



ANNUAL REPORT 2005

Corporate Directory

Directors

Stephen Gill
Peter Gunzburg
Michael Hardy
Robert McKinnon
Greg Tate

Company Secretary

Bradley Denison

Auditor

Deloitte Touche Tohmatsu

Banker

Westpac Banking Corporation

Registered Office

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

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
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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”.

Board of Directors



Peter Gunzburg
Non - Executive Chairman

Bachelor of Commerce
Age 53, lives in Perth
Appointed to the board in 2002, Peter has over 20 years experience as a stockbroker. Peter was previously a director of Resolute Ltd, the Australian Stock Exchange Ltd, Eyres Reed Ltd and CIBC World Markets Australia Ltd. He is also the Chairman of public companies Eurogold Limited (appointed 2001) and PieNetworks Limited (appointed 2002).



Michael Hardy
Non - Executive Director

B Juris LLB BA
Age 52, lives in Perth
Appointed to the board in January 2005, Michael was a partner of Clayton Utz (formerly Robinson Cox), lawyers, from 1983 to 2002 before commencing the firm of Hardy Bowen in July 2002.



Greg Tate
Managing Director, Executive Director

Bachelor of Commerce
Associate of the Institute of Chartered Accountants
Age 53, lives in Perth

Joined the board as a founding director in 1987 and was appointed Managing Director in 1990. Greg was a founding partner of a Chartered Accountancy firm in Western Australia prior to commencing with Fleetwood and prior to commencing practice was employed in Australia and the USA by an international accountancy firm.



Robert McKinnon
Non - Executive Director

Age 55, lives in Perth
Fellow Certified Practising Accountant
Fellow of the Australian Institute of Company Secretaries

Before joining the Board in July 2005 Robert was employed by Austal Limited as General Manager and Executive Director (1999 to 2000) and then Managing Director (2000 to 2005). Prior to joining Austal he had a long career with Capral Aluminium during which he held senior positions in finance, distribution and manufacturing operations.



Stephen Gill
Marketing Director, Executive Director

Age 53, lives in Perth
Steve was appointed as director in 1990 and has been employed by Fleetwood in senior sales and management roles since 1975.



Bradley Denison
Company Secretary

Bachelor of Commerce
Certified Practising Accountant
Age 33, lives in Perth

Bradley was appointed Secretary in 2004 and has been employed by the company in senior finance roles since 1987. Prior to joining Fleetwood Bradley was employed by Cockburn Corporation Ltd as Group Accountant.

Financial Overview

\$ Million (unless stated)	2005	2004	2003	2002	2001
Revenue	298.5	259.9	191.4	166.7	116.7
Earnings before interest, tax, depreciation and amortisation (EBITDA)	45.0	39.1	25.0	19.5	16.1
Depreciation and amortisation	5.9	5.8	4.7	4.7	5.0
Earnings before interest, tax and goodwill amortisation (EBITA)	39.1	33.3	20.3	14.8	11.1
Goodwill amortisation	1.7	1.8	1.4	1.4	1.3
Earnings before interest and tax (EBIT)	37.4	31.5	18.9	13.4	9.8
Borrowing costs	1.3	2.1	2.3	2.2	2.9
Income tax expense	11.0	9.1	5.4	3.6	2.4
Operating profit after tax	25.1	20.2	11.2	7.6	4.4
Interest cover (times)	31.0	15.9	8.7	6.6	3.8
Earnings per share (cents)	54.6	44.8	29.1	20.9	12.8
Dividends per share (cents)	60.0	18.0	14.0	13.0	12.0
Assets	169.1	165.8	148.1	112.4	111.8
Debt	22.0	27.5	29.2	33.3	42.3
Shareholders funds	105.2	96.4	80.3	48.4	43.8
Debt / Shareholders funds %	20.9%	28.6%	36.4%	68.7%	96.4%
Cash flows from operations	20.0	18.9	17.6	24.2	2.6
Number of shares on issue (million)	46.3	45.5	44.5	36.8	35.7
Market capitalisation	287.3	348.2	181.7	93.8	45.0
Employees (number)	984	1,004	769	648	619

Recreational Vehicles



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



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



Caravan manufacturer headquartered in Melbourne. Distributing caravans, campers and pop-tops 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.

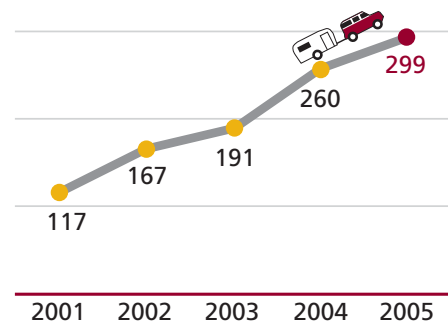
Manufactured Accommodation



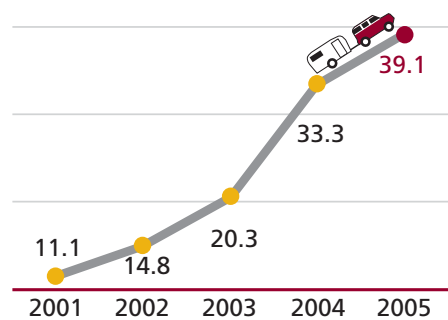
Portable accommodation providers to the construction and resource industries in Australia. Headquartered in Perth with operations in Adelaide, Darwin and Alice Springs.

Park home and transportable home manufacturer in Western Australia and Victoria. Providing homes for retirement, recreation and resource development.

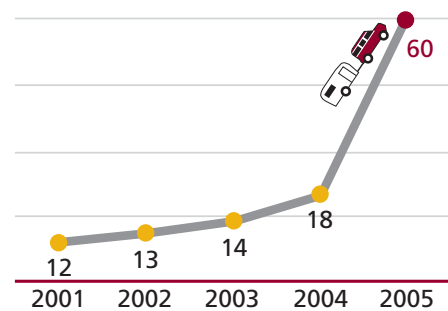
Revenue (\$millions)



EBITA (\$millions)

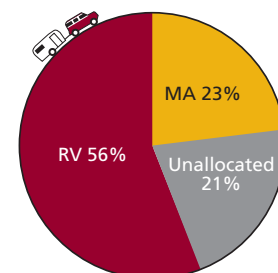


Dividends per share (cents)



EBITA Analysis

■ Recreational Vehicles
■ Manufactured Accommodation
■ Unallocated



Managing Director's Review

Following several years of successful profit growth the focus during 2005 was on rationalising the group's operations to provide an efficient framework to capitalise on the anticipated growth opportunities ahead. Despite the impact of this rationalisation, Fleetwood generated a record result with operating profit increasing by 24% to \$25.1 million.

Performance

Revenue increased 15% to \$299m
EBITDA increased 15% to \$45.0m
EBITA increased 17% to \$39.1m
EBIT increased 19% to \$37.4m
Operating profit after tax increased 24% to \$25.1m

Rationalisation

In July 2004 the Parks division was sold to the Aspen Group for \$28 million.

The sale generated \$7.7m in profit enabling capital expenditure in areas expected to achieve a higher rate of return, in particular the transportable accommodation rental fleet and caravan manufacturing facilities.

Rationalisation also included cessation of the campervan hire business to enable greater management focus on growth businesses.

Further rationalisation includes combining Fleetwood Portables, Fleetwood Durabuilt and Rainbow Transportable Homes into one operating entity to be known simply as "Fleetwood".

Increased Manufacturing Capacity

Caravan manufacturing capacity was increased from 50 to 90 units per week. This provides an opportunity to take advantage of growing demand for caravans among "baby boomer" retirees entering the market over the next five years.

Dividends

A fully franked final dividend of 12 cents plus a fully franked special dividend of 20 cents will be paid.

Subject to profitability and acquisition opportunities, further fully franked special dividends of 20 cents per share will be paid for each interim and final dividend for the next three years, a total of \$1.20 per share.

