the year.

The Victorian state budget has confirmed a significant increase in education spend and the announcement is a positive overall sign in respect of FY19 demand. The business is also expecting to see a greater contribution from rental income in FY19.

The acquisition of MBS is an exciting development for the Modular Accommodation business. MBS settled on 8 August 2018 and gives Fleetwood a strong foothold in the key Sydney market where Fleetwood does not currently have representation.

There is a near term modular cell pipeline of over 2,000 cells for the NSW Government plus possible expansion into other geographic regions.

In addition, the business is well positioned to take advantage of the large NSW Government school spend announced over the medium term.

Fleetwood paid $34.2 million (plus a potential earn out) for MBS and the business generated $9.4 million in EBIT for FY2018.

Whilst remaining confident of increased future spending in key sectors, future profitability will remain subject to the timing of contract awards.

Village Operations

Fleetwood's Village Operations segment has continued to benefit from increased shutdown related accommodation demand in Karratha during FY18, with EBIT for FY18 of $9.1 million up 32% when compared to FY17.

Demand for FIFO accommodation from operational workers is expected to remain relatively consistent into the first half of FY19, and in addition the company has reached agreement with major resource companies for periodic shutdowns expected to occur during FY19.

Notwithstanding this, resource companies have signalled new accommodation capacity to come on-line in the Karratha market and accordingly Fleetwood's Village Operations result may be impacted into the second half of FY19.

However, this additional capacity is being brought on-line ahead of an expected period of construction activity in the region in FY20, and accordingly Fleetwood's longer term outlook for Searipple Village remains sound.

Parts and Accessories

Fleetwood settled the sale of Flexiglass in February 2018, which has resulted in the Parts and Accessories segment being comprised solely of Camec in the FY18 reported segment numbers from continuing operations.

Despite declining retail sales rates in the recreational vehicles industry, Camec has grown its share of the market through a dedicated focus on customer service and innovative product design. This has resulted in stable revenue in FY18.

Full year EBIT of $3.6 million was a 39% improvement on the previous corresponding period of $2.6 million. This was driven by higher gross margins and flat operating costs.

The improvements made over the last three years give the board confidence that the present earnings trajectory will continue into FY19.

The acquisition of Melbourne based NRV in August 2018 which specialises in the provision of plumbing and electrical labour and parts to the production lines of mid-tier caravan OEMs is expected to drive earnings growth in FY19.

NRV gives Camec the opportunity to further integrate with key OEM customers, particularly in the Campbellfield production hub in Melbourne. It also benefits from the increasing trend towards direct caravan imports into Australia as all imports must be certified to Australian plumbing and electrical standards.

Fleetwood paid $10 million (plus a potential earn out) for NRV and the business generated $4.7 million in EBIT for FY18.

Corporate costs

Corporate costs grew by $2.0 million in FY18 due to the payment of 2017 executive bonuses, fees associated with increased corporate activity and increased staff numbers.

Fleetwood is expected to incur additional annual costs of approximately $1.9 million in respect of the acquisitions of MBS and NRV.

Discontinued businesses

i) Caravan Manufacturing

The Caravan Manufacturing business generated operating losses of $12.1 million in FY18 as announced to the ASX in May 2018. In addition, provisions and impairments totalling $15.2 million were incurred during the year ($3.8 million in H1 and $11.4 million in H2).

First close on the sale to Apollo was achieved on 8 August 2018 with the payment for goodwill of $1m. Fleetwood and Apollo will now enter into the second phase of the sale being a transition period following which Apollo will purchase agreed raw materials and finished goods stock from Fleetwood. The transition period is expected to conclude early in the second half of FY19.

While Fleetwood expects to incur further operating losses from discontinued operations, the overall exit from this business is forecast to be cash positive for the group.

ii) Flexiglass

Flexiglass incurred trading losses of $1.4 million before its sale in February 2018. In addition, provisions and impairments totalling $4.7 million were incurred on the exit from this business.

iii) Resource sector rental operations

Operating losses of $0.5 million and impairment of $0.9 million were incurred during FY18 as residual assets continue to be sold. Assets held for sale fell from $20.2 million to $9.2 million over the course of the year.

Dividends

Given the recent capital raising combined with overall FY18 earnings, no final dividend has been declared.

The company has a significant franking account balance to support future dividends.

FY19 Priorities and Outlook

Key priorities for FY19 include the integration of recent acquisitions MBS and NRV, achieving second completion on the sale of the Caravan Manufacturing business and improving cash generation and returns.

In particular, Fleetwood will pursue further diversification of its modular business by targeting further detention and education works. Fleetwood is also actively focussing on other sectors that lend themselves to modular construction.

On behalf of the Directors

Phillip Campbell

Chairman

Perth, 24 August 2018

Consolidated statement of profit or loss and other comprehensive income

Fleetwood Corporation Limited

Year ended 30 June 2018

Continuing operations	Note	2018 $ '000	2017 $ '000
Sales revenue	2	**266,816**	262,301
Other income	2	**233**	68
Materials used		**(100,738)**	(97,300)
Sub-contract costs		**(82,238)**	(77,364)
Employee benefits		**(39,115)**	(36,255)
Operating leases		**(6,934)**	(6,447)
Other expenses		**(12,872)**	(15,991)
Profit before interest, tax, depreciation and amortisation (EBITDA)		**25,152**	29,012
Depreciation and amortisation	3	**(6,336)**	(6,342)
Profit before interest and tax (EBIT)		**18,816**	22,670
Finance costs	3	**(1,245)**	(799)
Profit before income tax expense		**17,571**	21,871
Income tax expense	4	**(5,367)**	(6,717)
Profit from continuing operations		**12,204**	15,154
Loss from discontinued operation	32	**(25,665)**	(6,159)
Profit (Loss) for the year	7, 23	**(13,461)**	8,995
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Net exchange difference relating to foreign controlled entities (net of tax)	22	**172**	301
Total comprehensive income (loss) for the year		**(13,289)**	9,296
Earnings (loss) per share from continuing and discontinued operations			
Basic earnings (loss) per share (cents)	7	**(22.0)**	14.7
Diluted earnings (loss) per share (cents)	7	**(22.0)**	14.7
Earnings (loss) per share from continuing operations			
Basic earnings (loss) per share (cents)	7	**20.0**	24.8
Diluted earnings (loss) per share (cents)	7	**19.9**	24.8

To be read in conjunction with the accompanying notes.

Consolidated statement of financial position

Fleetwood Corporation Limited
As at 30 June 2018

	Note	2018 $ '000	2017 $ '000
Current assets			
Cash and cash equivalents	8	**6,572**	5,383
Trade and other receivables	9	**39,315**	64,953
Inventories	10	**60,025**	63,211
Other financial assets	20	**90**	-
Non-current assets held for sale	11	**9,211**	20,220
Total current assets		**115,213**	153,767
Non-current assets			
Trade and other receivables	9	**2,836**	1,369
Property, plant and equipment	12	**57,514**	46,848
Goodwill	13	**50,721**	55,230
Intangible assets	14	**1,357**	91
Deferred tax assets	4	**12,429**	10,167
Total non-current assets		**124,857**	113,705
Total assets		**240,070**	267,472
Current liabilities			
Trade and other payables	15	**43,440**	58,831
Interest bearing liabilities	17	**1,957**	5,000
Tax liabilities		**111**	-
Provisions	16	**9,894**	5,812
Other financial liabilities	20	**-**	363
Total current liabilities		**55,402**	70,006
Non-current liabilities			
Interest bearing liabilities	17	**4,000**	-
Provisions	16	**649**	1,551
Total non-current liabilities		**4,649**	1,551
Total liabilities		**60,051**	71,557
Net assets		**180,019**	195,915
Equity			
Issued capital	21	**196,428**	195,371
Reserves	22	**229**	57
Retained earnings	23	**(16,638)**	487
Total equity		**180,019**	195,915

To be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

Fleetwood Corporation Limited
Year ended 30 June 2018

	Issued capital $ '000	Foreign currency translation reserve $ '000	Retained earnings $ '000	Total $ '000
Balance 1 July 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 (loss) for the year	-	301	8,995	9,296
Share-based payments	292	-	-	292
Balance at 30 June 2017	195,371	57	487	195,915
Loss for the year	-	-	(13,461)	(13,461)
Exchange differences arising on translation of foreign operations	-	172	-	172
Total comprehensive income for the year	-	172	(13,461)	(13,289)
Dividends	570	-	(3,664)	(3,094)
Share-based payments	487	-	-	487
Balance at 30 June 2018	**196,428**	**229**	**(16,638)**	**180,019**

To be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

Fleetwood Corporation Limited
Year ended 30 June 2018

	Note	2018 $ '000	2017 $ '000
Cash flows from operating activities			
Receipts in the course of operations		**370,095**	345,102
Payments in the course of operations		**(352,130)**	(338,240)
Interest received		**226**	54
Income taxes (paid) / refunds received		**1,037**	(116)
Finance costs paid		**(1,339)**	(921)
Net cash provided by operating activities	27.1	**17,889**	5,879
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(19,188)**	(8,719)
Proceeds from sale of non-current assets		**(17)**	117
Payment for intangible assets		**(2,524)**	(10)
Proceeds on sale of investment		**7,164**	-
Net cash used in investing activities		**(14,565)**	(8,612)
Cash flows from financing activities			
Proceeds from borrowings		**158,457**	70,300
Repayment of borrowings		**(157,500)**	(68,300)
Dividends paid		**(3,094)**	-
Net cash used in financing activities		**(2,137)**	2,000
Net increase / (decrease) in cash and cash equivalents		**1,187**	(733)
Cash and cash equivalents at the beginning of the financial year		**5,383**	6,116
Effect of exchange rate changes on the balance of cash held in foreign currencies		**2**	-
Cash and cash equivalents at the end of the financial year	8	**6,572**	5,383

To be read in conjunction with the accompanying notes.

