APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2019
FLEETWOOD CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
(ABN 69 009 205 261)

Reporting period	Year ended 30 June 2019
Prior corresponding period	Year ended 30 June 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	% change up/(down)	2019 $'000	2018 $'000
Revenue from ordinary activities	18%	315,313	267,049
Profit from continuing operations after tax attributable to members	15%	14,014	12,204
Net loss attributable to members of Fleetwood Corporation Limited	(54)%	(6,244)	(13,461)

DIVIDEND INFORMATION

	2019	2018
Interim dividend		
Date dividend is payable	N/A	30 Mar 2018
Record date	N/A	6 Mar 2018
Interim dividend payable per security (cents)	-	1.0
Franked amount of dividend per security (cents)	-	1.0
Final dividend		
Date dividend is payable	N/A	N/A
Record date	N/A	N/A
Final dividend payable per security (cents)	-	-
Franked amount of dividend per security (cents)	-	-
Total dividend for the period	**0.0**	**1.0**

NET TANGIBLE ASSET BACKING

	2019	2018
Net tangible asset backing per security ($)	1.38	2.09

DETAILS OF SUBSIDIARIES AND ASSOCIATES
On 1 July 2018, control was taken over Modular Building Systems Pty Ltd.
On 7 August 2018, the business and assets of Northern RV were acquired.
Refer to Note 12 of this financial report for further details.

COMMENTARY ON RESULTS FOR THE PERIOD
Commentary on the results for the year are contained within the Review of Operations.

STATUS OF ACCOUNTS
This financial report is based on unaudited accounts.

REVIEW OF OPERATIONS

Fleetwood Australia has undergone significant transformation in the 2019 financial year.

The transformation included selling the company's only remaining loss-making business, being Caravan Manufacturing, and making two new acquisitions, being Modular Building Systems (MBS) in New South Wales and Northern RV (NRV) in Melbourne.

The two acquisitions were funded by a $60m capital raise in August 2018.

Fleetwood is now in a very strong position, both from an organisation structure and balance sheet point of view, to capitalise on significant opportunities that exist in key growth markets.

The company is now the largest modular construction business in Australia, with operations in four key States. Long term relationships with government clients provide an ideal basis for exposure to announced major spend in education, corrections and affordable housing.

Fleetwood has a key presence in the outdoor leisure segment through its recreational vehicle parts and services segment, where there are opportunities to grow the services and aftermarket channels.

The company also has exposure to the Karratha / Dampier accommodation market, where it is expected new resources projects will bring large numbers of construction workers over the next three to five years.

Supporting future growth is a strong executive management team and a board of directors which has been refreshed over the last three years.

TRADING RESULTS

Earnings before interest, tax and amortisation (EBITA) from continuing operations of $25.3m in FY19 was $6.5m higher than FY18.

The increase in EBITA in FY19 was predominantly the result of an improvement in Village Operations, combined with the initial contributions of Modular Building Systems (MBS) and Northern RV (NRV) to their segments with both delivering results in line with their respective acquisition cases.

In the Modular Accommodation segment, MBS generated a strong result as it delivered its order book. This was partially offset by a lower contribution from the Victorian business which encountered project timing delays due to the State election. In addition, volumes remained low in the affordable housing sector following changes in ownership at two of the company's major clients.

As part of the acquisition of MBS, an acquired contract intangible of $14.7m has been recognised in the Statement of Financial Position. This was amortised at the rate of $3.1m in FY19. In FY20 the amortisation charge is expected to be approximately $4.2m.

Following the sale of loss-making businesses Flexiglass and Caravan Manufacturing, these businesses have been treated as discontinued operations.

Earnings per share decreased 11% to 17.7cps on an NPATA basis.

RESULT SUMMARY

$ million	FY19	FY18	Change
Revenue	**315.3**	**267.0**	**18%**
EBITDA	**34.4**	**25.2**	**37%**
Depreciation	9.1	6.3	43%
EBITA	**25.3**	**18.8**	**34%**
Amortisation of contract intangible	3.1	0.0	n/a
Finance costs	0.9	1.2	-31%
Pre-tax profit	21.4	17.6	22%
Tax expense (benefit)	7.4	5.4	37%
NPAT	**14.0**	**12.2**	**15%**
Loss from discontinued operations	(20.3)	(25.7)	n/a
Statutory NPAT	**(6.2)**	**(13.5)**	**n/a**

REVIEW OF OPERATIONS

The divisional breakdown shown below demonstrates earnings growth across all segments with Parts and Services and Modular Accommodation boosted by contributions from NRV and MBS respectively.