Our People

Rationalisation and expansion has made this a particularly challenging year. The Fleetwood team embraced these changes and again performed above expectation. On behalf of the Directors and Fleetwood shareholders I thank them all for a job well done.

Outlook

We are confident that a sound platform for significant future growth will be provided by the anticipated strong demand within the markets in which the group operates. In particular, demographic factors relating to the ageing population will continue to fuel demand for recreational vehicles and park homes. In addition, the strength of the resource industry will continue to be extremely favourable for sales of our manufactured accommodation specifically designed to meet the needs of this sector.

Manufactured Accommodation

Performance

Revenue increased **26%** to **\$102m**
EBITDA increased **15%** to **\$12.9m**
EBITA increased **13%** to **\$9.0m**

Overview

The manufactured accommodation segment is positioned in two of Australia's fastest growing industries.

The dramatic upswing in the resource sector has provided a horizon of potential accommodation projects and tendering activity is very strong.

The aging population in Australia is providing a solid market for affordable retirement housing and Fleetwood has an order book to take the business through to 2007. Future projects currently in various stages of approval provide significant upside potential to Fleetwood's future earnings.

Developments

Consolidation of the Fleetwood Portables and Fleetwood Durabuilt operations is nearing completion with occupancy at the new site expected by the end of October 2005. These relocations will result in management efficiencies and an increase in capacity.

The Fleetwood owned Searipple Village in Karratha was expanded during the year and is currently housing approximately 700 personnel. Occupancy rates are expected to be maintained as construction activity on various projects continues.

During the year, Fleetwood completed a 1,000 person accommodation village for the BHP Billiton Ravensthorpe Nickel Project. The \$22 million contract comprised a sales component which is complete and a rental component which will continue for approximately 2 years.

Since acquiring Rainbow Transportable Homes in Victoria larger premises have been commissioned allowing for increased production capacity to meet client demand.

Outlook

Strong demand for resources and energy offers encouraging medium to long term growth prospects.

Affordable housing for retirees is a major issue facing Australia. Fleetwood's park home and transportable housing products are a proven fit for this market and demand is expected to grow as the population ages.



Recreational Vehicles

Performance

Revenue decreased 1% to **\$168m**
EBITDA decreased 2% to **\$23.8m**
EBITA decreased 4% to **\$21.9m**

Overview

Revenue after removing the effect of the discontinuation of campervan hire operations increased by 3.2%.

Product development was a major focus for Coromal and a number of new models were welcomed by dealers. With increased focus on efficiencies and innovation Coromal continues to grow its market share. Labour issues caused Windsor Caravans to incur additional expenses in meeting dealer orders during the year however experience gained at Coromal has enabled these issues to be successfully resolved.

Camec has now opened three purpose built warehouse style caravan parts and accessories stores strategically located in Queensland, NSW and Serada in NZ. These stores specifically designed to be customer friendly have essentially made our trade warehouses accessible to the public and increased sales have resulted for each location.

Production capacity at Flexiglass Challenge increased to provide additional product for caravan manufacturing.

Developments

Following the implementation of a new business management IT system, Coromal is focusing on improved purchasing and labour efficiencies. These are currently offsetting increases in the cost of raw materials.

Outlook

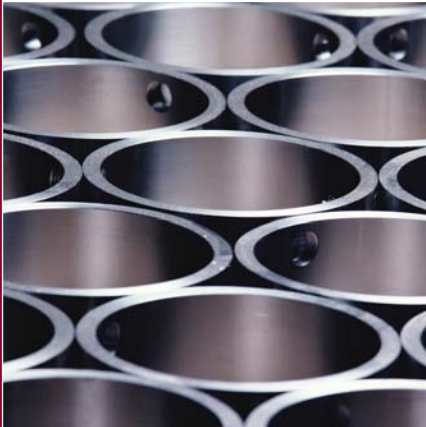
Retiree demand for caravans remains strong and increased production capacity at Coromal and Windsor will result in increased profits and reduced lead times. Camec who is a major supplier to manufacturers in the industry will also benefit.

Demand for Recreational Vehicles in Australia continues to grow with industry estimates of 10% growth in the coming year. This growth is predominately driven by the "baby boomers" whose numbers are not expected to peak until the year 2008.





COROMAL
CARAVANS



 **Fleetwood**



Windsor
CARAVANS



FLEXIGLASS *Challenge*
PTY LTD.

Fleetwood Financial Report
2005

Statement of financial performance

Fleetwood Corporation Limited

Year ended 30 June 2005

	Note	Consolidated		Company	
		2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
Revenue from sale of goods	3	255,115	231,104	143	53
Revenue from rental	3	6,684	20,126	570	330
Other revenue	3	36,780	8,629	28,965	8,833
Total revenue		298,579	259,859	29,678	9,216
Materials used		(117,354)	(110,489)	-	-
Sub-contractor costs		(37,730)	(31,668)	-	-
Employee expenses		(45,862)	(45,112)	(2,125)	(1,343)
Operating leases		(4,694)	(7,883)	(207)	(178)
Written down value of assets disposed		(26,430)	(7,731)	(151)	(141)
Write-off of intercompany loan account		-	-	(909)	-
Audit fees		(100)	(88)	(100)	(88)
Directors fees		(107)	(210)	(107)	(210)
Other expenses from ordinary activities		(21,272)	(17,568)	(1,794)	(171)
Profit before interest, tax, depreciation and amortisation (EBITDA)		45,030	39,110	24,285	7,085
Depreciation and amortisation expense	4	(5,938)	(5,834)	(169)	(128)
Profit before interest, tax and goodwill amortisation (EBITA)		39,092	33,276	24,116	6,957
Goodwill amortisation	4	(1,697)	(1,812)	(23)	(148)
Profit before interest and tax (EBIT)		37,395	31,464	24,093	6,809
Borrowing costs	4	(1,263)	(2,095)	(904)	(360)
Profit from ordinary activities before income tax expense		36,132	29,369	23,189	6,449
Income tax expense relating to ordinary activities	5	(11,003)	(9,123)	225	(527)
Net profit attributable to members of the parent entity	24	25,129	20,246	23,414	5,922
Net exchange difference relating to foreign controlled entities	23	(81)	35	-	-
Total changes in equity other than those resulting from transactions with owners as owners		25,048	20,281	23,414	5,922
Earnings per share					
Basic earnings per share (cents)	8	54.6	44.9		
Diluted earnings per share (cents)	8	54.2	43.9		

To be read in conjunction with the accompanying notes.

Statement of financial position

Fleetwood Corporation Limited

As at 30 June 2005

	Note	Consolidated		Company	
		2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
Current assets					
Cash assets	9	3,506	2,197	2,595	1,255
Receivables	10	35,138	36,666	277	502
Inventories	11	32,851	28,389	-	-
Total current assets		71,495	67,252	2,872	1,757
Non-current assets					
Receivables	10	120	168	-	-
Property, plant and equipment	12	69,319	67,788	8,283	4,560
Intangible assets	13	27,075	29,656	210	1,081
Deferred tax assets		1,131	972	1,126	969
Other financial assets	14	-	-	10,220	11,934
Other	15	-	-	90,205	86,676
Total non-current assets		97,645	98,584	110,044	105,220
Total assets		169,140	165,836	112,916	106,977
Current liabilities					
Payables	16	29,533	32,438	677	469
Interest bearing liabilities	17	-	197	-	-
Current tax liabilities		7,260	2,766	7,329	2,434
Provisions	20	2,421	2,453	381	405
Total current liabilities		39,214	37,854	8,387	3,308
Non-current liabilities					
Interest bearing liabilities	17	22,000	27,347	22,000	26,750
Deferred tax liabilities		1,851	3,417	1,836	3,414
Provisions	20	873	786	319	267
Total non-current liabilities		24,724	31,550	24,155	30,431
Total liabilities		63,938	69,404	32,542	33,739
Net assets		105,202	96,432	80,374	73,238
Equity					
Contributed equity	22	70,506	68,791	70,506	68,791
Reserves	23	137	218	-	-
Retained profits	24	34,559	27,423	9,868	4,447
Total equity		105,202	96,432	80,374	73,238

To be read in conjunction with the accompanying notes.

