



Delivering the Promise

**Interim Financial Report
Half Year Ended 31 December 2015**



Delivering the Promise

Fleetwood Corporation Limited

ABN 69 009 205 261

Appendix 4D

Half Year Ended 31 December 2015

Results for Announcement to the Market

		% Change		Amount \$'000
Revenue from ordinary activities	down	6%	to	147,130
Loss from ordinary activities after tax attributable to members	down	231%	to	(5,097)
Net loss attributable to members	down	231%	to	(5,097)

The interim report that accompanies this Appendix 4D has been reviewed by the Group's auditors.

There was no dividend declared with respect to the current or prior reporting periods.

Directors Report

The Directors present their report together with the consolidated financial statements for the half year ended 31 December 2015.

Directors and Executive Officers

Michael Hardy	Chairman, Non-executive Director
Greg Tate	Non-executive Director
John Bond	Non-executive Director
Brad Denison	Managing Director
Yanya O'Hara	Company Secretary

Review of Trading Results

Financial Overview

Improved earnings from education, affordable housing and village operations were offset by subdued trading conditions in resources and recreational vehicles during the period.

A negative outcome in respect of a construction adjudication in Queensland impacted earnings during the period. While Fleetwood has options in respect of recovery, the directors have taken a conservative approach and treated the payments as an expense.

Accommodation

\$ million	Dec 2015	Dec 2014
Revenue	95.3	91.7*
EBIT	0.1	4.0*

* excludes impacts associated with the Osprey Project.

A significant increase in volume in the affordable housing sector, strong education demand and greater occupancy at Searipple Village was offset by very challenging market conditions in the mining sector in Western Australia and the construction adjudication noted above.

Following execution of the exclusive supply agreement with Gateway Lifestyle in May 2015 and the commencement of supply to other operators in the market, earnings in the affordable housing sector have increased.

The three year agreement with Rio Tinto for accommodation services at Searipple Village in Karratha announced in February 2015 continues to underpin occupancy with the village averaging 58% during the first half compared to 35% in the previous corresponding period.

Osprey Village was sold to the Western Australian Government in July 2015 for \$56m. Fleetwood continues to manage the village and receives a guaranteed income stream for a period of 14 years.

Education demand has remained strong during the first half with a shift, particularly in Victoria, from relocation of existing classrooms to new classroom builds.

Very difficult trading conditions in the mining sector impacted the Western Australian operations during the period. Overheads in this operation have been significantly restructured and new sources of income are being developed with a focus on affordable housing. This situation is being closely monitored to determine whether further restructuring is required.

Recreational Vehicles

\$ million	Dec 2015	Dec 2014
Revenue	51.8	56.7
EBIT	(4.5)	(4.0)

Trading conditions in Recreational Vehicles remained challenging during the first half.

Sales of overseas sourced products at Camec are steadily increasing, however the competitive environment remains challenging and a number of initiatives aimed at streamlining Camecs distribution operations are being implemented.

While sales of light commercial vehicles in Australia fell in the last twelve months, Flexiglass has introduced a number of new products and has maintained its sales volume. Changes in the distribution model are being implemented to further simplify operations.

Bocar continues to hold a strong share of the New South Wales market for aluminium trays and an expansion into other states is being considered.

Introduction of new caravan models and a focus on developing the dealer network has resulted in a modest increase in the order bank and consequently production levels. The impact on end consumer demand will be clearer at the conclusion of major caravan shows in the next three months.

Outlook

Demand from the education sector remains strong and second half earnings are expected to be supported by new classroom builds in Victoria and Queensland and relocation of classrooms to accommodate shifting student numbers in Victoria.

Revenue from affordable housing is expected to continue to improve, and opportunities to expand the group's revenue base in this sector are being pursued in New South Wales and Western Australia.

Challenging conditions remain for the Western Australian manufactured accommodation business, however overheads are being actively managed and new sources of income are being developed. The need for further restructuring is being continually monitored.

The preferred supplier agreement with Rio Tinto will support occupancy at Searipple Village in Karratha over the medium term and further opportunities to increase occupancy are being pursued.

Restructuring operations continue in the Recreational Vehicles division to improve cost, efficiency and channels to market.

Improving trading conditions should result in a profit being generated in the second half.

Dividends

In view of the current trading conditions the Directors have not declared an interim dividend.

Fleetwood has a long history of paying fully franked dividends and has a large franking account balance available. It is the Directors intention to reinstate dividend payments as soon as trading conditions allow.

Auditor Independence

A copy of the auditor's independence declaration is on page 14 and forms part of this report.