1 Statement of significant accounting policies

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

1.1 Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act (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 24 August 2018.

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 the following standards has had no effect on the amounts reported for the current or prior period.

Standard	**Effective for reporting periods beginning on or after:**	**Applied in the year ending:**
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

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 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2019
AASB 9 'Financial Instruments'	1 January 2018	30 June 2019
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

The Group has undertaken a detailed assessment of AASB 9 and AASB 15 and preliminary assessment of AASB 16. Based on the entity's detailed assessment of the impact of AASB 9 and AASB 15, 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. However, the preliminary assessment of the impact of AASB 16 has indicated a material inclusion of a right of use asset and lease liability in the consolidated statement of financial position and an immaterial impact in the consolidated statement of profit or loss and other comprehensive income when it is first adopted in 30 June 2020.

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 102 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 profit or loss 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 profit or loss, 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:

	2018	2017
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 to account for the impact of the discontinued operations and other classifications to bring them in line with the current year classifications.

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 26.

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. 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 2018 was $50.7 million (30 June 2017: $55.3 million). An impairment loss of $4.5m was recognized against the Canopies, Trays and Accessories CGU which was sold during 2018 (30 June 2017: nil). 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 2018 was $60.3 million (30 June 2017: $46.8 million). No impairment loss was recognised in continuing operations during 2018 (30 June 2017: nil) and no transfers to non-current assets held for sale were recognised (30 June 2017: nil).
- The Company uses historical and observable market information to measure the value of assets classified as held for sale.
- In respect of the caravan manufacturing operation, the Company has recorded a provision for restructuring of $4.0 million (Note 16), has written down inventories by $7.25 million and has impaired property, plant and equipment by $2.80 million (Note 12) and intangibles by $1.18 million (Note 14). These charges resulted in a total expense recorded of $15.23 million reported as part of discontinued operations (Note 32). These estimates have been derived from the known obligations of the company and management's previous experience in closures of this nature.

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 32.

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 and Other Income

Revenue from continuing operations comprises:

	2018 $ '000	2017 $ '000
Sales revenue		
Goods	**116,922**	91,585
Construction	**112,926**	138,073
Rental	**36,968**	32,643
	266,816	262,301
Other income		
Interest	**227**	54
Profit on sale of non-current assets	**6**	14
	233	68
	267,049	262,369

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:

	2018 $ '000	2017 $ '000
Cost of sales	**198,292**	200,128
Depreciation and amortisation of:		
buildings	**34**	34
leasehold improvements	**747**	748
plant and equipment	**5,504**	4,892
product development	**51**	670
	6,336	6,344
Finance costs:		
Bank loans and overdraft	**1,245**	799
Net bad and doubtful debts	**254**	841
Research and development costs	**31**	15
Equity settled share-based payments	**487**	292

	Note	**2018 $ '000**	2017 $ '000

4 Income taxes recognised in profit or loss

	Note	**2018 $ '000**	2017 $ '000
Current tax expense (benefit)		**5,217**	6,575
Deferred tax expense (benefit) relating to origination and reversal of temporary		**150**	142
Continuing operations		**5,367**	6,717
Discontinued operations	32	**(9,230)**	**(2,643)**

Reconciliation of income tax expense to the accounting profit

	2018 $ '000	2017 $ '000
Profit (loss) before tax from continuing operations	**17,571**	21,871

The tax rate used for 2018 and 2017 is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

	2018 $ '000	2017 $ '000
Income tax expense (benefit) calculated at 30% (2017: 30%)	**5,271**	6,561
Amortisation of leasehold improvements	**8**	8
Effect of lower tax rates on overseas income	**(25)**	(17)
Non-deductible expenses	**107**	88
Research & development allowance	**-**	(45)
Non-assessable amounts	**(27)**	109
Sundry items	**33**	13
	5,367	6,717

Deferred tax assets

	Balance 2016 $ '000	Charged to income $ '000	Balance 2017 $ '000	**Charged to income $ '000**	**Balance 2018 $ '000**
Deferred tax relating to:					
Property, plant and equipment	8,248	(2,150)	6,097	**(723)**	**5,374**
Employee provisions	2,019	189	2,208	**954**	**3,162**
Impairment of RV Manufacturing raw materials	-	-	-	**2,175**	**2,175**
Other provisions	18	-	18	**6**	**24**
Accruals	201	122	324	**15**	**339**
Unused tax losses	3,635	(2,115)	1,520	**(165)**	**1,355**
	14,121	(3,954)	10,167	**2,262**	**12,429**

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**
Parts and Accessories	Manufacture and distribution of RV 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)**	
	2018	2017	**2018**	2017	**2018**	2017
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
Parts and Accessories	**66,609**	67,191	**1,030**	1,575	**3,592**	2,593
Modular Accommodation	**179,280**	175,827	**2,755**	2,323	**10,102**	15,211
Village Operations	**27,932**	26,303	**2,321**	2,232	**9,136**	6,944
Unallocated	**224**	349	**230**	212	**(4,014)**	(2,078)
Intersegment eliminations	**(6,996)**	(7,301)	**-**	-	**-**	-
	267,049	262,369	**6,336**	6,342	**18,816**	22,670
Finance costs					**(1,245)**	(799)
Profit (loss) before income tax benefit					**17,571**	21,871
Income tax (expense) benefit					**(5,367)**	(6,717)
Profit (loss) from continuing operations					**12,204**	15,154
Loss from discontinued operations					**(25,665)**	(6,159)
Profit (loss) attributable to members of the parent entity					**(13,461)**	8,995

Revenue from the top three external customers comprised 25.9%, 9.9% & 10.8%, respectively (2017: 23.9%, 11.3% & 6.5%), of group revenue, derived from the manufactured accommodation 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**	
	2018	2017	**2018**	2017	**2018**	2017
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
Parts and Accessories	**42,097**	56,367	**1,287**	1,510	**11,030**	13,413
Modular Accommodation	**117,222**	126,930	**17,218**	5,537	**25,115**	41,921
Village Operations	**19,800**	24,474	**-**	326	**2,782**	2,782
Unallocated	**60,951**	59,701	**3,020**	1,346	**21,124**	13,441
	240,070	267,472	**21,525**	8,719	**60,051**	71,557

Unallocated segment assets include idle mining rental assets of $9.2 million (2017: $20.2 million) and RV manufacturing assets of $36.0 million (2017: $23.6 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	
	2018 $ '000	2017 $ '000	**2018 $ '000**	2017 $ '000
Australia	**124,558**	113,282	**260,360**	255,811
New Zealand	**299**	423	**6,689**	6,558
	124,857	113,705	**267,049**	262,369

6 Dividends

	2018 $ '000	2017 $ '000
Recognised amounts		
Final 2017 - paid 5 cents per share fully franked	**3,052**	-
Interim 2018 - paid 1 cent per share fully franked	**612**	-
	3,664	-

Dividend franking account		
30% franking credits available to shareholders of Fleetwood Corporation Limited for subsequent years	**23,288**	26,146

7 Earnings per share

Earnings used in the calculation of basic and diluted earnings per share from continuing and discontinued operations	**(13,461)**	8,995
Adjustment to exclude loss from discontinued operation	**25,665**	6,159
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	**12,204**	15,154

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	**61,181,432**	61,039,412
Number of shares deemed to be issued for no consideration in respect of options	**219,350**	104,810
Weighted average number of ordinary shares used in the calculation of diluted EPS	**61,400,782**	61,144,222
From continuing and discontinued operations		
Basic earnings (loss) per share (cents)	**(22.0)**	14.7
Diluted earnings (loss) per share (cents)	**(22.0)**	14.7
From continuing operations		
Basic earnings (loss) per share (cents)	**20.0**	24.8
Diluted earnings (loss) per share (cents)	**19.9**	24.8

	2018 $ '000	2017 $ '000

8 Cash and cash equivalents

	2018 $ '000	2017 $ '000
Cash and cash equivalents	**6,572**	5,383

9 Trade and other receivables

	2018 $ '000	2017 $ '000
Current		
Trade receivables	**30,760**	54,899
Less: allowance for doubtful debts	**(667)**	(1,363)
Other debtors	**9,222**	11,417
	39,315	64,953
Non-Current		
Other debtors	**2,836**	1,369
	2,836	1,369

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 7.8%, 5% & 7.1%, respectively (2017: 14.2%, 12.0% & 7.8%), of trade and other receivables.

