



**Fleetwood Corporation Limited**  
 ABN 69 009 205 261

**Appendix 4D**  
**Half Year Ended 31 December 2005**

**Results for Announcement to the Market**

	Change %		Amount \$'000
Revenue from ordinary activities	down 10%	to	123,940
Profit from ordinary activities after tax attributable to members	down 8%	to	10,242
Net Profit attributable to members	down 45%	to	10,242 (i)

(i) Net profit attributable to members in the previous corresponding period included profit on the sale of the Parks division

Dividends	Amount per security	Franked % per security
Interim dividend	8 ¢	100%
Special dividend	20 ¢	100%
Total dividend for period	28 ¢	
Previous corresponding period	28 ¢	100%
Record date for determining entitlements to the interim and special dividend	24 March 2006	
Date the interim and special dividend is payable	28 April 2006	

For further information please contact:

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 Company Secretary  
 (08) 9323 3300  
[BradD@Fleetwood.com.au](mailto:BradD@Fleetwood.com.au)



**Fleetwood Corporation Limited**  
ABN 69 009 205 261

**Half Year Financial Report**

**31 December 2005**

## Directors' Report

The directors present their report together with the consolidated financial statements for the half-year ended 31 December 2005.

### Directors

The directors of the company during or since the end of the half-year are:

Peter Gunzburg – Chairman, Non-executive	Director since 2002
Greg Tate – Managing Director	Director since 1987
Stephen Gill – Executive	Director since 1990
Robert McKinnon – Executive	Director since 2005
Michael Hardy – Non-executive	Director since 2005

## Review of Trading Results

### Overview

Adjusting for the after tax profit of \$7.5 million relating to the sale of the Parks division in 2004, operating profit after tax for the period was down 8% to \$10.2 million.

	<b>\$million</b>
Revenue	down 10% to \$123.9
EBITDA	unchanged at \$19.1
EBIT	down 6% to \$15.4
Operating profit after tax	down 8% to \$10.2

Trading results for the period were impacted by the strategic rationalisation of the group's operations undertaken during the period which included:

- Completing the expansion of the caravan manufacturing facilities at Coromal and Windsor.
- Combining the manufactured accommodation operations in Western Australia to new purpose built premises and moving the Victorian operations to larger premises.
- Relocating Camec in New South Wales to warehouse style premises.

Completion of the rationalisation was delayed as contractors experienced significant difficulties sourcing labour to complete the premises expansions. The major part of the rationalisation was completed in December.

## Review of Operations

### Recreational Vehicles

Coromal and Windsor both experienced difficulties obtaining and retaining skilled and unskilled labour during the period.

Productivity was negatively impacted while new employees were recruited and trained and as a result production volumes for the period were lower than forecast.

\$ million	2005	2004	% Chg
Revenue	86.3	87.8	(1.7%)
EBIT	10.9	12.5	(12.8%)
EBIT Margin	12.6%	14.4%	

Production difficulties experienced by a number of caravan manufacturers during the period resulted in a 10% lower demand for Camec products compared to the same period last year.

### Manufactured Accommodation

Labour availability had a significant impact on production output during the period and is expected to continue to constrain production in the second half, although to a lesser extent.

\$ million	2005	2004	% Chg
Revenue	37.5	50.1	(25.1%)
EBIT	4.9	5.2	(5.8%)
EBIT Margin	13.1%	10.4%	

Consolidation of the Western Australian manufacturing operations to a single location will be completed by the 30 April 2006 with minimal impact on second half earnings.

Revenue for the previous period included revenue for the Ravensthorpe project of approximately \$14 million with no comparable revenue in the current period.

Occupancy rates at Searipple Village in Karratha are currently higher than forecast. With the commencement of the Woodside LNG 5 project occupancy is expected to be strong for at least the next 2 years.

## **Dividends**

### ***Interim Dividend***

A fully franked interim dividend of 8 cents per share will be paid on 28 April 2006.

