APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2020
FLEETWOOD CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
(ABN 69 009 205 261)

Reporting period	Year ended 30 June 2020
Prior corresponding period	Year ended 30 June 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	% change Up / (down)	2020 $'000	2019 $'000
Revenue from ordinary activities	3%	324,866	315,088
Underlying profit before interest, tax and amortisation (EBITA)	(12%)	22,289	25,295
Net profit (loss) from continuing operations after tax attributable to members	(113%)	(1,820)	14,014
Net loss attributable to members (including loss from discontinued operation)	55%	(2,820)	(6,244)

DIVIDEND INFORMATION

	2020	2019
Final Dividend		
Date dividend is payable	1 Oct 2020	N/A
Record date	2 Sep 2020	N/A
Final dividend payable per security (cents)	5.00	-
Franked amount of dividend per security (cents)	5.00	-
Special Dividend		
Date dividend is payable	1 Oct 2020	N/A
Record date	2 Sep 2020	N/A
Special dividend payable per security (cents)	7.00	-
Franked amount of dividend per security (cents)	7.00	-
Total dividend payable for the period per security (cents)	12.00	-

NET TANGIBLE ASSET BACKING

	as at 30 June 2020	as at June 2019
Net tangible assets per security ($) - Prior to application of AASB 16[1]	1.49	1.38
Net tangible assets per security ($) - Post application of AASB 16[2]	1.25	1.38

DETAILS OF SUBSIDIARIES AND ASSOCIATES

No items to report.

COMMENTARY ON RESULTS IN THE PERIOD

Additional Appendix 4E disclosure requirements and further information including commentary on significant features of the operating performance, results of segments and other factors affecting the results for the current period are contained in the Director's Report and Financial Report for the Year Ended 30 June 2020, and Press Release lodged with the ASX.

STATUS OF ACCOUNTS

The consolidated financial statements contained within the Financial Report for the Year Ended 30 June 2020, of which this report is based upon have been audited by Fleetwood Corporation Limited's auditors, Grant Thornton Audit Pty Ltd.

[1] Calculated as net assets less goodwill and intangibles

[2] Calculated as net assets less goodwill and intangibles less AASB 16 right-of-use assets

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FINANCIAL REPORT 2020

FLEETWOOD AUSTRALIA

CONTENTS

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DIRECTORS' REPORT
REVIEW OF OPERATIONS

- **Underlying EBITA of $22.3m**
- **$65.7m in net cash**
- **Dividends reinstated, PLUS**
- **Special dividend to return caravan manufacturing capital to shareholders**

Despite challenging conditions in the final quarter of FY20, Fleetwood's three operating segments showed resilience to the pandemic environment.

Changes in FIFO rosters and increased volume from shutdowns provided upside in Accommodation Solutions.

Notwithstanding that demand for caravans and associated parts and services reduced in the final quarter, significant restructuring undertaken in recent years has seen the RV Solutions segment contribute a result above break-even through the COVID-19 period.

Building Solutions benefited from increased government spending in states where the Company has ongoing panel arrangements. This was offset by a reduction in small to medium sized commercial projects in the second half.

The Company finished the year with net cash of $65.7 million and a current ratio (current assets to current liabilities) of 2:1.

The Company's liquidity has benefited in part from the sale of the caravan manufacturing business, which has returned net cash to the balance sheet. To acknowledge shareholders' patience throughout the sale period, part of the capital recovered will be paid to shareholders in a 7 cents per share special dividend.

In addition to this, the Company's forward outlook is positive and the board has reinstated ordinary dividends with a final dividend of 5 cents per share to be paid in September 2020 making a total dividend of 12 cents per share in respect of FY20.

TRADING RESULTS

Accommodation Solutions EBITA was higher in FY20 building on its strong first half result as the business benefitted from COVID-19 related rostering changes.

Building Solutions posted an improved result in H2 FY20 off the back of major new programs of work. High levels of economic uncertainty impacted demand from the private sector for smaller high margin works in Q4. This has had an impact on second half margins, as larger, lower margin projects dominated production, particularly in New South Wales and Western Australia.

Demand for recreational vehicles was impacted in Q4 by COVID-19 related OEM shutdowns. JobKeeper payments, arrangements with landlords and significant restructuring of the fixed cost base that has otherwise been implemented in this segment in the last eighteen months meant no operating losses were encountered in the RV segment during Q4.

Notwithstanding that the Company's RV Solutions segment has withstood the pandemic environment relatively well, uncertainty regarding the near-term industry demand profile has led the board to take a prudent approach and book an impairment charge to goodwill of $13.8m in this segment. The charge does not impact Fleetwood's ability to pay dividends or banking covenants.

Earnings per share was 15.8 cents per share on an NPATA[1] basis.

RESULT SUMMARY

$ million	FY20	FY19	Change
Revenue	329.9	315.3	5%
EBITDA	38.2	34.4	11%
Depreciation	15.9	9.1	75%
EBITA	22.3	25.3	(12%)
Amortisation of contract intangible	4.2	3.1	36%
Finance costs	1.4	0.9	64%
Pre-tax profit	16.7	21.4	(22%)
Tax expense	4.7	7.4	(36%)
Underlying NPAT	12.0	14.0	(14%)
Impairment	(13.8)	0.0	n/a
Continuing operations NPAT	(1.8)	14.0	n/a
Loss from discontinued operations	(1.0)	(20.3)	n/a
Statutory NPAT	(2.8)	(6.2)	n/a

[1] NPATA = Underlying NPAT plus after-tax amortisation of contract intangible.

DIRECTORS' REPORT
REVIEW OF OPERATIONS

The divisional breakdown shown below highlights earnings growth in Accommodation Solutions and reduced overheads offset by lower earnings from Building Solutions and RV Solutions.

DIVISIONAL EBITA RESULT SUMMARY

$ million	FY20	FY19	Change
Revenue			
RV Solutions	64.5	72.8	(11%)
Building Solutions	230.6	209.4	10%
Accommodation Solutions	43.6	37.0	18%
Intersegment eliminations	(8.8)	(3.8)	n/a
Total revenue	329.9	315.3	5%
EBITA			
RV Solutions	3.7	5.7	(35%)
Building Solutions	6.6	12.6	(48%)
Accommodation Solutions	16.2	11.5	41%
Unallocated	(4.2)	(4.5)	n/a
Total EBITA	22.3	25.3	(12%)

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

CASHFLOW AND DEBT

30 June 2020 net cash of $65.7 million compares to 30 June 2019 net cash of $33.6 million. The group currently has total debt and bonding facilities of $65 million. In addition, the group has credit approved terms for a further $15 million in bonding facilities.

The movement in net debt is detailed below.

$ million	FY20	FY19
EBITDA	38.2	34.4
Cash outflows from discontinued businesses	(0.3)	(5.2)
Interest paid (net)	(0.5)	(0.7)
Tax	(0.4)	(2.5)
Working capital (and other)	9.7	6.0
Operating cashflow	46.6	31.9
Net capex	(6.5)	(11.8)
Free cashflow	40.2	20.1
Net acquisitions	(0.9)	(44.4)
Financing cashflows	(7.2)	57.2
Opening net cash (debt)	33.6	0.6
Closing net cash (debt)	65.7	33.6

Conversion of EBITDA into cash was driven by Building Solutions. There have been instances where clients have prepaid Fleetwood in June for works to be completed early in the new financial year totaling $6 million.

Cash outflows from discontinued businesses fell substantially in line with the wind-down of activity in Caravan Manufacturing operations.

During the year the dining room at Searipple underwent a major renovation in preparation for increased activity levels.

The acquisition cashflows represent the MBS and NRV earnout provisions paid in cash and the financing cashflows represent the repayment of lease liabilities (AASB-16 leases) during the year.

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BUILDING SOLUTIONS

	FY20	FY19
Revenue	230.6m	209.4m
EBITA	6.6m	12.6m

COVID-19 caused minimal disruption to existing construction projects between March and June.

The Company continues to derive a substantial portion of its revenue from government clients. Announcements regarding forward spending support this remaining the case for the foreseeable future.

Given the high levels of economic uncertainty, demand from the private sector for smaller high margin works was softer in the second half. This had an impact on margins, as larger, lower margin projects dominated production, particularly in New South Wales and Western Australia.

These projects included the $17 million Koodaideri project for Rio Tinto in Western Australia and the $35 million project with Hansen Yuncken for the New South Wales State Government. Both of these projects provided substantial revenue in the second half of the year.

Additionally, given the scale of potential projects and programs, substantial business and market development costs were incurred in the year totalling over $2 million. These relate to design and estimating as well as direct bid costs.

An example of market development is the permanent modular school program in Victoria. This was cultivated by Fleetwood's design and sales team based in Melbourne and demonstrates that traditional construction techniques can be competitively bid in a modular format.

During the year permanent modular projects were completed at Vermont, Newborough, Fairfield, Elwood, Ilim and Balwyn in Victoria. Several permanent modular projects remain under construction or consideration in Victoria, Queensland, New South Wales and South Australia.

A new branch was opened in the fourth quarter in South Australia on the back of education demand in that state.

In addition to the $35 million project with Hansen Yuncken, the New South Wales business has also been actively pursuing application of its proven modular build method to correctional expansions in other geographic regions.

Activity levels in Queensland were strong during the year driven by education demand. However, volumes remain low in the affordable housing sector following changes in ownership at two of the Company's major clients.