Retentions on construction contracts included within other debtors amount to $0.1 million (2017: 0.4 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 in respect of grants the directors have elected to satisfy by advancing money 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:

	2018 $ '000	2017 $ '000
Less than 3 months	**1,181**	134
Between 3 - 6 months	**941**	48
Longer than 6 months	**477**	476
	2,598	657

Movement in allowance for doubtful debts

	2018 $ '000	2017 $ '000
Balance at beginning of year	**1,363**	608
Impairment losses recognised on receivables	**164**	82
Amounts (written off) / provided for during the year	**(167)**	673
Amounts recovered during the year	**(693)**	-
	667	1,363

	2018 $ '000	2017 $ '000

10 Inventories

	2018 $ '000	2017 $ '000
Current		
Raw materials & stores	**11,869**	11,241
Work in progress	**20,471**	26,651
Finished goods	**27,685**	25,319
	60,025	63,211

The cost of inventories recognised as an expense during the year in respect of continuing operations was $100.7 million (2017: $97.3 million).

11 Non-current assets held for sale

	2018 $ '000	2017 $ '000
Plant & equipment - idle mining rental assets	**9,211**	20,220
	9,211	20,220

Further information in respect of the Group's discontinued Resource Sector Rental segment is set out in Note 32.

12 Property, plant and equipment

	2018 $ '000	2017 $ '000
Freehold land		
Cost	**2,964**	2,964
Buildings		
Cost	**1,342**	1,342
Accumulated depreciation	**(408)**	(374)
	934	968
Leasehold property and improvements		
Cost	**50,391**	50,391
Accumulated amortisation	**(40,623)**	(39,876)
	9,768	10,515
Plant and equipment		
Cost	**85,451**	72,477
Accumulated depreciation	**(46,522)**	(41,365)
	38,929	31,112
Assets under construction		
Cost	**4,919**	1,289
	57,514	46,848

12 Property, plant and equipment (continued)

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

2018 Financial Year	Freehold land	Buildings	Leasehold Property	Plant and equipment	Assets under construction	Total
Balance at 1 July 2017	2,964	968	10,514	31,113	1,289	46,848
Additions	-	-	-	4,378	15,819	20,197
Transferred from non current assets held for sale	-	-	-	2,730	-	2,730
Transferred from assets under construction	-	-	-	10,521	-	10,521
Transferred to plant and equipment	-	-	-	-	(10,521)	(10,521)
Transferred to other debtors	-	-	-	-	(1,009)	(1,009)
Disposals	-	-	-	(1,155)	(659)	(1,814)
Depreciation and amortisation	-	(34)	(746)	(5,848)	-	(6,628)
Impairment	-	-	-	(2,805)	-	(2,805)
Effect of foreign exchange differences	-	-	-	(5)	-	(5)
Balance at 30 June 2018	**2,964**	**934**	**9,768**	**38,929**	**4,919**	**57,514**
2017 Financial Year						
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

13 Goodwill

	2018 $ '000	2017 $ '000
Goodwill	**50,721**	55,230

Reconciliation of the carrying amount of Goodwill:

	2018 $ '000	2017 $ '000
Gross carrying amount		
Opening balance	**68,856**	68,856
	68,856	68,856
Accumulated impairment		
Opening balance	**(13,626)**	(13,626)
Impairment loss in respect of canopies, trays and accessories CGU	**(4,509)**	-
	(18,135)	(13,626)

Individual cash-generating unit (CGU) allocations:

	2018 $ '000	2017 $ '000
Parts and accessories	**12,401**	12,401
Canopies, trays and accessories	**-**	4,509
Modular accommodation	**38,320**	38,320
	50,721	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. 3.0% (2017: 2.8%) for parts and accessories CGU and 3.0% (2017: 2.5%) for modular accommodation CGU. The terminal growth rate used for all CGUs is 3.0% (2017: 2.5%).

Pre-tax discount rate assumptions utilised in the value-in-use calculations are: 13.1% (2017: 16.0%) for parts and accessories CGU and 13.1% (2017: 16.0%) for modular accommodation CGU. The discount rate recognises the risk factor applicable to the industry in which each CGU operates.

Based on the assumptions used in calculating the recoverable value, the excess over the carrying value is $38.5 million and $6.4 million for Modular Accommodation and Parts and Accessories respectively. In respect of the Modular Accommodation CGU, there is no reasonably possible change in the key assumptions which would result in the carrying amount exceeding the recoverable amount. The assumptions used in the Parts and Accessories CGU are explained further below.

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 2019 assumes an increase in annual EBIT from the CGU’s actual 2018 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 2018. Otherwise, the projection for 2019 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 5% to the USD when compared to the industry specialists’ predictions, the CGU’s recoverable amount would be equivalent to its carrying amount.

With all other inputs held constant, if the pre-tax discount rate were to increase by approximately 1% the CGU's recoverable amount would be equivalent to its carrying amount.

Testing for impairment is carried out on an annual basis and whenever there is an indication of impairment. A $4,509,000 impairment of goodwill was recorded against the canopies, trays and accessories CGU to align the carrying value of assets with the proceeds of the disposal transaction. The recoverable amount of each CGU equals or exceeds the carrying amount of goodwill as at 30 June 2018.

	2018 $ '000	2017 $ '000

14 Intangible assets

	2018 $ '000	2017 $ '000
Product development		
At cost	**262**	274
Accumulated amortisation	**(232)**	(183)
	30	91
Enterprise Resource Planning Software WIP		
At cost	**1,327**	-
	1,357	91

Reconciliation of the carrying amounts:

	2018 $ '000	2017 $ '000
Product development		
Cost		
Opening balance	**274**	289
Transferred from product development WIP	**3**	676
Disposals	**(15)**	(691)
	262	274
Accumulated amortisation		
Opening balance	**183**	160
Amortisation charged for the year	**52**	713
Eliminated on disposal	**(3)**	(690)
	232	183
Enterprise Resource Planning Software WIP		
Carrying amount at beginning of year	**-**	991
Additions	**2,505**	10
Impairment	**(1,178)**	-
Transferred to product development	-	(676)
Transferred to plant and equipment	**-**	(325)
	1,327	-
	1,357	**91**

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

No impairment was recorded against product development in 2018 (2017: Nil). Impairment of $1.2m (2017: Nil) was recorded against Enterprise Resource Planning software WIP in respect of RV Manufacturing.

15 Trade and other payables

	2018 $ '000	2017 $ '000
Trade creditors	**31,862**	34,289
Payments in advance	**48**	47
Other creditors and accruals	**11,530**	24,495
	43,440	58,831

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 $2.8 million of advances received from customers related to work not yet performed on construction contracts in progress at the end of the reporting period (2017: $8.2 million).

		2018 $ '000	2017 $ '000

16 Provisions

Current			
Employee benefits		**5,894**	5,812
Provision for restructuring discontinued operation (Note 32)		**4,000**	-
		9,894	5,812
Non-current			
Employee benefits		**649**	1,551
Aggregate employee benefits		**6,543**	7,363

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

Current - at amortised cost			
Floor Plan Finance	18	**1,957**	-
Bank loans - secured		**-**	5,000
		1,957	5,000
Non-current - at amortised cost			
Bank loans - secured	18	**4,000**	-
		4,000	-

18 Financing arrangements

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

Facilities available			
Floor Plan Finance Facility		**2,000**	-
Bank loans		**27,500**	18,000
Bank guarantees		**7,500**	2,000
Total facilities available		**37,000**	20,000

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.

Facilities utilised			
Floor Plan Finance Facility	17	**1,957**	-
Bank loans	17	**4,000**	5,000
Bank guarantees		**4,347**	1,842
Total facilities utilised		**10,304**	6,842
Facilities not utilised			
Floor Plan Finance Facility		**43**	-
Bank loans		**23,500**	13,000
Bank guarantees		**3,153**	158
Total facilities not utilised		**26,696**	13,158

Floor plan finanace
The floor plan facility is securitised by caravan inventory held by the consolidated entity and bears interest at financiers floorplan reference rate.

Bank loans
Bank loans are secured by a mortgage debenture over the assets of the consolidated entity and bear interest at the BBSY rate plus 1.20% (2017: 0.95%) plus a line fee of 1.15% (2017: 0.90%).

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.