Statement of cash flows

Fleetwood Corporation Limited
Year ended 30 June 2005

Note	Consolidated		Company	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
Cash flows from operating activities				
	289,010	271,157	843	402
Receipts in the course of operations				
Payments in the course of operations	(259,893)	(242,308)	(4,001)	(1,932)
Interest received	365	274	313	244
Income taxes paid	(8,234)	(8,132)	(560)	(4)
Borrowing costs paid	(1,263)	(2,095)	(904)	(360)
Net cash provided by (used in) operating activities	19,985	18,896	(4,309)	(1,650)
Cash flows from investing activities				
Acquisition of entities	-	(7,075)	-	-
Proceeds from sale of non-current assets	8,304	8,356	172	102
Acquisition of property, plant and equipment	(32,149)	(22,502)	(4,043)	(2,649)
Proceeds on sale of investment	-	307	-	307
Payment for intangible assets	(1,128)	-	-	-
Proceeds on sale of subsidiary company	28,111	-	28,111	-
Net cash provided by (used in) investing activities	3,138	(20,914)	24,240	(2,240)
Cash flows from financing activities				
Proceeds from issue of shares	1,715	685	1,715	685
Repayment of borrowings	(5,544)	(1,348)	(4,750)	(1,250)
Dividends paid	(17,993)	(4,828)	(17,993)	(4,828)
Loans to controlled entities	-	-	2,437	1,258
Net cash used in financing activities	(21,822)	(5,491)	(18,591)	(4,135)
Net increase (decrease) in cash held	1,301	(7,509)	1,340	(8,025)
Cash at the beginning of the financial year	2,197	9,690	1,255	9,280
Effect of exchange rate changes on the balance of cash held in foreign currencies	8	16	-	-
Cash at the end of the financial year	3,506	2,197	2,595	1,255

To be read in conjunction with the accompanying notes.

Notes to the financial statements

Fleetwood Corporation Limited
Year ended 30 June 2005

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 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, and the Corporations Act 2001. It 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.

1.2 Principles of consolidation

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

1.3 Revenue recognition

Revenues are recognised at the fair value of consideration received net of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of goods

Revenue from the sale of goods is recognised when control of the goods passes to the buyer.

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 expensed as incurred. Where it is probable costs will not be recovered, revenue is only recognised to the extent recoverable. An expected loss is recognised immediately as an expense.

Rental income

Rental income is recognised on an accrual basis.

Interest revenue

Interest revenue is recognised on an accrual basis, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Dividends

Revenue from dividends and distributions from controlled entities is recognised by the parent entity when they are declared by the controlled entities. Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised as revenue.

1.4 Goods and services tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1.5 Taxation

The consolidated entity adopts the liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a deferred tax liability.

Future income tax benefits relating to timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.

1.6 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 statement of financial performance in the financial year in which the exchange rates change.

Translation of controlled foreign operations

The assets and liabilities of foreign operations, including controlled entities that are self-sustaining 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 translation reserve until disposal or partial disposal of the operations, where they are transferred to retained earnings.

1.7 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.

Expenditure, including that on internally generated assets other than research and 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 in excess of the originally assessed performance of the asset will flow to the consolidated entity. Costs that do not meet the criteria for capitalisation are expensed as incurred.

1.8 Receivables

Trade debtors and other receivables are recorded at amounts due less any allowance for doubtful debts.

1.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on the 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.

1.10 Recoverable amount of non-current assets

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to its recoverable amount. The write-down is recognised as an expense in the reporting period in which it occurs. Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated.

1.11 Investments

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

1.12 Leased assets

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

Finance leases

Finance leases are capitalised. Lease assets and lease liabilities equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Operating leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.13 Goodwill

Goodwill, representing the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired is amortised on a straight line basis over the period of time during which benefits are expected to arise which is currently twenty years. The unamortised balance of goodwill is reviewed at least annually. Where the balance exceeds the value of expected future benefits, the difference is charged to the statement of financial performance.

1.14 Depreciation and amortisation

All assets have limited useful lives and are depreciated/amortised using the straight-line method over their estimated useful lives. Finance lease assets are amortised over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset. Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods 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:

	2005	2004
Buildings	2.5%	2.5%
Leasehold improvements	4% - 25%	4% - 25%
Plant and equipment	2.5% - 40%	2.5% - 40%
Leased plant & equipment	15%	15%

1.15 Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, regardless of whether they have been billed to the Company or consolidated entity. Trade accounts payable are normally settled within 60 days.

1.16 Interest bearing liabilities

Bank loans are recognised at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in "Other creditors and accruals".

1.17 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 the reporting date.

Share option plans

The Company has granted options to employees under share option plans. Other than the costs incurred in administering the schemes, which are expensed as incurred, the schemes do not result in any expense to the consolidated entity. Options issued under the plans are treated as capital contributions when they are exercised.

Superannuation plan

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

2 Tax consolidation

The company and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes and have elected to be taxed as a single entity from 1 July 2003. The Australian Taxation Office has been formally notified on the adoption of the tax consolidation system. 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-sharing agreement with the head entity, Fleetwood Corporation Limited and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to the head entity. These payments are settled via intercompany loan accounts. The effect of this change is that all current and deferred tax balances are shown in the Company's statement of financial position.

Consolidated		Company	
2005	2004	2005	2004
\$ '000	\$ '000	\$ '000	\$ '000

3 Revenue from ordinary activities

Operating revenue

Sale of goods	255,115	231,104	143	53
Rentals	6,684	20,126	570	330
Dividends from related parties	-	-	28,479	4,864
Interest:				
Related parties	-	-	-	3,626
Other parties	365	273	313	241

Non-operating revenue

Gross proceeds from sale of non-current assets	36,415	8,356	173	102
Total revenue from ordinary activities	298,579	259,859	29,678	9,216

4 Profit from ordinary activities before income tax expense

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

Cost of sales	193,624	169,254	-	-
Depreciation and amortisation of:				
buildings	55	73	55	20
plant and equipment	5,565	5,422	114	108
leased plant & equipment	8	139	-	-
leasehold improvements	9	200	-	-
product development	301	-	-	-
	5,938	5,834	169	128
Amortisation of goodwill	1,697	1,812	23	148
Total depreciation and amortisation	7,635	7,646	192	276
Borrowing costs:				
bank loans and overdraft	1,247	2,012	904	360
finance charges on capitalised leases	16	83	-	-
	1,263	2,095	904	360
Net bad and doubtful debts	444	336	-	3
Net foreign exchange gain	(86)	(99)	-	-
Operating lease rentals	4,694	7,883	113	178
Net (gain) loss on disposal of property, plant and equipment	(9,985)	(625)	(21)	39
Research and development costs	-	901	-	-

Consolidated		Company	
2005	2004	2005	2004
\$ '000	\$ '000	\$ '000	\$ '000

5 Taxation

Income tax expense

Prima facie income tax expense calculated at 30% (2004: 30%) on the profit from ordinary activities

10,840	8,811	6,957	1,935
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Permanent differences:

Depreciation of buildings	6	17	6	6
Amortisation of goodwill	494	544	7	44
Amortisation of leasehold improvements	-	10	-	-
Effect of higher tax rates on overseas income	56	50	-	-
Sundry items	18	11	1	1
Research & development allowance	(82)	(68)	-	-
Non-assessable profit on disposal of property, plant and equipment	(229)	(144)	-	-
Over provision prior year	(100)	(108)	-	-