DIVISIONAL EBITA RESULT SUMMARY

$ million	FY19	FY18	Change
Revenue			
Parts and Services	72.8	66.6	9%
Modular Accommodation	209.4	179.3	17%
Village Operations	37.0	27.9	32%
Unallocated	0.4	0.2	n/a
Intersegment eliminations	(4.2)	(7.0)	n/a
Total revenue	**315.3**	**267.0**	**18%**
EBITA			
Parts and Services	5.7	3.6	59%
Modular Accommodation	12.6	10.1	25%
Village Operations	11.5	9.1	26%
Unallocated	(4.5)	(4.0)	n/a
Total EBITA	**25.3**	**18.8**	**34%**

Note: The above table excludes the discontinued resource sector rental, Flexiglass and Caravan Manufacturing businesses.

CASHFLOW AND DEBT

June 2019 net cash of $33.6m compares to December 2018 net cash of $16.3m. The group currently has total debt and bonding facilities of $65m compared to $37m in June 2018.

The movement in net debt is detailed below.

$ million	FY19	FY18
EBITDA	34.4	25.2
Cash outflows from discontinued businesses	(5.2)	(16.2)
Interest paid (net)	(0.7)	(1.1)
Tax	(2.5)	1.0
Working capital (and other)	6.0	9.0
Operating cashflow	31.9	17.9
Net capex	(11.8)	(21.7)
Free cashflow	20.1	(3.8)
Net acquisitions	(44.4)	7.2
Financing cashflows	57.2	(3.1)
Opening net cash (debt)	0.6	0.4
Closing net cash (debt)	33.6	0.6

Cashflow from operations of $31.9m was ahead of FY18 cashflow of $17.9m. This was driven by reduced cash outflows from discontinued businesses and improved working capital management.

The cash inflow from the second completion of the Caravan Manufacturing business sale (announced to the ASX 4 March 2019) is included in the cash outflows from discontinued businesses.

Net capex relates primarily to new education hire classrooms and the ongoing upgrade of Fleetwood's IT system. Capex in FY20 is expected to be moderately higher than in FY19.

The acquisition and financing cashflows represent the MBS and NRV acquisitions and associated capital raising conducted during the first half of the year.

MODULAR ACCOMMODATION

$ million	FY19	FY18	Change
Revenue	209.4	179.3	17%
EBITA	12.6	10.1	25%

MBS results have been incorporated into Fleetwood's Modular Accommodation segment from 1 July 2018. This business made a strong contribution which was driven predominantly by the corrections sector. In addition to this work, MBS was successful in securing additional contractual volumes previously beyond its capacity through the utilisation of Fleetwood's existing facility in Newcastle. Capturing these additional opportunities and synergies is an important focus for MBS going forward.

The acquisition of MBS was a key development for the Modular Accommodation business and has given Fleetwood a strong foothold in the New South Wales market.

The business has also been actively pursuing application of its proven modular build method to potential prison expansions in other geographic regions.

The MBS contribution was partially offset by lower education demand in Victoria ahead of the State election. Volumes in Victoria recovered strongly after the election and has entered FY20 with solid operational momentum.

The Victorian business began delivering permanent modular schools during FY19. This is a new area of government funding that the business did not previously have access to. This new business area has been cultivated by Fleetwood's design and sales team based in Melbourne and demonstrates that traditional construction techniques are able to be competitively bid in a modular format.

One of these projects, the Yallourn North Primary School, won the award for "the best permanent education structure under 10,000 square feet" at the Modular Building Institute's annual trade show in Las Vegas.

The Modular Accommodation business was also impacted by continued low volume from the affordable housing sector. This has led to a decision to temporarily place the company's Newcastle production facility on care and maintenance.

The ability to temporarily close manufacturing facilities is a key strategic aspect of the Modular Accommodation business. This is facilitated by running a just in time procurement system and a variable labour force.

Project wins in the Western Australian resource sector saw this part of the business improve its revenue but trading results remained patchy due to a market overhang of second hand buildings.

Whilst remaining confident of increased future spending in key sectors, future profitability will remain subject to the timing of contract awards.

REVIEW OF OPERATIONS

VILLAGE OPERATIONS

$ million	FY19	FY18	Change
Revenue	37.0	27.9	32%
EBITA	11.5	9.1	26%

Fleetwood's Village Operations segment has continued to benefit from increased occupancy at Searipple Village in Karratha. Both operational and shutdown related accommodation demand was at higher than expected levels during the year. Overall division EBITA for FY19 of $11.5m was up 26% when compared to FY18.

A lull in earnings in FY20 is forecast ahead of expected construction demand coming online in the medium term.

PARTS AND SERVICES

$ million	FY19	FY18	Change
Revenue	72.8	66.6	9%
EBITA	5.7	3.6	59%

Declining retail sales rates of locally manufactured product in the recreational vehicles industry saw Camec's OEM revenue fall during FY19. This was partially recovered through aftermarket revenue from major retailers and trade repairers.

Fleetwood completed the NRV acquisition in August 2018. The eleven-month performance from this business was in line with the acquisition case.