	2018 $ '000	2017 $ '000

19 Commitments

Operating lease commitments

	2018 $ '000	2017 $ '000
Within one year	**7,857**	7,819
Between one and five years	**8,016**	10,771
	15,873	18,590

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.

20 Other financial assets and liabilities

Current

	2018 $ '000	2017 $ '000
Derivatives not in designated hedge accounting relationships	**90**	(363)

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

21 Issued capital

Issued and paid-up capital

	2018 $ '000	2017 $ '000
61,228,081 (2017: 61,039,412) ordinary shares, fully paid	**196,428**	195,371

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

	2018		2017	
	# Shares	**$ '000**	# Shares	$ '000
Movements in ordinary share capital				
Balance at beginning of year	**61,039,412**	**195,371**	61,039,412	195,079
Equity settled share-based payments	**-**	**487**	-	292
Shares issued pursuant to Dividend Reinvestment Plan	**188,669**	**570**	-	-
Balance at the end of year	**61,228,081**	**196,428**	61,039,412	195,371

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%.

22 Reserves (net of income tax)

	2018 $ '000	2017 $ '000
Foreign currency translation reserve		
Balance at beginning of year	**57**	(244)
Translation of foreign operations	**172**	301
	229	57

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

23 Retained earnings

	2018 $ '000	2017 $ '000
Balance at beginning of year	**487**	(8,508)
Profit (loss) attributable to members of the parent entity	**(13,461)**	8,995
Dividends recognised	**(3,664)**	-
	(16,638)	487

24 Auditors' remuneration

	2018 $ '000	2017 $ '000
Audit services	**155**	135
Other services - taxation and accounting assistance	**5**	-
	160	135

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

25 Deed of cross guarantee

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

It is a condition of the Class Order that the Company and each of the subsidiaries 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:

ACN 008 763 193 Pty Ltd (formerly Bocar 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 (Up to 31 January 2018)
ACN 050 031 993 Pty Ltd (formerly Coromal Windsor Melbourne 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:

25 Deed of cross guarantee (continued)

Statement of profit or loss and other comprehensive income

	2018 $ '000	2017 $ '000
Continuing operations		
Sales revenue	**261,239**	324,592
Other income	**636**	609
Materials used	**(96,040)**	(133,923)
Sub-contract costs	**(82,238)**	(78,262)
Employee benefits expense	**(38,517)**	(57,549)
Operating leases	**(6,620)**	(8,709)
Other expenses	**(14,171)**	(25,180)
Profit before interest, tax, depreciation and amortisation and impairment	**24,289**	21,578
Depreciation and amortisation expense	**(6,274)**	(7,175)
Profit before interest, tax and impairment	**18,015**	14,403
Profit (loss) before interest and tax	**18,015**	14,403
Finance costs	**(1,245)**	(921)
Profit (loss) before income tax expense for the year	**16,770**	13,482
Income tax (expense) benefit	**(5,149)**	(4,213)
Profit (loss) from continuing operations for the year	**11,621**	9,269
Discontinued operations		
Loss from discontinued operation	**(25,665)**	(6,159)
Total profit (loss) and other comprehensive income for the year	**(14,044)**	3,110

25 Deed of cross guarantee (continued)

Statement of financial position

	2018 $ '000	2017 $ '000
Current assets		
Cash and cash equivalents	**6,320**	4,874
Trade and other receivables	**38,299**	63,937
Inventories	**57,798**	60,932
Other financial assets	**90**	-
Non-current assets held for sale	**9,211**	20,219
Total current assets	**111,718**	149,962
Non-current assets		
Trade and other receivables	**2,836**	1,369
Investments	**78**	66
Property, plant and equipment	**57,413**	46,704
Goodwill	**5,742**	55,256
Intangible assets	**46,443**	91
Deferred tax assets	**12,536**	10,319
Total non-current assets	**125,048**	113,805
Total assets	**236,766**	263,767
Current liabilities		
Trade and other payables	**42,391**	57,618
Interest bearing liabilities	**1,957**	5,000
Provisions	**9,847**	5,775
Other financial liabilities	**-**	363
Total current liabilities	**54,195**	68,756
Non-current liabilities		
Interest bearing liabilities	**4,670**	-
Provisions	**649**	1,551
Total non-current liabilities	**5,319**	1,551
Total liabilities	**59,514**	70,307
Net assets	**177,252**	193,460
Equity		
Issued capital	**196,422**	195,364
Reserves	**327**	57
Retained earnings	**(19,497)**	(1,961)
Total equity	**177,252**	193,460

26 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 21, 22 and 23).

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 covenants imposed under its facility agreement with its financier.

26 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**
2018 Profit	**(1,220)**	**(792)**	**(164)**	**(2,177)**	**1,220**	**792**	**164**	**2,177**
2017 Profit	(1,873)	(792)	(164)	(2,829)	1,873	792	164	2,829
2018 Equity	**(1,220)**	**(792)**	**(164)**	**(2,177)**	**1,220**	**792**	**164**	**2,177**
2017 Equity	(1,873)	(792)	(164)	(2,829)	1,873	792	164	2,829

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**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$	$	**FC '000**	FC '000	**$ '000**	$ '000	**$ '000**	$ '000
Buy USD								
Less than 3 months	**0.75**	0.75	**1,348**	4,701	**1,801**	6,265	**23**	(150)
3 to 6 months	**0.76**	0.75	**1,076**	4,749	**1,416**	6,343	**39**	(152)
6 to 12 months	**0.80**	0.75	**190**	500	**237**	669	**19**	(16)
Buy Euro								
Less than 3 months	**0.64**	0.65	**250**	2,151	**387**	3,297	**6**	(92)
3 to 6 months	**0.63**	0.69	**39**	1,400	**62**	2,042	**1**	66
6 to 12 months	**0.63**	0.66	**60**	200	**95**	305	**1**	(1)
Buy Renminbi								
Less than 3 months	**-**	5.04	**-**	2,609	**-**	517	**-**	(17)
3 to 6 months	**-**	5.27	**-**	3,100	**-**	588	**-**	1
6 to 12 months	**-**	5.15	**-**	350	**-**	68	**-**	(2)
							90	(363)

During 2018 a profit of $89,504 was recognised in profit and loss pertaining to forward exchange contracts (2017: $362,871 loss).

26 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.

	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 - 2018	**6,572**	**(49)**	**(49)**	**49**	**49**
Cash and cash equivalents - 2017	5,383	(40)	(40)	40	40
Financial liabilities					
Borrowings - 2018	**5,957**	**45**	**45**	**(45)**	**(45)**
Borrowings - 2017	5,000	37	37	(37)	(37)
2018		**(5)**	**(5)**	**5**	**5**
2017		(3)	(3)	3	3

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.

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		**Fair value Hierarchy**	**Valuation technique and key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
	2018	2017				
Financial assets Foreign currency forward contracts	$89,504	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	Nil	$362,871	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

27 Notes to the consolidated statement of cash flows

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

	2018 $ '000	2017 $ '000
Operating profit (loss) after income tax	**(13,461)**	8,995
Items classified as investing activities:		
Loss on sale of non-current assets	**1,182**	52
Loss on sale of investment	**187**	
Non-cash items:		
Equity settled share-based payments	**487**	292
Depreciation and amortisation expense - continuing operations	**6,336**	7,256
Depreciation and amortisation expense - discontinued operations	**1,060**	442
Written down value of rental fleet sold	**6,579**	6,799
Impairment of plant and equipment	**2,805**	-
Impairment of intangible assets	**1,177**	-
Impairment of raw materials	**7,250**	-
Provision for restructuring	**4,000**	-
Impairment of goodwill	**4,510**	-
Impairment of non current assets held for sale	**947**	-
Exchange differences arising on translation of foreign operations	**(172)**	-
Changes in assets and liabilities during the year:		
Increase in inventories	**(11,286)**	(13,920)
(Increase) decrease in trade and other receivables	**21,390**	(25,267)
(Increase) in other financial assets	**(90)**	-
Increase (decrease) in trade and other payables	**(11,894)**	16,584
Increase in provisions	**(147)**	630
(Decrease) increase in income taxes payable	**111**	-
(Decrease) in deferred taxes receivable	**(2,719)**	3,954
(Decrease) in other financial liabilities	**(363)**	62
Net cash provided by operating activities	**17,889**	5,879

28 Contingent liabilities

Under the terms of the Deed of Cross Guarantee, the Company has guaranteed the repayment of all current and non-current liabilities totalling $59,514,044 (2017: $70,307,744) 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.

