

ANNUAL REPORT 2007

Delivering the Promise

OUR PURPOSE

“To provide an optimal return to our shareholders by satisfying the needs of our clients”

OUR PHILOSOPHY

We shall at all times:

- Hold ourselves committed and accountable for “Delivering the Promise”.
- Have as our driving force the achievement of client satisfaction.
- Offer and provide genuine value for money.
- Acknowledge the loyalty of our clients, shareowners, and suppliers.
- Recognise and reward the creativity and dedication of our people.
- Provide a safe and fulfilling work environment.

CLIENTS’ RIGHTS

All Fleetwood clients have the right to:

- Feel privileged by the respect extended to them by Fleetwood people.
- Be dealt with in an honest, concerned and professional manner.
- Have all agreements fulfilled and honoured.
- Receive immediate action from Fleetwood people.

OUR BELIEFS

We live by the beliefs that we:

- Want to do business.
- Will be honest, truthful and concerned.
- Must seek out and conclude agreements in which each party “wins”.
- Expect all parties to adhere to the terms of our agreements.
- Can be proud of our Company and our achievements.

SERVICE STANDARDS

Our service ideals require Fleetwood people to:

- Extend and stretch themselves in servicing clients.
- Acknowledge a person upon arrival at Fleetwood.
- Accompany and introduce clients seeking a specific Fleetwood person.
- Answer the phone with their name and division before four rings.
- Respond within 24 hours to all messages.
- Ask questions and seek creative solutions.
- Avoid saying “No I’m sorry we can’t help you”.



Corporate Directory

DIRECTORS

Stephen Gill
Peter Gunzburg
Michael Hardy
Robert McKinnon
Greg Tate

REGISTERED OFFICE

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

COMPANY SECRETARY

Bradley Denison

AUDITOR

Deloitte

BANKER

Westpac Banking Corporation

SHARE REGISTRAR

Computershare Investor
Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Tel: (08) 9323 2000
Fax: (08) 9323 2033
info@computershare.com.au

Contents

Five Year Summary	3
Board of Directors	4
Fleetwood Locations	5
Managing Director's Review	6
Recreational Vehicles	7
Manufactured Accommodation	7
Financial Report 2007	8

 **Fleetwood**
CORPORATION



Recreational Vehicles



Manufacturer and retailer of componentry and accessories to the caravan industry in Australasia. Headquartered in Melbourne with operations in Sydney, Brisbane, Perth and Auckland.



Largest caravan manufacturer in Western Australia. Distributing caravans, campers and poptops through a national dealer network.



Caravan manufacturer headquartered in Melbourne. Distributing caravans, campers and poptops through a national dealer network.



Largest fibreglass canopy manufacturer and retailer in Australasia. Headquartered in Perth with branches, dealers and agents in every state of Australia and New Zealand.

Manufactured Accommodation



Portable accommodation providers to the construction and resource industries in Australia. Park home and transportable home manufacturer providing homes for retirement and recreation. Headquartered in Perth with operations in Adelaide, Darwin, Alice Springs and Melbourne.

FINANCIAL OVERVIEW

\$ Million (unless stated)	2007	2006	2005	2004	2003
Revenue	310.6	254.1	262.1	259.9	191.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	49.0	39.2	33.6	39.1	25.0
Depreciation and amortisation	8.7	7.6	5.9	5.8	4.7
Earnings before interest, tax and goodwill amortisation (EBITA)	40.4	31.6	27.7	33.3	20.3
Goodwill amortisation	-	-	-	1.8	1.4
Earnings before interest and tax (EBIT)	40.4	31.6	27.7	31.5	18.9
Finance costs	2.2	2.2	1.3	2.1	2.3
Income tax expense	11.6	8.7	7.8	9.1	5.4
Operating profit after tax	26.6	20.7	18.7	20.2	11.2
Interest cover (times)	18.6	14.4	21.9	15.9	8.7
Earnings per share (cents)	54.1	43.9	40.5	44.8	29.1
Dividends per share (cents)	63.0	60.5	60.0	18.0	14.0
Assets	201.9	184.7	169.7	164.9	148.1
Debt	28.0	33.0	22.0	27.5	29.2
Shareholders funds	119.6	110.7	106.2	96.0	80.3
Debt / Shareholders funds %	23%	30%	21%	29%	36%
Cash flows from operations	40.3	18.8	20.0	18.9	17.6
Number of shares on issue (million)	50.0	48.3	46.3	45.5	44.5
Market capitalisation	434.6	318.9	287.3	348.2	181.7
Employees (number)	1,017	939	984	1,004	769

Board of Directors



From left to right: Bradley Denison, Robert McKinnon, Peter Gunzburg, Greg Tate, Michael Hardy and Stephen Gill.

PETER GUNZBURG

Chairman

Non-Executive Director

Bachelor of Commerce
Age 55 lives in Perth

Appointed to the board in 2002. Peter has over 20 years experience as a stockbroker and was previously a director of Resolute Ltd, Australian Stock Exchange Ltd, Eyres Reed Ltd and CIBC World Markets Australia Ltd. He is currently chairman of directors of Eurogold Limited, PieNetworks Limited and a director of Matra Petroleum and Strike Oil.

STEPHEN GILL

Non-Executive Director

Age 55 lives in Perth

Steve became a non-executive director in 2006. He was appointed as an executive director in 1990 and prior to this was employed by Fleetwood in senior sales and management roles.

MICHAEL HARDY

Non-Executive Director

Barrister & Solicitor
B Juris LLB BA
Age 54 lives in Perth

Appointed to the board in 2005. Michael was a partner of Clayton Utz (formerly Robinson Cox) from 1983 to 2002 before founding the firm, Hardy Bowen.

GREG TATE

Managing Director

Chartered Accountant
Bachelor of Commerce
Age 55 lives in Perth

Greg joined the board as a founding director in 1987 and was appointed managing director in 1990. He was a founding partner of a Western Australian chartered accountancy firm prior to joining Fleetwood. Prior to commencing practice he was employed in Australia and the USA by an international accountancy organisation.

ROBERT MCKINNON

Executive Director

Certified Practising Accountant
Fellow of the Australian Institute of Company Secretaries
Age 57 lives in Perth

Before joining the board in 2005 Bob was managing director of Austal Ltd. Prior to joining Austal Ltd he had a long career with Capral Aluminium during which he held senior positions in finance, distribution and manufacturing operations.

BRADLEY DENISON

Company Secretary

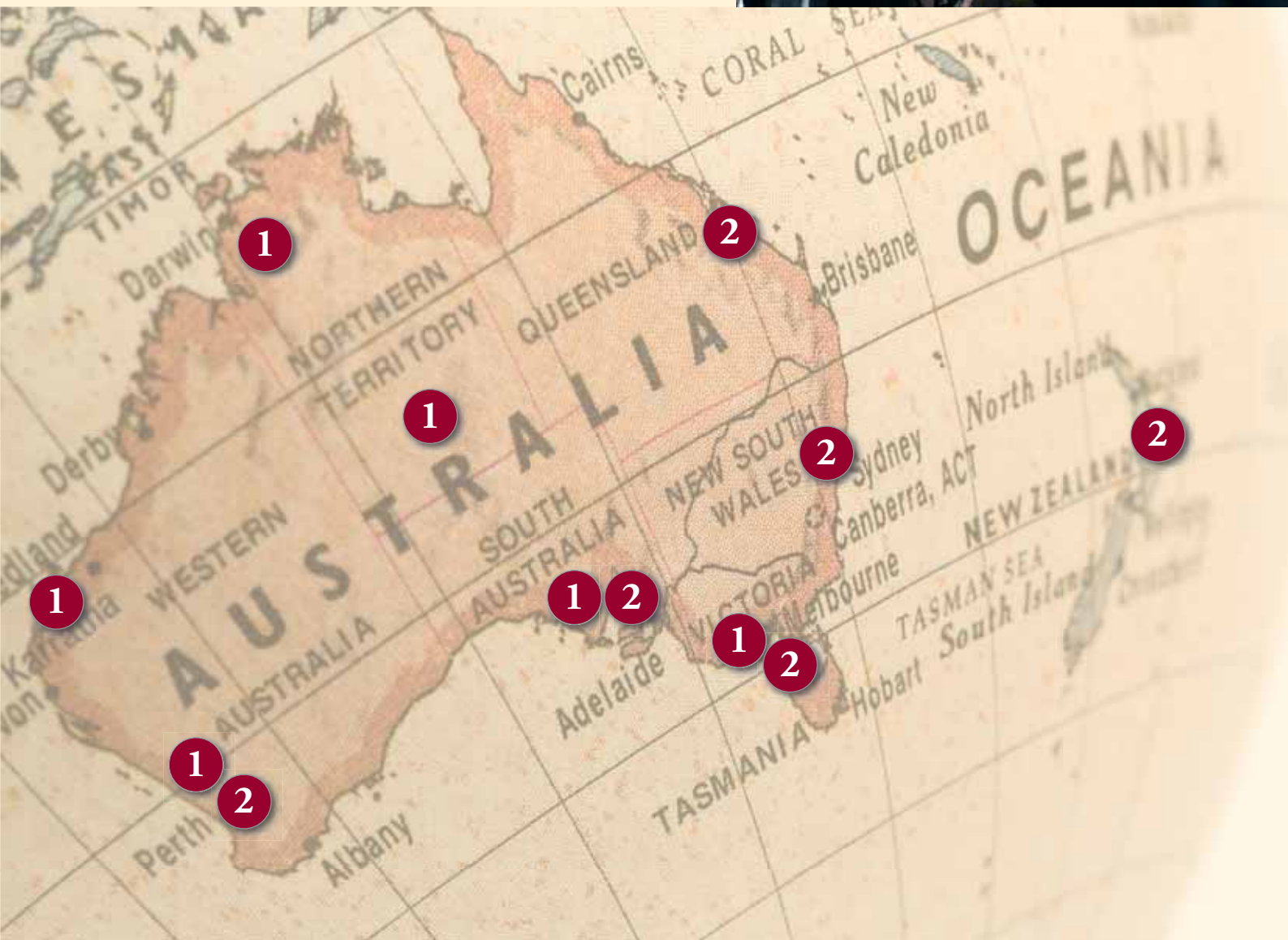
Certified Practising Accountant
Bachelor of Commerce
Age 35 lives in Perth