Rounding

The company is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors



Michael Hardy

Chairman

Perth, 26 February 2016

Fleetwood Corporation Limited
Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income
Half Year Ended 31 December 2015



	Consolidated	
	Half Year Ended	
	31 Dec 2015	31 Dec 2014
	\$ '000	\$ '000
Revenue	147,130	156,996
Materials used	(57,171)	(54,536)
Sub-contract costs	(35,539)	(36,782)
Employee costs	(28,512)	(31,777)
Rent expense	(4,792)	(4,969)
Other expenses	(12,730)	(10,010)
Profit before interest, tax, depreciation and amortisation (EBITDA)	8,386	18,922
Depreciation and amortisation	(13,714)	(11,399)
(Loss) Profit before interest and tax (EBIT)	(5,328)	7,523
Finance costs	(1,964)	(1,909)
(Loss) Profit before income tax expense	(7,292)	5,614
Income tax benefit (expense)	2,195	(1,726)
(Loss) Profit attributable to members of the parent entity	(5,097)	3,888
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Net exchange difference relating to foreign controlled entities	(21)	245
Total comprehensive (loss) income attributable to members of the parent entity (net of tax)	(5,118)	4,133
Earnings per share		
Basic earnings per share (cents)	(8.4)	6.4
Diluted earnings per share (cents)	(8.4)	6.4

To be read in conjunction with the accompanying notes.

Fleetwood Corporation Limited
Condensed Consolidated Statement of Financial Position
As at 31 December 2015



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	Note	Consolidated	
		31 Dec 2015 \$ '000	30 Jun 2015 \$ '000
Current assets			
Cash and cash equivalents		7,256	6,634
Trade and other receivables	7	36,545	96,197
Inventories	8	59,771	45,246
Tax assets		3,266	-
Other financial assets		192	206
Total current assets		107,030	148,283
Non-current assets			
Property, plant and equipment		96,708	107,676
Intangible assets		5,197	5,166
Goodwill		61,759	61,761
Deferred tax assets		4,666	4,822
Total non-current assets		168,330	179,425
Total assets		275,360	327,708
Current liabilities			
Trade and other payables		43,468	43,672
Interest bearing liabilities	9	16,500	62,500
Tax liabilities		-	959
Provisions		5,423	5,605
Total current liabilities		65,391	112,736
Non-current liabilities			
Provisions		930	971
Total non-current liabilities		930	971
Total liabilities		66,321	113,707
Net assets		209,039	214,001
Equity			
Issued capital		194,918	194,762
Reserves		(278)	(257)
Retained earnings		14,399	19,496
Total equity		209,039	214,001

To be read in conjunction with the accompanying notes.

Fleetwood Corporation Limited
Condensed Consolidated Statement of Changes in Equity
Half Year Ended 31 December 2015



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	Issued capital \$ '000	Foreign currency translation reserve \$ '000	Retained earnings \$ '000	Total \$ '000
Balance at 1 July 2014	194,096	(219)	20,532	214,409
Profit for the period	-	-	3,888	3,888
Exchange differences arising on translation of foreign operations	-	245	-	245
Total comprehensive income for the period	-	-	3,888	4,133
Shares issued as part of dividend reinvestment plan	197	-	-	197
Dividends paid to equity holders	-	-	(1,212)	(1,212)
Share-based payments	207	-	-	207
Balance at 31 December 2014	194,500	26	23,208	217,734
Balance at 1 July 2015	194,762	(257)	19,496	214,001
Loss for the period	-	-	(5,097)	(5,097)
Exchange differences arising on translation of foreign operations	-	(21)	-	(21)
Total comprehensive loss for the period	-	-	(5,097)	(5,118)
Share-based payments	156	-	-	156
Balance at 31 December 2015	194,918	(278)	14,399	209,039

To be read in conjunction with the accompanying notes.

Fleetwood Corporation Limited
Condensed Consolidated Statement of Cash Flows
Half Year Ended 31 December 2015



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	Consolidated Half Year Ended	
	31 Dec 2015	31 Dec 2014
	\$ '000	\$ '000
Cash flows from operating activities		
Receipts in the course of operations	222,138	176,989
Payments in the course of operations	(165,437)	(152,287)
Interest received	30	41
Income taxes paid	(1,874)	(130)
Finance costs	(1,964)	(1,909)
Net cash provided by operating activities	52,893	22,704
Cash flows from investing activities		
Acquisition of business	-	(4,915)
Proceeds from sale of property, plant and equipment	313	48
Acquisition of property, plant and equipment	(6,598)	(24,140)
Net cash used in investing activities	(6,285)	(29,007)
Cash flows from financing activities		
Proceeds from borrowings	43,500	30,000
Repayment of borrowings	(89,500)	(15,111)
Dividends paid	-	(1,014)
Net cash (used) provided by financing activities	(46,000)	13,875
Net increase in cash and cash equivalents	608	7,572
Cash and cash equivalents at the beginning of the financial period	6,634	6,405
Effects of exchange rate changes on the balance of cash held in foreign currencies	14	5
Cash and cash equivalents at the end of the period	7,256	13,982

To be read in conjunction with the accompanying notes.

Fleetwood Corporation Limited
Notes to the Financial Statements
Half Year Ended 31 December 2015



1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report as at and for the year ended 30 June 2015.

The interim financial statements were authorised for issue by the Directors on 26 February 2016.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

Accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2015. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group is of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the half-year financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

2. Issues, repurchases and repayments of equity securities

Issued and paid-up capital

61,039,412 (2015: 61,039,412) ordinary shares, fully paid.