The strategic intent behind this acquisition was to increase integration with our key OEM customers in Melbourne, with a focus on hedging the company against a greater mix of imported product now entering the market requiring Australian licenced gas and plumbing fitout.

CORPORATE COSTS

Costs grew by $0.5m in FY19 largely due to negotiation and execution of corporate transactions. These costs are expected to grow again in FY20 to meet support requirements of a larger business.

DIVIDENDS

The company is presently tendering on a number of projects, which, if successful would require a commitment of working capital. Given this, no final dividend has been declared for FY19.

Notwithstanding this, the company expects to implement a dividend payout ratio of approximately 30% of free cash flow.

To support this, the company has $25.1m in franking credits available.

FORWARD STRATEGY AND NEAR TERM OUTLOOK

Modular Accommodation

Fleetwood has successfully commenced adapting traditional areas of the construction industry towards modular construction. Based on overseas experience there are significant further opportunities, as well as traditional modular markets Fleetwood does not presently have exposure to.

Tendering activity in the Modular Accommodation segment is presently at the highest level it has been for a number of years.

This activity is concentrated to a degree in the education sector, however the corrections, social housing and commercial sectors are also showing stronger signs of forward demand than at any time in recent history.

The New South Wales government has announced $6.7b to build 190 new schools. This program is in the early stages and Fleetwood is participating in tendering for these projects.

The Victorian government has announced a capital works program to build 45 new schools in the current electoral term. Fleetwood has already delivered multiple projects under this program in the last twelve months and continues to bid for future projects.

The New South Wales government has also announced $3.8b to upgrade correctional capacity across its network. Fleetwood is a member of the approved panel which is delivering into this program. Approximately half of this volume has been procured with half remaining.

There are also a number of resource sector projects which are either in the feasibility or active tendering stage. Fleetwood has the strongest capability in the industry to bid on these projects and this also remains a core focus.

Parts and Services

Diversifying sources of revenue in the Parts and Services business will make this segment more resilient to fluctuations in industry demand.

The recreational vehicle manufacturing industry is presently demonstrating mixed demand indicators. Local caravan manufacturers have reduced volume in the last six months, however importers of caravans have maintained volume, particularly in low cost models.

Fleetwood's Parts and Services business has an exposure to the locally built market through its parts business Camec, and to both locally built and overseas imports through its services business, NRV.

Expansion of the earnings base in this segment will be driven by a focus on services, with the key channel to market being the aftermarket segment, which includes on-line and instore retail, trade repairs and post-delivery services.

Village Operations

Developing a larger underlying base from Village Operations will improve Fleetwood's overall quality of earnings in the medium term.

A number of planned resource sector projects have the potential to impact Fleetwood's earnings in the Karratha market.

Despite additional capacity likely to come on line in the near term, the potential demand profile indicated by resource companies has increased further in the last three months.

Fleetwood is also pursuing a strategy of increasing its portfolio of villages and has a number of opportunities under consideration.

DISCONTINUED BUSINESSES

1. Caravan Manufacturing

The Caravan Manufacturing business generated operating losses of $13.2m in FY19 ($9.0m in H1 FY19) as the impending factory closure impacted results.

First close on the sale to Apollo was achieved on 9 August 2018 with the payment for the Coromal and Windsor brands of $1m. The second phase of the sale which saw Apollo purchase agreed raw materials and finished goods stock from Fleetwood completed in the second half of FY19.

The wind down of the Caravan Manufacturing business has progressed substantially with the factory now closed and the transition of the brands complete. Fleetwood has some residual vans and raw materials which are expected to be disposed of during FY20.

The value of residual debtors, raw materials, vans and fixed assets were written down by $8m to reflect expected proceeds. In addition, a $4m provision for future warranty costs was taken to cover expected future claims.

Fleetwood expects to incur further, albeit much reduced, operating losses in FY20. The full transition period for the Caravan Manufacturing business will determine the final value the company receives from the exit, but in cash terms, the overall process is still expected to be positive due to the recovery of goodwill, raw materials, finished goods and the future utilisation of tax losses.

It is important to note that a key advantage of the sale was not incurring the very significant costs that would have to be incurred if the business was rapidly closed. These costs include potential liabilities to dealers and floor plan financiers and the balance sheet value of unfinished stock, which would have been highly challenging to realise under a straight closure scenario.