Brad is Chief Financial Officer for the group and was appointed Company Secretary in 2004. He has been employed by the company in senior finance roles since 1997. Prior to joining Fleetwood, Brad was employed by Cockburn Corporation Ltd as group accountant.

1 Manufactured Accommodation



2 Recreational Vehicles



Managing Director's Review

PERFORMANCE

Strong market demand across our product range allowed Fleetwood to increase after tax profits by 28% to \$26.6 million.

OVERVIEW

Rationalisation of the group's operations completed in previous financial years has enabled increased production in both the recreational vehicles and manufactured accommodation divisions.

A notable achievement announced during the year was the further expansion of Searipple Village in Karratha on the back of a take or pay agreement with Woodside which will provide an income stream until 2010.

During the year the group generated \$40 million in net operating cash inflows. In addition to supporting capital projects such as the Searipple expansion the cash flows were used to pay fully franked dividends of 63 cents per share and to reduce debt by \$5 million.

DIVIDENDS

A fully franked final dividend of 14 cents per share representing a 12% increase on last year was paid on 28 September 2007. In addition a fully franked special dividend of 20 cents per share was also paid on 28 September 2007.

PEOPLE

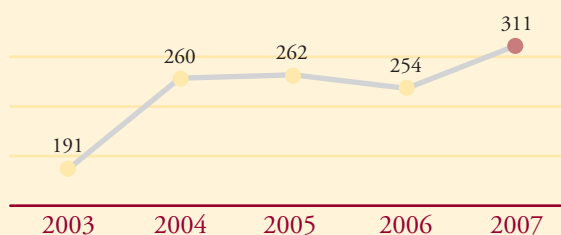
The 2007 financial year provided our people with a considerable challenge in "delivering the promise" in this time of unprecedented demand. I would like to take this opportunity to thank the dedicated Fleetwood team for their efforts which enabled the challenge to be met.

OUTLOOK

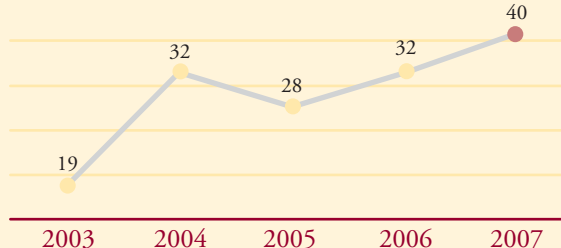
Fleetwood's enhanced production capacity and continuing high levels of demand along with its balance sheet strength place the company in an ideal position to further expand the group's activities as opportunities arise.

“ Increased capacity established in recent years allowed the group to capitalise on strong market demand for its products. Quality margins were achieved through management of product mix and improved process control. The result was outstanding with improved EBIT margins. ”

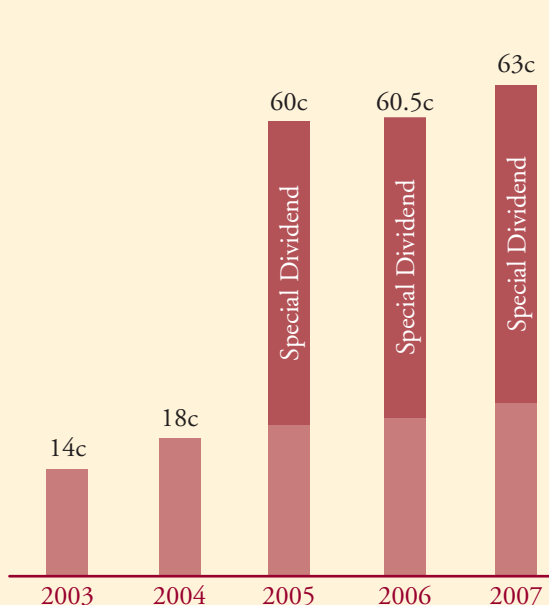
Revenue (\$ million)



EBIT (\$ million)



Dividend History



Manufactured Accommodation

PERFORMANCE

Demand for manufactured accommodation is being fuelled by resource development and the growing popularity of retirement “lifestyle” villages. During the 2007 year revenue increased 47% to \$124 million and earnings before interest and tax (EBIT) increased 82% to \$20 million.

OVERVIEW

A focused and sustained effort from the team at Fleetwood enabled further development of our build-own-operate accommodation village in Karratha, Western Australia. This project generates a substantial income stream and delivers high EBIT returns.

Exposure to the Park Home market provides diversification which protects against resource sector volatility. During the year the manufacturing operation in Western Australia provided capacity to continue to satisfy exclusive supply agreements with Park Home estate developers during a period of heavy demand from resource customers. Park Home production delivered a substantial increase in revenue over the previous year.

Fleetwood Rainbow provides an opportunity to participate in the retirement and tourist accommodation market in Victoria.

DEVELOPMENTS

The high demand for manufactured accommodation generated by the strength of the resource sector continues to provide significant opportunities.

A further expansion of the Searipple Village announced in August 2007 is supported by a take or pay arrangement with Woodside which will provide approximately \$58 million in revenue over the next three years. Upon completion the village will accommodate approximately 1,400 people. The opportunity exists to further expand the Searipple Village by approximately 250 rooms.

OUTLOOK

Continuing resource sector demand and the establishment and expansion of park home estates in Western Australia and Victoria will underpin growth in this division in the coming year.



Recreational Vehicles

PERFORMANCE

Activity in the recreational vehicles segment continued at an acceptable level through the year. Revenue increased 10% to \$186 million producing EBIT of \$22 million.

OVERVIEW

Improved labour efficiencies at Windsor supported an enhanced contribution to group performance.

Investment in manufacturing and process control has benefited caravan manufacturing at Coromal and Windsor in recent years and during the 2007 year allowed the Camec business to enhance control and improve productivity.

Flexiglass was adversely affected by poor work force availability at the Perth based fiberglass shell factory and a number of interstate branches. This is being addressed through an increase in third party sourced components.

DEVELOPMENTS

Coromal is currently expanding its automated CNC furniture manufacturing. This will reduce labour hours per caravan and will partially offset the high cost of Perth labour experienced during the resource boom.

A planned factory upgrade will allow Windsor to further support increased dealer demand.

OUTLOOK

It is expected that the market for caravans will continue to grow at a similar level to that experienced over the last 12 months providing an ideal environment for continued earnings growth in 2008.





