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## **Interim Financial Report**

**Half Year Ended 31 December 2010**



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

**Appendix 4D**  
**Half Year Ended 31 December 2010**

**Results for Announcement to the Market**

	<b>Change %</b>		<b>Amount \$'000</b>
Revenue from ordinary activities	up 74%	to	<b>226,599</b>
Profit from ordinary activities after tax attributable to members	up 45%	to	<b>24,418</b>
Net Profit attributable to members	up 45%	to	<b>24,418</b>

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked % per security</b>
Interim dividend	32 ¢	100%
Previous corresponding period	30 ¢	100%
Record date for determining entitlements to the interim dividend	9 March 2011	
Date the interim dividend is payable	31 March 2011	

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**For enquiries please contact:**

Brad Denison  
Chief Financial Officer  
T: 08-9323 3300  
E: BradD@Fleetwoodcorp.com.au



## Directors' Report

The Directors present their report together with consolidated financial statements for the half-year ended 31 December 2010.

### Directors and Executive Officers

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

Michael Hardy	Chairman, Non-executive
Greg Tate	Non-executive (Executive until 31 December 2010)
Stephen Gill	Non-executive
Peter Gunzburg	Non-executive

The Executive Officers of the company are:

Stephen Price	Chief Executive Officer
Brad Denison	Chief Financial Officer

## Review of Trading Results

### Financial Overview

- Revenue up 74% to \$226.6m
- EBITDA up 44% to \$42.8m
- EBIT up 53% to \$35.9m
- Operating profit after tax up 45% to \$24.4m
- Earnings per share up 36% to 43.3 cents

BRB Modular was acquired on 10 August 2010. During the period, it contributed \$47.6m in revenue and \$4.6m in EBIT.

## Recreational Vehicles

\$ million	2010	2009	% Chg
Revenue	91.9	74.0	24.2%
EBIT	10.2	6.7	52.2%
EBIT Margin	11.1%	9.1%	

Revenue and EBIT continued to benefit from improving market conditions during the period.

Caravan production has increased. Outstanding sales orders remain at high levels.

The division is implementing a number of business improvement initiatives focussing on production processes and technologies, new products, and further development of supply sources in Asia.

## Manufactured Accommodation

\$ million	2010	2009	% Chg
Revenue	134.3	55.9	140.3%
EBIT	27.3	17.8	53.4%
EBIT Margin	20.3%	31.8%	

Revenue was significantly higher than the previous corresponding period driven by increased manufacturing activity for the resources sector in Western Australia, and a part-period contribution from BRB Modular, which was acquired on 10 August 2010.

The higher revenue resulted in a significant increase in EBIT, however as manufacturing activity represented a larger proportion of revenue, EBIT margin was lower.

Searipple Village in Karratha continued to experience high occupancy levels during the period, which resulted in earnings that were in line with the previous year.

Revenue and EBIT for BRB Modular were in line with expectations.

The integration of BRB Modular into the group, and the development of the opportunities to sell BRB Modular products on the west coast and Fleetwood products on the east coast is progressing as planned.

## **Dividends**

A fully franked interim dividend of 32 cents per share will be paid on 31 March 2011. The interim dividend represents a 7% increase compared to last year.

While the interim dividend has been maintained at a conservative level, subject to profitability of the company and capital expenditure opportunities that may arise, the directors will reconsider dividend policy in light of the contribution from BRB Modular for the final dividend for 2011.

The company's Dividend Reinvestment Plan will be available for the interim dividend at a reinvestment discount of 2.5%.

## **Outlook**

The Queensland floods and cyclone Yasi are not expected to have a significant impact on the group's earnings.

The Recreational Vehicles Division is expected to continue to benefit from strong industry demand and the implementation of a number of business improvement initiatives.

The Manufactured Accommodation Division is also expected to benefit from strong industry demand, particularly from the resources sector. The Federal Government's Building the Education Revolution (BER) programme is expected to come to an end in June 2011. BRB Modular is pursuing other market sectors to supplement underlying demand for its products, including the Queensland resources sector.

Results for Searipple Village are affected by resource project activity around Karratha. The current term of the accommodation services agreement with Woodside extends until 30 June 2011. Woodside has options to further extend the term in 6 month intervals. Fleetwood maintains a positive outlook for Searipple and intends to use any period of lower occupancy to upgrade facilities.

Fleetwood continues to look for new avenues for growth, which can include acquisition opportunities.