### ***Special Dividend***

In conjunction with the interim dividend a fully franked special dividend of 20 cents per share will be paid on the 28 April 2006.

Subject to ongoing profitability, acquisition opportunities and market conditions, it is the directors' intention to pay a special dividend of 20 cents per share with each interim and final dividend payment made during the next 2½ years; i.e. further special dividends totaling \$1.00 per share. The aim of this capital management initiative being to distribute excess franking credits to shareholders.

### ***Dividend Reinvestment Plan***

The Company's dividend reinvestment plan will be available for the purpose of this dividend. Shares will be issued at a 2.5% discount to the weighted average market price at the record date. The last date for receipt of an election notice for participation in the plan is 24 March 2006.

Shares issued under the Plan will be entitled to any future special dividend payments.

## **Outlook**

The group's strategic rationalisation was substantially completed by the 31 December 2005 with any impact on the second half earnings to complete the rationalisation being minimal.

Availability of labour still offers challenges to the group however the impact of this is expected to be less in the second half.

Demand for caravans has strengthened since December with order banks being at levels higher than the same time last year.

A very active resource sector in Western Australia and strong demand for park homes for retirement housing has forward orders for manufactured accommodation at an all time high.

## Auditor's Independence Declaration

Section 307C of the Corporation Act 2001 requires our auditor, Deloitte Touche Tohmatsu to provide the directors of Fleetwood Corporation Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration forms part of this Directors' Report, and is included on page 5.

## 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.

Signed in accordance with a resolution of the directors made pursuant to s. 306(3) of the Corporation Act 2001.

On behalf of the Directors

A handwritten signature in black ink that reads 'Greg Tate'. The signature is written in a cursive, flowing style.

**Greg Tate**  
**Director**  
Perth, 13 March 2006

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

13 March 2006

Dear Board Members

### **Fleetwood Corporation Limited**

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

As lead audit partner for the review of the financial statements of Fleetwood Corporation Limited for the half-year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



**DELOITTE TOUCHE TOHMATSU**



**KEITH F JONES**  
Partner  
Chartered Accountants

Perth, WA, 13 March 2006

## 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 Corporation 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 Corporation Act 2001.

On behalf of the Directors

A handwritten signature in black ink that reads 'Greg Tate' in a cursive script.

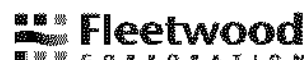
**Greg Tate**  
**Director**  
Perth, 13 March 2006

**Fleetwood Corporation Limited**  
**Consolidated Income Statement**  
**Half Year Ended 31 December 2005**



	2005	2004
	\$ '000	\$ '000
Sales revenue	123,940	137,951
Other income	633	214
Materials used	(59,228)	(64,791)
Sub-contract costs	(8,931)	(21,491)
Employee benefits costs	(24,899)	(24,205)
Operating leases	(2,454)	(2,546)
Other expenses from ordinary activities	(9,923)	(6,065)
Profit before interest, tax, depreciation and amortisation <b>(EBITDA)</b>	<b>19,138</b>	<b>19,067</b>
Depreciation and amortisation	(3,717)	(2,701)
Profit before interest and tax <b>(EBIT)</b>	<b>15,421</b>	<b>16,366</b>
Finance costs	(962)	(607)
<b>Profit before income tax expense</b>	<b>14,459</b>	<b>15,759</b>
Income tax expense	(4,217)	(4,644)
<b>Profit from continuing operations</b>	<b>10,242</b>	<b>11,115</b>
Profit from discontinued operations	-	7,544
<b>Profit attributable to members of the parent entity</b>	<b>10,242</b>	<b>18,659</b>
 <b>Earnings Per Share</b>		
Basic earnings per share (cents)	21.9	39.0
Diluted earnings per share (cents)	21.8	38.5