Financial Report 2007

Income statement

Fleetwood Corporation Limited

Year ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000
Revenue	2	310,648	254,064	34,053	26,464
Materials used		(146,962)	(116,567)	-	-
Sub-contract costs		(26,601)	(23,266)	-	-
Employee benefits expense		(56,249)	(49,945)	(2,335)	(2,379)
Operating leases		(5,455)	(4,836)	(157)	(118)
Audit fees		(120)	(118)	(120)	(118)
Directors fees		(130)	(131)	(130)	(131)
Other expenses		(26,111)	(20,003)	(415)	(737)
Profit before interest, tax, depreciation and amortisation (EBITDA)		49,020	39,198	30,896	22,981
Depreciation and amortisation expense	3	(8,653)	(7,618)	(268)	(241)
Profit before interest and tax (EBIT)		40,367	31,580	30,628	22,740
Finance costs	3	(2,172)	(2,192)	(1,765)	(1,756)
Profit before income tax expense		38,195	29,388	28,863	20,984
Income tax (expense) benefit	4	(11,603)	(8,674)	872	1,033
Profit attributable to members of the parent entity	22	26,592	20,714	29,735	22,017
Earnings per share:					
Basic earnings per share (cents)	7	54.1	43.9		
Diluted earnings per share (cents)	7	53.4	43.7		

To be read in conjunction with the accompanying notes.

Balance sheet

Fleetwood Corporation Limited
As at 30 June 2007

	Note	Consolidated		Company	
		2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000
Current assets					
Cash and cash equivalents	8	10,288	10,490	9,366	9,675
Trade and other receivables	9	48,485	40,954	1,877	3,136
Inventories	10	35,004	33,857	-	-
Other financial assets	11	-	35	-	-
Total current assets		93,777	85,336	11,243	12,811
Non-current assets					
Trade and other receivables	9	62	96	62	-
Property, plant and equipment	12	75,541	67,063	12,520	11,612
Intangible assets	13	32,555	32,237	233	233
Deferred tax assets		-	-	177	236
Other financial assets	11	-	-	107,778	97,805
Total non-current assets		108,158	99,396	120,770	109,886
Total assets		201,935	184,732	132,013	122,697
Current liabilities					
Trade and other payables	14	44,040	34,018	888	1,094
Interest bearing liabilities	15	-	33,000	-	33,000
Current tax liabilities		3,972	889	4,059	988
Provisions	18	2,789	2,536	498	475
Total current liabilities		50,801	70,443	5,445	35,557
Non-current liabilities					
Interest bearing liabilities	15	28,000	-	28,000	-
Deferred tax liabilities		1,606	1,675	-	-
Provisions	18	1,948	1,895	258	416
Total non-current liabilities		31,554	3,570	28,258	416
Total liabilities		82,355	74,013	33,703	35,973
Net assets		119,580	110,719	98,310	86,724
Equity					
Issued capital	20	95,647	83,735	95,647	83,735
Reserves	21	(33)	(451)	-	-
Retained earnings	22	23,966	27,435	2,663	2,989
Total equity		119,580	110,719	98,310	86,724

To be read in conjunction with the accompanying notes.

Recognised income and expense statement

Fleetwood Corporation Limited
Year ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000
Exchange differences taken to equity on translation of foreign operations		418	(588)	-	-
Net profit (loss) recognised directly in equity		418	(588)	-	-
Profit for the period		26,592	20,714	29,735	22,017
Total recognised income and expense for the period		27,010	20,126	29,735	22,017

Cash flow statement

Fleetwood Corporation Limited
Year ended 30 June 2007

Cash flows from operating activities

Receipts in the course of operations		333,474	271,609	2,673	752
Payments in the course of operations		(282,743)	(237,431)	(2,887)	(4,835)
Interest received		301	599	263	570
Income taxes paid		(8,590)	(13,816)	(3,950)	(3,396)
Finance costs paid		(2,172)	(2,192)	(1,765)	(1,756)
Net cash and cash equivalents provided by (used in) operating activities	26.1	40,270	18,769	(5,666)	(8,665)

Cash flows from investing activities

Proceeds from sale of non-current assets		4,649	9,220	22	2,396
Acquisition of property, plant and equipment		(19,724)	(13,412)	(1,198)	(5,694)
Payment for intangible assets		(1,598)	(2,187)	-	-
Net cash and cash equivalents used in investing activities		(16,673)	(6,379)	(1,176)	(3,298)

Cash flows from financing activities

Proceeds from issue of shares		1,324	1,115	1,324	1,115
Proceeds from borrowings		-	11,000	-	11,000
Repayment of borrowings		(5,000)	-	(5,000)	-
Dividends paid		(20,201)	(17,432)	(20,201)	(17,432)
Loan repayments to controlled entities		-	-	30,410	24,360
Net cash and cash equivalents provided by (used in) financing activities		(23,877)	(5,317)	6,533	19,043
Net increase (decrease) in cash and cash equivalents		(280)	7,073	(309)	7,080
Cash and cash equivalents at the beginning of the financial year		10,490	3,506	9,675	2,595
Effect of exchange rate changes on the balance of cash held in foreign currencies		78	(89)	-	-
Cash and cash equivalents at the end of the financial year		10,288	10,490	9,366	9,675

To be read in conjunction with the accompanying notes.

Notes to the financial statements

Fleetwood Corporation Limited
Year ended 30 June 2007

1 Statement of significant accounting policies

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

1.1 Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporation Act 2001, Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law. Accounting Standards, include Australian equivalents to International Financial Reporting Standards "A-IFRS". Compliance with A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards "IFRS".

The financial statements were authorised for issue by the directors on 13 September 2007.

1.2 Basis of preparation

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or current valuations of non-current assets. Accounting policies have been consistently applied and except where there are changes in accounting policy, are consistent with those of the previous year.

1.3 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.

1.4 Revenue recognition

Revenue is 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

Rental income is recognised on an accrual basis.

Interest

Interest revenue 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 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

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.

1.5 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.

1.6 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.

1.7 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 the income statement.

1.8 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 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.

Tax consolidation

The company and its wholly-owned Australian resident entities have elected to be taxed as a single entity from 1 July 2003. 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, Fleetwood Corporation Limited and each of the entities in the tax-consolidated group have agreed to fund their proportion of the group's tax liability.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and investments in money market instruments with original maturity under 3 months, net of outstanding bank overdrafts.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 Investments

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

1.16 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.

1.17 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. The useful life of goodwill is indefinite.

1.18 Product development costs

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; and
- How the intangible asset will generate probable future economic benefits.

Internally generated intangible assets are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over the useful lives of 2 to 5 years.

1.19 Depreciation and amortisation

All 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 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:

	2007	2006
Buildings	2.5%	2.5%
Leasehold improvements	2% - 25%	2% - 25%
Plant and equipment	2.5% - 50%	2.5% - 50%

1.20 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.

1.21 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.

1.22 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.

Consolidated		Company	
2007	2006	2007	2006
\$ '000	\$ '000	\$ '000	\$ '000

2 Revenue

Sales revenue

Goods	280,341	232,569	218	164
Rental	29,279	19,846	1,140	905
	309,620	252,415	1,358	1,069

Other income

Dividends from related parties	-	-	32,431	24,571
Interest	301	599	264	570
Profit on sale of non-current assets	727	1,050	-	254
	1,028	1,649	32,695	25,395
	310,648	254,064	34,053	26,464

3 Profit from ordinary activities before income tax expense

Profit from ordinary activities before income tax expense has been arrived at after charging the following items:

Cost of sales	221,406	174,760	-	-
Depreciation and amortisation of:				
buildings	69	61	69	61
leasehold improvements	89	54	71	31
plant and equipment	7,219	6,854	128	149
product development	1,276	649	-	-
	8,653	7,618	268	241
Finance costs - bank loans and overdraft	2,172	2,192	1,765	1,756
Net bad and doubtful debts	(36)	101	10	-
Research and development costs	49	53	-	-
Defined contribution plan expense	4,141	3,157	319	276
Equity settled share-based payments	729	690	729	690

Consolidated		Company	
2007	2006	2007	2006
\$ '000	\$ '000	\$ '000	\$ '000

4 Taxation

Income tax recognised in profit or loss

Tax expense (income) comprises:

Current tax expense (income)	11,674	7,444	(930)	(1,037)
Deferred tax expense (income) relating to the origination and reversal of temporary differences	(71)	1,230	58	4
	11,603	8,674	(872)	(1,033)

Reconciliation of prima facie tax expense on accounting profit to income tax expense

Prima facie income tax expense calculated at 30% (2006: 30%) on the profit from ordinary activities

Prima facie income tax expense calculated at 30% (2006: 30%) on the profit from ordinary activities	11,459	8,816	8,659	6,295
Amortisation of leasehold improvements	8	8	8	8
Effect of higher tax rates on overseas income	44	46	-	-
Non-deductible expenses	219	207	219	207
Research & development allowance	(115)	(158)	-	-
Non-assessable profit on disposal of property, plant and equipment	-	(92)	-	(86)
Sundry items	17	(49)	-	8
Non-assessable amounts related to transactions within the tax consolidated group	-	-	(9,729)	(7,371)
	11,632	8,778	(843)	(939)
Over provision of income tax in prior year	(29)	(104)	(29)	(94)
	11,603	8,674	(872)	(1,033)

Taxable and deductible temporary differences arise from the following:

	Balance at 2005 \$ '000	Charged to income \$ '000	Balance at 2006 \$ '000	Charged to income \$ '000	Balance at 2007 \$ '000
Consolidated					
Gross deferred tax liabilities:					
Property, plant and equipment	(1,851)	(1,282)	(3,133)	(134)	(3,267)
Gross deferred tax assets:					
Provisions	1,405	53	1,458	203	1,661
	(446)	(1,229)	(1,675)	69	(1,606)
Company					
Gross deferred tax liabilities:					
Property, plant and equipment	(1,836)	1,777	(59)	(39)	(98)
Gross deferred tax assets:					
Provisions	1,153	(858)	295	(20)	275
	(683)	919	236	(59)	177

5 Segment information

Business segments

The consolidated entity comprises the following business segments, based on the consolidated entity's management reporting system.