REVIEW OF OPERATIONS

2. Resource sector rental operations

Operating losses of $0.3m were incurred during FY19 as residual assets continue to be sold. Following a review of current market values these assets were written down by $3.5m. The remaining assets of $5.4m are expected to be largely realised during FY20.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019
(UNAUDITED)

	Note	Consolidated 2019 $ '000	2018 $ '000
Continuing operations			
Sales revenue	2	315,088	266,816
Other income		225	233
Materials used		(110,190)	(100,738)
Sub-contract costs		(87,159)	(82,238)
Employee benefits	3	(53,868)	(39,115)
Operating leases		(7,227)	(6,934)
Other expenses		(22,497)	(12,872)
Profit before interest, tax, depreciation and amortisation		**34,372**	**25,152**
Depreciation and amortisation	3	(9,077)	(6,336)
Profit before interest, tax and amortisation (EBITA)		**25,295**	**18,816**
Amortisation of contract intangibles		(3,067)	-
Profit before interest and tax (EBIT)		**22,228**	**18,816**
Finance costs	3	(854)	(1,245)
Profit before income tax expense		**21,374**	**17,571**
Income tax expense		(7,360)	(5,367)
Profit from continuing operations		**14,014**	**12,204**
Loss from discontinued operation	11	(20,258)	(25,665)
Loss for the year	5	**(6,244)**	**(13,461)**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Net exchange difference - foreign controlled entities (net of tax)		211	172
Total comprehensive loss for the year		**(6,033)**	**(13,289)**
Loss per share from continuing and discontinued operations			
Basic loss per share (cents)	5	(6.9)	(22.0)
Diluted loss per share (cents)	5	(6.9)	(22.0)
Earnings per share from continuing operations			
Basic earnings per share (cents)	5	15.4	20.0
Diluted earnings per share (cents)	5	15.4	19.9

To be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2019
(UNAUDITED)

		Consolidated	
		2019	2018
	Note	$ '000	$ '000
Current assets			
Cash and cash equivalents	6	33,635	6,572
Trade and other receivables	7	59,880	39,315
Contract assets	7	20,035	20,471
Inventories		24,488	39,554
Other financial assets		67	90
Tax assets		1,803	-
Non-current assets held for sale		5,371	9,211
Total current assets		**145,279**	**115,213**
Non-current assets			
Trade and other receivables	7	5,053	2,836
Contract assets	7	2,004	-
Property, plant and equipment		48,437	57,514
Goodwill	8	85,911	50,721
Intangible assets		15,200	1,357
Deferred tax assets		10,674	12,429
Total non-current assets		**167,279**	**124,857**
Total assets		**312,558**	**240,070**
Current liabilities			
Trade and other payables		56,691	40,588
Contract liabilities		7,653	2,852
Interest bearing liabilities	9	18	1,957
Tax liabilities		93	111
Provisions		9,022	9,894
Earn out liability	12	345	-
Total current liabilities		**73,822**	**55,402**
Non-current liabilities			
Interest bearing liabilities	9	-	4,000
Provisions		2,895	649
Earn out liability	12	3,755	-
Total non-current liabilities		**6,650**	**4,649**
Total liabilities		**80,472**	**60,051**
Net assets		**232,086**	**180,019**
Equity			
Issued capital		254,528	196,428
Reserves		440	229
Retained earnings		(22,882)	(16,638)
Total equity		**232,086**	**180,019**

To be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019
(UNAUDITED)

Consolidated	**Issued capital $ '000**	**Foreign currency translation reserve $ '000**	**Retained earnings $ '000**	**Total $ '000**
Balance 1 July 2017	195,371	57	487	195,915
Loss for the year	-	-	(13,461)	(13,461)
Exchange differences arising on translation of foreign operations	-	172	-	172
Total comprehensive income for the year	-	172	(13,461)	(13,289)
Dividends	570	-	(3,664)	(3,094)
Share-based payments	487	-	-	487
Balance at 30 June 2018	**196,428**	**229**	**(16,638)**	**180,019**
Loss for the year	-	-	(6,244)	(6,244)
Exchange differences arising on translation of foreign operations	-	211	-	211
Total comprehensive income for the year	-	211	(6,244)	(6,033)
Issue of Share Capital	57,325	-	-	57,325
Share-based payments	423	-	-	423
Prior period adjustment	352	-	-	352
Balance at 30 June 2019	**254,528**	**440**	**(22,882)**	**232,086**

To be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019
(UNAUDITED)

	Note	Consolidated 2019 $ '000	2018 $ '000
Cash flows from operating activities			
Receipts in the course of operations		383,008	370,095
Payments in the course of operations		(347,883)	(352,130)
Interest received		228	226
Income taxes (paid) / refunds received		(2,480)	1,037
Finance costs paid		(943)	(1,339)
Net cash provided by operating activities	6	**31,930**	**17,889**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(10,119)	(19,188)
Proceeds from sale of non-current assets		323	(17)
Payment for intangible assets		(1,991)	(2,524)
Payment for acquisition of subsidiary	12	(45,645)	-
Proceeds on sale of investment		-	7,164
Proceeds on sale of Coromal and Windsor brands		1,000	-
Acquired through business combination	12	283	-
Net cash used in investing activities		**(56,149)**	**(14,565)**
Cash flows from financing activities			
Proceeds from borrowings		26,000	158,457
Repayment of borrowings		(32,054)	(157,500)
Dividends paid		-	(3,094)
Proceeds from issue of shares		57,325	-
Loan repayments from controlled entities		-	-
Net cash used in financing activities		**51,271**	**(2,137)**
Net increase / (decrease) in cash and cash equivalents		27,052	1,187
Cash and cash equivalents at the beginning of the financial year		6,572	5,383
Effect of exchange rate changes on cash held in foreign currencies		11	2
Cash and cash equivalents at the end of the financial year	6	**33,635**	**6,572**