## **Auditor's Independence Declaration**

Section 307C of the Corporations 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 15.

## **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 Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Michael Hardy', written over a circular stamp or seal.

**Michael Hardy**  
**Chairman**

Perth, 23 February 2011

**Fleetwood Corporation Limited**  
**Condensed Consolidated Statement of Comprehensive Income**  
**Half Year Ended 31 December 2010**



	2010 \$ '000	2009 \$ '000
Revenue	226,599	130,068
Materials used	(96,508)	(57,966)
Sub-contract costs	(33,769)	(8,179)
Employee benefits expense	(36,204)	(24,394)
Rent expense	(5,398)	(3,356)
Other expenses	(11,940)	(6,362)
<b>Profit before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>42,780</b>	<b>29,811</b>
Depreciation and amortisation	(6,873)	(6,281)
<b>Profit before interest and tax (EBIT)</b>	<b>35,907</b>	<b>23,530</b>
Finance costs	(794)	(301)
<b>Profit before income tax expense</b>	<b>35,113</b>	<b>23,229</b>
Income tax expense	(10,695)	(6,429)
<b>Profit attributable to members of the parent entity</b>	<b>24,418</b>	<b>16,800</b>
<b>Other comprehensive income</b>		
Net exchange difference relating to foreign controlled entities	(474)	37
<b>Total comprehensive income attributable to members of the parent entity (net of tax)</b>	<b>23,944</b>	<b>16,837</b>
<b>Earnings per share</b>		
Basic earnings per share (cents)	43.3	31.8
Diluted earnings per share (cents)	42.3	31.4

Notes to the financial statements commence on page 11.

**Fleetwood Corporation Limited**  
**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2010**



	Note	31 Dec 2010 \$ '000	30 Jun 2010 \$ '000
<b>Current assets</b>			
Cash and cash equivalents		19,588	15,599
Trade and other receivables		59,395	40,489
Inventories		54,702	37,485
Other financial assets		-	202
<b>Total current assets</b>		<u>133,685</u>	<u>93,775</u>
<b>Non-current assets</b>			
Trade and other receivables		28	30
Property, plant and equipment		84,147	84,405
Intangible assets		2,502	2,743
Goodwill	6	64,436	28,311
Deferred tax assets		4,136	1,237
<b>Total non-current assets</b>		<u>155,249</u>	<u>116,726</u>
<b>Total assets</b>		<u>288,934</u>	<u>210,501</u>
<b>Current liabilities</b>			
Trade and other payables		53,078	40,728
Interest bearing liabilities	7	27,489	-
Tax liabilities		6,693	7,279
Provisions		6,221	2,918
<b>Total current liabilities</b>		<u>93,481</u>	<u>50,925</u>
<b>Non-current liabilities</b>			
Interest bearing liabilities	7	1,080	-
Provisions		3,000	2,703
<b>Total non-current liabilities</b>		<u>4,080</u>	<u>2,703</u>
<b>Total liabilities</b>		<u>97,561</u>	<u>53,628</u>
<b>Net assets</b>		<u>191,373</u>	<u>156,873</u>
<b>Equity</b>			
Issued capital		158,128	125,780
Reserves		(1,123)	(447)
Retained earnings		34,368	31,540
<b>Total equity</b>		<u>191,373</u>	<u>156,873</u>

Notes to the financial statements commence on page 11.

**Fleetwood Corporation Limited**  
**Condensed Consolidated Statement of Changes in Equity**  
**Half Year Ended 31 December 2010**



	Issued capital \$ '000	Cash flow hedging reserve \$ '000	Foreign currency translation reserve \$ '000	Retained earnings \$ '000	Total \$ '000
Balance at 1 July 2009	114,637	-	(737)	27,849	141,749
Profit for the period	-	-	-	16,800	16,800
Exchange differences arising on translation of foreign operations	-	-	37	-	37
<b>Total comprehensive income for the period</b>	-	-	37	16,800	16,837
Dividends paid to equity holders	4,033	-	-	(18,942)	(14,909)
Share-based payments	480	-	-	-	480
Shares issued pursuant to employee and executive option plans	30	-	-	-	30
<b>Balance at 31 December 2009</b>	<b>119,180</b>	<b>-</b>	<b>(700)</b>	<b>25,707</b>	<b>144,187</b>
Balance at 1 July 2010	125,780	202	(649)	31,540	156,873
Profit for the period	-	-	-	24,418	24,418
Exchange differences arising on translation of foreign operations	-	-	(474)	-	(474)
<b>Total comprehensive income for the period</b>	-	-	(474)	24,418	23,944
Settlement of cash flow hedges	-	(202)	-	-	(202)
Dividends paid to equity holders	4,068	-	-	(21,590)	(17,522)
Share-based payments	606	-	-	-	606
Shares issued pursuant to employee and executive option plans	2,849	-	-	-	2,849
Shares issued as consideration for business combination	24,825	-	-	-	24,825
<b>Balance at 31 December 2010</b>	<b>158,128</b>	<b>-</b>	<b>(1,123)</b>	<b>34,368</b>	<b>191,373</b>