Segments

Recreational Vehicles
Manufactured Accommodation

Products / Services

Manufacture of caravans and vehicle parts and accessories
Design, manufacture, sale and rental of manufactured accommodation

	Segment revenue		Depreciation & amortisation		Earnings before interest & tax (EBIT)	
	2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000
Recreational Vehicles	186,331	168,761	3,250	2,521	21,778	22,215
Manufactured Accommodation	123,836	84,315	5,135	4,856	20,393	11,196
Unallocated	481	988	268	241	(1,804)	(1,831)
	310,648	254,064	8,653	7,618	40,367	31,580
Interest expense					(2,172)	(2,192)
Profit before income tax expense					38,195	29,388
Income tax expense					(11,603)	(8,674)
Profit attributable to members of the parent entity					26,592	20,714

	Segment Assets		Acquisitions of non-current assets		Segment Liabilities	
	2007	2006	2007	2006	2007	2006
Recreational Vehicles	91,496	80,963	1,155	2,114	25,145	20,592
Manufactured Accommodation	86,339	78,934	17,371	5,605	23,409	17,389
Unallocated	24,100	24,835	1,198	5,693	33,801	36,032
	201,935	184,732	19,724	13,412	82,355	74,013

Geographical segments

	Segment Assets		Acquisitions of non-current assets		Segment revenue	
	2007	2006	2007	2006	2007	2006
Australia	196,749	180,078	19,683	13,366	297,633	242,850
New Zealand	5,186	4,654	41	46	13,015	11,214
	201,935	184,732	19,724	13,412	310,648	254,064

Consolidated		Company	
2007	2006	2007	2006
\$ '000	\$ '000	\$ '000	\$ '000

6 Dividends

Recognised

Interim 2007 - paid 9 cents per share fully franked	4,444	-	4,444	-
Special interim 2007 - paid 20 cents per share fully franked	9,868	-	9,868	-
Final 2006 - paid 12.5 cents per share fully franked	6,058	-	6,058	-
Special final 2006 - paid 20 cents per share fully franked	9,691	-	9,691	-
Interim 2006 - paid 8 cents per share fully franked	-	3,789	-	3,789
Special interim 2006 - paid 20 cents per share fully franked	-	9,466	-	9,466
Final 2005 - paid 12 cents per share fully franked	-	5,580	-	5,580
Special final 2005 - paid 20 cents per share fully franked	-	9,300	-	9,300
	30,061	28,135	30,061	28,135

Unrecognised

Final 2007 - 14 cents per share fully franked
Special Final 2007 - 20 cents per share fully franked

Dividend franking account

30% franking credits available to shareholders of Fleetwood Corporation Limited for subsequent years

	12,006	13,807	12,006	13,807
--	--------	--------	--------	--------

7 Earnings per share

Earnings used in the calculation of basic and diluted earnings per share

	26,592	20,714
--	--------	--------

The weighted average number of ordinary shares for the purpose 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:

Basic earnings per share
Number of shares deemed to be issued for no consideration in respect of employee and executive options
Diluted earnings per share

Weighted average number of shares used	
49,174,998	47,175,231
591,914	198,468
49,766,912	47,373,699

Note	Consolidated		Company	
	2007	2006	2007	2006
	\$ '000	\$ '000	\$ '000	\$ '000

8 Cash and cash equivalents

Cash and cash equivalents	10,288	10,490	9,366	9,675
---------------------------	---------------	--------	--------------	-------

Cash at bank is at call and receives interest at a weighted average rate of 5.06% (2006: 4.13%)

9 Trade and other receivables

Current

Trade debtors	40,569	36,703	349	2,783
Term loans - secured	11	21	11	-
Other debtors	7,905	4,230	1,517	353
	48,485	40,954	1,877	3,136

Non-current

Term loans - secured	62	96	62	-
----------------------	-----------	----	-----------	---

The weighted average interest rate on term loans which have varying maturity dates is 12.5% (2006: 12.5%)

10 Inventories

Raw materials & stores	7,620	6,015	-	-
Work in progress	5,089	6,828	-	-
Finished goods	22,295	21,014	-	-
	35,004	33,857	-	-

11 Other financial assets

Current

Foreign currency forward contracts	-	35	-	-
------------------------------------	---	----	---	---

Non-current

Investment in controlled entities - at cost	-	-	10,220	10,220
Loans and advances - controlled entities	-	-	97,558	87,585
	-	-	107,778	97,805

	Consolidated		Company	
	2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000
12 Property, plant and equipment				
Freehold land				
Cost	3,217	2,116	3,217	2,116
Buildings				
Cost	2,747	2,704	2,747	2,704
Accumulated depreciation	(122)	(53)	(122)	(53)
	2,625	2,651	2,625	2,651
Leasehold property and improvements				
Cost	6,602	6,602	6,382	6,382
Accumulated amortisation	(194)	(105)	(101)	(30)
	6,408	6,497	6,281	6,352
Plant and equipment				
Cost	87,414	74,130	628	722
Accumulated depreciation	(24,123)	(18,331)	(231)	(229)
	63,291	55,799	397	493
	75,541	67,063	12,520	11,612

Reconciliation of the carrying amounts for each class of property, plant and equipment is set out below:

Freehold land				
Carrying amount at beginning of year	2,116	3,271	2,116	3,271
Additions	1,101	112	1,101	112
Disposals	-	(1,267)	-	(1,267)
	3,217	2,116	3,217	2,116
Buildings				
Carrying amount at beginning of year	2,651	1,977	2,651	1,977
Additions	43	1,465	43	1,465
Disposals	-	(730)	-	(730)
Depreciation	(69)	(61)	(69)	(61)
	2,625	2,651	2,625	2,651
Leasehold property and improvements				
Carrying amount at beginning of year	6,497	2,497	6,352	2,435
Additions	-	4,058	-	3,948
Disposals	-	(4)	-	-
Amortisation	(89)	(54)	(71)	(31)
	6,408	6,497	6,281	6,352

Consolidated		Company	
2007	2006	2007	2006
\$ '000	\$ '000	\$ '000	\$ '000

12 Property, plant and equipment (continued)

Reconciliations (continued)

Plant and equipment

Carrying amount at beginning of year	55,799	61,081	493	601
Additions	18,581	7,777	54	169
Disposals	(3,870)	(6,698)	(22)	(128)
Transferred from assets under construction	-	493	-	-
Depreciation	(7,219)	(6,854)	(128)	(149)
	63,291	55,799	397	493

Assets under construction

Carrying amount at beginning of year	-	493	-	-
Transferred to plant and equipment	-	(493)	-	-
	-	-	-	-

13 Intangible assets

Goodwill	28,089	28,024	233	233
Product development	6,605	5,163	-	-
Accumulated amortisation	(2,139)	(950)	-	-
	4,466	4,213	-	-
	32,555	32,237	233	233

Goodwill has been allocated for impairment testing purposes to individual cash-generating units as follows:

Caravan manufacturing	7,096	7,096
Parts and accessories	12,182	12,182
Fibreglass	6,615	6,617
Manufactured accommodation	2,196	2,129
	28,089	28,024

The recoverable amount of cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 6.25% pa (2006: 5.75%)

14 Trade and other payables

Trade creditors	23,461	20,963	141	309
Other creditors and accruals	20,579	13,055	747	785
	44,040	34,018	888	1,094

Payables include amounts for goods received not invoiced.