29 Particulars relating to controlled entities

Fleetwood Corporation Limited (Ultimate parent entity)

Controlled entities	Place of Incorporation	Principal Activities	Interest held (%) 2018	2017
ACN 008 763 193 (formerly Bocar Pty Ltd)	Australia	Dormant	100	100
BRB Modular Pty Ltd	Australia	Accommodation solutions provider to the resources, education and affordable housing sectors.	100	100
Camec Pty Ltd	Australia	Manufacturer and distributor of parts and accessories to the recreational vehicles industry.	100	100
Fleetwood Recreational Vehicles Pty Ltd	Australia	Manufacturer of caravans, pop-tops and campers distributed through a national dealer network.	100	100
Fleetwood Pty Ltd	Australia	Accommodation solutions provider to the resources, education and affordable housing sectors.	100	100
Fleetwood Finance (WA) Pty Ltd	Australia	Dormant	100	100
Flexiglass Challenge Pty Ltd	Australia	Distributor of canopies and trays for commercial vehicles. (Disposed 31 January 2018)	0	100
ACN 050 031 993 Pty Ltd (formerly Coromal Windsor Melbourne Pty Ltd)	Australia	Retail of caravans, parts and accessories	100	100
Coromal Windsor Brisbane Pty Ltd	Australia	Retail of caravans, parts and accessories	100	0
Coromal Windsor Sydney Pty Ltd	Australia	Dormant	100	0
Coromal Windsor Central Pty Ltd	Australia	Dormant	100	0
Fleetwood Limited (formerly 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.

30 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, A Parker, J Dowling.

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 directors and 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:

30 Related parties (continued)

	Consolidated 2018 $	2017 $
Short-term employee benefits	**3,053,814**	**2,212,505**
Post-employment benefits	**165,187**	**145,621**
Other long term benefits	**85,933**	**41,157**
Share-based payments	**293,043**	**176,756**
	3,597,977	2,576,039

Transactions between Fleetwood Corporation and its related parties

During the financial year subsidiaries of the parent company made dividend payments totaling $5,000,000 (2017: 615,120) to the parent entity. Non-current loans totaling $150,907,061 (2017: $175,674,540) 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.

31 Parent entity disclosures

31.1 Financial position

Assets		
Current assets	**11,801**	6,196
Non-current assets	**153,676**	183,752
Total assets	**165,477**	189,948
Liabilities		
Current liabilities	**1,894**	4,247
Non-current liabilities	**6,161**	581
Total liabilities	**8,055**	4,828
Equity		
Issued capital	**196,428**	195,371
Retained earnings	**(39,006)**	(10,251)
Total equity	**157,422**	185,120

31.2 Financial performance

(Loss) profit for the year	**(25,090)**	(1,242)
Total comprehensive (loss) income	**(25,090)**	(1,242)

31.3 Guarantees entered into by the parent entity in relation to debts of its subsidiaries	Note		
Guarantee provided under the deed of cross guarantee	28	**59,514**	70,307

31.4 Commitments

Operating lease commitments

Within one year	**208**	203
One year or later and no later than five years	**122**	329
	330	532

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

31 Parent entity disclosures (continued)

totaling $59,514,044 (2017: 70,307,744) 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 2018 (2017: nil).

32 Discontinued Operations

Disontinued Operation	Background
Flexiglass Challenge Pty Ltd	On 11 December 2017 the company announced the sale of Flexiglass Challenge Pty Ltd after undertaking a strategic review of this business. The sale was finalised on 31 January 2018.
Resource Sector Rental Operations	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.
Fleetwood RV Pty Ltd	On 21June 2018 the company annouced the sale of the Coromal and Windsor brands and associated raw materials and finished goods stock after undertaking a strategic review.

	Flexiglass Challenge Pty Ltd		**Resource Sector Rental Segment**		**Fleetwood RV Pty Ltd**		**Total Discontinued Operations**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
32.1 Financial results by reportable discontinued operation:								
Revenue	**12,014**	20,425	**7,319**	6,479	**34,097**	47,353	**53,430**	74,257
Impairment and provisions	**(4,509)**	-	**(947)**	-	**(15,232)**	-	**(20,688)**	-
Loss on sale	**(187)**	-	**-**	-	**-**	-	**(187)**	-
Expenses	**(13,388)**	(21,763)	**(7,838)**	(7,103)	**(46,224)**	(54,193)	**(67,450)**	(83,059)
Loss from discontinued operation before income tax	**(6,070)**	(1,338)	**(1,466)**	(624)	**(27,359)**	(6,840)	**(34,895)**	(8,802)
Attributable income tax benefit	**494**	406	**440**	187	**8,296**	2,050	**9,230**	2,643
Loss from discontinued operation after income tax	**(5,576)**	(932)	**(1,026)**	(437)	**(19,063)**	(4,790)	**(25,665)**	(6,159)
32.2 Cashflow information								
Net cash inflows from operating activities	**(26)**	(81)	**7,686**	5,384	**(21,914)**	(10,444)	**(14,254)**	(5,141)
Net cash inflows (outflows) from investing activities	**32**	81	**(366)**	-	**(1,648)**	(1,111)	**(1,982)**	(1,030)
Net cash inflow from discontinued operations	**6**	**-**	**7,320**	5,384	**(23,562)**	(11,555)	**(16,236)**	(6,171)
32.3 Financial Position								
Assets			**9,211**	20,220	**36,031**	23,603	**45,242**	43,823
Liabilities			**-**	-	**14,769**	6,840	**14,769**	6,840
Net Assets in discontinued operation			**9,211**	20,220	**21,262**	16,763	**30,473**	36,983
32.4 Loss per share from discontinued operation								
Basic loss per share (cents)							**(40.7)**	(0.7)
Diluted loss per share (cents)							**(40.5)**	(0.7)

Proft attributable to members of the consolidated entity relates to

Profit from continuing operations	**12,204**	15,154
Loss from discontinued operation	**(25,665)**	(6,159)
	(13,461)	8,995

33 Significant events after the reporting period

Successful Completion of Capital Raising

On 27 July 2018, the Company announced the completion of the institutional component of its equity raising. On 17 August 2018, the Company announced the completion of the retail component of its equity raising. The institutional placement and the 1 for 2.9 pro-rata accelerated non-renounceable entitlement offer, raised approximately $57 million net of costs.

Acquisition of Northern RV

On 7 August 2018, the Company announced that it had completed the acquisition of the business and assets of Northern RV (**NRV**), a Melbourne based caravan plumbing and electrical services and parts supplier, for $10 million plus a potential earnout.

Under the terms of the earnout, the vendor is entitled to a three year earnout between $2 million and $4 million (total) based on EBIT ranging between $3.3 million and $4.5 million.

As announced on 25 July 2018, asset values expected to be acquired based on pro-forma, unaudited management accounts comprise $1.8 million of net working capital, $0.1 million of plant and equipment, and $8.1 million of goodwill, subject to final completion accounts. Pro-forma, unaudited management revenue for the 2018 financial period was $15.7 million and EBITA of $4.7 million, before adjustment for likely costs under the Company's ownership.

NRV did not contribute to the Group's result for the year of this report.

Acquisition of Modular Building Systems

On 8 August 2018, the Company announced that it had completed the acquisition of 100% of the shares of Modular Building Systems Pty Ltd ACN 127 380 330 (**MBS**), for $34.15 million plus a potential earnout. MBS is based in New South Wales and specialises in the manufacture and installation of prefabricated modular buildings.

Under the terms of the Earnout, the vendor is entitled to 50% of annual EBITA above $8.25 million for a period of two years.

As announced on 25 July 2018, asset values expected to be acquired based on pro-forma unaudited management accounts comprise $2.4 million of net working capital, $1.8 million of plant and equipment, and $28.7 million of intangibles including goodwill, subject to final completion accounts. Pro-forma unaudited management revenue for the 2018 financial period was $49.6 million and EBITA of $9.4 million before adjustment or likely costs under the Company's ownership.

MBS did not contribute to the Group's result for the year of this report.

First Completion of Caravan Manufacturing Sale

On 10 August 2018, the Company announced the completion of the sale of the Coromal and Windsor Caravan brands to Apollo Tourism & Leisure Limited for $1 million.

Directors' Report

The Directors of Fleetwood Corporation Limited present their Report for the year ended 30 June 2018.

Directors and Officers

The Board is currently comprised of three non-executive Directors and one Managing Director. The Directors who are in office at the date of this Report are:

Phillip Campbell	Board Chair, Non-executive Director
Brad Denison	Managing Director, CEO
Jeff Dowling	Non-executive Director, Chair of Audit Committee and Remuneration Committee
Adrienne Parker	Non-executive Director, Chair of Nominations and Diversity Committee

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 Operations 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 pages 8 and 9 of this Financial 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

Resignation of Company Secretary

On 5 July 2018, Yanya O'Hara resigned as Company Secretary. Andrew Wackett, who is Fleetwood's Chief Financial Officer, was appointed interim Company Secretary.

Successful Completion of Capital Raising

On 27 July 2018, the Company announced the completion of the institutional component of its equity raising. On 17 August 2018, the Company announced the completion of the retail component of its equity raising. The institutional placement and the 1 for 2.9 pro-rata accelerated non-renounceable entitlement offer, raised approximately $57 million net of costs.