Despite the Koodaideri project win in Western Australia, demand from the resource sector remains patchy. This was in part due to a market overhang of secondhand buildings and also due to COVID-19 related uncertainty towards the end of the year.

The business welcomed new Chief Operating Officer Jason Kunkler in June 2020 who brings proven experience in construction Company leadership and project delivery to Fleetwood.

ACCOMODATION SOLUTIONS

	FY20	FY19
Revenue	43.6m	37m
EBITA	16.2m	11.5m

Accommodation Solutions continued to benefit from increased occupancy at Searipple Village in Karratha. This was the result of contract variations with a customer and an increased mix towards shutdown and maintenance demand.

In response to COVID-19 the Western Australian Government introduced (and has subsequently removed) intrastate travel restrictions, rather than limiting fly-in-fly out workforces. The restrictions resulted in modified rosters which enhanced the result.

An example of changes made was the removal of the practice of accommodating people on alternate rosters using one room. This improved utilisation in the June quarter.

Other measures undertaken included extra cleaning, ongoing guest monitoring and education, staggered mealtimes and the provision of handwashing stations.

Earnings from Osprey Village in Port Hedland were stable as expected.

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DIRECTORS' REPORT
REVIEW OF OPERATIONS

RV SOLUTIONS

	FY20	FY19
Revenue	64.5m	72.8m
EBITA	3.7m	5.7m

After a tough external environment for locally built caravans in the first half, with the OEM market down 13%, COVID-19 related impacts saw the second half experience a significant reduction in volume from caravan manufacturers.

The business reduced this impact by continuing to focus on the aftermarket. The impact on the aftermarket was not as severe as that seen with manufacturers. This was likely due to existing caravan owners buying aftermarket parts and services to ready their RVs for travel once restrictions ease.

Services revenue performed in line with the OEM market with market share gains offset by pricing pressure.
JobKeeper payments, arrangements with landlords and significant restructuring of the fixed cost base, meant no operating losses were encountered in the RV Solutions segment in the fourth quarter. Net of these payments and arrangements, operating costs across the business were 28% lower in FY20 than FY19.

DIVIDENDS

The board has declared a dividend of 5 cents per share in line with its stated dividend policy. In addition to this a special dividend of 7 cents per share has been declared which represents a partial return of cash from the sale of the Caravan Manufacturing business.

The Company presently has $25.5 million in franking credits available to support dividends.

OUTLOOK

The business is closely monitoring the COVID-19 situation, particularly the rapidly developing situation in Victoria. Fleetwood continues to take proactive measures to ensure the safety of its people and to sustain service to customers. Management is also focused on ensuring the business is prepared for opportunities that the post COVID-19 world will present.

Building Solutions
In the Building Solutions segment the Company's pipeline of opportunities is at an all-time high.

Demand from the Government sector remains strong consistent with recent announcements regarding infrastructure spending. This activity is concentrated to a degree in the education sector, however the corrections and social housing sectors are also showing positive signs of forward demand.

The New South Wales government has announced $6.7 billion to build 190 new schools. This program is in the early stages however Fleetwood is participating in further tendering for these projects. The $35 million project with Hansen Yuncken, awarded in FY19, gives New South Wales operations a solid base for the first half of FY21.

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.

Further to this, in May 2020, the Victorian Education minister announced an accelerated $1.2 billion program to build 10 new schools, 250 relocatable buildings and 57 school upgrades.

The New South Wales government has also announced $3.8 billion 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.

In Queensland the near-term outlook for education spending remains strong. An election is due in this state in FY21 and the Company is monitoring this closely.

There are also a number of resource sector projects which are either in feasibility or active tendering. Fleetwood has strong capability in this area, and it remains a core focus.

Accommodation Solutions
The return of traditional rostering arrangements as well as additional village capacity should see Accommodation Solutions results moderate in the second half of FY21.

However anticipated construction activity in the Karratha/Dampier region will drive a significant increase in demand for FIFO rooms over the medium term.

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RV Solutions

Current trading conditions are difficult in RV Solutions. However over the medium to long term this industry will likely benefit from increased domestic travel.

This segment has been diversified through restructuring that included the acquisition of Northern RV and a subsequent period of reducing overhead costs.

The NRV acquisition has been and continues to be a key strategic fit in the RV Solutions business, broadening our market reach into RV repairs, upgrades, rentals and import certifications as well as the traditional OEM fitouts.

FORWARD STRATEGY

Building Solutions

The modular industry in Australia remains in its infancy when compared to other countries. Fleetwood continues to see a considerable growth opportunity by progressing the Australian market to applications of modular construction that are used overseas.

Early success has been achieved in building permanent architecturally designed schools in a modular format. MBS had been on a similar journey prior to acquisition with the rollout of modular prison cells.

There are substantial further opportunities. Essentially these exist in any application where there is an advantage in speed of delivery or where a project is in a remote location.

Accommodation Solutions

Fleetwood is pursuing a strategy of increasing its portfolio of villages. The Company's Building Solutions segment provides the opportunity to build new villages at a competitive cost and this is supported by the Company's strong balance sheet.

RV Solutions

RV Solutions has exposure to the locally built RV market through its parts business Camec, and to overseas imports through its services business Northern RV.

Expansion of the earnings base in this segment will be driven by a focus on services as imports grow to be a larger part of the market. A key channel is the aftermarket, which includes on-line and instore retail, trade repairs and post-delivery services.

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DIRECTORS' REPORT

DIRECTORS AND OFFICERS

The Board is currently comprised of five Non-Executive Directors and the Managing Director. The Directors who are in office at the date of this Report are:

Phillip Campbell
BENG, GAICD
Board Chair, Non-Executive Director

Phillip Campbell was appointed as Non-Executive Director on 12 August 2016, and thereafter as Non-Executive Chairman of the Board.

Phillip is an experienced director, having been involved with a number of listed and unlisted entities in capacities including Managing Director and Chairman. He has a proven track record of guiding businesses through challenging and volatile environments to restore and enhance shareholder value.

Phillip's business experience includes dealing with domestic and international companies across a range of industries including resources, construction, and manufacturing. He holds a Bachelor of Engineering, a Diploma of Corporate Finance and is a Graduate of the Australian Institute of Company Directors.

Phillip held the following directorships of listed companies in the three years immediately before the end of the financial year: Non-Executive Director and Chairman of Vmoto Limited (appointed 31 May 2017) and Non-Executive Chair of LogiCamms Limited (appointed 22 October 2019).

Brad Denison
BCOMM, FCPA, MAICD
Managing Director, CEO

Brad Denison has been Managing Director and Chief Executive Officer of Fleetwood Corporation Limited since 1 August 2014. Brad's appointment to the position of Managing Director and Chief Executive Officer followed 12 years' experience within the Company as Chief Financial Officer and Company Secretary.

Brad has significant corporate experience in business acquisitions, strategy, finance and complex commercial projects.

Brad is a qualified accountant, a Fellow of CPA Australia, a Member of the Australian Institute of Company Directors and a board member of prefabAUS.

Brad does not currently hold any other directorships and did not hold any other directorships with listed companies in the last three years.

Jeff Dowling
BCOMM, FCA, FICA, FFIN, FAICD
Non-Executive Director, Chair of Audit and Risk Committee

Jeff Dowling was appointed as Non-Executive Director on 1 July 2017, and thereafter as Chair of the Audit & Risk Committee.

Jeff is a highly experienced corporate leader with over 40 years' experience in professional services with Ernst & Young. Jeff held numerous leadership roles within Ernst & Young which focused on mining, oil and gas and other industries. Jeff's expertise is centred around audit, risk and financial acumen derived from acting as lead partner on numerous large public company audits, capital raisings and corporate transactions. As a Non-Executive Director of a number of ASX listed companies Jeff has been involved with various corporate acquisitions and takeovers, debt restructures and equity raisings.

Jeff holds a Bachelor of Commerce and is a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Chartered Accountants, and a Fellow of the Financial Services Institute of Australasia.

Jeff has held the following directorships of listed companies in the three years immediately before the end of the financial year: Non-Executive Director of S2 Resources Limited (appointed 29 May 2015), Non-Executive Director of NRW Holdings Limited (appointed 21 August 2013) and Non-Executive Director of Battery Minerals Limited (appointed 25 January 2018).

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Adrienne Parker
LLB, MAICD
Non-Executive Director, Chair of Nominations and Diversity Committee

Adrienne Parker was appointed as a Non-Executive Director on 23 August 2017, and thereafter as Chair of the Nominations & Diversity Committee.

Adrienne is a partner and Head of Pinsent Masons' Perth office, a global law firm. Adrienne specialises in major construction, engineering and resources projects, including disputes in the infrastructure, mining, oil and gas and transport sectors.

Adrienne's experience includes advising parties on the procurement, management and delivery of infrastructure projects across Australia via traditional project delivery models and relationship contracting, including PPP projects. Adrienne has also acted in many large scale complex disputes in many jurisdictions involving mining projects, processing plants, oil and gas facilities, and major commercial building and infrastructure projects.

Adrienne holds a Bachelor of Laws from the University of Western Australia. She is the Chair of the Joint Law Council of Australia and Law Society of Western Australia's Construction and Infrastructure Law Committee and a past president of the WA Chapter of National Association of Women in Construction. She is also a member of the Society of Construction Law Australia and a Member of the Australia Institute of Company Directors.