Impact of the tax consolidation system:

Non-assessable amounts related to transactions within the tax consolidated group	-	-	(7,196)	(1,459)
Initial recognition of deferred tax balances of subsidiaries on implementation of the tax consolidation system	-	-	(104)	2,611
Consideration paid or payable to / from subsidiaries in respect of transferred deferred tax balances	-	-	104	(2,611)
Current and deferred taxes relating to transactions, events and balances of wholly-owned subsidiaries in the tax consolidated group	-	-	(1,714)	244
Net income tax benefit arising under tax sharing agreements with subsidiaries in the tax consolidated group	-	-	1,714	(244)

Income tax expense (benefit) attributable to profit from ordinary activities

11,003	9,123	(225)	527
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6 Dividends

Recognised

Interim 2005 - paid 8.0 cents per share fully franked	3,701	-	3,701	-
Special interim 2005 - paid 20.0 cents per share fully franked	9,251	-	9,251	-
Final 2004 - paid 11.0 cents per share fully franked	5,041	-	5,041	-
Interim 2004 - paid 7.0 cents per share fully franked	-	3,184	-	3,184
Final 2003 - paid 8.5 cents per share fully franked	-	3,797	-	3,797
	17,993	6,981	17,993	6,981

Unrecognised

Final 2005 - 12.0 cents per share fully franked
Special Final 2005 - 20.0 cents per share fully franked

Dividend franking account

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

18,612	13,836	18,612	13,836
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7 Segment information

Business segments

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

Divisions

Recreational Vehicles
Manufactured Accommodation

Products / Services

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

	Segment revenue		Depreciation & amortisation		Earnings before interest, tax & goodwill amortisation (EBITA)	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
Recreational Vehicles	167,505	168,926	3,435	3,046	21,896	22,883
Parks	-	9,829	-	1,030	-	3,946
Manufactured Accommodation	101,921	80,705	4,008	3,294	9,029	7,977
Unallocated	29,153	399	192	276	8,167	(1,530)
	298,579	259,859	7,635	7,646	39,092	33,276
Goodwill amortisation					(1,697)	(1,812)
EBIT					37,395	31,464
Interest expense					(1,263)	(2,095)
Profit from ordinary activities before tax					36,132	29,369
Income tax expense					(11,003)	(9,123)
Profit from ordinary activities after tax					25,129	20,246

	Assets		Acquisitions of non-current assets		Liabilities	
Recreational Vehicles	77,127	75,802	3,240	7,002	18,998	21,915
Parks	-	17,979	-	1,132	-	693
Manufactured Accommodation	79,587	64,566	25,053	17,522	12,398	13,057
Unallocated	12,426	7,489	3,856	2,649	32,542	33,739
	169,140	165,836	32,149	28,305	63,938	69,404

Geographical segments

	Assets		Acquisitions of non-current assets		Segment revenue	
Australia	162,749	159,932	31,690	28,223	285,989	246,140
New Zealand	6,391	5,904	459	82	12,590	13,719
	169,140	165,836	32,149	28,305	298,579	259,859

Consolidated		Company	
2005	2004	2005	2004
\$ '000	\$ '000	\$ '000	\$ '000

8 Earnings per share

Earnings used in the calculation	25,129	20,246		
	Number of shares used			
Basic earnings per share	46,045,434	45,144,295		
Diluted earnings per share	46,371,585	46,085,973		
Number of shares deemed to be issued for no consideration in respect of employee and executive options for the purpose of calculating diluted earnings per share	326,151	941,678		

9 Cash assets

Cash	3,506	2,197	2,595	1,255
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Cash is at call and receives interest at a weighted average rate of 4.15% (2004: 3.9%)

10 Receivables

Current

Short term deposits	-	23	-	-
Trade debtors	29,637	32,327	60	55
Less: Provision for doubtful debts	(201)	-	-	-
Term loans - secured	26	34	-	-
Other debtors	5,676	4,282	217	447
	35,138	36,666	277	502

Trade debtors includes amounts for work completed not yet invoiced

Non-current

Term loans - secured	120	168	-	-
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The weighted average interest rate on term loans which have varying maturity dates is 12.5% (2004: 12.5%)

11 Inventories

Current - at cost

Raw materials & stores	6,228	6,556	-	-
Work in progress	8,977	3,935	-	-
Finished goods	17,646	17,898	-	-
	32,851	28,389	-	-

Consolidated		Company	
2005	2004	2005	2004
\$ '000	\$ '000	\$ '000	\$ '000

12 Property, plant and equipment

Freehold land

<i>At cost</i>	3,271	4,516	3,271	1,461
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Buildings

<i>At cost</i>	2,292	1,997	2,292	800
<i>Accumulated depreciation</i>	(315)	(521)	(315)	(260)
	1,977	1,476	1,977	540

Leasehold property and improvements

<i>At cost</i>	2,553	7,546	2,434	2,000
<i>Accumulated amortisation</i>	(56)	(1,978)	-	-
	2,497	5,568	2,434	2,000

Plant and equipment

<i>At cost</i>	74,849	71,472	882	771
<i>Accumulated depreciation</i>	(13,768)	(16,295)	(281)	(212)
	61,081	55,177	601	559

Assets under construction

<i>At cost</i>	493	187	-	-
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Leased plant and equipment

<i>At cost</i>	-	984	-	-
<i>Accumulated amortisation</i>	-	(120)	-	-
	-	864	-	-
	69,319	67,788	8,283	4,560

Reconciliations

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

Freehold land

Carrying amount at beginning of year	4,516	5,398	1,461	1,148
Additions	1,810	313	1,810	313
Disposals	(3,055)	(1,195)	-	-
Carrying amount at end of year	3,271	4,516	3,271	1,461

Buildings

Carrying amount at beginning of year	1,476	2,401	540	560
Additions	1,492	-	1,492	-
Disposals	(936)	(852)	-	-
Depreciation	(55)	(73)	(55)	(20)
Carrying amount at end of year	1,977	1,476	1,977	540

Leasehold property and improvements

Carrying amount at beginning of year	5,568	3,769	2,000	-
Additions	506	2,000	434	2,000
Disposals	(3,568)	(1)	-	-
Amortisation	(9)	(200)	-	-
Carrying amount at end of year	2,497	5,568	2,434	2,000

Note	Consolidated		Company	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000

12 Property, plant and equipment (continued)

Reconciliations (continued)

Plant and equipment

Carrying amount at beginning of year	55,177	41,967	559	472
Additions	27,848	20,002	308	336
Disposals	(16,567)	(5,683)	(151)	(141)
Acquisition through entity acquired	-	246	-	-
Transferred from assets under construction	187	4,067	-	-
Depreciation	(5,564)	(5,422)	(115)	(108)
Carrying amount at end of year	61,081	55,177	601	559

Assets under construction

Carrying amount at beginning of year	187	4,067	-	-
Additions	493	187	-	-
Transferred to plant and equipment	(187)	(4,067)	-	-
Carrying amount at end of year	493	187	-	-

Leased plant and equipment

Carrying amount at beginning of year	864	1,278	-	-
Additions	-	592	-	-
Disposals	(856)	(867)	-	-
Amortisation	(8)	(139)	-	-
Carrying amount at end of year	-	864	-	-

Land and buildings have been valued at 30 June 2005 by the directors on the basis of market values at \$6,100,000 compared to a carrying value of \$5,247,435.