During the period 220,680 (2014: 284,700) rights to acquire shares were issued to employees and 355,000 (2014: 360,000) share units were issued to Executives.

3. Dividends

There was no dividend declared in respect of the current or prior reporting periods.

4. Net tangible assets per security

Net tangible assets per security

	31 Dec 2015	30 Jun 2015
	\$2.33	\$2.41

5. Financial instruments

Fair value of Group financial assets and liabilities are determined on the following basis.

Financial assets and financial liabilities that are measured at fair value on a recurring basis

Subsequent to initial recognition, at fair value financial instruments are grouped into Levels 1 to 3 based on the degree to which fair value is observable. Levels are defined as follows:

Level 1 are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2015 the Group has no material financial assets and liabilities that are measured on a recurring basis.

Financial assets and liabilities that are not measured at fair value on a recurring basis (but where fair value disclosures are required)

At 31 December 2015 and 31 December 2014, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

Fleetwood Corporation Limited
Notes to the Financial Statements
Half Year Ended 31 December 2015



6. Segment information

Group revenue and results by reportable operating segment:

	Revenue		Depreciation and Amortisation		Result (EBIT)	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Accommodation	95,342	100,269	12,171	9,777	140	12,648
Recreational vehicles	51,762	56,689	1,438	1,517	(4,478)	(3,995)
Corporate	26	38	105	105	(990)	(1,130)
	147,130	156,996	13,714	11,399	(5,328)	7,523
Finance costs					(1,964)	(1,909)
(Loss) Profit before income tax expense					(7,292)	5,614
Income tax (benefit) expense					2,195	(1,726)
Net (loss) profit attributable to members of the parent entity					(5,097)	3,888

The following is an analysis of Group assets by reportable operating segment:

	31 Dec 2015	30 Jun 2015
	\$ '000	\$ '000
Accommodation	180,153	236,703
Recreational vehicles	78,046	76,175
	258,199	312,878
Unallocated assets	17,161	14,830
Total assets	275,360	327,708

7. Trade and Other Receivables

Trade receivables	28,967	32,381
Other	7,578	63,816
	36,545	96,197

At 30 June 2015, \$56.3m of other receivables related to the Osprey Project which was settled on 20 July 2015.

8. Inventories

Current

Raw materials & stores	7,150	7,413
Work in progress	28,188	15,274
Finished goods	24,433	22,559
	59,771	45,246

Work in progress at 31 December 2015 includes \$8.4 million relating to the Victorian Education Department transfer program.

9. Interest bearing liabilities

Current

Bank loans - secured	16,500	62,500
	16,500	62,500

Fleetwood Corporation Limited
Notes to the Financial Statements
Half Year Ended 31 December 2015



10. Business Combination

31 December 2015

There was no business combination event during the reporting period.

31 December 2014

Fleetwood Corporation Limited entered into an agreement to purchase the assets of Bocar Pty Ltd (Bocar) as per the ASX Announcement lodged 12 August 2014.

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

The fair value of the identifiable assets of Bocar at the date of acquisition, the total cost and cash flows of the acquisition were as follows.

	Carrying value \$ '000	Fair value recognised \$ '000
Property, plant and equipment	89	89
Inventory	251	251
Total assets	340	340
Fair value of identifiable net assets acquired	340	340
Book value of net assets (including working capital and plant and equipment)		340
Goodwill		4,425
		4,765

There were no liabilities assumed as part of the transaction.

Cost of the combination:

Cash paid	4,765
Direct costs relating to the acquisition (recorded in the income statement)	150
Total cost of the acquisition	4,915

The cash flow on acquisition is as follows:

Net cash acquired with the business	-
Direct costs relating to the acquisition	150
Cash paid	4,765
Net consolidated cash outflow	4,915

The acquired business contributed revenues of \$1,128,410 and net profit after tax of \$263,776 (excluding incremental interest) to the Group for the period 14 August 2014 to 31 December 2014. Had Bocar been acquired at 1 July 2014, the revenue for the Group would have been \$157,352,256, and the net profit attributable to members of the parent entity would have been \$3,971,005. The Directors have determined the 'pro-forma' numbers to represent an approximate measure of the performance of the Group on an annualised basis.

In determining the 'pro-forma' revenue and profit of the Group the revenue and earnings of Bocar have been extrapolated for the period from acquisition date to 31 December 2014.

11. Events after the reporting period

There were no material events subsequent to the reporting period.

Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s. 303(5) of the Corporations Act 2001.

On behalf of the Directors



Michael Hardy
Chairman

Perth, 26 February 2016

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

**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 review of Fleetwood Corporation Limited for the half-year ended 31 December 2015, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 26 February 2016

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Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report To the Members of Fleetwood Corporation Limited

We have reviewed the accompanying half-year financial report of Fleetwood Corporation Limited ("Company"), which comprises the consolidated financial statements being the condensed statement of financial position as at 31 December 2015, and the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Fleetwood Corporation Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Fleetwood Corporation Limited consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Fleetwood Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fleetwood Corporation Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 26th February 2016