Adrienne did not hold any other directorships with listed companies in the last three years.

Mark Southey
BSC (HONS), MBA, GAICD
Non-Executive Director, Chair of Remuneration Committee

Mark Southey was appointed as a Non-Executive Director on 10 October 2018, and thereafter as Chair of the Remuneration Committee.

Mark is an experienced senior executive with extensive global experience in industrial technology and services and project development in the natural resources sectors. Mark has previously held senior executive positions with Honeywell and ABB in Australia and internationally, and was a member of the global executive leadership team within WorleyParsons where he held the position of Group Managing Director for the Minerals, Metals and Chemicals Sector.

Mark holds a Bachelor of Science (Hons) in Engineering with Business Studies, has an MBA from the University of Sydney Business School, and is a Graduate of the Australian Institute of Company Directors.

Mark has held the following directorships of listed companies in the three years immediately before the end of the financial year: Non-Executive Chairman of Arafura Resources Limited (appointed 30 January 2018).

Martin Monro
Bachelor of Arts, FAICD, FAIB
Non-Executive Director

Martin Monro was appointed as a Non-Executive Director on 1 June 2020.

Martin was formerly the Chief Executive Officer and Managing Director of Watpac Limited from August 2012 until his retirement in an executive capacity in June 2019. Martin has more than 30 years' experience in the Australian and international construction sectors, with a proven track record in prudent financial management, safety leadership and successful expansion into new markets. Martin remains a Non-Executive Director of Watpac Limited.

Martin is the immediate past National Vice President for the Australian Industry Group, a member of the Royal Melbourne Showgrounds Unincorporated Joint Venture Board, and the Chair of the Moits Advisory Board. He is also a Specialist Workplace Relations Advisor to the Board of the Australian Constructors Association. In addition, Martin is a Director of the construction industry suicide prevention charity, Mates in Construction, a voluntary position he has held since 2017.

Martin has formal qualifications in Psychology and Human Resources Management, is a graduate of the Accelerated Development Program at the London Business School, a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Building.

Martin has held the following directorships of a listed company in the three years immediately before the end of the financial year: Managing Director of Watpac Limited (appointed 10 October 2014), delisted on 24 December 2018.

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BOARD OF DIRECTORS, AUDIT AND RISK COMMITTEE, REMUNERATION AND NOMINATION AND DIVERSITY COMMITTEE MEETINGS

During the financial year, eighteen Board meetings, four Audit and Risk Committee meetings, two Remuneration Committee meetings and four Nomination and Diversity Committee meetings were held. The number of meetings attended by each Director of the Company during the financial year are as follows:

	Board		Audit and Risk Committee		Remuneration Committee		Nominations and Diversity Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Phillip Campbell	18	18	4	4	2	2	4	4
Brad Denison [1]	18	18	-	4	-	2	4	4
Jeff Dowling	18	18	4	4	2	2	4	4
Adrienne Parker	18	18	4	4	2	2	4	4
Mark Southey	18	17	4	4	2	2	4	4
Martin Monro [2]	1	1	-	-	-	-	1	1

[1] Notwithstanding he is not a member, Brad Denison attended relevant sections of the meetings as directed by the Chair of the Audit and Risk Committee and the Chair of the Remuneration Committee, respectively.
[2] Martin Monro was appointed to the Board on 01/06/2020.

DIRECTORS' SHAREHOLDINGS

The relevant interest of each Director in Company shares and options at the date of this Report, as notified by the Directors to the ASX in accordance with s205G(1) of the Corporations Act (Cth) 2001 are as follows:

	No. of shares	No. of share units	No. of options	No. of performance rights
Phillip Campbell	26,000	-	-	-
Brad Denison	189,418	770,000	-	319,812
Jeff Dowling	50,000	-	-	-
Adrienne Parker	8,290	-	-	-
Mark Southey	15,000	-	-	-
Martin Monro (Appointed 01/06/2020)	-	-	-	-

INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

The Company has executed agreements with current and former Directors and Officers in respect of indemnity, access to documents and insurance.

Subject to the Corporations Act 2001 (Cth) and Fleetwood's Constitution, Directors and Officers are indemnified against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Director or Officer of the Company, except where the liability arises out of conduct involving a lack of good faith.

The Company provides D&O insurance cover to current and former Directors and Officers. The contract of insurance prohibits disclosure of the nature of the cover, however insurance premiums paid during the financial year were $299,183 (2019: $234,313).

The access deed provides, among other things, current and former Directors and Officers with access to certain Company information, during their tenure and for a period of seven years after they cease to be a Director or Officer.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the Company or any related body corporate against liability incurred as an auditor.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

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

- design, manufacture, and sale of manufactured accommodation;
- operation of accommodation villages; and
- manufacture and distribution of recreational vehicle parts and accessories and associated services.

OPERATIONS

Results of operations for the year are contained in the Financial Report.

FINANCIAL POSITION

A summary of the financial position of the Group is disclosed on pages 23 and 24 of this Financial Report.

SHARE OPTIONS, UNITS AND RIGHTS

No share units or options were issued or granted during the 2020 fiscal year or subsequent to year end.

Details of performance rights granted to Key Management Personnel following the 2019 Annual General Meeting are set out in the Remuneration Report.

FUTURE DEVELOPMENTS

The Company will continue to pursue increasing both profitability and market share in its major business sectors. Further information as to likely developments and expected future results are disclosed in the Review of Operations.

DIVIDENDS

A final dividend of 5 cents per share and a special dividend of 7 cents per share were declared with respect to the year ended 30 June 2020.

RESOLUTION OF DIRECTORS

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

P Campbell
Non-Executive Chairman

25 August 2020

Perth

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DIRECTORS' REPORT
REMUNERATION COMMITTEE CHAIRMAN'S LETTER REGARDING THE REMUNERATION REPORT

Dear Shareholders and readers of this report,

We are pleased to present Fleetwood's Remuneration report for the year ended 30 June 2020. Fleetwood's remuneration framework is designed to align management remuneration with shareholder returns, the principles of which are outlined in the remuneration principles section of this report.

I am pleased to be able to report that considerable progress has been made on the restructuring and future positioning of your Company. This transformation of the Company has been the result of significant commitment and hard work by Fleetwood employees across the business and the leadership of Brad Denison, our Managing Director and CEO and his executive team.

Details of the remuneration framework applying to the leadership team are transparently and comprehensively disclosed in this report.

Our objective is to implement remuneration policies that reward value creation and deliver sustainable value for Fleetwood shareholders. We strongly believe that if investors and their advisers carefully review our accomplishments and forward plans they will endorse the effectiveness of the plans implemented thus far and those which we are proposing as set out below.

With respect to the key remuneration issues and outcomes in the 2020 financial year:
- We have not made any underlying changes to the fixed remuneration of Non-Executive Directors or the Managing Director and CEO.
- The STI structure has not changed in the current year.
- The financial and non-financial component of the STI were not met in FY20 except for Accommodation Solutions. There have been no changes to the annual incentive policy other than to develop challenging and focused objectives for the management team to deliver through the past 12 months (FY20).
- LTI Performance Right awards were made to key management personnel as approved by shareholders at the 2018 AGM.
- No Performance Rights have vested given they vest over three years.

With respect to our thinking going forward:
- Remuneration increases would appear to be inappropriate given the effects of COVID-19 on the economy. There have been no changes to the remuneration of Non-Executive Directors, the Managing Director and CEO or KMPs.
- New equity awards are being considered on the same terms as approved by shareholders at the 2018 AGM:
    - Awards with performance periods of three years;
    - 50% weighted to total shareholder return; and
    - The balance equally weighted to earnings per share growth and return on equity subject to a maximum Debt to Equity ratio.

The mandate of the Remuneration Committee remains unchanged. We urge shareholders to support us as we continue to develop and implement schemes which we consider to be in their best interest whilst recognising the particular challenges of the markets in which we work and the core objectives which have been set for those people appointed to manage our businesses.

Mark Southey

M Southey
Non-Executive Director
Remuneration Committee Chair

REMUNERATION REPORT (AUDITED)

The Directors of Fleetwood Corporation Ltd (Fleetwood) present the Remuneration Report for Non-Executive Directors, Executive Director and other Key Management Personnel (KMP), prepared in accordance with the *Corporations Act 2001 (Cth)* and the *Corporations Regulations 2001 (Cth)*.

The Remuneration Report is set out under the following main headings:
1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Short term incentive included in remuneration
5. Share-based remuneration
6. Other information

1. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:
- to align rewards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment marketplace to support the attraction, motivation and retention of executive talent.

Fleetwood has structured a remuneration framework that is market competitive and aligned to the strategy of the Group.

The Board has established a Remuneration Committee, chaired by Independent Non-Executive Director Mark Southey, which operates in accordance with its charter as approved by the Board. The Committee is responsible for recommending and reviewing compensation arrangements for the Directors and the Executive Team.

The Committee has engaged independent remuneration consultants to provide necessary information to assist in the discharge of its responsibilities (refer to the disclosures below in section 1.4).

The remuneration structure adopted by the Group consists of the following components:
- fixed remuneration, being annual salary;
- short term incentives, being cash bonuses; and
- long term incentives, being share schemes.

The Remuneration Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive Team.

The payment of bonuses, share rights and other incentives are reviewed by the Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, shares and incentives must be linked to pre-determined performance criteria and hurdles.