13 Intangible assets

Goodwill - at cost	33,779	36,517	365	2,175
Accumulated amortisation	(7,531)	(6,861)	(155)	(1,094)
	26,248	29,656	210	1,081
Product development - at cost	1,128	-	-	-
Accumulated amortisation	(301)	-	-	-
	27,075	29,656	210	1,081

14 Other financial assets

Investment in controlled entities - at cost	-	-	10,220	11,934
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15 Other non-current assets

Loans and advances - controlled entities	31	-	90,205	86,676
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	Note	Consolidated		Company	
		2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
16 Payables					
Trade creditors		18,980	20,333	197	303
Payments in advance		-	520	-	-
Other creditors and accruals		10,553	11,585	480	166
		29,533	32,438	677	469

Trade creditors include amounts for goods received not invoiced.

17 Interest bearing liabilities

Current (secured)

Lease liabilities	19	-	197	-	-
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Non-current (secured)

Bank loans	18	22,000	26,750	22,000	26,750
Lease liabilities	19	-	597	-	-
		22,000	27,347	22,000	26,750

18 Financing arrangements

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

Total facilities available:

<i>Bank overdraft</i>		8,544	3,811	8,544	3,811
<i>Bank loans</i>		22,000	26,750	22,000	26,750
<i>Bank guarantees</i>		2,456	2,439	2,456	2,439
<i>Finance leases</i>		-	794	-	-
		33,000	33,794	33,000	33,000

Facilities utilised:

<i>Bank loans</i>	17	22,000	26,750	22,000	26,750
<i>Bank guarantees</i>		2,456	2,439	2,456	2,439
<i>Finance leases</i>		-	794	-	-
		24,456	29,983	24,456	29,189

Facilities not utilised:

<i>Bank overdraft</i>		8,544	3,811	8,544	3,811
		8,544	3,811	8,544	3,811

Bank overdrafts

Bank overdrafts are secured by a mortgage debenture over the assets of the consolidated entity. The overdrafts 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 30 June 2005 was 8.56% (2004: 8.17%).

Bank loans

Bank loans are secured by a mortgage debenture over the assets of the consolidated entity. The loans bear interest at the banks prime rate plus 0.4% (2004: 1.1%) and line fee of 0.2% (2004: Nil). The effective annual interest rate at 30 June 2005 was 6.15% (2003: 6.38%).

Bank guarantees

Bank guarantees are in relation to construction contracts.

Finance leases

Finance leases in 2004 were secured over the assets leased and interest rates varied between 7.2% and 7.8%.

	Note	Consolidated		Company	
		2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000
19 Commitments					
Operating lease commitments					
<i>Within one year</i>		4,267	7,366	127	310
<i>One year or later and no later than five years</i>		7,474	11,781	295	-
<i>Later than five years</i>		1,292	3,770	-	-
		13,033	22,917	422	310
Finance lease commitments					
<i>Within one year</i>		-	251	-	-
<i>One year or later and no later than five years</i>		-	651	-	-
		-	902	-	-
<i>Less : Future lease finance charges</i>		-	(108)	-	-
		-	794	-	-
Lease liabilities provided for in the financial statements:					
Current	17	-	197	-	-
Non-current	17	-	597	-	-
Total lease liability		-	794	-	-

The consolidated entity leases plant and equipment and land and buildings using operating leases. The lease terms range from 2 to 25 years. Some operating leases have renewal options.

20 Provisions

Current

Employee benefits		2,421	2,453	381	405
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Non-current

Employee benefits		873	786	319	267
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Aggregate employee benefits		3,294	3,239	700	672
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Number of employees at end of financial year		984	1,004	12	17
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Superannuation commitments

The consolidated entity contributes to a number of superannuation plans, which provide accumulated benefits based on contributions made.

21 Employee and Executive Share Option Plan

Employee share option plan

In accordance with the provisions of the employee share option plan, employees with more than 2 years service with the consolidated entity are granted options to purchase ordinary shares in Fleetwood Corporation Limited at an issue price 5% less than the market price at the date the options are issued. No amounts are paid or are payable by the recipient on receipt of 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 issued	Options expired / forfeited	Options exercised (shares issued)	Options at end of year	Vested at end of year	Proceeds (market value) of received on exercise \$	Fair value of shares at date of issue \$
31/10/99	1.28	40,188	-	-	(40,188)	-	-	51,441	335,435
31/10/00	1.12	41,999	-	-	(20,249)	21,750	21,750	22,679	167,459
31/10/01	1.12	149,876	-	(6,250)	(89,911)	53,715	53,715	100,700	760,436
31/10/02	2.54	124,250	10,000	(9,315)	(37,744)	87,191	56,066	95,870	315,506
31/10/03	4.44	243,650	-	(28,738)	(27,241)	187,671	82,896	120,950	233,372
31/10/04	7.85	-	355,200	(11,100)	-	344,100	-	-	-
		599,963	365,200	(55,403)	(215,333)	694,427	214,427	391,640	1,812,208

Executive share option plan

In accordance with the provisions of the executive share option plan, executives are granted options to purchase ordinary shares in Fleetwood Corporation Limited at an issue price 5% less than the market price at the date the options are issued. No amounts are paid or are payable by the recipient on receipt of 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) 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 issued	Options expired / forfeited	Options exercised (shares issued)	Options at end of year	Vested at end of year	Proceeds (market value) of received on exercise \$	Fair value of shares at date of issue \$
30/11/99	1.40	185,500	30,000	-	(215,500)	-	-	301,700	1,803,785
31/10/00	1.12	40,000	-	-	(40,000)	-	-	44,800	330,800
31/10/02	2.54	273,334	-	(10,000)	(143,332)	120,002	120,002	364,063	1,235,622
31/10/03	4.44	455,000	-	(6,255)	(138,743)	310,002	2	616,019	1,184,403
31/10/04	7.85	-	112,000	(20,000)	-	92,000	-	-	-
		953,834	142,000	(36,255)	(537,575)	522,004	120,004	1,326,582	4,554,610

The difference between the total market value at date of issue of options during a financial year, and the proceeds received from executives and employees to exercise the options is not recognised in the financial statements except for the purposes of determining directors' and executives' remuneration as disclosed in the Remuneration Report which is contained in the Directors' Report. The amounts are disclosed in remuneration in the financial years during which the entitlement was earned.

Note	Consolidated		Company	
	2005 \$ '000	2004 \$ '000	2005 \$ '000	2004 \$ '000

22 Contributed equity

Issued and paid-up capital

46,268,184 (2004: 45,515,276) ordinary shares, fully paid	70,506	68,791	70,506	68,791
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Holders of ordinary shares are entitled to receive dividends as declared and to one vote per share held.

	2005		2004	
	# Shares	\$ '000	# Shares	\$ '000
Movements in ordinary share capital				
Balance at the beginning of year	45,515,276	68,791	44,545,968	65,953
Shares issued	752,908	1,715	969,308	2,838
Balance at the end of year	46,268,184	70,506	45,515,276	68,791

During the year the following ordinary shares were issued in accordance with the Employee and Executive Share Option Plan:

31 Jul 2004	376,822
31 Oct 2004	199,900
31 Jan 2005	165,275
30 Apr 2005	10,911

Since the end of the financial year 151,184 shares have been issued pursuant to the exercise of employee and executive options.

23 Reserves

Foreign currency translation reserve		137	218	-	-
<i>Foreign currency translation reserve</i>					
Balance at beginning of year		218	282	-	-
Transfer to retained profits	24	-	(99)	-	-
Translation of foreign operations		(81)	35	-	-
Balance at end of year		137	218	-	-

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

24 Retained profits

Retained profits at the beginning of year		27,423	14,059	4,447	5,506
Transfer from foreign currency translation reserve	23	-	99	-	-
Net profit attributable to members of the parent entity		25,129	20,246	23,414	5,922
Dividends paid		(17,993)	(6,981)	(17,993)	(6,981)
Retained profits at the end of year		34,559	27,423	9,868	4,447

	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
25 Auditors' remuneration				
Audit services	100,000	88,000	100,000	88,000
Other services	20,750	35,630	20,750	20,630
	120,750	123,630	120,750	108,630

26 Financial instruments

Interest rate risk

Exposure to interest rate risk on financial assets and liabilities, both recognised and unrecognised, has been disclosed in Notes 9, 10 and 18.