Note	Consolidated		Company		
	2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000	
15 Interest bearing liabilities					
Current					
Bank loans - secured	16	-	33,000	-	33,000
Non-current					
Bank loans - secured	16	28,000	-	28,000	-

16 Financing arrangements

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

Facilities available:

Bank overdraft		11,813	6,906	11,813	6,906
Bank loans		28,000	33,000	28,000	33,000
Bank guarantees		187	94	187	94
		40,000	40,000	40,000	40,000

Facilities utilised:

Bank loans	15	28,000	33,000	28,000	33,000
Bank guarantees		187	94	187	94
		28,187	33,094	28,187	33,094

Facilities not utilised:

Bank overdraft		11,813	6,906	11,813	6,906
----------------	--	---------------	-------	---------------	-------

Bank overdrafts

Bank overdrafts are secured by a mortgage debenture over the assets of the consolidated entity. They are payable on demand and are subject to annual review. Interest on bank overdrafts is charged at prevailing market rates. The effective interest rate at end of financial year 2007 was 9.50% (2006: 9.00%).

Bank Loans

Bank loans are secured by a mortgage debenture over the assets of the consolidated entity, bear interest at the banks prime rate plus 0.35% (2006: 0.40%) plus a line fee of 0.2% (2006: 0.2%). The effective annual interest rate at end of financial year 2007 was 6.73% (2006: 6.30%).

Bank guarantees

Bank guarantees are utilised for construction contracts.

17 Commitments

Operating lease commitments

Within one year		3,448	3,477	186	132
One year or later and no later than five years		5,369	5,529	249	307
Later than five years		-	334	-	-
		8,817	9,340	435	439

18 Provisions

Current

Employee benefits	2,789	2,536	498	475
-------------------	--------------	-------	------------	-----

Non-current

Employee benefits	1,948	1,895	258	416
-------------------	--------------	-------	------------	-----

Aggregate employee benefits	4,737	4,431	756	891
-----------------------------	--------------	-------	------------	-----

Number of employees at end of financial year	1,017	939	12	12
--	--------------	-----	-----------	----

19 Employee and Executive Option Plans

Employee option plan

In accordance with the provisions of the employee option plan, employees with more than 2 years service with the consolidated entity are granted options to purchase ordinary shares in Fleetwood Corporation Limited. No amounts are payable for the options. 50% of the options are able to be exercised 1 year from the date of issue and a further 25% are able to be exercised in each of the next 2 years. The options expire 5 years from the date of issue. There are no voting or dividend rights attaching to the options.

The following is a summary of movements under the plan:

Issue date	Exercise price \$	Options at beginning of year	Options granted	Options expired / forfeited	Options exercised (shares issued)	Options at end of year	Vested at end of year	Proceeds received on exercise \$	Fair value (market value) of shares at date of issue \$
31/10/01	1.12	19,715	-	(2,500)	(17,215)	-	-	19,281	112,097
31/10/02	2.54	65,815	-	(6,813)	(15,313)	43,689	43,689	38,895	122,312
31/10/03	4.44	162,661	-	(19,941)	(25,027)	117,693	117,693	111,120	189,450
31/10/04	7.85	307,500	-	(63,600)	(5,175)	238,725	175,500	40,624	45,135
31/10/05	6.40	504,725	-	(96,527)	(15,434)	392,764	188,014	98,778	130,555
31/10/06	6.38	-	576,900	(18,600)	-	558,300	-	-	-
		1,060,416	576,900	(207,981)	(78,164)	1,351,171	524,896	308,698	599,548
Weighted average exercise price (\$)		6.18	6.38	6.46	3.95	6.35	6.12		
Weighted average share price at date of exercise (\$)					7.67				

19 Employee and Executive Option Plans (continued)

Executive option plan

In accordance with the provisions of the executive option plan, executives are granted options to purchase ordinary shares in Fleetwood Corporation Limited. No amounts are payable for the options. One third of the options are able to be exercised after the 30 June subsequent to the date of issue, a further one third of the options are able to be exercised in each of the next 2 years. The options are only exercisable if the company's total shareholder return equals or exceeds 15% pa compounded from the inception of the plan (1999) and the company's total shareholder return is equal to or greater than the ASX300 All Industrial Accumulation Index. The options expire 5 years from the date of issue. There are no voting or dividend rights attaching to the options.

The following is a summary of movements under the plan:

Issue date	Exercise price \$	Options at beginning of year	Options granted	Options expired / forfeited	Options exercised (shares issued)	Options at end of year	Vested at end of year	Proceeds received on exercise \$	Fair value (market value) of shares at date of issue \$
31/10/02	2.54	3,335	-	-	(1)	3,334	3,334	3	6
31/10/03	4.44	146,670	-	-	(136,670)	10,000	10,000	606,815	904,307
31/10/04	7.85	92,000	-	(8,334)	(16,666)	67,000	36,333	130,828	153,327
31/10/05	6.40	760,000	-	(20,000)	(43,332)	696,668	190,001	277,325	350,989
31/10/06	6.38	-	135,000	(25,000)	-	110,000	-	-	-
		1,002,005	135,000	(53,334)	(196,669)	887,002	239,668	1,014,970	1,408,630
Weighted average exercise price (\$)		6.23	6.38	6.62	5.16	6.47	6.48		
Weighted average share price at date of exercise (\$)					7.16				

The share options outstanding at the end of the financial year had exercise prices between \$2.54 and \$7.85 and a weighted average remaining contractual life of 1,212 days. The weighted average fair value of options granted during the year was \$1.04.

Consolidated		Company	
2007	2006	2007	2006
\$ '000	\$ '000	\$ '000	\$ '000

20 Issued capital

Issued and paid-up capital

49,950,263 (2006: 48,312,429) ordinary shares, fully paid	95,647	83,735	95,647	83,735
---	---------------	--------	---------------	--------

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

2007		2006	
# Shares	\$ '000	# Shares	\$ '000

Movements in ordinary share capital

Balance at the beginning of year	48,312,429	83,735	46,268,184	71,227
Option expense	-	729	-	690
Shares issued pursuant to Dividend Reinvestment Plan	1,363,001	9,860	1,698,991	10,703
Shares issued pursuant to Employee and Executive option plans	274,833	1,323	345,254	1,115
Balance at the end of year	49,950,263	95,647	48,312,429	83,735

Since the end of the financial year 497,589 shares have been issued pursuant to the exercise of employee and executive options.

Consolidated		Company	
2007	2006	2007	2006
\$ '000	\$ '000	\$ '000	\$ '000

21 Reserves

Foreign currency translation reserve	(33)	(451)	-	-
Balance at beginning of year	(451)	137	-	-
Translation of foreign operations	418	(588)	-	-
	(33)	(451)	-	-

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

22 Retained earnings

Balance at the beginning of year	27,435	34,856	2,989	9,107
Profit attributable to members of the parent entity	26,592	20,714	29,735	22,017
Dividends paid	(30,061)	(28,135)	(30,061)	(28,135)
	23,966	27,435	2,663	2,989

23 Auditors' remuneration

Auditor of the parent entity	\$	\$	\$	\$
Audit services	120,000	118,000	120,000	118,000
Other services	31,827	18,840	31,827	18,840
	151,827	136,840	151,827	136,840

24 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 listed below enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Law, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

Subsidiaries subject to the deed are:

Camec Pty Ltd
 Coromal Caravans Pty Ltd
 Fleetwood Pty Ltd
 Fleetwood Durabuilt Pty Ltd
 Fleetwood Finance (WA) Pty Ltd
 Flexiglass Challenge Pty Ltd
 Windsor Caravans Pty Ltd

A consolidated statement of financial performance and financial position comprising the Company and its subsidiaries, which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee is set out on the following page:

Consolidated
2007 2006
\$ '000 \$ '000

24 Deed of cross guarantee (continued)

Income statement

Revenue	297,480	242,683
Finance costs	(2,172)	(2,189)
Profit before income tax expense	36,731	27,865
Income tax expense	(11,120)	(8,171)
Profit attributable to members of the parent entity	25,611	19,694

Balance sheet

Cash and cash equivalents	9,382	9,692
Trade and other receivables	46,851	39,862
Inventories	31,309	30,285
Total current assets	87,542	79,839
Trade and other receivables	62	96
Investments	175	175
Property, plant and equipment	75,045	66,541
Intangibles	32,469	32,148
Deferred tax assets	1,630	1,454
Total non-current assets	109,381	100,414
Total assets	196,923	180,253
Trade and other payables	43,389	33,429
Interest bearing liabilities	-	31,856
Tax liabilities	4,059	988
Provisions	2,694	2,523
Total current liabilities	50,142	68,796
Interest bearing liabilities	27,602	-
Deferred tax liabilities	3,243	3,111
Provisions	1,948	1,895
Total non-current liabilities	32,793	5,006
Total liabilities	82,935	73,802
Net assets	113,988	106,451
Issued capital	95,643	83,735
Reserves	(34)	(523)
Retained earnings	18,379	23,239
Total equity	113,988	106,451

25 Financial instruments

Interest rate risk

Exposure to interest rate risk on financial assets and liabilities, both recognised and unrecognised, has been disclosed in Notes 8, 9 and 16.