During the financial year the Remuneration Committee reviewed:
- conditions of service and remuneration of the Directors and Executives;
- remuneration policies of the Group;
- proposals for new issues under, or changes to, the Company's long and short term incentive plans;
- succession plans for senior management; and
- other related matters.

The remuneration components for each Executive are detailed below.

1.1 Total Fixed Remuneration (TFR)
TFR comprises salary and superannuation capped at the concessional contribution limit. Fixed remuneration is set with reference to role, market and relevant experience and is reviewed annually or on promotion.

1.2 Short Term Incentive (STI)
Each year Fleetwood undertakes a strategic planning process which results in a detailed 3 to 5 year strategy leading to 1-year Key Performance Indicators. Fleetwood's performance measures include the use of annual performance objectives, metrics and continuing emphasis on Company values.

The performance measures are set annually after consultation with the Directors and Executives and are specifically tailored to the areas where each Executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

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The performance measures for the STI comprise a combination of individual and company specific performance targets. The weighting is 50% non-financial and 50% financial. In setting the performance measures for the STI, the Remuneration Committee is conscious to ensure that all targets are measurable and provide a challenging but meaningful incentive to participants.

Non-financial metrics are based on performance against specific individual key performance targets. Individual performance targets are derived from position descriptions, key responsibilities, key competencies and period specific objectives which are in turn aligned with key business strategies identified annually during the business planning process following the Board's sign off of budgets.

Financial performance targets are derived from budgeted or forecast EBITA above a relevant qualifying gate which is considered an appropriate measure of the Company's profitability.

The maximum amount of these awards is based on a percentage of the Executive's TFR (which is set out in table 4). The actual STI outcomes for the year are detailed in tables 3 and 5 below.

1.3 Long Term Incentive (LTI)

Long-term incentives in the form of performance rights received by Executives are determined in accordance with the provisions of the Executive Long Term Incentive Plan (LTI Plan), which was approved by shareholders at the 2018 Annual General Meeting (AGM). The objective of this plan is to retain and reward executives and to align their long term interests with those of shareholders.

50% of performance rights are performance tested against total shareholder return (TSR) performance, 25% are tested against earnings per share (EPS) performance and the remaining 25% are tested against return on equity (ROE) performance over a 3 year period from a start date (Start Date) to a test date (End Date).

The TSR performance condition will be met if the Company's TSR performance is at or above 15% compound annual growth rate (CAGR) (over the period from the Start Date to the End Date).

The EPS performance condition will be met if the Company's EPS performance is at or above 15% compound annual growth rate at the End Date and the ROE performance condition will be met if the Company's ROE is at or above 12% at the End Date (subject to a maximum debt to equity ratio of 30%).

The maximum amount of LTI awards is based on a percentage of the Executive's TFR (which is set out in table 4).

Up until the implementation of the LTI Plan at the 2018 AGM, Executives participated in the Executive Share Unit Plan. The share units granted pursuant to the plan are noted and discussed in the 2018 Remuneration Report. These units vest based on a minimum 15% CAGR in TSR. The plan will remain in effect until all granted units have been exercised, forfeited or expired. No share units have been granted or issued since the introduction of the LTI Plan in 2018. Further details on the plan are contained in section 5.

1.4 Use of remuneration consultants

Fleetwood's Remuneration Committee took advice from external consultants regarding appropriate benchmarks for Director and Executive TFR.

Under the terms of the engagement, HaRe Group provided remuneration recommendations for Non-Executive Directors and the Managing Director and CEO as defined in section 9B of the *Corporations Act 2001* and was paid $3,000 (excluding GST) for these services.

Under the terms of the engagement, CR|HR provided remuneration recommendations for Executive KMPs as defined in section 9B of the *Corporations Act 2001* and was paid $7,000 (excluding GST) for these services.

HaRe Group and CR|HR have both confirmed that the above recommendations have been made free from undue influence by members of the Group's KMP.

Both consultants were engaged by, and reported directly to, the Chair of the Remuneration Committee, Mark Southey. The agreement was executed by the Chair of the Remuneration Committee under delegated authority on behalf of the Board.

The services were provided by both consultants directly to the Chair of the Remuneration Committee.

The Committee also took advice from external consultants on the design and structure of the new LTI Plan in FY19.

1.5 Voting and comments made at the Company's last Annual General Meeting

Fleetwood received 64.9% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2019. The Company received no specific feedback on its Remuneration Report at the 2019 AGM.

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DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

1.6 Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Table 1: Five year Snapshot of Continuing Operations

	2016	2017	2018	2019	2020
Share price at start of year ($)	1.37	1.91	2.36	2.27	1.70
Share price at end of year ($)	1.91	2.36	2.27	1.70	1.60
Dividend per share (cents)	-	5.0	1.0	-	12.0
Diluted earnings per share (cents, NPATA basis)	4.2	24.8	19.9	17.8	15.8
$ Million					
Revenue and other income	233.0	262.4	267.0	315.3	329.9
Underlying profit before interest, tax and amortisation (EBITA)	5.3	22.7	18.8	25.3	22.3
Net profit after tax (NPAT)	2.6	15.2	12.2	14.0	(2.8)

2. DETAILS OF REMUNERATION

Details of the nature and amount of each element of the remuneration of each Director and Executive of Fleetwood are shown in the table below:

Table 2: Non-Executive Directors Remuneration Summary

	Short-term employee benefits			Post employ -ment		Share based payments		
NON-EXECUTIVE DIRECTORS	**Salary & fees**	**Bonus**	**Non-monetary**	**Super-annuation**	**Other long term benefits**	**Share units**	**Performance rights**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Phillip Campbell Chairman Non-Executive Director								
2020	140,000	-	-	-	-	-	-	140,000
2019	140,000	-	-	-	-	-	-	140,000
Jeff Dowling Non-Executive Director								
2020	82,192	-	-	7,808	-	-	-	90,000
2019	82,192	-	-	7,808	-	-	-	90,000
Adrienne Parker Non-Executive Director								
2020	82,192	-	-	7,808	-	-	-	90,000
2019	82,192	-	-	7,808	-	-	-	90,000
Mark Southey[1] Non-Executive Director								
2020	82,192	-	-	7,808	-	-	-	90,000
2019	54,794	-	-	5,206	-	-	-	60,000
Martin Monro Non-Executive Director (Appointed 01/06/2020)								
2020	6,849	-	-	651	-	-	-	7,500
2019	-	-	-	-	-	-	-	-
2020 Total	393,425	-	-	24,075	-	-	-	417,500
2019 Total	359,178	-	-	20,822	-	-	-	380,000

Table 2 Notes:
The current maximum aggregate fee pool for Non-Executive Directors is $600,000 per rule 15.15 of the Constitution of Fleetwood Corporation Limited.
[1] Mark Southey provided consulting services independent to his role as a Non-Executive Director amounting to $10,260 during the year.

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Table 3: Executive Director and Executives Remuneration Summary

EXECUTIVE DIRECTOR AND OFFICERS	Short-term employee benefits			Post employ -ment		Share based payments		
	Salary & fees	Bonus	Non-monetary	Super-annuation	Other long term benefits	Share units	Performance rights	Total
	$	$	$	$	$	$	$	$
Brad Denison[1] Chief Executive Officer, Managing Director								
2020	572,907	-	27,093	25,000	9,628	35,931	83,960	754,519
2019	578,185	100,000	21,862	25,000	4,835	112,524	6,732	849,138
Andrew Wackett Chief Financial Officer, Company Secretary								
2020	333,997	-	-	21,003	5,545	12,057	37,758	410,360
2019	334,097	60,000	-	20,531	789	26,706	3,059	445,183
Elizabeth Maynard General Counsel, Company Secretary								
2020	263,598	-	-	21,615	5,043	-	30,016	320,272
2019	187,922	-	-	17,110	-	-	2,154	207,186
Jason Kunkler Chief Operating Officer - Building Solutions (Appointed 02/06/2020)								
2020	33,139	-	-	2,803	375	-	-	36,317
2019	-	-	-	-	-	-	-	-
Manuel Larre Chief Operating Officer - RV Solutions								
2020	297,307	-	-	23,883	4,657	10,117	34,175	370,139
2019	282,198	61,019	-	25,000	3,738	30,485	2,740	405,180
Dominic Letts Chief Operating Officer - Accommodation Solutions								
2020	280,724	100,000	-	25,000	4,675	3,593	32,885	446,877
2019	286,597	60,000	-	25,000	3,172	11,252	2,637	388,658
Jarrod Waring Chief Operating Officer - Building Solutions (Resigned 12/08/2020)								
2020	359,513	-	-	21,407	6,707	8,585	40,099	436,311
2019	354,043	60,000	-	20,531	3,906	25,669	3,171	467,321
Yanya O'Hara Company Secretary (Resigned 05/07/2018)								
2020	-	-	-	-	-	-	-	-
2019	14,707	-	-	1,397	-	2,416	-	18,520
2020	2,141,185	100,000	27,093	140,711	36,630	70,283	258,893	2,774,795
2019	2,037,749	341,019	21,862	134,569	16,441	209,052	20,494	2,781,186

Table 3 Notes:
The Remuneration Committee changed the STI structure to ensure it relates to the current financial year not the previous financial year. As such, the 2019 STI in the above table relates to FY18.
[1] In the FY19 Report Brad Denison's salary and wages had been reduced by the amount of annual leave taken in the period previously recognised as salaries and wages in the Remuneration Report. This has been restated

to reflect the salaries and wages earned in FY19 and FY20. There has been no adjustment to Brad Denison's TFR in either FY19 or FY20.
Included in salary and fees are amounts of annual leave accrued during the reporting period. There are no post-employment benefits other than superannuation. Executive contracts do not provide for any termination payments, other than the payment of accrued leave entitlements. Other long term benefits comprise long service leave entitlements accrued to the Executive during the reporting period.
The amount included in remuneration as share-based payments are not related to or indicative of the benefits (if any) that individual executives may ultimately realise should the equity instruments vest.