**Fleetwood Corporation Limited**  
**Consolidated Balance Sheet**  
**31 December 2005**



	31 Dec 2005 \$ '000	30 June 2005 \$ '000
<b>Current assets</b>		
Cash and cash equivalents	5,528	3,506
Receivables	36,007	35,138
Inventories	35,125	32,851
Other financial assets	17	-
<b>Total current assets</b>	<u>76,677</u>	<u>71,495</u>
<b>Non-current assets</b>		
Receivables	109	120
Property, plant and equipment	64,022	69,319
Intangible assets	29,523	28,772
<b>Total non-current assets</b>	<u>93,654</u>	<u>98,211</u>
<b>Total assets</b>	<u>170,331</u>	<u>169,706</u>
<b>Current liabilities</b>		
Payables	26,836	29,533
Tax liabilities	1,424	7,260
Provisions	2,325	2,818
Other	-	41
<b>Total current liabilities</b>	<u>30,585</u>	<u>39,652</u>
<b>Non-current liabilities</b>		
Interest bearing liabilities	29,500	22,000
Deferred tax liabilities	946	446
Provisions	1,990	1,388
<b>Total non-current liabilities</b>	<u>32,436</u>	<u>23,834</u>
<b>Total liabilities</b>	<u>63,021</u>	<u>63,486</u>
<b>Net assets</b>	<u>107,310</u>	<u>106,220</u>
<b>Equity</b>		
Contributed equity	76,949	71,034
Reserves	137	137
Retained profits	30,224	35,049
<b>Total equity</b>	<u>107,310</u>	<u>106,220</u>

**Fleetwood Corporation Limited**  
**Consolidated Statement of Recognised Income and Expense**  
**Half Year Ended 31 December 2005**



	2005 \$ '000	2004 \$ '000
Exchange differences taken to equity on translation of foreign operations	-	9
<b>Net income recognised directly in equity</b>	<b>-</b>	<b>9</b>
Profit for the period	10,242	18,659
<b>Total recognised income and expense for the period</b>	<b>10,242</b>	<b>18,668</b>

**Fleetwood Corporation Limited**  
**Consolidated Cash Flow Statement**  
**Half Year Ended 31 December 2005**



	2005 \$ '000	2004 \$ '000
<b>Cash flows from operating activities</b>		
Receipts in the course of operations	136,059	160,430
Payments in the course of operations	(124,539)	(146,220)
Interest received	370	160
Income taxes paid	(9,553)	(4,357)
Finance costs	(962)	(607)
<b>Net cash provided by operating activities</b>	<u>1,375</u>	<u>9,406</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	5,765	2,158
Proceeds from sale of subsidiary including property, plant & equipment	-	28,525
Acquisition of property, plant and equipment	(3,478)	(17,700)
<b>Net cash provided by investing activities</b>	<u>2,287</u>	<u>12,983</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	905	1,260
Proceeds from borrowings	7,500	-
Repayment of borrowings	-	(15,544)
Dividends paid	(10,057)	(5,062)
<b>Net cash used in financing activities</b>	<u>(1,652)</u>	<u>(19,346)</u>
<b>Net increase in cash held</b>	2,010	3,043
<b>Cash and cash equivalents at the beginning of the financial year</b>	3,506	2,197
Effects of exchange rate changes on the balance of cash held in foreign currencies.	12	10
<b>Cash and cash equivalents at the end of the period</b>	<u>5,528</u>	<u>5,250</u>

#### **1. Information about this interim report**

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.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 July 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's accounting policies, financial position, financial performance and cash flows is discussed in Note 6.

#### **Statement of significant accounting policies**

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

##### **Principles of consolidation**

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

##### **Revenue recognition**

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

##### **Construction contracts**

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

##### **Rental revenue**

Rental revenue is recognised on an accrual basis.

##### **Interest revenue**

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

##### **Sale of non-current assets**

Gains or losses on non-current asset sales 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**

Revenue from dividends and distributions from subsidiaries is 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.