Credit risk exposures

Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted. The credit risk on financial assets of the consolidated entity, which have been recognised in the statement of financial position is the carrying amount, net of any allowance for doubtful debts. Credit risk is minimised by transacting with a large number of customers.

Net fair value of financial assets and liabilities

The net fair value of financial assets and liabilities, which have been recognised in the balance sheet, is the relevant contractual cash flows due from customers or suppliers. The relevant contractual cash flows have not been discounted to their present value. The carrying values approximate net fair value.

Consolidated		Company	
2007	2006	2007	2006
\$ '000	\$ '000	\$ '000	\$ '000

26 Notes to the statement of cash flows

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

Operating profit after income tax	26,592	20,714	29,735	22,017
Less items classified as investing / financing activities:				
Profit on sale of non-current assets	(728)	(1,050)	-	(254)
Add non-cash items:				
Dividends	-	-	(32,431)	(24,571)
Option expense	729	690	729	690
Depreciation and amortisation expense	8,653	7,618	268	241
Net cash provided by (used in) operating activities before change in assets and liabilities	35,246	27,972	(1,699)	(1,877)
Changes in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the financial year:				
Increase in inventories	(1,147)	(1,005)	-	-
(Increase) decrease in trade and other receivables	(7,497)	(5,792)	1,197	(2,859)
Increase (decrease) in trade and other payables	10,348	2,512	(208)	417
Increase (decrease) in provisions	306	224	(135)	84
Increase (decrease) in income taxes payable	3,083	(6,371)	(4,880)	(4,434)
Increase (decrease) in deferred taxes payable	(69)	1,229	59	4
Net cash provided by (used in) operating activities	40,270	18,769	(5,666)	(8,665)

26.2 Non-cash financing and investing activities

During the year, dividends of \$9,859,610 (2006: \$10,703,204) were reinvested in the Company as 1,363,001 (2006: 1,698,991) fully paid ordinary shares pursuant to the Dividend Reinvestment Plan.

The Company received dividends of \$32,431,461 (2006: \$24,570,919) from controlled entities by way of an increase in controlled entities loan accounts.

27 Contingent liabilities

Under the terms of the Deed of Cross Guarantee described in Note 24, the Company has guaranteed the repayment of all current and future creditors totalling \$43,389,633 (2006: \$33,429,671) in the event any of the entities which are party to the Deed are wound up. No deficiency in net assets exists in these companies.

The directors are not aware of any circumstances or information that would lead them to believe that these liabilities will crystallise and consequently no provisions are included in the financial statements in respect of these matters.

28 Particulars relating to controlled entities

Fleetwood Corporation Limited (Ultimate parent entity)

	Interest held	
	2007	2006
	%	%
Controlled entities		
Fleetwood Durabuilt Pty Ltd	100	100
Flexiglass Challenge Pty Ltd	100	100
Coromal Caravans Pty Ltd	100	100
A.C.N. 008 275 250 Pty Ltd	100	100
Fleetwood Pty Ltd	100	100
Fleetwood Finance (WA) Pty Ltd	100	100
Camec Pty Ltd	100	100
Camec (Qld) Pty Ltd	100	100
Windsor Caravans Pty Ltd	100	100
Flexiglass Challenge Industries (NZ) Limited (incorporated in New Zealand)	100	100
Serada Limited (incorporated in New Zealand)	100	100

29 Related parties

Directors

The names of each person holding the position of director of Fleetwood Corporation Limited during the financial year are S Gill, P Gunzburg, M Hardy, R McKinnon and G Tate. Details of directors' remuneration are set out in the Remuneration Report which is contained in the Directors' Report.

No director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

From time to time, 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.

Directors' and executives' share and option holdings

The interest of directors and executives of the consolidated entity and its related entities, in shares and options of Fleetwood Corporation Limited are set out below.

	Shares at beginning of year	Options exercised	Net other change	Shares at end of year
Directors				
Stephen Gill				
2007	2,321,977	50,500	156,612	2,529,089
2006	2,368,575	80,000	(126,598)	2,321,977
Robert McKinnon				
2007	-	-	10,000	10,000
Greg Tate				
2007	5,395,211	50,000	417,352	5,862,563
2006	4,902,676	80,500	412,035	5,395,211
Executives				
Bradley Denison				
2007	-	13,335	629	13,964
2006	15,624	6,666	(22,290)	-
Bradley Van Hemert				
2007	211,947	28,334	(9,178)	231,103
2006	189,441	21,666	840	211,947
James O'Brien				
2007	330,333	33,333	-	363,666
2006	302,000	28,333	-	330,333
Steve Thomas				
2007	5,706	-	(5,706)	-
2006	5,200	-	506	5,706
2007	8,265,174	175,502	569,709	9,010,385
2006	7,783,516	217,165	264,493	8,265,174

There are no shares held nominally.

29 Related parties (continued)

	Options at beginning of year	Granted (forfeited)	Exercised	Options at end of year	Vested during the year	Vested at end of year	Proceeds received on exercise \$
Directors							
Stephen Gill							
2007	350,500	-	(50,500)	300,000	150,000	100,000	222,000
2006	130,500	300,000	(80,000)	350,500	80,500	500	298,200
Greg Tate							
2007	350,000	-	(50,000)	300,000	150,000	100,000	222,000
2006	130,500	300,000	(80,500)	350,000	80,500	-	299,470
Executives							
Bradley Denison							
2007	48,335	25,000	(13,335)	60,000	18,333	10,000	78,806
2006	25,001	30,000	(6,666)	48,335	11,667	5,001	23,264
Bradley Van Hemert							
2007	101,668	45,000	(28,334)	118,334	41,667	26,667	158,468
2006	73,334	50,000	(21,666)	101,668	35,000	13,334	77,197
James O'Brien							
2007	61,667	(28,334)	(33,333)	-	25,000	-	224,430
2006	60,000	30,000	(28,333)	61,667	20,000	8,333	97,299
Steve Thomas							
2007	30,000	25,000	-	55,000	10,000	10,000	-
2006	-	30,000	-	30,000	-	-	-
2007	942,170	66,666	(175,502)	833,334	395,000	246,667	905,704
2006	419,335	740,000	(217,165)	942,170	227,667	27,168	795,430

All vested options are exercisable.

The aggregate compensation of the key management personnel of the consolidated entity and the company is set-out below:

	Consolidated		Company	
	2007	2006	2007	2006
	\$ '000	\$ '000	\$ '000	\$ '000
Short-term employee benefits	2,159,140	2,082,997	2,159,140	2,082,997
Post-employment benefits	378,425	263,398	378,425	263,398
Share-based payment	297,864	410,148	297,864	410,148
	2,835,429	2,756,543	2,835,429	2,756,543

Controlled entities

Details of interests in controlled entities are set out in Note 29. Details of dealings with controlled entities are set out below.

Inter-company loans are non-current facilities. No interest was charged by the Company in relation to these loans during the year.

The aggregate amounts receivable from wholly owned controlled entities by the Company are as follows:

Non-current assets (Note 11)	97,558	87,585
Dividends received or due and receivable by the Company from wholly-owned controlled entities:		
Recorded as revenue (Note 2)	32,431	24,571

Corporate Governance Statement

Compliance with ASX Best Practice Recommendations

Fleetwood has a governance culture based on the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (ASX Principles).

This statement outlines the main corporate governance practices of the company, which were in place throughout the year and at the date of this report. In accordance with the ASX Principles, the company has posted copies of its corporate governance practices on its website www.fleetwood.com.au

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

Role of the Board

The Board operates in accordance with the general principles set out in its Charter, which is available from the corporate governance section of the Company's website. The major roles of the Board are to:

- Set the strategic direction of the Group with Management and monitor implementation of the strategy;
- Select and appoint the Chief Executive, determine conditions of service and monitor performance;
- Ratify appointment of the Chief Financial Officer and Company Secretary;
- Approve conditions of service and performance monitoring of senior executives;
- Monitor financial outcomes and the integrity of reporting and in particular approve annual budgets;
- Set limits of authority for committing to expenditure, entering contracts or acquiring businesses;
- Ensure effective audit, risk management and compliance systems are in place;
- Monitor compliance with regulatory requirements and ethical standards;
- Review executive succession planning and development on a regular basis;
- Ensure effective and timely reporting to Shareholders.