To be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. ABOUT THIS REPORT

This preliminary financial report has been prepared in accordance with Australian Securities Exchange Listing Rules as they relate to the Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

As such, this preliminary financial report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2018 and with any public announcement made by Fleetwood Corporation Limited during the period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

2. SALES REVENUE

	Consolidated	
	2019	**2018**
Continuing operations	**$ '000**	**$ '000**
Sales revenue		
Recognised at a point in time:		
Parts and Services	68,770	59,604
Total revenue recognised at a point in time	68,770	59,604
Recognised over time:		
Modular Accommodation	209,365	179,280
Village Operations	36,953	27,932
Total revenue recognised over time	246,318	207,212
Total Sales Revenue	**315,088**	**266,816**

3. EXPENSES

Expenses from continuing operations contain the following:

	Consolidated	
	2019	2018
Continuing operations	**$ '000**	**$ '000**
Cost of sales	**267,511**	**198,292**
Employee benefits		
Salaries and wages	49,447	34,912
Equity settled share-based payments	423	487
Defined contribution superannuation	3,998	3,716
	53,868	**39,115**
Depreciation and amortisation of:		
Buildings	34	34
Leasehold improvements	744	747
Plant and equipment	8,159	5,504
Product development	27	51
Enterprise resource planning	113	-
	9,077	**6,336**
Finance costs:		
Bank loans and overdraft	854	1,245
Charges on hire purchases	-	-
	854	**1,245**
Net bad and doubtful debts	**649**	**254**
Research and development costs	**393**	**31**

4. SEGMENT INFORMATION

Group operating segments are based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Business segments	**Products / Services**
Parts and Services	Manufacture, installation and distribution of RV parts and accessories
Modular Accommodation	Design, manufacture and sale of accommodation
Village Operations	Operation of accommodation villages

Group revenue and results by reportable operating segment:

	Segment Revenue		**Depreciation and amortisation**		**Segment Result (EBITA)**	
	2019 $ '000	**2018 $ '000**	**2019 $ '000**	**2018 $ '000**	**2019 $ '000**	**2018 $ '000**
Parts and Services	72,785	66,609	1,078	1,030	5,707	3,592
Modular Accommodation	209,364	179,280	7,793	2,755	12,636	10,102
Village Operations	36,953	27,932	-	2,321	11,475	9,136
Intersegment eliminations	(4,163)	(6,996)	-	-	-	-
Operating segment total	**314,939**	**266,825**	**8,871**	**6,106**	**29,818**	**22,830**
Unallocated	374	224	206	230	(4,523)	(4,014)
Total	**315,313**	**267,049**	**9,077**	**6,336**	**25,295**	**18,816**
Amortisation of contract intangible (Modular Accommodation)					(3,067)	-
Profit before interest and tax (EBIT)					**22,228**	**18,816**
Finance costs					(854)	(1,245)
Profit before income tax benefit					**21,374**	**17,571**
Income tax (expense) benefit					(7,360)	(5,367)
Profit from continuing operations					**14,014**	**12,204**
Loss from discontinued operations					(20,258)	(25,665)
Loss attributable to members of the parent entity					**(6,244)**	**(13,461)**

The unallocated line represents the results of the corporate function of the Group.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the Notes to the Financial Statements. Segment results represents earnings before interest and tax and amortisation without the allocation of corporate overheads.

Group revenue and results by reportable operating segment:

	Segment assets		**Additions to non-current assets**		**Segment liabilities**	
	2019 $ '000	**2018 $ '000**	**2019 $ '000**	**2018 $ '000**	**2019 $ '000**	**2018 $ '000**
Parts and Services	58,701	42,097	2,644	1,287	13,128	11,030
Modular Accommodation	179,816	117,222	7,779	17,218	51,240	25,115
Village Operations	24,826	19,800	-	-	8,605	2,782
Operating segment total	**263,343**	**179,119**	**10,423**	**18,505**	**72,973**	**38,927**
Unallocated	49,215	60,951	1,716	3,020	7,499	21,124
Total	**312,558**	**240,070**	**12,139**	**21,525**	**80,472**	**60,051**

Unallocated segment assets include idle mining rental assets of $5.4 million (2018: $9.2 million) and RV manufacturing assets of $13.2 million (2018: $36.0 million).