Acquisition of Northern RV

On 7 August 2018, the Company announced that it had completed the acquisition of the business and assets of Northern RV (**NRV**), a Melbourne based caravan plumbing and electrical services and parts supplier, for $10 million plus a potential earnout. Founded in 2006, NRV is an established supplier of products and services to the Melbourne RV manufacturing sector.

Acquisition of Modular Building Systems

On 8 August 2018, the Company announced that it had completed the acquisition of 100% of the shares of Modular Building Systems Pty Ltd ACN 127 380 330 (**MBS**), for $34.15 million plus a potential earnout. MBS is based in New South Wales and specialises in the manufacture and installation of prefabricated modular buildings.

First Completion of Caravan Manufacturing Sale

On 10 August 2018, the Company announced the completion of the sale of the Coromal and Windsor Caravan brands to Apollo Tourism & Leisure Limited for $1 million.

Future Developments

The Company 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 Operations Review.

Dividends

A fully franked interim dividend of 1c was paid on 4 April 2018.

No final dividend was declared or paid with respect to the year ended 30 June 2018.

Share Options

No options have been issued during the 2018 year financial year or subsequent to year end. No 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.

Issue date	**30/08/2013**
Total unissued shares under option	302,200
Exercise price ($)	2.56
Expiry date	30/08/2018

Executive Options

Issue date	**30/08/2013**
Total unissued shares under option	140,000
Exercise price ($)	2.88
Expiry date	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, and key management personnel are set out 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 $120,500 (2017: $50,808).

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.

Director, Audit Committee, Remuneration and Nomination and Diversity Committee Meetings

During the financial year, twelve Board meetings, four Audit Committee meetings, two Remuneration committee meetings and two Nomination and Diversity 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		Nominations and Diversity Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Phillip Campbell	12	12	4	4	2	2	2	2
Brad Denison	12	12	4*	4*	2*	2*	2*	2*
Stephen Boyle (Resigned 31/08/2017)	2	2	1	1	1	1	0	0
Jeff Dowling (Appointed 01/07/2017)	12	12	4	4	2	2	2	2
Adrienne Parker (Appointed 23/08/2017)	11	11	4	4	2	2	2	2

*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[1]	26,000	-	-
Brad Denison[1]	561,418	770,000	100,000
Jeff Dowling (Appointed 01/07/2017)[1]	50,000	-	-
Adrienne Parker (Appointed 23/08/2017)	-	-	-
Stephen Boyle (Resigned 31/08/2017)	-	-	-

[1] Phillip Campbell, Brad Denison and Jeff Dowling participated in the retail entitlement offer which was announced on 27 July 2018.

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

Remuneration Report (continued)

- 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, 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 the short and long term performance of 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.

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 a 90% rating; and (ii) achieves at least 100% of budget Earnings Before Interest and Tax (**EBIT**) for the financial year. 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.

Brad Denison	50%
Andrew Wackett	40%
Yanya O'Hara (Resigned 5/7/2018)	25%
Giles Everest (Resigned 20/10/2017)	40%
Jarrod Waring	40%
Peter Naylor (ceased as a KMP on 20/6/2018)	40%
Manuel Larre	40%
Dominic Letts (appointed 1/1/2018)	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 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

Remuneration Report (continued)

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.

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 return. 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 and the loan has been repaid, 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 (as discussed below). 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 (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 movement in 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 five years from the date of issue. There are no voting or dividend rights attaching to the options.

Movements in shareholder return for the five years to 30 June 2018 (from continuing operations):

	2014	**2015**	**2016**	**2017**	**2018**
Share price at start of year ($)	3.60	2.33	1.37	1.91	2.36
Share price at end of year ($)	2.33	1.37	1.91	2.36	2.27
Dividend per share (cents)	4.0	-	-	5.0	1.0
Earnings (loss) per share (cents)	12.2	13.2	4.2	24.8	18.7
Diluted earnings (loss) per share (cents)	12.2	13.2	4.2	24.8	18.6
$ Million					
Revenue	284.8	245.9	233.0	262.4	267.0
Statutory Net profit (loss) before tax from continuing operations	11.8	11.5	3.3	21.9	17.6
Statutory Net profit (loss) after tax from continuing operations	7.9	8.1	2.6	15.2	12.2

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)									
2018	**137,500**	**-**	**-**	**-**	**-**	**-**	**-**	**137,500**	**-**
2017	99,999	-	-	-	-	-	-	99,999	-
Brad Denison[1] Managing Director									
2018	**585,327**	**219,143**	**28,243**	**25,000**	**34,766**	**-**	**136,579**	**1,029,058**	**21.3**
2017	507,842	35,000	15,473	30,000	3,636	1,953	99,187	693,092	19.6
Jeff Dowling (Appointed 01/07/2017)									
2018	**77,626**	**-**	**-**	**7,374**	**-**	**-**	**-**	**85,000**	**-**
2017	-	-	-	-	-	-	-	-	-
Adrienne Parker (Appointed 23/08/2017)									
2018	**63,178**	**-**	**-**	**5,856**	**-**	**-**	**-**	**69,034**	**-**
2017	-	-	-	-	-	-	-	-	-
Stephen Boyle (Resigned 31/08/2017)									
2018	**11,667**	**-**	**-**	**-**	**-**	**-**	**-**	**11,667**	**-**
2017	17,500	-	-	-	-	-	-	17,500	-
Michael Hardy (Resigned 30/6/2017)									
2018		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2017	75,875	-	-	-	-	-	-	75,875	-
Greg Tate (Resigned 30/6/2017)									
2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2017	70,000	-	-	-	-	-	-	70,000	-
John Bond (Resigned 24/08/16)									
2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2017	10,548	-	-	-	-	-	-	10,548	-
2018 Company and	**875,297**	**219,143**	**28,243**	**38,230**	**34,766**	**-**	**136,579**	**1,332,259**	**26.7**
2017 **Consolidated**	781,764	35,000	15,473	30,000	3,636	1,953	99,187	967,014	14.1

[1]The Remuneration Committee resolved to grant Mr. Denison a $219,143 bonus for FY2017 comprised; $81,643 for the financial component and $137,500 for the non-financial component, under the terms of the STIP.

The Remuneration Committee meets post the release of the audited annual report and also considers post financial year outcomes prior to assessing and approving the prior year short-term-incentive (STI). As such 2018 STI bonuses are in respect of performance in the previous financial year.

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 Chief Financial Officer									
2018	**270,649**	**-**	**-**	**20,042**	**789**	**-**	**54,861**	**346,341**	**15.8**
2017	17,022	-		1,502	15	-	2,608	21,147	12.3
Yanya O'Hara[3] Company Secretary (Resigned 5/7/18)									
2018	**193,293**	**29,608**	**-**	**19,681**	**11,957**	**-**	**16,693**	**271,233**	**17.1**
2017	175,947	-	-	15,930	5,507	9	11,827	209,220	5.7
Jarrod Waring[4] CEO Modular Accommodation									
2018	**338,813**	**58,200**	**-**	**19,615**	**16,038**	**-**	**21,212**	**453,878**	**17.5**
2017	285,950	-	-	19,615	15,966	5	16,468	338,005	4.9
Manuel Larre[5] CEO - Parts and Accessories									
2018	**285,594**	**60,000**	**-**	**23,772**	**11,390**	**-**	**23,770**	**404,526**	**20.7**
2017	283,455	-	-	25,909	11,285	781	16,468	337,898	5.1
Peter Naylor[6] Executive GM, Fleetwood RV Pty Ltd									
2018	**308,564**	**25,000**	**-**	**25,000**	**3,616**	**-**	**21,696**	**383,875**	**12.2**
2017	295,490	25,000	-	26,756	1,353	-	12,580	361,179	10.4
Dominic Letts[1,2] Executive GM, Village Operations (Appointed 1/1/18)									
2018	**138,834**	**-**	**-**	**10,545**	**7,377**	**-**	**6,649**	**163,405**	**4.1**
Giles Everest Executive GM, Fleetwood Pty Ltd (Resigned 20/10/2017)									
2018	**117,575**	**105,000**		**8,300**	**-**	**-**	**8,077**	**238,952**	**47.3**
2017	282,402	15,000	-	25,909	3,395	-	14,870	341,576	8.7
2018 Company and Consolidated	**1,653,322**	**277,808**	**-**	**126,956**	**51,167**	**-**	**152,957**	**2,262,211**	**19.0**
2017 **Company and Consolidated**	1,340,267	40,000	-	115,621	37,521	795	74,821	1,609,025	7.2

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]Remuneration for Dominic Letts is shown from his appointment to Executive GM, Village Operations on 1 January 2018, prior to this Dominic Letts was employed with the company as General Manager, Accommodation.