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 provision 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 statement of financial position, 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.

27 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:

- Fleetwood Durabuilt Pty Ltd
- Flexiglass Challenge Pty Ltd
- Coromal Caravans Pty Ltd
- Fleetwood Pty Ltd (formerly Fleetwood Portables Pty Ltd)
- Fleetwood Finance (WA) Pty Ltd
- Camec 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
2005 2004
\$ '000 \$ '000

27 Deed of cross guarantee (continued)

Statement of financial performance

Profit from ordinary activities before income tax	34,248	27,549
Income tax expense relating to ordinary activities	(10,348)	(8,532)
Net profit	23,900	19,017
Retained profit at beginning of year	25,113	13,077
	49,013	32,094
Dividends provided or paid	(17,993)	(6,981)
Retained profits at end of year	31,020	25,113

Statement of financial position

Cash assets	2,611	1,281
Receivables	33,726	35,370
Inventories	29,497	25,068
Total current assets	65,834	61,719
Receivables	120	168
Investments	175	175
Property, plant and equipment	68,672	67,505
Intangibles	26,996	29,570
Deferred tax assets	1,126	969
Total non-current assets	97,089	98,387
Total assets	162,923	160,106
Payables	29,201	31,848
Interest bearing liabilities	-	197
Current tax liabilities	7,329	2,434
Provisions	2,405	2,445
Total current liabilities	38,935	36,924
Interest bearing liabilities	19,646	24,897
Deferred tax liabilities	1,836	3,414
Provisions	874	786
Total non-current liabilities	22,356	29,097
Total liabilities	61,291	66,021
Net assets	101,632	94,085
Contributed equity	70,501	68,787
Reserves	111	185
Retained profits	31,020	25,113
Total equity	101,632	94,085

Consolidated		Company	
2005	2004	2005	2004
\$ '000	\$ '000	\$ '000	\$ '000

28 Notes to the statement of cash flows

28.1 Reconciliation of cash

Cash	3,506	2,197	2,595	1,255
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28.2 Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

Operating profit after income tax	25,129	20,246	23,414	5,922
Less items classified as investing / financing activities:				
(Profit) loss on sale of non-current assets	(9,985)	(625)	(21)	39
Add (less) non-cash items:				
Interest	-	-	-	(3,623)
Dividends	-	-	(28,479)	(4,864)
Write-off of intercompany loan	-	-	909	-
Depreciation and amortisation expense	5,938	5,834	169	128
Goodwill amortisation	1,697	1,812	23	148
Net cash provided by (used in) operating activities before change in assets and liabilities	22,779	27,267	(3,985)	(2,250)
Changes in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the financial year:				
(Increase) decrease in inventories	(4,462)	(3,914)	-	-
(Increase) decrease in other debtors	(1,115)	(1,917)	230	(159)
(Increase) decrease in trade debtors	2,690	(5,337)	(5)	(55)
Increase (decrease) in creditors	(2,905)	1,557	208	192
Increase in provisions	228	338	28	99
Increase in income taxes payable	4,495	755	(738)	564
Increase (decrease) in deferred taxes payable	(1,725)	147	(47)	(41)
Net cash provided by (used in) operating activities	19,985	18,896	(4,309)	(1,650)

28.3 Non-cash financing and investing activities

During the year, no dividends (2004: \$2,152,832) were reinvested as fully paid ordinary shares (2004: 484,872) with the Company.

The Company received dividends of \$28,478,978 (2004: \$4,864,051) from controlled entities by way of an increase in controlled entities loan accounts.

28.4 Acquisition of businesses

Consideration	-	7,075	-	-
<i>Outflow of cash</i>	-	7,075	-	-
Fair value of net assets acquired:				
<i>Property, plant & equipment</i>	-	246	-	-
<i>Inventories</i>	-	2,214	-	-
<i>Tax assets</i>	-	90	-	-
<i>Provisions</i>	-	(350)	-	-
Goodwill on acquisition	-	2,200	-	-
	-	4,875	-	-
	-	7,075	-	-

Consolidated		Company	
2005	2004	2005	2004
\$ '000	\$ '000	\$ '000	\$ '000

28 Notes to the statement of cash flows (continued)

28.5 Disposal of entity

During the year, the consolidated entity disposed of the entity Fleetwood Parks Pty Ltd. Details of the disposal are as follows:

Consideration	28,525	-	-	-
<i>Inflow of cash</i>	28,525	-	-	-
Book value of net assets sold:				
<i>Cash</i>	414	-	-	-
<i>Receivables</i>	360	-	-	-
<i>Property, plant & equipment</i>	17,010	-	-	-
<i>Goodwill</i>	698	-	-	-
<i>Payables</i>	(505)	-	-	-
<i>Provisions</i>	(228)	-	-	-
Net assets disposed	17,749	-	-	-
Gain on disposal	10,776	-	-	-
	28,525	-	-	-
Net cash inflow from disposal				
Cash consideration	28,525	-	-	-
Less cash balance disposed	(414)	-	-	-
	28,111	-	-	-

29 Contingent liabilities

Under the terms of the Deed of Cross Guarantee described in Note 27, the Company has guaranteed the repayment of all current and future creditors totalling \$28,124,141 (2004: \$32,281,594) 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.

30 Particulars relating to controlled entities

Fleetwood Corporation Limited (Ultimate parent entity)

	Interest held	
	2005	2004
	%	%
Controlled entities		
Fleetwood Durabuilt Pty Ltd	100	100
Flexiglass Challenge Pty Ltd	100	100
Fleetwood Parks Pty Ltd	0	100
Coromal Caravans Pty Ltd	100	100
A.C.N. 008 275 250 Pty Ltd (formerly Fleetwood Campervans Pty Ltd)	100	100
Fleetwood Pty Ltd (formerly Fleetwood Portables 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

31 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, R Prowse, 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 subsisting 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 options holdings

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

	Shares at beginning of year	Options exercised	Net other change	Shares at end of year
Directors				
Stephen Gill				
2005	2,379,825	82,250	(93,500)	2,368,575
2004	2,426,336	33,875	(80,386)	2,379,825
Greg Tate				
2005	4,635,816	237,750	29,110	4,902,676
2004	4,717,408	28,375	(109,967)	4,635,816
Specified Executives				
Rodney Bini				
2005	27,622	-	(7,622)	20,000
2004	33,971	-	(6,349)	27,622
Bradley Van Hemert				
2005	77,775	121,666	(10,000)	189,441
2004	76,313	-	1,462	77,775
Alan MacKenzie				
2005	-	9,120	(9,120)	-
2004	-	-	-	-
James O'Brien				
2005	302,000	-	-	302,000
2004	302,000	-	-	302,000
David Robertson				
2004	74,849	70,000	(48,566)	96,283
Steve Thomas				
2005	4,600	-	600	5,200
2005	7,427,638	450,786	(90,532)	7,787,892
2004	7,630,877	132,250	(243,806)	7,519,321

There are no shares held nominally.