5. EARNINGS PER SHARE

	2019 $ '000	2018 $ '000
Earnings used in the calculation of basic and diluted earnings per share from continuing and discontinued operations	(6,244)	(13,461)
Adjustment to exclude loss from discontinued operation	20,258	25,665
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	**14,014**	**12,204**

The weighted average number of ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Weighted average number of shares used	
	2019	**2018**
Weighted average number of ordinary shares used in the calculation of basic EPS	91,024,924	61,181,432
Number of shares deemed to be issued for no consideration in respect of options	-	219,350
Weighted average number of ordinary shares used in the calculation of diluted EPS	**91,024,924**	**61,400,782**
From continuing and discontinued operations		
Basic earnings (loss) per share (cents)	(6.9)	(22.0)
Diluted earnings (loss) per share (cents)	(6.9)	(22.0)
From continuing operations		
Basic earnings (loss) per share (cents)	15.4	20.0
Diluted earnings (loss) per share (cents)	15.4	19.9

6. CASH AND CASH EQUIVALENTS

	2019 $ '000	2018 $ '000
Cash and cash equivalents	**33,635**	**6,572**

Reconciliation of operating profit after income tax to net cash provided by operating activities:

	2019	2018
Operating profit (loss) after income tax	(6,244)	(13,461)
Items classified as investing activities:		
Loss on sale of non-current assets	2,136	1,182
Loss on sale of investment	-	187
Non-cash items:		
Equity settled share-based payments	423	487
Depreciation and amortisation expense - continuing operations	9,077	6,336
Depreciation and amortisation expense - discontinued operations	463	1,060
Amortisation of contract intangible	3,067	-
Provision for warranty	4,137	-
Written down value of rental fleet sold	-	6,579
Impairment of plant and equipment	1,027	2,805
Impairment of intangible assets	-	1,177
Impairment of raw materials	6,131	7,250
Provision for restructuring	-	4,000
Impairment of goodwill	-	4,510
Impairment of non current assets held for sale	3,520	947
Exchange differences arising on translation of foreign operations	(211)	(172)
Changes in assets and liabilities during the year:		
(Increase) decrease in inventories	6,628	(11,286)
(Increase) decrease in trade and other receivables	(4,859)	21,390
(Increase) decrease in other financial assets	23	(90)
(Decrease) increase in trade and other payables	6,419	(11,894)
(Decrease) increase in provisions	2,189	(147)
(Decrease) increase in income taxes payable	(18)	111
(Decrease) in deferred taxes receivable	(1,978)	(2,719)
(Decrease) in other financial liabilities	-	(363)
Net cash provided by operating activities	**31,930**	**17,889**

7. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	2019 $ '000	2018 $ '000
Trade and other receivables		
Current		
Trade receivables	49,014	30,760
Less: allowance for doubtful debts	(1,765)	(667)
Finance lease receivable	1,254	-
Other debtors	11,377	9,222
Total	**59,880**	**39,315**
Non-Current		
Finance lease receivable	1,865	-
Other debtors	3,188	2,836
Total	**5,053**	**2,836**
Contract assets		
Current	**20,035**	**20,471**
Non-Current	**2,004**	**-**

Trade and other debtors are non-interest bearing and are generally on terms ranging between 7 and 60 days. The average credit period on sales of goods is 30 to 60 days. All trade and other debtors are expected to be settled within 60 days of year end.

Retentions on construction contracts included within other debtors amount to $0.7 million (2018: $0.1 million), to be received from the customer on acceptance of the works performed and other contractual milestones.

Other non-current debtors represent funds advanced to the Group's Executive Share Trust in respect of grants the directors have elected to satisfy by advancing money to the trust to purchase shares on market for the employee and executive long-term incentive plans.

8. GOODWILL

	Note	2019 $ '000	2018 $ '000
Goodwill		**85,911**	**50,721**
Reconciliation of the carrying amount of Goodwill:			
Gross carrying amount			
Opening balance		68,856	68,856
Goodwill recognised on business combination - MBS	12	24,637	-
Goodwill recognised on business combination - NRV	12	10,554	-
		104,047	68,856
Accumulated impairment			
Opening balance		(18,135)	(13,626)
Impairment loss in respect of canopies, trays and accessories CGU		-	(4,509)
		(18,135)	(18,135)
Parts and Services		22,955	12,401
Village Operations		2,196	2,196
Modular accommodation		60,760	36,124
		85,911	**50,721**

9. INTEREST BEARING LOANS AND BORROWINGS

	Note	2019 $ '000	2018 $ '000
Current - at amortised cost			
Floor Plan Finance	10	-	1,957
Bank loans - secured	10	-	-
Hire purchase creditors		18	-
		18	**1,957**
Non-current - at amortised cost			
Bank loans - secured	10	-	4,000
		-	**4,000**