##### **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 balance sheet.

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. Information about this interim report (Cont'd)**

**Taxation**

**Current tax**

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

**Deferred tax**

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of asset 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 sufficient taxable amount will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax asset and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable differences arising from goodwill.

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

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

**Current and deferred tax for the period**

Current and deferred tax is recognised as an expense or income in the income statement, 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.

The company and its wholly-owned Australian resident entities have consolidated for tax purposes. The head entity within the tax-consolidated group for the purposes of the tax consolidation system is Fleetwood Corporation Limited. Entities within the tax-consolidated group have entered into a tax-funding agreement with the head entity.

**Foreign currency**

**Transactions**

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

**Translation of controlled foreign operations**

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

**Derivative financial instruments**

The consolidated entity enters into forward exchange contracts to manage its exposure to foreign exchange rate risk. Contracts are measured at fair value on the date the contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss. Comparative information on these instruments has been restated in accordance with this policy.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank and investments in money market instruments, net of outstanding bank overdrafts.

**Acquisition of assets**

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

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. Information about this interim report (Cont'd)

### **Non-current assets held for resale**

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

### **Receivables**

Trade debtors are recorded at amortised cost. The collectability of debts is assessed at year-end and a specific provision is made for any doubtful debts.

### **Inventories**

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

### **Impairment of assets**

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the 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, 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 that 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, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **Investments**

Investments in subsidiaries are carried in the Company's financial statements at the lower of cost and recoverable amount.

### **Leased assets**

Leases under which the Company and its subsidiaries assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

#### **Finance leases**

Finance leases are capitalised. Lease assets and lease liabilities are measured at the lower of their fair value and present value of the minimum lease payments. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

#### **Operating 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.

### **Goodwill**

Goodwill, representing the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets and contingent liabilities acquired is reviewed for impairment annually and whenever there is an indication that goodwill may be impaired. Where the carrying value exceeds the value of expected future benefits, the difference is charged to the income statement.

**1. Information about this interim report (Cont'd)**

**Depreciation and amortisation**

All assets have limited useful lives and are depreciated/amortised using the straight-line method over their estimated useful lives to their estimated residual values. Finance lease assets are amortised over the term of the relevant lease or the life of the asset, whichever is shorter. 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 that they are included in the carrying amount of another asset as an allocation of production overheads.

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

	<b>2005</b>	<b>2004</b>
Buildings	5%	5%
Leasehold improvements	4% - 25%	4% - 25%
Plant and equipment	2.5% - 40%	2.5% - 40%
Leased plant & equipment	15%	15%

**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 Company or consolidated entity. Trade accounts payable are normally settled within 60 days.

**Interest bearing liabilities**

Bank loans are recognised initially at fair value net of transactions 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.

**Employee benefits**

***Wages, salaries, annual and long service leave***

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

***Share option plans***

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

***Superannuation plan***

The Company and other subsidiaries contribute to employee superannuation funds. Contributions are charged against income as they are made.

**2. Contributed equity**

Issued and paid-up capital

47,302,294 (30 June 2005: 46,268,184) ordinary shares, fully paid

On 31 October 2005, 752,666 (31 October 2004: Nil) shares were issued at a price of \$6.40 per share pursuant to the Company's Dividend Reinvestment Plan.

During the period 281,444 (2004: 576,722) shares were issued as a result of the exercise of options pursuant to the Employee Share Option Plan and Executive Share Option Plan.

**Fleetwood Corporation Limited**  
**Notes to the Financial Statements (Cont'd)**  
**Half Year Ended 31 December 2005**



**3. Dividends**

During the period, a final dividend of 12 cents and a special dividend of 20 cents per share was paid for the year ended 30 June 2005.

The last date for receipt for an election notice for participation in the Dividend Reinvestment Plan is 24 March 2006. During the year 752,666 shares were issued pursuant to the plan.