Notes to the financial statements commence on page 11.

**Fleetwood Corporation Limited**  
**Condensed Consolidated Statement of Cash Flows**  
**Half Year Ended 31 December 2010**



	Note	2010 \$ '000	2009 \$ '000
<b>Cash flows from operating activities</b>			
Receipts in the course of operations		247,385	154,909
Payments in the course of operations		(220,790)	(114,769)
Interest received		260	119
Income taxes paid		(10,719)	(8,318)
Finance costs		(794)	(301)
<b>Net cash provided by operating activities</b>		<u>15,342</u>	<u>31,640</u>
<b>Cash flows from investing activities</b>			
Acquisition of business	8	(19,805)	-
Proceeds from sale of property, plant and equipment		75	28
Acquisition of property, plant and equipment		(3,100)	(7,440)
<b>Net cash used in investing activities</b>		<u>(22,830)</u>	<u>(7,412)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2,849	30
Proceeds from borrowings		27,000	-
Repayment of borrowings		(609)	(9,000)
Dividends paid		(17,522)	(14,909)
<b>Net cash used in financing activities</b>		<u>11,718</u>	<u>(23,879)</u>
<b>Net increase in cash held</b>		4,230	349
<b>Cash and cash equivalents at the beginning of the financial period</b>		15,599	6,018
Effects of exchange rate changes on the balance of cash held in foreign currencies		(241)	13
<b>Cash and cash equivalents at the end of the period</b>		<u>19,588</u>	<u>6,380</u>

Notes to the financial statements commence on page 11.

**1. Significant accounting policies**

**Statement of compliance**

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

**Basis of preparation**

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

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

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. The adoption of these amendments has not resulted in any changes to the Group's accounting policies and have no impact on the amounts reported for the current or prior periods.

**Reporting period**

The reporting period is the six months to 31 December 2010 and the previous corresponding period is the six months to 31 December 2009.

**2. Issued capital**

**Issued and paid-up capital**

57,281,484 (30 June 2010: 53,967,182) ordinary shares, fully paid.

On 30 September 2010, 415,955 (30 September 2009: 552,467) shares were issued at a price of \$9.78 per share pursuant to the Company's Dividend Reinvestment Plan.

During the period 398,347 (2009: 5,519) shares were issued as a result of the exercise of options pursuant to the Employee Share Option Plan and Executive Share Option Plan.

On 18 August 2010, the settlement of a business combination required the issuance of 2,500,000 fully paid ordinary shares. The deemed value of each share is \$9.93. The shares are subject to an escrow period of 12 months.

**3. Dividends**

On 30 September 2010 a final dividend of 38 cents per share was paid relating to the year ended 30 June 2010.

	2010		2009	
	Cents per share	\$ '000	Cents per share	\$ '000
<b>Recognised amounts</b>				
Final dividend	38	21,590	36	18,942
	38	21,590	36	18,942

Subsequent to 31 December 2010 the directors declared a fully franked interim dividend of 32 cents per share to the holders of fully paid ordinary shares. The dividend will be paid on 31 March 2011. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$18,330,075.

The last date for receipt for an election notice for participation in the Dividend Reinvestment Plan is 9 March 2011.