10. FINANCING ARRANGEMENTS

Facilities available			
Floor Plan Finance Facility		-	2,000
Bank Loans		40,000	27,500
Bank Guarantees		10,000	7,500
Surety Bonds		15,000	-
Total Facilities available		**65,000**	**37,000**
Facilities utilised			
Floor Plan Finance Facility	9	-	1,957
Bank Loans	9	-	4,000
Bank Guarantees		5,870	4,347
Surety Bonds		1,541	-
Total Facilities utilised		**7,411**	**10,304**
Facilities not utilised			
Floor Plan Finance Facility		-	43
Bank Loans		40,000	23,500
Bank Guarantees		4,130	3,153
Surety Bonds		13,459	-
Total Facilities not utilised		**57,589**	**26,696**

Floor Plan Finance Facility
The floor plan finance facility is securitised by caravan inventory held by the consolidated entity and bears interest at financiers floorplan reference rate.

Bank Loans
Bank loans are secured by a mortgage debenture over the assets of the consolidated entity and bear interest at a rate plus 1.20% (2018: 1.20%) plus a line fee of 1.15% (2018: 1.15%).

Bank Guarantees
Bank guarantees are utilised for construction contracts. No liability has been recognised in the statement of financial position in respect of bank guarantees.

Surety Bonds
Surety bonds are utilised for construction contracts. No liability has been recognised in the statement of financial position in respect of surety bonds.

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11. DISCONTINUED OPERATIONS

Discontinued Operation	Background
Flexiglass Challenge Pty Ltd	On 11 December 2017 the company announced the sale of Flexiglass Challenge Pty Ltd after undertaking a strategic review of this business. The sale was finalised on 31 January 2018.
Resource Sector Rental Operations	On 1 March 2016 the company ceased resource sector rental operations due to the downturn in the mining industry and the resulting reduction in demand for construction workforce accommodation.
Caravan Manufacturing Operations	On 21 June 2018 the company announced the sale of the Coromal and Windsor brands and associated raw materials and finished goods stock after undertaking a strategic review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

11. DISCONTINUED OPERATIONS (continued)

	Flexiglass Challenge Pty Ltd		Resource Sector Rental Segment		Caravan Manufacturing		Total Discontinued Operations	
	2019 $ '000	2018 $ '000	2019 $ '000	2018 $ '000	2019 $ '000	2018 $ '000	2019 $ '000	2018 $ '000
11.1 Financial results								
Revenue	-	12,014	1,746	7,319	30,962	34,097	32,708	53,430
Impairment and provisions	-	(4,509)	(3,520)	(947)	(11,925)	(15,232)	(15,445)	(20,688)
Loss on sale	-	(187)	-	-	-	-	-	(187)
Expenses	-	(13,388)	(2,033)	(7,838)	(44,167)	(46,224)	(46,200)	(67,450)
Loss from discontinued operation before income tax	**-**	**(6,070)**	**(3,807)**	**(1,466)**	**(25,130)**	**(27,359)**	**(28,937)**	**(34,895)**
Attributable income tax benefit	-	494	1,142	440	7,537	8,296	8,679	9,230
Loss from discontinued operation after income tax	**-**	**(5,576)**	**(2,665)**	**(1,026)**	**(17,593)**	**(19,063)**	**(20,258)**	**(25,665)**
11.2 Cashflow information								
Net cash inflows from operating activities	-	(26)	(287)	7,686	(4,945)	(21,914)	(5,232)	(14,254)
Net cash inflows (outflows) from investing activities	-	32	(26)	(366)	26	(1,648)	-	(1,982)
Net cash inflow from discontinued operations	**-**	**6**	**(313)**	**7,320**	**(4,919)**	**(23,562)**	**(5,232)**	**(16,236)**
11.3 Financial Position								
Assets			5,371	9,211	13,233	36,031	18,604	45,242
Liabilities			-	-	4,967	14,769	4,967	14,769
Net Assets in discontinued operation			**5,371**	**9,211**	**8,266**	**21,262**	**13,637**	**30,473**
11.4 Loss per share from discontinued operation								
Basic loss per share (cents)							(22.3)	(40.7)
Diluted loss per share (cents)							(22.3)	(40.5)
Proft attributable to members of the consolidated entity relates to:								
Profit from continuing operations							14,014	12,204
Loss from discontinued operation							(20,258)	(25,665)
Loss for the year							**(6,244)**	**(13,461)**

12. BUSINESS COMBINATIONS

12.1 Acquisition of Modular Building Systems Pty Ltd

The company completed the acquisition of 100% of the shares of Modular Building Systems Pty Ltd (MBS), for $34.2 million, a working capital adjustment plus a potential earn out effective 1 July 2018.

MBS is based in New South Wales and specialises in the manufacture and installation of prefabricated modular buildings and provides a strong entry point for Fleetwood into the New South Wales corrections, education and commercial sectors.