3. SERVICE AGREEMENTS

The remuneration and other terms of employment for the Managing Director & CEO and other Executive KMP are covered under individual formal employment contracts. All employment contracts are for unlimited duration and carry no termination payments other than statutory entitlements. The Executive's TFR is subject to annual review with no obligation on the Company to make changes.

Each Executive KMP employment contract includes provisions requiring the Executive to maintain the confidentiality of Company information, provides for leave entitlements, as a minimum, in accordance with respective legislation and restraint of trade provisions for a period after termination of employment.

Specific details relating to each Executive KMP are as follows:

Table 4: Executive Service Agreements

KEY MANAGEMENT PERSONNEL	TFR	STIP %	LTIP %	Notice Period
Bradley Denison	625,000	50%	50%	6 months
Andrew Wackett	355,000	40%	40%	3 months
Elizabeth Maynard	290,000	40%	40%	3 months
Jason Kunkler (Appointed 02/06/2020)	445,000	40%	40%	3 months
Manuel Larre	318,000	40%	40%	3 months
Dominic Letts	306,000	40%	40%	3 months
Jarrod Waring (Resigned 12/08/2020)	375,000	40%	40%	3 months

The Remuneration Committee determines remuneration for all KMP listed under the guidelines contained in this Remuneration Report.

4. SHORT TERM INCENTIVE INCLUDED IN REMUNERATION

Details of the STI cash bonuses awarded as remuneration to each KMP, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years.

Table 5: STI summary

KEY MANAGEMENT PERSONNEL	Included in Remuneration	Earned %	Forfeited %	Total available STI %
Brad Denison	-	0%	50%	50%
Andrew Wackett	-	0%	40%	40%
Elizabeth Maynard	-	0%	40%	40%
Jason Kunkler (Appointed 02/06/2020)	-	0%	40%	40%
Manuel Larre	-	0%	40%	40%
Dominic Letts	100,000	33%	7%	40%
Jarrod Waring (Resigned 12/08/2020)	-	0%	40%	40%

A description of the STI is detailed in section 1.2 of this report and further details on the above outcomes are disclosed below table 3.

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5. SHARE-BASED REMUNERATION

Fleetwood currently has two share based long term incentive plans, one of which is no longer in use. These are summarised below:

- FY19-FY20: LTI Performance Rights Plan. Key terms discussed in section 1.3 of this report. An expense of $429,374 was recorded in the FY20 accounts for this plan. KMP holdings of share rights under this plan are detailed in table 9.
- FY15-FY18: Share Units Plan. No longer in use. The final grant date in relation to this plan was made on 20 December 2017 with a 5 year vesting period. An accounting expense of $94,455 was recorded in the FY20 accounts for this plan. KMP holdings of share units under this plan are detailed in table 10.

Details of performance rights over ordinary shares in the Company that were granted as remuneration to each KMP are set out in the table below. Non-Executive Directors are not entitled to participate in the LTI Share Rights Plan.

Table 6: FY19-FY20 LTI Performance Rights Plan summary

KEY MANAGEMENT PERSONNEL	Plan	Grant date	No. at grant date	Value at grant date	No. units vested during the year	Vesting date	Value of Performance Rights included in remuneration
Brad Denison	FY19	01/07/18	146,028	287,675	-	30/06/21	22,460
	FY20	01/07/19	173,784	378,849	-	30/06/22	61,500
Andrew Wackett	FY19	01/07/18	66,355	130,720	-	30/06/21	10,206
	FY20	01/07/19	77,855	169,724	-	30/06/22	27,552
Elizabeth Maynard	FY19	01/07/18	46,729	92,056	-	30/06/21	7,187
	FY20	01/07/19	64,508	140,627	-	30/06/22	22,829
Jason Kunkler (Appointed 02/06/2020)	FY19	01/07/18	-	-	-	30/06/21	-
	FY20	01/07/19	-	-	-	30/06/22	-
Manuel Larre	FY19	01/07/18	59,439	117,095	-	30/06/21	9,142
	FY20	01/07/19	70,737	154,207	-	30/06/22	25,033
Dominic Letts	FY19	01/07/18	57,196	112,677	-	30/06/21	8,796
	FY20	01/07/19	68,068	148,388	-	30/06/22	24,089
Jarrod Waring (Resigned 12/08/2020)	FY19	01/07/18	68,785	135,507	-	30/06/21	10,579
	FY20	01/07/19	83,416	181,847	-	30/06/22	29,520
Total	FY19	01/07/18	444,533	875,729	-	30/06/21	68,370
	FY20	01/07/19	538,368	1,173,642	-	30/06/22	190,523

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5.1 Valuation assumptions for the FY19-FY20 LTI (Performance Rights Plan)

The estimation of the fair value of share-based payment awards requires judgement concerning the appropriate valuation methodology. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions.

A Monte-Carlo simulation valuation methodology was used to determine the value relative to TSR growth. The valuation methodology used was chosen from those available to incorporate an appropriate amount of flexibility with respect to the particular performance and vesting conditions of the award.

The value recognised in the period for each KMP has been recognised straight-line over the vesting term in line with accounting standards. For those portions of the granted rights with non-market vesting conditions, values have been estimated based on the number of units expected to vest.

Key inputs to the model are detailed below.

Table 7: Key inputs to FY19-FY20 LTI Valuation

Grant Date	Expiry Date	Vesting Tranche	Volatility %	Dividend yield %	Risk free interest rate %	Share price at grant date $	Fair value at grant date $
01/07/18	30/06/21	1	53.66	2.50	2.24	1.97	0.72
01/07/19	30/06/22	1	54.11	0.00	1.97	2.18	0.82

5.2 Valuation assumptions for the FY15-FY18 LTI (Share Units Plan)

The fair value at grant date for KMP share units, is determined under option pricing methodology using a Monte-Carlo simulation model. The expected volatility is based on historical share price volatility over the past five years, and the risk-free interest rate and dividend yield have been assessed based on prevailing market conditions.

Key inputs to the model are as follows:

Table 8: Key inputs to FY2015-2018 LTI Valuation

Grant Date	Expiry Date	Vesting Tranche	Volatility %	Dividend yield %	Risk free interest rate %	Fair value at grant date $	Exercise price $	Weighted average share price at grant date $
18/12/14	18/12/19	1	47.57	3.20	2.40	0.43	1.35	1.35
		2	47.57	3.20	2.40	0.42	1.35	1.35
		3	47.57	3.20	2.40	0.39	1.35	1.35
18/12/15	18/12/20	1	50.21	3.20	1.73	0.46	1.22	1.22
		2	50.21	3.20	1.73	0.42	1.22	1.22
		3	50.21	3.20	1.73	0.37	1.22	1.22
20/12/16	18/12/21	1	49.48	3.20	2.33	0.82	1.94	1.94
		2	49.48	3.20	2.33	0.74	1.94	1.94
		3	49.48	3.20	2.33	0.68	1.94	1.94
12/06/17	12/06/22	1	49.48	1.90	2.53	0.91	2.19	2.19
		2	49.48	1.90	2.53	0.83	2.19	2.19
		3	49.48	1.90	2.53	0.72	2.19	2.19
20/12/17	20/12/22	1	51.84	1.80	2.43	1.21	2.84	2.84
		2	51.84	1.80	2.43	1.12	2.84	2.84
		3	51.84	1.80	2.43	1.01	2.84	2.84

6. OTHER INFORMATION

6.1 Performance rights held by KMP (FY19-20 LTI)

The number of performance rights to acquire shares in the Company held during the 2020 reporting period by each of the KMP of the Group; including their related parties are set out below. No performance rights are held by the Directors, except for the Managing Director, Brad Denison.

Table 9: Details of performance right holdings of KMP

PERFORMANCE RIGHTS	Rights at beginning of year	Granted as remuneration	Forfeited	Exercised	Rights at end of year	Vested during the year	Vested at end of year
DIRECTOR	No.	No.	No.	No.	No.	No.	No.
Brad Denison							
2020	146,028	173,784	-	-	319,812	-	-
2019	-	146,028	-	-	146,028	-	-
EXECUTIVES							
Andrew Wackett							
2020	66,355	77,855	-	-	144,210	-	-
2019	-	66,355	-	-	66,355	-	-
Elizabeth Maynard							
2020	46,729	64,508	-	-	111,237	-	-
2019	-	46,729	-	-	46,729	-	-
Jason Kunkler (Appointed 02/06/2020)							
2020	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	
Manuel Larre							
2020	59,439	70,737	-	-	130,176	-	-
2019	-	59,439			59,439	-	-
Dominic Letts							
2020	57,196	68,068	-	-	125,264	-	-
2019	-	57,196	-	-	57,196	-	-
Jarrod Waring (Resigned 12/08/2020)							
2020	68,785	83,416	-	-	152,201	-	-
2019	-	68,785	-	-	68,785	-	
2020	444,533	538,368	-	-	982,901	-	-
2019	-	444,533	-	-	444,533	-	-

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6.2 Share units held by KMP (FY15-FY18 LTI)

The number of share units to acquire shares in the Company held during the 2020 reporting period by each of the KMP of the Group; including their related parties are set out below. No share units are held by the Directors, except for Managing Director, Brad Denison.