[2]During the period, an entity related to Dominic Letts, provided real estate services to the Company totalling $21,765.

[3]Yanya O'Hara was granted a bonus of $29,608 for FY2017 comprised; $16,000 for the financial component and $13,608 for the non-financial component under the terms of the STIP.

[4]Jarrod Waring was granted a bonus of $58,200 for FY2017 comprised; $30,000 for the financial component and $28,200 for the non-financial component under the terms of the STIP.

[5]Manny Larre was granted a bonus of $60,000 for FY2017 comprised; $30,000 for the financial component and $30,000 for the non-financial component under the terms of the STIP.

[6]Peter Naylor was granted a bonus of $25,000 for FY2017 for the non-financial component under the terms of the STIP.

[7]Peter Naylor ceased being a KMP at the date of announcing the sale of Company's caravan manufacturing business Apollo Tourism & Leisure Limited on 20 June 2018.

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 $
02/09/11	8.68								
2018		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2017		39,171	-	(39,171)	-	-	-	-	-
30/08/12	9.39								
2018		**880**	**-**	**(880)**	**-**	**-**	**-**	**-**	**-**
2017		880	-	-	-	880	880	-	-
20/02/13	10.57								
2018		**65,000**	**-**	**(65,000)**	**-**	**-**	**-**	**-**	**-**
2017		65,000	-	-	-	65,000	65,000	-	-
30/08/13	2.56								
2018		**1,750**	**-**	**-**	**-**	**1,750**	**1,750**	**-**	**-**
2017		1,750	-	-	-	1,750	1,750	-	-
30/08/13	2.88								
2018		**140,000**	**-**	**-**	**-**	**140,000**	**140,000**	**-**	**-**
2017		140,000	-	-	-	140,000	140,000	-	-
2018		**207,630**	**-**	**(65,880)**	**-**	**141,750**	**141,750**	**-**	**-**
2017		246,801	-	(39,171)	-	207,630	207,630	-	-
Weighted average price ($)									
2018		**5.31**	**N/A**	**10.55**	**N/A**	**2.88**	**2.88**		
2017		5.85	N/A	8.68	N/A	5.31	5.31		

Yanya O'Hara and Dominic Letts were 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 No.	Share uints granted as remuneration No.	Share units expired / forfeited No.	Share units withdrawn (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							
2018		**278,200**	**-**	**(6,600)**	**(13,400)**	**258,200**	**258,200**	**38,458**
2017		285,000	-	-	(6,800)	278,200	87,450	13,260
18/12/15	1.22							
2018		**345,000**	**-**	**(16,500)**	**(8,500)**	**320,000**	**221,000**	**24,395**
2017		345,000	-	-	-	345,000	117,300	-
20/12/16	1.94							
2018		**388,000**	**-**	**(44,240)**	**-**	**343,760**	**129,260**	**-**
2017			388,000	-	-	388,000	-	-
12/06/17	2.19							
2018		**60,000**	**-**	**-**	**-**	**60,000**	**-**	**-**
2017			60,000	-	-	60,000	-	-
20/12/17	2.84							
2018			**480,000**	**(40,000)**	**-**	**440,000**	**-**	**-**
2018		**1,071,200**	**480,000**	**(107,340)**	**(21,900)**	**1,421,960**	**608,460**	**62,853**
2017		630,000	448,000	-	(6,800)	1,071,200	204,750	13,260

The fair value at grant date for KMP share units, is determined under option pricing methodology using a Monte Carlo simulation model. The expected volatility is based on historical share price volatility over the past five years, and the risk free interest rate and dividend yield have been assessed based on prevailing market conditions.

Key inputs to the model are as follows:

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 2018 $	Weighted average share price at exercise date 2017 $
18/12/14	18/12/19	1	47.57	3.20	2.40	0.43	1.35	1.35	2.87	1.95
		2	47.57	3.20	2.40	0.42	1.35	1.35	2.87	-
		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	2.87	-
		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	-	-
20/12/17	20/12/22	1	51.84	1.80	2.43	1.21	3.27	2.84	-	-
		2	51.84	1.80	2.43	1.12	3.27	2.84	-	-
		3	51.84	1.80	2.43	1.01	3.27	2.84	-	-

Remuneration Report (continued)

Shares and options and vested 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				
2018	**15,000**	**-**	**-**	**15,000**
2017	-	-	15,000	15,000
Brad Denison				
2018	**227,364**	**-**	**190,100**	**417,464**
2017	45,464	-	181,900	227,364
Jeff Dowling (Appointed 01/07/2017)				
2018	**25,000**	**-**	**-**	**25,000**
Adrienne Parker (Appointed 23/08/2017)				
2018	**-**	**-**	**-**	**-**
Stephen Boyle (Resigned 31/08/2017)				
2018	**-**	**-**	**-**	**-**
2017	-	-	-	-
Michael Hardy[1] (Resigned 30/6/2017)				
2017	16,975	-	-	16,975
Greg Tate[1] (Resigned 30/6/2017)				
2017	6,568,271	-	-	6,568,271
John Bond[1] (Resigned 24/08/16)				
2017	20,000	-	-	20,000
Executives				
Andrew Wackett (Appointed 12/06/17)				
2018	**-**	**-**	**-**	**-**
2017	**-**	**-**	**-**	**-**
Yanya O'Hara (Resigned 5 July 2018)				
2018	**16,850**	**-**	**36,910**	**53,760**
2017	5,100	**-**	11,750	16,850
Jarrod Waring				
2018	**38,804**	**-**	**23,196**	**62,000**
2017	18,704	-	20,100	38,804
Manuel Larre				
2018	**30,300**	**-**	**31,700**	**62,000**
2017	10,200	-	20,100	30,300
Peter Naylor				
2018	**6,800**	**-**	**18,500**	**25,300**
2017	-	-	6,800	6,800
Dominic Letts (Appointed 1/1/18)				
2018	**13,400**	**-**	**20,000**	**33,400**
Giles Everest (Resigned 20/10/2017)				
2018	**21,900**	**-**	**(21,900)**	**-**
2017	6,800	**-**	15,100	21,900
2018	**395,418**	**-**	**298,506**	**693,924**
2017	6,691,514	-	270,750	6,962,264

[1] Michael Hardy, Greg Tate and John Bond were not Directors during the period ending 30 June 2018.

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									
2018	**150,000**	**-**	**(50,000)**	**-**	**100,000**	**-**	**-**	**100,000**	**-**
2017	189,171	-	(39,171)	-	150,000	100,000	-	150,000	-
Executives									
Yanya O'Hara (Resigned 5/7/18)									
2018	**720**	**-**	**(220)**	**-**	**500**	**-**	**500**	**-**	**-**
2017	720	-	-	-	720	167	720	-	-
Jarrod Waring									
2018	**250**	**-**	**-**	**-**	**250**	**-**	**250**	**-**	**-**
2017	250	-	-	-	250	84	250	-	-
Manuel Larre									
2018	**55,000**	**-**	**(15,000)**	**-**	**40,000**	**-**	**-**	**40,000**	**-**
2017	55,000	-	-	-	55,000	40,000	-	55,000	-
Dominic Letts (Appointed 1/1/18)									
2018	**1,660**	**-**	**(660)**	**-**	**1,000**	**-**	**1,000**	**-**	**-**
2018	**207,630**	**-**	**(65,880)**	**-**	**141,750**	**-**	**1,750**	**140,000**	**-**
2017	245,141	-	(39,171)	-	205,970	140,251	970	205,000	-

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				
2018	**-**	**-**	**-**	**0.0%**
2017	-	1,953	1,953	0.3%
Executives				
Yanya O'Hara (Resigned 5 July 2018)				
2018	**-**	**-**	**-**	**0.0%**
2017	-	9	9	0.0%
Jarrod Waring				
2018	**-**	**-**	**-**	**0.0%**
2017	-	5	5	0.0%
Manuel Larre				
2018	**-**	**-**	**-**	**0.0%**
2017	-	781	781	0.2%
Dominic Letts				
2018	**-**	**-**	**-**	**0.0%**
2018	**-**	**-**	**-**	**0.0%**
2017	-	2,748	2,748	0.2%

Movements in option entitlements during the year:

Key management personnel	Options granted No. at grant date	Value at grant date $	Options exercised (shares issued) No. during year	Value at exercise date $	Amounts paid $	Options Vested No. during year	Value of options included in remuneration for the year $	Remuneration by options %	Total package
Brad Denison	-	-	-	-	-	-	-	-	1,029,058
Yanya O'Hara	-	-	-	-	-	-	-	-	271,233
Jarrod Waring	-	-	-	-	-	-	-	-	453,878
Manuel Larre	-	-	-	-	-	-	-	-	404,526
Dominic Letts	-	-	-	-	-	-	-	-	163,405