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

	Carrying Value $'000	Fair value recognised $'000
Fair value of identifiable net assets acquired:		
Cash and cash equivalents	283	283
Trade and other receivables	7,937	7,937
Property, plant and equipment	2,211	2,211
Contract assets	1,352	1,352
Contract intangible	14,924	14,924
Deferred tax assets	785	785
Inventory	488	488
Total assets	**27,980**	**27,980**
Trade and other payables	8,261	8,261
Interest bearing liabilities	115	115
Deferred tax liabilities	4,477	4,477
Provisions	2,616	2,616
Total liabilities	**15,469**	**15,469**
Fair value of identifiable net assets acquired	12,511	12,511
Fair value of identifiable net assets acquired		12,511
Goodwill		24,637
		37,148
Cost of the combination:		
Cash paid at acquisition		35,110
Potential earn out		2,038
Direct costs relating to the acquisition (expensed in the income statement)		215
Total cost of the acquisition		**37,363**
The cash flow on acquisition is as follows:		
Net cash acquired with the business (inflow)		(283)
Direct costs relating to the acquisition		215
Cash paid		35,110
Net consolidated cash outflow		**35,042**

The purchase agreement included an additional consideration payable only if the profits of MBS for 2019 and 2020 exceed a target level agreed by both parties. The $2,037,778 fair value of the contingent earn out liability initially recognised represents the present value of the Group's probability weighted estimate of the cash outflow. It reflects management's estimate that the targets will be achieved and is discounted using a pre-tax corporate rate of 12.04%.

As at 30 June 2019 there have been no changes in the estimate of the probable cash outflow.

12. BUSINESS COMBINATIONS (continued)

Goodwill of $24,636,738 is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of MBS' workforce and expected synergies. Goodwill has been allocated to the Modular Accommodation cash-generating unit at 30 June 2019. The goodwill that arose from the business combination is not expected to be deductible for tax purposes.

The effective date of the acquisition of MBS was 1 July 2018. The revenue and earnings of MBS have been included within the Modular Accommodation segment results for the period.

12. BUSINESS COMBINATIONS (continued)

12.2 Acquisition of Northern RV

On 7 August 2018, the company announced that it had completed the acquisition of the business and assets of Northern RV (NRV), a Melbourne based caravan plumbing and electrical services and parts supplier for $10 million, a working capital adjustment plus a potential earn out. NRV gives Fleetwood the opportunity to further integrate with key OEM customers.

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

	Carrying Value $'000	Fair value recognised $'000
Fair value of identifiable net assets acquired:		
Trade and other receivables	2,825	2,825
Property, plant and equipment	61	61
Deferred tax assets	270	270
Inventory	540	540
Total assets	**3,696**	**3,696**
Trade and other payables	754	754
Provisions	900	900
Total liabilities	**1,654**	**1,654**
Fair value of identifiable net assets acquired	**2,042**	**2,042**
Fair value of identifiable net assets acquired		2,042
Goodwill		10,554
		12,596
Cost of the combination:		
Cash paid at acquisition		10,534
Potential earn out		2,062
Direct costs relating to the acquisition (expensed in the income statement)		76
Total cost of the acquisition		**12,672**
The cash flow on acquisition is as follows:		
Net cash acquired with the business (inflow)		-
Direct costs relating to the acquisition		76
Cash paid		10,534
Net consolidated cash outflow		**10,610**

The purchase agreement included an additional consideration payable only if the average profits of NRV for financial years 2019, 2020 and 2021 exceed a target level agreed by both parties. The $2,061,795 fair value of the contingent earn out liability initially recognised represents the present value of the Group's probability weighted estimate of the cash outflow. It reflects management's estimate of a 85% chance that the targets will be achieved and is discounted using a pre-tax corporate rate of 12.04%.

As at 30 June 2019 there have been no changes in the estimate of the probable cash outflow.

12. BUSINESS COMBINATIONS (continued)

Goodwill of $10,553,955 is primarily related to growth expectations, expected future profitability and integration opportunities of NRV. Goodwill has been allocated to cash-generating units at 30 June 2019. The goodwill that arose from the business combination is not expected to be deductible for tax purposes.

The acquired business contributed revenues of $13,742,366 and net profit after tax of $2,410,197 (excluding incremental interest) to the Group for the period 8 August 2018 to 30 June 2019. Had the assets of NRV been acquired at 1 July 2018, the revenue from continuing operations for the Group would have been $316,910,405, and the net profit from continuing operations attributable to members of the parent entity would have been $14,294,539.

In determining the 'pro-forma' revenue and profit of the Group the revenue and earnings of NRV have been extrapolated for the period from acquisition date to 30 June 2019.

13. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant items have occurred subsequent to 30 June 2019 and before this report was issued.