Table 10: Details of share unit holdings of KMP

SHARE UNITS	Units at beginning of year	Granted as rem.	Forfeited	Exercised	Units at end of year	Vested during the year	Vested at end of year	Proceeds received on exercise
DIRECTOR	No.	No.	No.	No.	No.	No.	No.	$
Brad Denison								
2020	770,000	-	-	-	770,000	-	438,000	-
2019	770,000	-	-	-	770,000	66,000	438,000	-
EXECUTIVES								
Andrew Wackett								
2020	110,000	-	-	-	110,000	-	-	-
2019	110,000	-	-	-	110,000	-	-	-
Manuel Larre								
2020	155,000	-	-	-	155,000	-	71,900	-
2019	155,000	-	-	-	155,000	9,900	71,900	-
Dominic Letts								
2020	73,200	-	-	-	73,200	-	46,800	-
2019	73,200	-	-	-	73,200	6,600	46,800	-
Jarrod Waring (Resigned 12/08/2020)								
2020	145,000	-	-	-	145,000	-	71,900	-
2019	145,000	-	-	-	145,000	9,900	71,900	-
Yanya O'Hara (Resigned 05/07/2018)								
2020	53,760	-	-	-	53,760	-	53,760	-
2019	53,760	-	-	-	53,760	-	53,760	-
2020	1,306,960	-	-	-	1,306,960	-	682,360	-
2019	1,306,960	-	-	-	1,306,960	92,400	682,360	-

6.3 Loans to KMP (FY15-FY18 LTI)

Loans to KMP in connection with the FY15-FY18 LTI totalling $3,129,520 (2019: $3,157,955) were outstanding at the end of the reporting period. The value of shares in the Company held by the Share Trust exceeded the balance of loans outstanding at the end of the reporting period. The loans are non-recourse, there is no fixed term, and no allowance for doubtful debts or impairment loss has been recognised against them. The number of KMP included in the aggregate of loans is six.

Brad Denison had loans totalling $1,426,910 (2019: $1,426,910) made to him at the end of the reporting period, with the total loan remaining outstanding at the end of the reporting period in connection with the LTIP. The loan is non-recourse, there is no fixed term, and no allowance for doubtful debts or impairment loss has been recognised against it.

6.4 Other transactions with KMP

There were no other transactions with KMP during the period.

END OF AUDITED REMUNERATION REPORT.

DIRECTORS' DECLARATION

In the opinion of the directors of Fleetwood Corporation Limited:

a) The financial statements and notes set out on pages 23 to 80, are in accordance with the *Corporations Act (Cth) 2001*, including:

i. Complying with Australian Accounting Standards and the *Corporations Regulations 2001 (Cth)*; and

ii. Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

b) 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

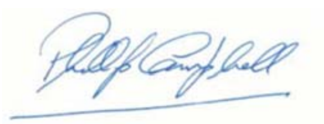
c) There are reasonable grounds to believe that the Company and the companies to which the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 applies, as detailed in note 22 to the financial statements will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

The Directors' draw attention to note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

The Directors have been given the declarations required by s.295A of the *Corporations Act (Cth) 2001* from the Managing Director and CEO and CFO.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



P Campbell
Non-Executive Chairman

25 August 2020

Perth

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Auditor’s Independence Declaration

To the Directors of Fleetwood Corporation Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Fleetwood Corporation Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M D Dewhurst
Partner – Audit & Assurance

Perth, 25 August 2020

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

		Consolidated	
	Note	2020 $ '000	2019 $ '000
Continuing operations			
Sales revenue	2	324,866	315,088
Fair value gain on contingent consideration		1,750	-
Government subsidies (JobKeeper)	1.9	1,652	-
Other income		1,654	225
Materials used		(108,598)	(106,027)
Sub-contract costs		(92,784)	(87,159)
Employee benefits	3	(57,672)	(53,868)
Rent expense	19	(760)	(7,227)
Impairment of goodwill	13	(13,845)	-
Other expenses		(31,953)	(26,660)
Profit before interest, tax, depreciation and amortisation (EBITDA)		**24,310**	**34,372**
Depreciation	3	(15,866)	(9,077)
Profit before interest, tax and amortisation (EBITA)		**8,444**	**25,295**
Amortisation of contract intangible	14	(4,174)	(3,067)
Profit before interest and tax (EBIT)		**4,270**	**22,228**
Finance costs	3	(1,400)	(854)
Profit before income tax expense		**2,870**	**21,374**
Income tax expense	4	(4,690)	(7,360)
Profit (loss) from continuing operations		**(1,820)**	**14,014**
Loss from discontinued operation	28	(1,000)	(20,258)
Loss for the year	7, 20	**(2,820)**	**(6,244)**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Net exchange difference - foreign controlled entities (net of tax)	20	(75)	211
Total comprehensive loss for the year		**(2,895)**	**(6,033)**
Earnings (loss) per share	Note	cents	cents
Basic earnings (loss) per share			
Continuing operations		(1.9)	15.4
Discontinued operations		(1.1)	(22.3)
Total	7	**(3.0)**	**(6.9)**
Diluted earnings (loss) per share			
Continuing operations		(1.9)	15.4
Discontinued operations		(1.1)	(22.3)
Total	7	**(3.0)**	**(6.9)**

To be read in conjunction with the accompanying notes

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		Consolidated	
		2020	2019
	Note	$ '000	$ '000
Current assets			
Cash and cash equivalents	8	65,726	33,635
Trade and other receivables	9	49,330	59,880
Contract assets	9	12,837	20,035
Inventories	10	25,138	24,488
Other financial assets	23	-	67
Tax assets		1,342	1,803
Non-current assets held for sale	11	3,191	5,371
Total current assets		**157,564**	**145,279**
Non-current assets			
Trade and other receivables	9	5,429	1,865
Contract assets	9	-	2,004
Property, plant and equipment	12	45,005	48,437
Right-of-use assets	19	23,037	-
Goodwill	13	72,066	85,911
Intangible assets	14	13,032	15,200
Deferred tax assets	4	7,590	10,674
Total non-current assets		**166,159**	**164,091**
Total assets		**323,723**	**309,370**
Current liabilities			
Trade and other payables	15	46,480	56,691
Contract liabilities	15	15,721	7,653
Interest bearing liabilities	17	-	18
Lease liabilities	19	7,082	-
Tax liabilities		608	93
Provisions	16	8,896	9,022
Earn out liability	23	-	345
Other financial liabilities	23	325	-
Total current liabilities		**79,112**	**73,822**
Non-current liabilities			
Lease liabilities	19	16,122	-
Provisions	16	603	2,895
Earn out liability	23	1,357	3,755
Total non-current liabilities		**18,082**	**6,650**
Total liabilities		**97,194**	**80,472**
Net assets		**226,529**	**228,898**
Equity			
Issued capital	20	255,054	254,528
Reserves	20	(2,823)	(2,748)
Retained earnings	20	(25,702)	(22,882)
Total equity		**226,529**	**228,898**

To be read in conjunction with the accompanying notes

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Consolidated	Note	Issued capital $ '000	Share Plan reserve $ '000	Foreign currency translation reserve $ '000	Retained earnings $ '000	Total $ '000
Balance at 1 July 2018 as previously stated		196,428	-	229	(16,638)	180,019
Prior period adjustment	1.4	352	(3,188)	-	-	(2,836)
Balance at 1 July 2018 restated		196,780	(3,188)	229	(16,638)	177,183
Loss for the year		-	-	-	(6,244)	(6,244)
Exchange differences arising on translation of foreign operations		-	-	211	-	211
Total comprehensive income (loss) for the year		-	-	211	(6,244)	(6,033)
Issue of Share Capital		57,325	-	-	-	57,325
Share-based payments		423	-	-	-	423
Balance at 30 June 2019		**254,528**	**(3,188)**	**440**	**(22,882)**	**228,898**
Loss for the year		-	-	-	(2,820)	(2,820)
Exchange differences arising on translation of foreign operations		-	-	(75)	-	(75)
Total comprehensive loss for the year		-	-	(75)	(2,820)	(2,895)
Share-based payments		526	-	-	-	526
Balance at 30 June 2020		**255,054**	**(3,188)**	**365**	**(25,702)**	**226,529**