Audit Committee

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

The Audit Committee is comprised of three non-executive directors that are independent of the company and management and who have appropriate business and financial expertise. The Chairman is nominated by the Board and may not also be the chairman of the Board.

The Audit Committee oversees the adequacy of the company's accounting and financial policies and controls including discussions with management and external auditors and seeks assurance on compliance with relevant regulatory and statutory requirements.

In exercising its oversight role, the Audit Committee may investigate any matter relevant to its charter. The Audit Committee reviews and reassesses its charter at least annually, and recommends any changes it considers necessary to the Board.

The Board delegates responsibility for implementing the strategic direction and for managing the day-to-day operations of the group to the Chief Executive. There are clear lines of communication established between the Chairman and Chief Executive.

Board Structure

The Board determines Board size and composition, subject to limits imposed by the company's Constitution.

The Board has determined that there shall be five Directors, three of whom, including the Chairman, are to be non-executive.

At the date of this report the Board comprised three non-executive directors, two of whom are independent, and two executive directors.

The company recognises the importance of having a board comprised of directors with an appropriate range of backgrounds, skills and experience. In considering candidates for appointment to the board, the company considers the following factors.

- Qualifications, expertise and experience of the person;
- Professional and personal reputation of the person.

The Board considers that the establishment of a nominations committee is unnecessary as the board is not of a size sufficient to justify the formation of a board sub-committee for this task and in this regard the responsible entity does not comply with Recommendation 2.3 of the ASX Principles.

Ethics and Conduct

The Company has policies on share trading by Directors and senior managers and on conflicts of interest. It has a Code of Conduct, which applies to Directors as well as employees. These are available on the company's website.

Equally important is the encouragement of ethical conduct not just by edict but by example from all involved in the Company. It is the Board's objective that all dealings with staff, customers, regulatory authorities and the community should be conducted honestly, fairly, diligently and in accordance with all applicable laws.

Financial Reporting

The Managing Director and the Chief Financial Officer provide undertakings to the Board that the Group's financial reports present a true and fair view and are in accordance with relevant accounting standards.

Financial Reporting (continued)

The Chief Executive, Chief Financial Officer and the external auditor attend Audit Committee meetings at the discretion of the Committee.

The minutes of each Audit Committee meeting are reviewed at the subsequent meeting of the Board.

The role and responsibilities of the Audit Committee include reviewing:

- The annual audit plan with the external auditor;
- The Group's accounting and financial reporting practices, including the effect of changes in accounting standards and practices, ASX listing requirements and corporate legislation;
- Significant transactions which are not a normal part of the Group's business;
- Half-year and full-year accounts;
- Group audit reports;
- Performance of the external auditor and proposing changes where considered necessary;
- Approving Management's use of auditors to provide consulting and other services;
- Reports on the Group's risk management activities; and
- Considering other financial matters of the group which the Audit Committee or the Board determines desirable.

Continuous Disclosure

A continuous disclosure regime operates throughout the Group. Policies and procedures are in place to ensure matters that a person could reasonably expect to have a material effect on the share price are announced to the ASX in a timely manner.

In the event a decision is made not to notify the ASX of a particular event or development, the reasons for non-notification are advised to the Board. Directors receive copies of all announcements immediately after notification to the ASX.

All announcements are posted on the company's website www.fleetwood.com.au

Shareholders Rights

The Company endeavors to keep its Shareholders fully informed of matters likely to be of interest to them through:

- Reports to the ASX;
- Half-yearly profit announcements;
- Annual Reports;
- Information provided to analysts.

which are notified on the company's website www.fleetwood.com.au

At the Annual General Meeting, questions and comments from Shareholders are encouraged. In the interests of clarity, questions on operational matters may be answered by the Chief Executive or another appropriate member of management.

The external auditor attends the Company's Annual General Meeting and is available to respond to questions about the conduct of the audit and the preparation and content of the Independent Audit Report.

Risk Management

The Audit Committee oversees the continuous improvement of risk identification, assessment, treatment and reporting.

The external auditor also reports findings on relevant risk issues to the Audit Committee and to the Board on a half-yearly basis.

The Managing Director and Group Financial Controller sign a statement that the risk management and internal compliance and control system is operating effectively and efficiently in all material respects.

Review of Board Performance

Fleetwood has processes in place to review the performance of senior management and Board members.

The assessment and monitoring of the Chief Executive is undertaken by the Chairman and discussed with Board members. Assessment and monitoring of senior managers is undertaken by the Executive Directors who report to the Board.

Each year the Board devotes time to consideration of broad corporate governance matters. The Chairman is responsible, in the first instance, for monitoring the contribution of individual Directors and counselling them on any areas for improvement. The Board plays a similar role in respect of the Chairman's performance.

Subject to normal privacy requirements directors have unfettered access to Company records and information, to the Company Secretary and to other senior officers. They receive regular detailed reports on financial and operational aspects of the Company's business and may request elaboration or explanation of those reports at any time. Each director has the right to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required which may not be unreasonably withheld.

Directors and senior management are encouraged to broaden their knowledge of the Company's business and developments in business generally by attendance at relevant courses, seminars, conferences etc. both in Australia and overseas. The Company meets expenses involved in such activities.

Remuneration

Details of remuneration policies are set out in Directors' Report under the heading "Remuneration Report".

Interests of Stakeholders

The Fleetwood Group has a code of conduct "Delivering The Promise" which sets out the behavior required of Fleetwood. There is also an Employee Code of Conduct. The Codes are published on the company's website.

Directors' Report

Fleetwood Corporation Limited

The directors of Fleetwood Corporation Limited present their report for the year ended 30 June 2007.

Directors

The names, qualifications, experience, special responsibilities and previous directorships for the last 3 years of the directors who are in office at the date of the report are disclosed in the Managing Director's Review.

Principal Activities

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

- Manufacture and sale of caravans, parts and accessories.
- Design, manufacture, sale and rental of manufactured accommodation.

Review of Operations

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

State of Affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity other than as referred to in the financial statements or notes thereto.

Future Developments

The consolidated entity will continue to pursue its policy of increasing profitability and market share in its major business sectors.

Further information as to likely developments and expected future results are disclosed in the Managing Director's Review.

Dividends

A final dividend for the year to 30 June 2007 of 14.0 cents per ordinary share plus a special dividend of 20 cents per ordinary share will be paid on 28 September 2007. Dividends paid and declared during the year are disclosed in Note 6 to the financial statements.

All dividends paid or declared by the Company since the end of the previous financial year are 100% franked at the corporate income tax rate of 30%.

Share Options

Unissued shares subject to options at the date of this report and shares issued pursuant to the exercise of options during or since the end of the year are disclosed in Note 19 to the financial statements.

Indemnification of Directors and Officers

The Company has indemnified current and former directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums in this regard relate to costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors' and Audit Committee Meetings

Number of Board and Audit Committee meetings held and attended by each director of the Company during the financial year:

	Board		Audit Committee	
	Held	Attended	Held	Attended
Stephen Gill	7	7		
Peter Gunzburg	7	6	2	2
Michael Hardy	7	6	2	0
Robert McKinnon	7	7	2	2
Greg Tate	7	7		

Directors' Shareholdings

The relevant interest of each director in the shares of the Company at the date of this report, as notified by the directors to the Australian Stock Exchange in accordance with s205G(1) of the Corporations Act 2001 are as follows:

	Number of shares	Number of options
Stephen Gill	2,529,089	300,000
Robert McKinnon	10,000	Nil
Greg Tate	5,862,563	300,000

Remuneration Report

The Board is responsible for remuneration policies and packages applicable to Board members and senior executives of the Group.

The Board reviews:

- Conditions of service and remuneration of the Chief Executive;
- Performance of the Chief Executive and senior executives;
- Remuneration policies of the Group;
- Proposals for new issues under, or changes to, the company's option plans;
- Succession plans for senior management; and
- Other related matters.

Non-executive directors receive fees determined by the Board, but within the aggregate limit approved by shareholders.

Senior executives of the Group receive a balance of fixed and variable ('at risk') remuneration. The proportions vary reflecting the capacity of executives to influence the overall outcome of the Company's operations and returns to shareholders. The variable component including cash bonuses is based on the profit earned by the Company and a series key personal performance indicators. Part of the remuneration is in the form of a short-term incentive, payable in cash and part is in the form of a long-term incentive, payable in options subject to vesting provisions and performance hurdles.

Remuneration packages contain the following key elements:

- Short-term – salary & fees, bonus and non-monetary;
- Post Employment – superannuation;
- Share-based payment – options subject to performance hurdles.