**4. Net tangible assets per security**

	2010	2009
Net tangible assets per security	\$2.10	\$2.12

## 5. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The following is an analysis of the Group's revenue and results by reportable operating segment:

	Segment Revenue		Segment Depreciation and Amortisation		Segment Result (EBIT)	
	2010	2009	2010	2009	2010	2009
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Recreational Vehicles	91,886	74,011	1,351	1,640	10,232	6,698
Manufactured Accommodation	134,327	55,903	5,404	4,510	27,290	17,780
Unallocated	386	154	118	131	(1,615)	(948)
	<b>226,599</b>	<b>130,068</b>	<b>6,873</b>	<b>6,281</b>	<b>35,907</b>	<b>23,530</b>
Finance costs					(794)	(301)
<b>Profit before income tax expense</b>					<b>35,113</b>	<b>23,229</b>
Income tax expense					(10,695)	(6,429)
<b>Net profit attributable to members of the parent entity</b>					<b>24,418</b>	<b>16,800</b>

Segment result represents the earnings before interest and tax of each segment without the allocation of corporate overheads. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

	31 Dec 2010	30 Jun 2010
	\$ '000	\$ '000
Recreational Vehicles	91,061	93,288
Manufactured Accommodation	187,970	93,455
<b>Total segment assets</b>	<b>279,031</b>	<b>186,743</b>
Unallocated assets	9,903	23,758
<b>Total assets</b>	<b>288,934</b>	<b>210,501</b>

## 6. Goodwill

	Half Year Ended	
	31 Dec 2010	31 Dec 2009
	\$ '000	\$ '000
Balance at beginning of interim period	28,311	28,311
Additional amounts recognised from business combinations occurring during the period	36,125	-
	<b>64,436</b>	<b>28,311</b>

**Fleetwood Corporation Limited**  
**Notes to the Financial Statements**  
**Half Year Ended 31 December 2010**



**7. Borrowings**

The proceeds from bank loans have been used to finance the acquisition of BRB Modular. Bank loans bear interest at variable market rates and are repayable within one year.

	<b>31 Dec 2010 \$ '000</b>	<b>30 Jun 2010 \$ '000</b>
<b>Current</b>		
Bank Loans - Secured	27,000	-
Hire Purchase Liabilities	489	-
	<u>27,489</u>	<u>-</u>
<b>Non-Current</b>		
Hire Purchase Liabilities	1,080	-
	<u>1,080</u>	<u>-</u>

**8. Business combination**

Fleetwood Corporation Limited entered into an agreement to purchase all of the issued capital of BRB Modular Pty Ltd (BRB) on 10 August 2010. The acquisition provided an immediate entry into markets in which the Group had not previously been exposed.

The fair value of the identifiable assets and liabilities of BRB at the date of acquisition, the total cost of the acquisition, and the cash flow at acquisition were as follows:

	<b>Carrying Value \$ '000</b>	<b>Fair Value Recognised \$ '000</b>
Cash and cash equivalents	11,716	11,716
Trade and other receivables	11,538	11,306
Inventory	18,470	17,929
Prepayments	674	674
Property, plant and equipment	7,925	7,593
Deferred tax assets	1,300	1,673
Current tax receivable	1,788	1,788
<b>Total assets</b>	<b>53,411</b>	<b>52,679</b>
Trade and other payables	14,266	15,016
Unearned revenue	12,214	12,214
Provisions	2,416	3,250
Finance leased liabilities	2,178	2,178
<b>Total liabilities</b>	<b>31,074</b>	<b>32,658</b>
<b>Fair value of identifiable net assets acquired</b>	<b>22,337</b>	<b>20,021</b>
Fair value of shares issued		24,825
Cash paid		31,321
Direct costs relating to the acquisition (recorded in the income statement)		200
<b>Total cost of the combination</b>		<b>56,346</b>
The cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiary		11,716
Direct costs relating to the acquisition		(200)
Cash paid		(31,321)
<b>Net consolidated cash outflow</b>		<b>(19,805)</b>

The acquired business contributed revenues of \$47,584,547 and net profit after tax of \$3,184,153 to the Group for the period 10 August 2010 to 31 December 2010.

Goodwill acquired is represented as the difference between the purchase consideration and the fair value of identifiable net assets.

## Directors' Declaration

The directors declare that:

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

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

On behalf of the Directors



**Michael Hardy**  
**Chairman**

Perth, 23 February 2011

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

23 February 2011

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 2010, 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*

DELOITTE TOUCHE TOHMATSU

*Kathleen Bozanic*

**Kathleen Bozanic**

Partner  
Chartered Accountants  
Perth, WA

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

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Fleetwood Corporation Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 14.

### *Directors' Responsibility for the Half-Year Financial Report*

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

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Fleetwood Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Fleetwood Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Kathleen Bozanic*

Kathleen Bozanic  
Partner  
Chartered Accountants  
Perth, 23 February 2011