To be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 $ '000	2019 $ '000
Cash flows from operating activities			
Receipts in the course of operations		366,474	383,008
Payments in the course of operations		(319,948)	(347,883)
Government subsidies received (JobKeeper)		1,016	-
Interest received		910	228
Income taxes paid		(398)	(2,480)
Finance costs paid		(1,410)	(943)
Net cash provided by operating activities	8	**46,644**	**31,930**
Cash flows from investing activities			
Acquisition of property, plant and equipment	12	(8,290)	(10,119)
Proceeds from sale of non-current assets		4,276	323
Payment for intangible assets	14	(2,478)	(1,991)
Payment for acquisition of subsidiary		(867)	(45,645)
Proceeds on sale of Coromal and Windsor brands		-	1,000
Acquired through business combination		-	283
Net cash used in investing activities		**(7,359)**	**(56,149)**
Cash flows from financing activities			
Proceeds from borrowings		20,000	26,000
Repayment of borrowings		(20,018)	(32,054)
Proceeds from issue of shares		-	57,325
Repayment of lease liabilities		(7,181)	-
Net cash (used in) / provided by financing activities		**(7,199)**	**51,271**
Net increase in cash and cash equivalents		32,086	27,052
Cash and cash equivalents at the beginning of the financial year		33,635	6,572
Effect of exchange rate changes on cash held in foreign currencies		5	11
Cash and cash equivalents at the end of the financial year	8	**65,726**	**33,635**

To be read in conjunction with the accompanying notes

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SUMMARY OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BUSINESS PERFOMANCE	BALANCE SHEET	FINANCING	CAPITAL	GROUP STRUCTURE	OTHER
2. SALES REVENUE	8. CASH AND CASH EQUIVALENTS	17. INTEREST BEARING LOANS AND BORROWINGS	6. DIVIDEND INFORMATION	22. DEED OF CROSS GUARANTEE	21. AUDITORS REMUNERATION
3. EXPENSES	9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS	18. FINANCING ARRANGEMENTS	20. EQUITY AND RESERVES	25. CONTROLLED ENTITIES	23. FINANCIAL RISK MANAGEMENT
4. TAX EXPENSE	10. INVENTORIES	19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES		27. PARENT ENTITY DISCLOSURES	24. CONTINGENT LIABILITIES
5. SEGMENT INFORMATION	11. NON-CURRENT ASSETS HELD FOR SALE			28. DISCONTINUED OPERATIONS	26. RELATED PARTIES
7. EARNINGS PER SHARE	12. PROPERTY, PLANT AND EQUIPMENT				29. SUBSEQUENT EVENTS
	13. GOODWILL				
	14. INTANGIBLE ASSETS				
	15. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES				
	16. PROVISIONS				

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1. ABOUT THIS REPORT

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

1.1 STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001 (Cth)*, Accounting Standards and Interpretations, and complies with other requirements of the law. Compliance with Australian Accounting Standards ensures the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards. The Company is a for profit entity and the financial statements comprise the consolidated financial statements of the Group.

The financial statements were authorised for issue by the directors on 25 August 2020.

New and revised Standards and Interpretations adopted during the reporting period

The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

AASB 16 'Leases'

AASB 16 'Leases; replaces AASB 117 'Leases along with three interpretations (IFRIC 4 'Determining whether an arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and a related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. No adjustment to retained earnings was required following adoption of the new standard.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from AASB 117 and IFRIC 4 and has not applied AASB 16 to arrangements that were previously not identified as lease under AASB 117 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to not account for the lease expense on a straight-line basis over the remaining term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 2.8%.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

A reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019 is provided on the next page.

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1. ABOUT THIS REPORT (continued)

	$ '000
Total operating lease commitments disclosed at 30 June 2019	10,890
Leases with remaining lease term of less than 12 months	(1,130)
Operating lease liabilities before discounting	9,760
Discounted using incremental borrowing rate	(524)
	9,236
Other minor adjustments relating to commitment disclosures	(485)
Adjusted Operating lease liabilities as at 1 July 2019	8,751
Lease liabilities on leases commencing on 1 July 2019	12,567
Total lease liabilities recognised under AASB 16 at 1 July 2019	21,318

Other pronouncements

Other accounting pronouncements which have become effective from 1 July 2019 and have therefore been adopted do not have a significant effect on the Group's financial results or position.

1.2 BASIS OF PREPARATION

The financial report has been prepared on the basis of historical costs, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Cost is generally based on the fair values of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 or value in use in AASB 136. Accounting policies have been consistently applied and except where there are changes in accounting policy, are consistent with those of the previous year. All amounts are presented in Australian Dollars unless otherwise noted.

The Company has applied the relief available to it under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016 / 191 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest $1,000, or in certain cases, the nearest dollar.

1.3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. All subsidiaries have a reporting date of 30 June.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders, potential voting rights held by the Company, other vote holders or other parties, rights arising from other contractual arrangements, and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings. Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and

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1. ABOUT THIS REPORT (continued)

accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate.

1.4 PRIOR PERIOD ADJUSTMENTS

The Company has reclassified the Employee Share Plan Loan balance from trade and other receivables (non-current) to a share plan reserve following a review. The has been rectified by restating each of the affected financial statement line items for prior period as follows:

	1 July 2019 Previous $ '000	adjustment $ '000	1 July 2019 Restated $ '000
Trade and other receivables (non-current asset)	5,053	(3,188)	1,865
Issued Capital	(254,528)	-	(254,528)
Share plan reserve	-	3,188	3,188

	1 July 2018 Previous $ '000	adjustment $ '000	1 July 2018 Restated $ '000
Trade and other receivables (non-current asset)	2,836	(2,836)	-
Issued Capital	(196,428)	(352)	(196,780)
Share plan reserve	-	3,188	3,188

The Directors have considered the quantum and nature of the prior period adjustment and have formed the view that this is not material to the users of the financial statements. As such, a third balance sheet has not been disclosed. The adjustment has no impact on the Statement of Profit or Loss and Other Comprehensive Income or the Statement of Cash Flows.

1.5 TAX CONSOLIDATION

The Company and its wholly-owned Australian resident entities elected from 1 July 2003 to be taxed as a single entity.

Fleetwood Corporation Limited, as the head entity, and the subsidiaries in the tax consolidated group continue to account for their own current and deferred tax amounts. The amounts are measured as if each entity continues to be a stand-alone taxpayer in its own right. The current tax balances are then transferred to the head entity via intercompany balances. The entities within the Group have entered a tax funding arrangement whereby each subsidiary will compensate the head entity for the amount of tax payable that would be calculated as if the subsidiary was a tax paying entity.

The method used to calculate current and deferred tax amounts is summarised in note 4.

1.6 FOREIGN CURRENCY

Functional currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each group entity are expressed in Australian Dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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 profit or loss in the financial year in which they arise.

1. ABOUT THIS REPORT (continued)

Translation of controlled foreign operations

The assets and liabilities of foreign operations, including subsidiaries, are translated at the rates of exchange ruling at balance date. Equity items are translated at historical rates. Exchange differences arising from translation are taken directly to the foreign currency reserve until disposal or partial disposal of the operations. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognised in other comprehensive income and accumulated in equity.

1.8 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of accounting policies, management is required to make judgments, estimates and assumptions. The estimates and associated assumptions are based on experience and other factors that are considered relevant. Actual results may differ from these estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Accounting for construction contracts involves the continuous use of assessed estimates based on assumptions consistent with project scope and schedule, contract and risk management processes. Contracts may span over more than one accounting period. Estimates of forecast costs are regularly updated in accordance with the agreed work scope and schedule under the contract. Forecasts are based on the cost expected to apply when the related activity is undertaken. Contingencies are included in order to cover the risks in those forecasts. Forecasted costs are used to determine revenue recognition over time as described in note 2. Revenues reflect the price agreed in the contract and variations where they have been approved or if it is probable they will be approved. Claims are included in contract revenue only where negotiations have reached an advanced stage such that it is probable that the client will accept the claim and recovery of the amount involved is probable.
- Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets have been allocated except for where fair value less cost to sell has been applied. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of goodwill and the subsequent testing for impairment are set out in note 13. Details of other intangible assets are set out in note 14. Where the actual future cash flows are less than expected, a material impairment loss may arise.
- The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of share rights and share units issued during the year. Refer to note 3.
- Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling price. The Group is generally pro-active in identifying and stopping orders on slow moving or discontinued items such that these items are not carried at material amounts.

1.9 GOVERNMENT GRANTS RECOGNITION AND MEASUREMENT

Government grants and subsidies are recognised where there is reasonable assurance that they will be received and all attached conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the Group receives grants or subsidies of non-monetary assets, the asset and the grant/subsidy are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

1.10 GENERAL INFORMATION

Fleetwood Corporation Limited is a public company listed on the Australian Securities Exchange (trading under the symbol 'FWD'), incorporated in Australia and operating in Australia and New Zealand.

The registered and business address of the Company is 21 Regal Place, East Perth, Western Australia. The telephone number of the Company is (08) 9323 3300.

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2. SALES REVENUE

	Consolidated	
	2020	2019
Continuing operations	$ '000	$ '000
Sales revenue		
Recognised at a point in time:		
RV Solutions	60,663	68,770
Total revenue recognised at a point in time	60,663	68,770
Recognised over time:		
Building Solutions	220,590	209,365
Accommodation Solutions	43,613	36,953
Total revenue recognised over time	264,203	246,318
Total Sales Revenue	**324,866**	**315,088**

RECOGNITION AND MEASUREMENT

SALES REVENUE

Revenue from contracts with customers primarily arises from the following streams:

RV Solutions segment:

- The shipment of recreational vehicle parts and accessories;
- the installation of vehicle parts and accessories; and
- repairs and maintenance services of customers' vehicles.

Building Solutions segment:

- The construction of modular accommodation units sold to customers; and
- the hiring of modular accommodation units on short-term contracts.