	2005		2004	
	Cents per share	\$ '000	Cents per share	\$ '000
<b>Recognised amounts</b>				
Final dividend	12.0	5,580	11.0	5,048
Special dividend	20.0	9,300	-	-
	<u>32.0</u>	<u>14,880</u>	<u>11.0</u>	<u>5,048</u>

**4. Net tangible assets per security**

	2005	2004
Net tangible assets per security	<u>\$1.64</u>	<u>\$1.81</u>

**5. Segment information**

	Segment Revenue		Depreciation and Amortisation		Segment Results (EBIT)	
	2005	2004	2005	2004	2005	2004
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Recreational Vehicles	86,270	87,830	1,180	745	10,870	12,499
Manufactured Accommodation	37,500	50,122	2,419	1,881	4,887	5,216
Unallocated	803	213	118	75	(336)	(1,349)
	<u>124,573</u>	<u>138,165</u>	<u>3,717</u>	<u>2,701</u>	<u>15,421</u>	<u>16,366</u>
Finance costs					(962)	(607)
<b>Profit before income tax expense</b>					<u>14,459</u>	<u>15,759</u>
Income tax expense					(4,217)	(4,644)
<b>Profit from continuing operations</b>					<u>10,242</u>	<u>11,115</u>

**6. Effect of the adoption of Australian Equivalents to International Financial Reporting Standards**

	As at June 2005 \$ '000	As at Dec 2004 \$ '000	As at July 2004 \$ '000
<b>Reconciliation of equity</b>			
Equity under AGAAP	105,202	110,559	96,432
Goodwill amortisation	1,697	851	1,812
Forward exchange contracts	(41)	(21)	(11)
Employee expenses	(638)	(74)	(702)
Equity under A-IFRS	<u>106,220</u>	<u>111,315</u>	<u>97,531</u>

	Year ended June 2005	Half year ended Dec 2004
<b>Reconciliation of profit</b>		
Profit under AGAAP	25,129	17,903
Goodwill amortisation	1,697	851
Forward exchange contracts	(41)	(21)
Employee expenses	(573)	(74)
Profit under A-IFRS	<u>26,212</u>	<u>18,659</u>

There are no material differences between the cash flow under AGAAP and under A-IFRS.

**6. Effect of the adoption of Australian Equivalents to International Financial Reporting Standards (Cont'd)**

Summary of differences in Accounting Policies under A-IFRS:

**(i) Share based payments**

Equity-settled share based payments in respect of equity instruments issued after 7 November 2002 that were unvested as at 1 January 2005 are measured at fair value at grant date. The fair value determined at grant date of equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will vest.

**(ii) Goodwill**

Under A-IFRS, goodwill is not subject to amortisation, but must be tested for impairment annually and whenever there is an indication that goodwill may be impaired.

**(iii) Provisions**

Provisions for employee benefits that were not recognised under AGAAP will be recognised under A-IFRS.

**(iv) Retained profits**

Adjustments required on first-time adoption of A-IFRS have been recognised directly in retained profits (or if appropriate another category of equity) at the date of transition to A-IFRS.

**(v) Financial instruments**

The consolidated entity enters into forward exchange contracts to manage its exposure to foreign currency risk. Under A-IFRS, all derivative financial instruments have been recognised at fair value.

## Independent review report to the members of Fleetwood Corporation Limited

### Scope

#### *The financial report and directors' responsibility*

The financial report comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, selected explanatory notes and the directors' declaration for the consolidated entity for the half-year ended 31 December 2005 as set out on pages 6 to 16. The consolidated entity comprises both Fleetwood Corporation Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Review Approach*

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001 and Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations, its changes in equity and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### Statement

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 2005 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and the Corporations Regulations 2001.



**DELOITTE TOUCHE TOHMATSU**



**KEITH F JONES**

Partner

Chartered Accountants

Perth, WA, 13 March 2006