Key management personnel	Salary & fees \$	Short-term		Post Employment Superannuation \$	Share Based Payment Options \$	Total \$	Total remuneration by options %
		Bonus \$	Non-monetary \$				
Directors							
Peter Gunzburg							
2007	50,000	-	-	-	-	50,000	-
2006	50,000	-	-	-	-	50,000	-
Michael Hardy							
2007	40,000	-	-	-	-	40,000	-
2006	40,000	-	-	-	-	40,000	-
Stephen Gill							
2007	416,043	100,000	-	105,113	89,145	710,301	13
2006	310,000	175,000	40,971	100,587	153,055	779,613	20
Robert McKinnon							
2007	235,522	-	-	-	-	235,522	-
2006	207,670	-	-	-	-	207,670	-
Greg Tate							
2007	450,000	100,000	31,583	105,113	89,145	775,841	11
2006	400,000	175,000	35,823	100,587	153,055	864,465	18
Total 2007	1,191,565	200,000	31,583	210,226	178,290	1,811,664	10
Total 2006	1,007,670	350,000	76,794	201,174	306,110	1,941,748	16

Key management personnel	Short-term		Post	Share	Total	Total remuneration by options %
	Salary \$	Non-monetary \$	Employment Superannuation \$	Based Payment Options \$		
Executives						
Bradley Denison Chief Financial Officer						
2007	131,452	17,109	11,831	24,880	185,272	13
2006	115,890	15,193	10,430	20,998	162,511	13
Bradley Van Hemert CEO, RV Manufacturing						
2007	201,514	-	28,486	45,772	275,772	17
2006	188,073	-	16,927	43,114	248,114	17
Wayne Manners CEO, Manufactured Accomodation Commenced 25/09/2006						
2007	149,453	-	13,451	-	162,904	-
James O'Brien CEO, Camec Resigned 27/04/2007						
2007	148,030	-	13,698	26,555	188,283	14
2006	163,552	2,522	20,170	26,179	212,423	12
Steve Thomas CEO, Flexiglass Challenge Resigned 15/06/2007						
2007	88,434	-	100,733	22,367	211,534	11
2006	163,303	-	14,697	13,747	191,747	7
Total 2007	718,883	17,109	168,199	119,574	1,023,765	12
Total 2006	630,818	17,715	62,224	104,038	814,795	13

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

Bonuses granted during the year were paid in the subsequent year. No options issued during the year vested during the year. No bonuses or options were forfeited during the year because the person did not meet service or performance criteria.

The options are only exercisable if the company's total shareholder return equals or exceeds 15% pa compounded from the inception of the plan (1999) and the company's total shareholder return is equal to or greater than the ASX300 All Industrial Accumulation Index.

In the past five years the cumulative total shareholder returns were:

2007	33%
2006	32%
2005	34%
2004	46%
2003	36%

The performance hurdle chosen links executive remuneration with shareholder wealth generation.

Value of options issued to directors and executives:

Key management personnel	Options granted		Value of grants in subsequent year	Options exercised	Options lapsed	Value of options granted, exercised & lapsed	Value of options included in remuneration for the year	Total remuneration by options
	No. at grant date	Value at grant date		(Shares issued) Value at exercise date				
Stephen Gill	-	-	-	102,455	-	102,455	89,145	13
Greg Tate	-	-	-	100,500	-	100,500	89,145	11
Bradley Denison	25,000	25,367	25,367	23,705	-	49,072	24,880	13
Bradley Van Hemert	45,000	45,660	45,660	71,037	-	116,697	45,772	17
James O'Brien	25,000	25,367	25,367	56,433	137,751	(55,951)	26,555	14
Steve Thomas	25,000	25,367	25,367	-	-	25,367	22,367	11

Non-audit Services

The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditors did not compromise the auditor independence requirement of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants 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 23 to the financial statements.

Auditor's Independence Declaration

The directors received the following declaration from the external auditor:

Deloitte.

As lead audit partner for the audit of the financial statements of Fleetwood Corporation Limited for the financial year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours sincerely

Keith Jones
Partner, Perth, 13 September 2007
Liability limited by a scheme approved under Professional Standards Legislation.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

DELOITTE TOUCHE TOHMATSU

Company Secretary

Bradley Denison, a Certified Practising Accountant with 15 years experience in senior financial roles.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and accordingly amounts in the financial report and directors' report have been rounded to the nearest one thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



G TATE
Director

13 September 2007

Directors' Declaration

The directors of Fleetwood Corporation Limited declare that:

- (a) the attached financial statements and notes thereto comply with Accounting Standards;
- (b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company and the consolidated entity;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001;
- (d) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (e) the directors have been given the declarations required by s. 295A of the Corporations Act 2001.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in Note 24 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



G TATE
Director

13 September 2007

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

Report on the Financial Report and AASB 124 Compensation Disclosures in the Directors' Report

We have audited the accompanying financial report of Fleetwood Corporation Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and the recognised income and expense statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 1 to 22 and 29.

We have also audited the compensation disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the compensation of key management personnel ("compensation disclosures") as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures* ("AASB 124"), under the heading "remuneration report" on pages 26 to 28 of the directors' report, and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 Compensation Disclosures Contained in the Directors' Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors are also responsible for the compensation disclosures contained in the directors' report. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the consolidated financial statements and notes comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report and compensation disclosures contained in the directors' report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and the compensation disclosures comply with AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the compensation disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of

material misstatement of the financial report and the compensation disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the compensation disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the compensation disclosures contained in the directors' report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion on the Financial Report

In our opinion:

- (a) the financial report of Fleetwood Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Auditor's Opinion on the AASB 124 Compensation Disclosures Contained in the Directors' Report

In our opinion, the compensation disclosures that are contained on pages 26 to 28 under the heading "remuneration report" of the directors' report and identified as being subject to audit, comply with paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures*.



DELOITTE TOUCHE TOHMATSU

Keith Jones
Partner
Chartered Accountants
Perth, 13 September 2007

ASX Additional Information as at 12 September 2007

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Twenty largest shareholders

Name	Number of ordinary shares held	%
Karrad Pty Ltd	4,918,674	9.75%
J P Morgan Nominees Australia Limited	3,144,419	6.23%
Citicorp Nominees Pty Limited (CFS Future Leaders Fund A/C)	2,175,538	4.31%
Adventure Holdings Pty Ltd	1,964,467	3.89%
Citicorp Nominees Pty Limited (CFSIL CFS WS Small Comp A/C)	1,454,871	2.88%
Argo Investments Limited	1,439,497	2.85%
Cogent Nominees Pty Limited	1,231,029	2.44%
Citicorp Nominees Pty Limited (CFS Developing Companies A/C)	931,955	1.85%
Fleetwood Retirement Fund Pty Ltd	924,439	1.83%
RBC Dexia Investor Services Australia Nominees Pty Limited (GSJBW A/C)	908,313	1.80%
National Nominees Limited	892,580	1.77%
Citicorp Nominees Pty Limited	823,165	1.63%
RBC Dexia Investor Services Australia Nominees Pty Limited (PIIC A/C)	776,050	1.54%
Queensland Investment Corporation	663,341	1.31%
Kevin Edward O'Brien	576,500	1.14%
Thomas Joseph Falvey	534,706	1.06%
RBC Dexia Investor Services Australia Nominees Pty Limited (PIPOOLED A/C)	508,651	1.01%
ANZ Nominees Limited (Cash Income A/C)	503,118	1.00%
The Australian National University	500,000	0.99%
Mirrabooka Investments Limited	406,170	0.81%
	25,277,483	50.11%

Substantial shareholders

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

Name		
Greg Tate	6,251,199	12.39%
Citicorp Nominees Pty Limited	5,517,846	10.94%
Stephen Gill	2,915,744	5.78%
RBC Dexia Investor Services Australia Nominees Pty Limited	2,675,252	5.30%

Distribution of equity security holders

Category	Number of shareholders
1 -1,000	3,009
1,001 - 5,000	4,264
5,001 - 10,000	560
10,001 - 100,000	260
100,001 and over	39
	8,132
Shareholders holding less than a marketable parcel	118

Voting rights of shareholders

On a show of hands, every member in person or by proxy shall have one vote. Upon a poll, voting rights of such members shall be one vote for each share held.

On market buy-back

There is no current on market buy-back.

Other information

Fleetwood Corporation Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.



21 Regal Place, East Perth WA 6004

Tel 08 9323 3300

Fax 08 9202 1106

info@fleetwood.com.au

www.fleetwood.com.au