65,880 options lapsed during the year (2017: 39,171 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 as rem. 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								
2018	**570,000**	**200,000**	**-**	**-**	**770,000**	**190,100**	**372,000**	**-**
2017	370,000	200,000	-	-	570,000	124,100	181,900	-
Executives								
Andrew Wackett (Appointed 12/06/17)								
2018	**60,000**	**50,000**	**-**	**-**	**110,000**	**-**	**-**	**-**
2017	-	60,000	-	-	60,000	-	-	-
Yanya O'Hara (Resigned 5/7/18)								
2018	**63,000**	**40,000**	**(49,240)**	**-**	**53,760**	**36,910**	**53,760**	**-**
2017	35,000	28,000	-	-	63,000	11,750	16,850	-
Jarrod Waring								
2018	**95,000**	**50,000**	**-**	**-**	**145,000**	**31,700**	**62,000**	**-**
2017	60,000	35,000	-	-	95,000	20,100	30,300	-
Manuel Larre								
2018	**95,000**	**60,000**			**155,000**	**31,700**	**62,000**	**-**
2017	60,000	35,000	-	-	95,000	20,100	30,300	-
Peter Naylor								
2018	**55,000**	**60,000**	**-**	**-**	**115,000**	**18,500**	**25,300**	**-**
2017	20,000	35,000	-	-	55,000	6,800	6,800	-
Dominic Letts (Appointed 1/1/18)								
2018	**53,200**	**20,000**	**-**	**-**	**73,200**	**20,000**	**40,200**	**-**
Giles Everest (Resigned 20/10/2017)								
2018	**80,000**	**-**	**(58,100)**	**(21,900)**	**-**	**-**	**-**	**62,853**
2017	45,000	35,000	-	-	80,000	15,100	21,900	-
2018	**1,071,200**	**480,000**	**(107,340)**	**(21,900)**	**1,421,960**	**328,910**	**615,260**	**62,853**
2017	590,000	428,000	-	-	1,018,000	197,950	288,050	-

Remuneration Report (continued)

Share units values that form part of current year remuneration:

	Year Share units granted				Remuneration as share units
	All prior years	**2017**	**2018**	**Total**	
	$	**$**	**$**	**$**	**%**
Directors					
Brad Denison					
2018	**13,468**	**26,417**	**96,695**	**136,579**	**13.3%**
2017	48,029	51,157	-	99,186	8.3%
Executives					
Andrew Wackett					
2018	**-**	**33,419**	**21,442**	**54,861**	**15.8%**
2017	-	2,608	-	2,608	12.3%
Yanya O'Hara (Resigned 5 July 2018)					
2018	**1,383**	**5,079**	**10,231**	**16,693**	**6.2%**
2017	4,665	7,162	**-**	11,827	5.7%
Jarrod Waring					
2018	**2,074**	**6,349**	**12,789**	**21,212**	**4.7%**
2017	7,516	8,953	-	16,469	4.9%
Manuel Larre					
2018	**2,074**	**6,349**	**15,347**	**23,770**	**5.9%**
2017	7,516	8,953	**-**	16,469	4.9%
Peter Naylor					
2018	**-**	**6,349**	**15,347**	**21,696**	**5.7%**
2017	3,628	8,953	**-**	12,581	3.5%
Dominic Letts					
2018	**395**	**1,100**	**5,153**	**6,649**	**4.0%**
Giles Everest (Resigned 20/10/2017)					
2018	**1,728**	**6,349**	**-**	**8,077**	**3.4%**
2017	5,918	8,953	-	14,871	2.2%
2018	**21,121**	**91,409**	**177,005**	**289,536**	**8.8%**
2017	77,272	96,739	-	174,011	7.6%

Movements in share unit entitlements during the year:

Key management personnel	**Share units granted** No. at grant date	Value at grant date	**Share units exercised (shares issued)** No. during year	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**	**Total remuneration package**
		$		**$**	**$**		**$**	**%**	
Brad Denison	200,000	222,470	-	-	-	190,100	136,579	13.3	1,029,058
Andrew Wackett	50,000	49,200	-	-	-	-	54,861	15.8	346,341
Yanya O'Hara	40,000	29,867	-	-	-	36,910	16,693	6.2	271,233
Jarrod Waring	50,000	37,333	-	-	-	31,700	21,212	4.7	453,878
Manuel Larre	60,000	44,800	-	-	-	31,700	23,770	5.9	404,526
Peter Naylor	60,000	44,800	-	-	-	18,500	21,696	5.7	383,875
Dominic Letts	20,000	14,948				20,000	6,649	4.1	163,405
Giles Everest	-	-	21,900	62,853	28,460	-	8,077	3.4	238,952

The issue date for share units granted pursuant to the LTIP was 18 December 2017 at a price of $2.84 per share (2017: 20 December 2016 at a price of $1.94 per share) for all key management personnel. 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)

Clause 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 LTIP totaling $2,804,790 (2017: $1,602,515) were outstanding at the end of the reporting period. The value of shares in the Company held by the Share Trust exceeded the balance of loans 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 seven.

Mr. Denison had loans totaling $1,429,500 (2017: $863,319) 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 LTIP. 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. 107,340 share units issued during the year were forfeited. No bonuses 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 three months notice. However, the Company may terminate an employment contract at any time and without notice if serious misconduct has occurred.

End of Remuneration Report

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

Mr. Andrew Wackett, who is Fleetwood's Chief Financial Officer, was appointed interim Company Secretary on 5 July 2018. Yanya O'Hara resigned as Company Secretary on 5 July 2018.

Corporate Governance Statement

In recognising the need for the highest standards of corporate behavior and accountability, the Directors of the Compnay support and have adopted a corporate governance plan. Details of the Company's corporate governance practices can be found on our website www.fleetwoodcorporation.com.au.

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.

P Campbell
Non-Executive Chairman

24 August 2018

Directors' Declaration

In the opinion of the directors of Fleetwood Corporation Limited:

a) The financial statements and notes set out on pages 8 to 39, 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 2018 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 25 to the financial statements will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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.

Signed in accordance with a resolution of the directors.

On behalf of the Directors

P Campbell
Non-Executive Chairman

24 August 2018

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 2018, 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner – Audit & Assurance

Perth, 24 August 2018

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Independent Auditor's Report

To the Members 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 2018, 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 period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group 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 2018 and of its performance for the period 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 auditor independence requirements of 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 financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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 2018, the Group recognised $112,926 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 or 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.

Key audit matter	How our audit addressed the key audit matter
Goodwill valuation **Note 13**	
As at 30 June 2018, the Group carries $50.721 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 historical performance; • involved the expertise of our internal corporate finance experts to assess the reasonableness of discount and growth rates applied, working capital and capital expenditure adjustments, and foreign exchange forecasts; and • ensured the appropriateness of related financial statement disclosures.
Non-current assets held for sale **Note 11**	
As at 30 June 2018, the Group holds $9.211 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 2017. 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 2018; • 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; and • viewed evidence of fair value for those units still being carried but under sales contract by vouching the carrying value to signed sales agreements with third-party customers.

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Key audit matter	How our audit addressed the key audit matter
Provisions, write-downs and impairment for restructuring **Note 32**	
As at 30 June 2018, the Group executed a binding deed with a purchaser to sell its caravan manufacturing brands and discontinue the business. As a result, the Company has recorded a provision for restructuring of $4.0 million (Note 16), has written down inventories by $7.25 million and has impaired property, plant and equipment by $2.80 million (Note 12) and intangibles by $1.18 million (Note 14). These charges resulted in a total expense recorded of $15.23 million reported as part of discontinued operations (Note 32). As per *AASB 137 – Provisions, Contingent Liabilities and Contingent Assets,* restructuring of a business requires a company to determine whether any constructive obligations exist that should be provided for. *AASB 102 – Inventories* requires the Company to carry its inventories at the lower of cost and net realisable value. Finally, *AASB 136 – Impairment of Assets* requires the Company to carry its property, plant and equipment at the lower of its written down value or its recoverable amount. This area is a key audit matter due to the significance of the subsidiary and its balances carried by the Group. The computation of provisions, write-downs and impairment charges requires both management estimates and judgments.	Our procedures included, amongst others: • obtained and reviewed the executed binding deed between the Company and purchaser to identify and assess the impact of clauses on the carrying value of assets and liabilities; • held discussions with management to understand obligations under contract with suppliers and employees, including make-good and redundancy requirements; • reviewed management's calculations of provisions and impairments, ensuring accuracy and completeness of the data used and calculations performed; • corroborated the inclusion of obligations and accuracy and completeness of calculations discussed above with operations management; and • ensured the appropriateness of related financial statement disclosures.

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 included in the Group's annual report for the period ended 30 June 2018, but does not include the financial report and our 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.

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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 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 41 to 53 of the Directors' report for the period ended 30 June 2018.

In our opinion, the Remuneration Report of Fleetwood Corporation Limited, for the period ended 30 June 2018 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

Perth, 24 August 2018