31 Related parties (continued)

	Options at beginning of year	Issued (forfeited)	Exercised	Options at end of year	Vested during the year	Vested at end of year	Proceeds received on exercise
Directors							
Stephen Gill							
2005	212,750	-	(82,250)	130,500	82,250	-	301,430
2004	96,625	150,000	(33,875)	212,750	33,875	-	81,960
Greg Tate							
2005	368,250	-	(237,750)	130,500	82,250	-	553,330
2004	246,625	150,000	(28,375)	368,250	33,875	155,000	40,060
Specified Executives							
Rodney Bini							
2005	35,000	-	-	35,000	11,666	16,666	-
2004	15,000	20,000	-	35,000	5,000	5,000	-
Bradley Van Hemert							
2005	155,000	40,000	(121,666)	73,334	21,666	-	211,197
2004	120,000	35,000	-	155,000	20,000	100,000	-
Alan MacKenzie							
2005	25,000	(15,880)	(9,120)	-	8,870	-	39,780
2004	-	25,000	-	25,000	-	-	-
James O'Brien							
2005	35,000	25,000	-	60,000	11,666	16,666	-
2004	15,000	20,000	-	35,000	5,000	5,000	-
David Robertson							
2004	100,000	35,000	(70,000)	65,000	20,000	10,000	95,200
Steve Thomas							
2005	-	-	-	-	-	-	-
2005	831,000	49,120	(450,786)	429,334	218,368	33,332	1,105,737
2004	593,250	435,000	(132,250)	896,000	117,750	275,000	217,220

All vested options are exercisable.

Controlled entities

Details of interests in controlled entities are set out in Note 30. Details of dealings with controlled entities are set out below.

Inter-company loans

Inter-company loans are non-current facilities. Interest may be charged on the outstanding balance at 6% pa. No interest was charged by the Company in relation to these loans during the year.

	Company	
	2005 \$ '000	2004 \$ '000
Interest revenue	-	3,623

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

Non-current assets (Note 15)	90,205	86,676
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Dividends

Dividends received or due and receivable by the Company from wholly-owned controlled entities:

Recorded as revenue	28,479	4,864
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32 Transition to Australian equivalents to IFRS

Fleetwood Corporation Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for the reporting period beginning 1st July 2005. Accordingly, Fleetwood's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

In 2004, Fleetwood established a team of senior financial staff who report to the audit committee to manage the transition to A-IFRS. In accordance with the project plan, the transition to A-IFRS is being managed in 3 phases as follows;

- High level business impact study;
- Detailed analysis of each new standard and the impacts on Fleetwood's accounting policies, quantification of the impacts;
- Review of systems, controls and operational requirements.

At the date of this financial report, the company has substantially completed all three phases of the project plan, including the assessment of accounting policy alternatives on transition to A-IFRS, the finalisation of the A-IFRS accounting policies that will be adopted from 1 July 2005 and the determination of the likely impact on the results and financial position of the company and the consolidated entity. Risk management and change management has been managed throughout the life of the project.

The following reconciliations outline the likely impacts on the current year result and financial position of the company and consolidated entity had the financial statements been prepared using A-IFRS, based on the directors' accounting policy decisions current at the date of this financial report.

	Note	Consolidated \$ '000	Company \$ '000
Reconciliation of profit before income tax			
Profit from ordinary activities before income tax (AGAAP)		36,132	23,189
Employee expenses	(i), (iii)	(636)	(413)
Amortisation	(ii)	1,697	23
Profit from ordinary activities before income tax (A-IFRS)		<u>37,193</u>	<u>22,799</u>
Reconciliation of net profit			
Net profit (AGAAP)		25,129	23,414
Employee expenses	(i), (iii)	(573)	(417)
Amortisation	(ii)	1,697	23
Net profit (A-IFRS)		<u>26,253</u>	<u>23,020</u>
Reconciliation of total assets			
Total assets (AGAAP)		169,140	112,916
Deferred tax assets		274	27
Intangible assets	(ii)	1,697	23
Total assets (A-IFRS)		<u>171,111</u>	<u>112,966</u>
Reconciliation of net assets			
Net assets (AGAAP)		105,202	80,374
Deferred tax assets		274	27
Intangible assets	(ii)	1,697	23
Current provisions	(iii)	(397)	(72)
Non-current provisions	(iii)	(515)	(18)
Net assets (A-IFRS)		<u>106,261</u>	<u>80,334</u>
Reconciliation of total equity			
Total equity (AGAAP)		105,202	80,374
Contributed equity	(i)	721	721
Retained profit	(iv)	338	(761)
Total equity		<u>106,261</u>	<u>80,334</u>

32 Transition to Australian equivalents to IFRS (continued)

(i) Share based payments

Equity-settled share based payments in respect of equity instruments issued after 7 November 2002 that were unvested as at 1 January 2005 are measured at fair value at grant date. The fair value determined at grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will vest. As a consequence, contributed equity will increase by \$721,000 (Company: \$721,000) and an additional employee benefit expense of \$426,000 (Company: \$426,000) will be recognised in the profit and loss for the financial year ended 30 June 2005. Opening retained profits will decrease by \$295,000 (Company: \$295,000).

(ii) Goodwill

The adoption of A-IFRS will not impact the carrying amount of goodwill as the directors have decided not to restate past business combinations. Under A-IFRS, goodwill is not subject to amortisation, but must be tested for impairment annually and whenever there is an indication that goodwill may be impaired. As a result amortisation expense will decrease by \$1,697,000 (Company: \$23,000) for the financial year ended 30 June 2005.

(iii) Provisions

Provisions for employee benefits that were not recognised under AGAAP will be recognised under A-IFRS. Consequently, the adoption of A-IFRS will result in an increase in current provisions of \$397,000 (Company: \$72,000) and an increase in non-current provisions of \$515,000 (Company: \$18,000).

(iv) Retained profits

Adjustments required on first-time adoption of A-IFRS are recognised directly in retained profits (or if appropriate another category of equity) at the date of transition to A-IFRS. The cumulative effect of these adjustments for the consolidated entity will be an increase in retained profits of \$338,000 (Company: decrease of \$761,000).

(v) Financial instruments

The directors have elected to apply the first-time adoption exemption available to Fleetwood Corporation Limited to defer the date of transition of AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement' to 1 July 2005. Accordingly, there are no quantitative impacts on the 30 June 2005 financial statements.

The consolidated entity enters into forward exchange contracts to manage its exposure to foreign currency risk. Under A-IFRS, all derivative financial instruments are required to be recognised at fair value on the date of transition, being 1 July 2005. The Directors have not yet finalised the impact of the recognition to fair value. This will result in either an increase or decrease in net assets at 1 July 2005, with subsequent changes in fair value being recognised in profit and loss.

33 Disposal of controlled entity

During the financial year the consolidated entity disposed of Fleetwood Parks Pty Ltd. The net gain on disposal after tax was \$7.8 million.

34 Discontinuing operations

On 31 August 2004 the business of Fleetwood Campervans was discontinued. During the period, the business generated revenue of \$997,537, expenses of \$2,290,243 and an income tax benefit of \$387,733, providing a net loss after tax of \$904,973.

The net operating cash outflows attributed to the business are \$1,340,795, investing inflows were \$239,988 and financing inflows were \$190,416.

Corporate Governance Statement

Compliance with ASX Best Practice Recommendations

The extent of conformance by Fleetwood with the 'Principles of Good Corporate Governance' issued by the Australian Stock Exchange (ASX) is as follows.

Principle 1: Lay solid foundations for management and oversight by the Board

The Board's responsibilities are encompassed in a charter which is published on 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.

To assist the Board in carrying out its responsibilities an Audit Committee has been established.

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.

The Executive Directors have service contracts setting out their conditions of service and termination entitlements.

Principle 2: Structure the Board to add value

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.

The Board comprises three independent (including the Chairman) and two executive directors.

The company recognizes 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.

Principle 3: Promote ethical and responsible decision making

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.

Principle 4: Safeguard integrity in 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.

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.

Principle 4: Safeguard integrity in financial reporting (continued)

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.

Principle 5: Make timely and balanced 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

Principle 6: Respect the rights of Shareholders

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.

Principle 7: Recognise and manage risk

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.

Principle 8: Encourage enhanced 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.

Principle 9: Remunerate fairly and responsibly

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

Principle 10: Recognise the legitimate 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 2005.

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 2005 of 12 cents per ordinary share plus a special dividend of 20 cents per ordinary share will be paid on 31 October 2005. 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 21 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	6		
Peter Gunzburg	7	7	2	2
Michael Hardy	3	3	1	1
Robert McKinnon	1	1		
Robert Prowse	6	4	1	1
Greg Tate	7	7		

Michael Hardy and Robert McKinnon were appointed to the Board on 10 January 2005 and 16 June 2005 respectively. Robert Prowse resigned from the Board on 17 June 2005.

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	2,368,575	130,500
Greg Tate	4,902,676	130,500

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 is based on the profit earned by the Company and a series of personal 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:

- Primary – salary & fees, bonus and non-monetary;
- Post Employment – superannuation;
- Equity – options containing performance hurdles.

Directors	Salary & fees \$	Primary		Post Employment		Equity	Total \$
		Bonus \$	Non-monetary \$	Superannuation \$	Options \$		
Non-executive							
Peter Gunzburg							
2005	50,000	-	-	-	-	-	50,000
2004	50,000	-	-	-	-	-	50,000
Michael Hardy							
2005	20,000	-	-	-	-	-	20,000
Naveen Pillay							
2004	40,000	-	-	-	-	-	40,000
Robert Prowse							
2005	36,667	-	-	-	-	-	36,667
2004	40,000	-	-	-	-	-	40,000
Robert McKinnon							
2005	-	-	-	-	-	-	-
Executive							
Stephen Gill							
2005	285,000	150,000	36,730	87,000	45,153		603,883
2004	290,000	-	48,116	87,000	94,127		519,243
Greg Tate							
2005	385,000	150,000	55,579	87,000	45,153		722,732
2004	390,000	-	50,941	87,000	94,127		622,068
2005	776,667	300,000	92,309	174,000	90,306		1,433,282
2004	810,000	-	99,057	174,000	188,254		1,271,311

Specified Executives	Position	Primary		Post Employment	Equity	Total
		Salary	Non-monetary	Superannuation	Options	
		\$	\$	\$	\$	\$
Rodney Bini	CEO, Windsor Caravans					
2005		151,376	15,000	13,624	6,175	186,175
2004		100,000	15,000	50,000	12,952	177,952
Bradley Van Hemert	CEO, Coromal Caravans					
2005		171,683	-	15,452	36,132	223,267
2004		142,202	-	12,798	23,169	178,169
Alan MacKenzie	CEO, Fleetwood Portables					
2005		153,405	-	13,101	4,155	170,661
2004		169,725	-	15,275	13,678	198,678
James O'Brien	CEO, Camec					
2005		135,517	15,000	17,592	21,883	189,992
2004		114,266	15,000	15,734	12,952	157,952
David Robertson	CEO, Fleetwood Parks					
2004		72,000	-	78,000	23,169	173,169
Steve Thomas	CEO, Flexiglass Challenge					
2005		148,118	-	13,059	-	161,177
2005		760,099	30,000	72,828	68,345	931,272
2004		598,193	30,000	171,807	85,920	885,920

The above are the five highest remunerated executives and have the greatest authority for managing the consolidated entity.

Options issued to directors and executives are subject to the performance hurdle that the company's cumulative total shareholder return must exceed 15% pa and must exceed the cumulative total shareholder return of the ASX300 index.

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

2005	46%
2004	65%
2003	57%
2002	53%
2001	10%

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

Value of options issued to directors and executives:

	Value at grant date	Value at exercise date	Value at time of lapse	Total value of options granted, exercised & lapsed	Value of options included in remuneration for the year	Percentage of total remuneration
	\$	\$	\$	\$	\$	%
Directors						
Stephen Gill	-	387,138	-	387,138	45,153	7.48
Greg Tate	-	1,476,883	-	1,476,883	45,153	6.25
Specified Executives						
Rodney Bini	-	-	-	-	6,175	3.32
Bradley Van Hemert	22,232	785,981	-	808,213	36,132	16.18
Alan MacKenzie	11,116	37,101	32,446	15,771	4,155	2.43
James O'Brien	13,895	-	-	13,895	21,883	11.52
Steve Thomas	-	-	-	-	-	-

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 Professional Statement F1, including reviewing or auditing the auditors own work acting in a management or a decision making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 25 to the financial statements.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 30.

Company Secretary

Bradley Denison, a Certified Practising Accountant with 12 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
19 September 2005

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

19 September 2005

Dear Board Members

Auditor's Independence Declaration to 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 audit of the financial statements of Fleetwood Corporation Limited for the financial year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



KEITH JONES
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Liability limited by the Accountants' Scheme,
approved under the Professional Standards Act 1994 (NSW).

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 27 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

19 September 2005

Independent audit report to the members of Fleetwood Corporation Limited

Scope

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Fleetwood Corporation Limited (the company) and the consolidated entity, for the financial year ended 30 June 2005 as set out on pages 1 to 24 and page 31. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The consolidated entity has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard AASB 1046 *Director and Executive Disclosures by Disclosing Entities* (AASB 1046) under the heading "remuneration report" in pages 28 to 29 of the directors' report, as permitted by the Corporations Regulations 2001.

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

Audit approach

We have conducted an independent audit of the financial report and the remuneration disclosures in order to express an opinion on them to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 1046 and the Corporations Regulations 2001. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows and whether the remuneration disclosures comply with AASB 1046 and the Corporations Regulations 2001.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the remuneration disclosures, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

- (1) the financial report of Fleetwood Corporation Limited is in accordance with:
 - (a) 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 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) other mandatory professional reporting requirements in Australia.
- (2) the remuneration disclosures that are contained in pages 28 to 29 of the directors' report comply with Accounting Standard AASB 1046 *Director and Executive Disclosures by Disclosing Entities* and the Corporations Regulations 2001.



DELOITTE TOUCHE TOHMATSU



KEITH JONES
Partner
Chartered Accountants

Perth, 19 September 2005

ASX Additional Information As at 19 September 2005

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	4,230,423	9.11%
Citicorp Nominees Pty Limited (CFS Future Leaders Fund A/C)	2,334,250	5.03%
Adventure Holdings Pty Ltd	2,081,389	4.48%
RBC Global Services Australia Nominees Pty Limited (RBC DRP A/C)	1,909,532	4.11%
Argo Investments Limited	1,319,497	2.84%
Citicorp Nominees Pty Limited (CFS Developing Companies A/C)	1,055,680	2.27%
Cogent Nominees Pty Limited	1,006,964	2.17%
Invia Custodian Pty Limited (Black A/C)	920,000	1.98%
UCA Growth Fund Limited	800,000	1.72%
Kevin Edward O'Brien	716,500	1.54%
J P Morgan Nominees Australia Limited	714,751	1.54%
National Nominees Limited	637,024	1.37%
The Australian National University	600,000	1.29%
Thomas Joseph Falvey	509,243	1.10%
Seattle Investments Pty Ltd	446,963	0.96%
Greg Tate	401,740	0.87%
Macajaba Investments Pty Ltd (O'Brien Family A/C)	302,000	0.65%
Ronal Nominees Pty Ltd (B O S E Unit Account)	300,000	0.65%
Fleetwood Retirement Fund Pty Ltd	253,221	0.55%
Westpac Custodian Nominees Limited	244,789	0.53%
	20,783,966	44.77%

Substantial shareholders

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

Name	Number of ordinary shares held	%
Greg Tate	4,912,676	10.58%
Citicorp Nominees Pty Limited	3,593,819	7.74%
Stephen Gill	2,444,575	5.27%
RBC Global Services Australia Nominees Pty Limited	2,011,349	4.33%
Argo Investments Limited	1,319,497	2.84%

Distribution of equity security holders

Category	Number of shareholders
1 - 1,000	3,141
1,001 - 5,000	4,442
5,001 - 10,000	585
10,001 - 100,000	283
100,001 and over	32
	8,483
Shareholders holding less than a marketable parcel	81

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.



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