Accommodation Solutions segment:

- Hiring of Group-owned accommodation units; and
- management fees for a village that was built by the Group and previously sold to a customer.

To determine whether to recognise revenue, the Group follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The transaction price is the fair value of consideration received or receivable net of goods and services tax (GST).

RV Solutions

Revenue from the sale of parts and services is for a fixed fee and recognised at a point in time. Recognition occurs when the Group transfers control of the asset to the customer.

For parts and services, transfer of control of the asset to the customer is the date of receipt of the customer for the good or where the Group is providing a service such as installation, repairs or maintenance, recognition is the date in which the customer drives away with the installed or repaired product.

The sale of parts and services are accompanied by standard manufacturer's warranty arrangements, of which are not separately or incrementally paid for by the customer. Under these conditions, customers can return product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. Refer to note 16.

2. SALES REVENUE (continued)

Building Solutions

The Group enters into contracts for the construction of modular accommodation units in exchange for a fixed fee and recognises the related revenue over time. Many of the Group's contracts comprise the construction of several accommodation units each representing performance obligations under the contract. The Group evaluates the separability of each good or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

• the customer benefits from the item either on its own or together with other readily available resources; and
• it is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customising it).

The transaction price for a contract excludes any amounts collected on behalf of third parties.

To depict the progress by which the Group transfers control of a build to the customer, and to establish when and to what extent revenue can be recognised, the Group measures its progress towards complete satisfaction of the performance obligation by comparing actual costs spent to date with the total estimated costs required to construct each unit. This cost-to-cost basis provides the most faithful depiction of the transfer of goods and services to each customer due to the Group's ability to make reliable estimates of the total costs required to perform, arising from its significant historical experience constructing similar units.

In addition to the fixed fee, some contracts include bonus payments which the Group can earn by completing a project in advance of a targeted delivery date. At inception of each contract, the Group begins by estimating the amount of the bonus to be received using the "most likely amount" approach. This amount is then included in the Group's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty surrounding the bonus is resolved. In making this assessment, the Group considers its historical record of performance on similar contracts, whether the Group has access to the labour and materials resources needed to exceed the agreed-upon completion date, and the potential impact of other reasonably foreseen constraints.

Most such arrangements include detailed customer payment schedules. When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises a contract asset in its statement of financial position.

The construction of accommodation units typically takes between 6–12 months from commencement of design through to completion and delivery. In some situations, customer payments will be received over a period of one year or more. In these circumstances, the Group adjusts the transaction price used in determining revenue recognition by the effects of financing.

In obtaining these contracts, the Group incurs a number of incremental costs, such as commissions paid to sales staff. The Group recognises such incremental costs as a contract asset if it expects to recover those costs from the customer. The contract asset is then amortised on a systematic basis consistent with the transfer to the customer the good or service to which the contract asset relates.

However, as noted above, the amortisation period of these costs, if capitalised, would be less than one year, and thus the Group makes use of the practical expedient in AASB 15.94 and expenses them as they incur.

Accommodation Solutions

The Group rents its owned accommodation units to customers and recognises revenue over time based on either fixed or variable daily rental rates depending on whether formal arrangements with customers exist. Revenue for these transactions is therefore recognised over time based on monthly billing in arrears for daily accommodation services provided. In this respect, the Group has a right to the consideration and the amount billed corresponds directly with the value to the customer for the Group's performance completed to date.

For Osprey which the Group manages on behalf of its customer, revenue is recognised over time based on a fixed management fee billed to the customer as per the management contract. Revenue is therefore recognised upon billing as that timing corresponds directly with the value to the customer for the Group's performance completed to date.

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2. SALES REVENUE (continued)

Discontinued Operations

The following revenue recognition policies pertain to segments that are now part of discontinued operations. Refer to note 28.

Caravan manufacturing operations:

- Revenue from the sale of caravans is for a fixed fee and recognised at a point in time;
- Recognition occurs when the Group transfers control of the asset to the end customer;
- Control is considered transferred on the date of receipt of the van by the end customer.

Resource Sector Rental operations:

- This discontinued segment recognises revenue at a point in time when the rental units are sold, and the assets are received by the customer.
- The sale proceeds are included in Revenues and the written down value of the asset on the date of disposal is charged to expense.

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3. EXPENSES

Expenses from continuing operations contain the following:

		Consolidated	
Continuing operations	Note	2020 $ '000	2019 $ '000
Cost of sales		**235,211**	**227,966**
Employee benefits			
Salaries and wages		52,863	49,447
Equity settled share-based payments		526	423
Defined contribution superannuation		4,283	3,998
		57,672	**53,868**
Depreciation and amortisation of:			
Buildings	12	34	34
Leasehold improvements	12	81	744
Plant and equipment	12	7,964	8,159
Product development	14	274	27
ERP Software	14	452	113
Right-of-use assets	19	7,061	-
		15,866	**9,077**
Finance costs:			
Financing arrangements		770	854
Lease liabilities		630	-
		1,400	**854**

EQUITY SETTLED SHARE-BASED PAYMENTS

Employee Plan

A scheme under which rights to acquire ordinary shares may be issued by the Company to employees for no consideration was approved by shareholders at the 2014 annual general meeting. Employees who have been continuously employed by the Group for at least one year are eligible to participate in the scheme. Employees will be issued shares in Fleetwood Corporation Limited upon the exercise of rights. One third of the rights are exercisable one year from the date of issue and a further one third of the rights are exercisable in each of the next two years. One share right represents one Fleetwood Corporation Limited share. There are no voting rights or dividend entitlements attaching to the rights. No amount is payable upon exercise of the rights and shares issued upon exercise rank equally with existing shares on the ASX.

Executive Plans

Long Term Incentive (LTI)

Long-term incentives in the form of performance rights received by Executives are determined in accordance with the provisions of the Executive Long Term Incentive Plan (LTI Plan), which was approved by shareholders at the 2018 Annual General Meeting (AGM). The objective of this plan is to retain and reward executives and to align their long term interests with those of shareholders.

50% of performance rights are performance tested against total shareholder return (TSR) performance, 25% are tested against earnings per share (EPS) performance and the remaining 25% are tested against return on equity (ROE) performance over a 3 year period from a start date (Start Date) to a test date (End Date).

The TSR performance condition will be met if the Company's TSR performance is at or above 15% compound annual growth rate (CAGR) (over the period from the Start Date to the End Date).

The EPS performance condition will be met if the Company's EPS performance is at or above 15% compound annual growth rate at the End Date and the ROE performance condition will be met if the Company's ROE is at or above 12% at the End Date (subject to a maximum debt to equity ratio of 30%).

The maximum amount of LTI awards is based on a percentage of the Executive's Total Fixed Remuneration (TFR).

Up until the implementation of the LTI Plan at the 2018 AGM, Executives participated in the Executive Share Unit Plan. The share units granted pursuant to the plan are noted and discussed in the 2018 Remuneration Report. The plan will remain in effect until all granted units have been exercised, forfeited or expired. No share units have been granted or issued since the introduction of the LTI Plan in 2018.

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3. EXPENSES (continued)

Valuation assumptions for the FY19-FY20 LTI (Performance Rights Plan)

The estimation of the fair value of share-based payment awards requires judgement concerning the appropriate valuation methodology. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions.

A Monte-Carlo simulation valuation methodology was used to determine the value relative to TSR growth. The valuation methodology used was chosen from those available to incorporate an appropriate amount of flexibility with respect to the particular performance and vesting conditions of the award.

The value recognised in the period for each KMP has been recognised straight-line over the vesting term as in line with accounting standards. For those portions of the granted rights with non-market vesting conditions, values have been estimated based on management's judgments as to the number of units expected to vest.

The following principal assumptions were used in the valuation:

Grant Date	Expiry Date	Vesting Tranche	Volatility	Dividend yield	Risk free interest rate	Share price at grant date	Fair value at grant date
			%	%	%	$	$
01/07/18	30/06/21	1	53.66	2.50	2.24	1.97	0.72
01/07/19	30/06/22	1	54.11	0.00	1.97	2.18	0.82

Valuation assumptions for the FY15-FY18 LTI (Share Units Plan)

The fair value at grant date for share units, is determined under option pricing methodology using a Monte-Carlo simulation model. The expected volatility is based on historical share price volatility over the past five years, and the risk-free interest rate and dividend yield have been assessed based on prevailing market conditions.

Key inputs to the model are as follows:

Grant Date	Expiry Date	Vesting Tranche	Volatility	Dividend yield	Risk free interest rate	Fair value at grant date	Exercise price	Weighted average share price at grant date
			%	%	%	$	$	$
18/12/14	18/12/19	1	47.57	3.20	2.40	0.43	1.35	1.35
		2	47.57	3.20	2.40	0.42	1.35	1.35
		3	47.57	3.20	2.40	0.39	1.35	1.35
18/12/15	18/12/20	1	50.21	3.20	1.73	0.46	1.22	1.22
		2	50.21	3.20	1.73	0.42	1.22	1.22
		3	50.21	3.20	1.73	0.37	1.22	1.22
20/12/16	18/12/21	1	49.48	3.20	2.33	0.82	1.94	1.94
		2	49.48	3.20	2.33	0.74	1.94	1.94
		3	49.48	3.20	2.33	0.68	1.94	1.94
12/06/17	12/06/22	1	49.48	1.90	2.53	0.91	2.19	2.19
		2	49.48	1.90	2.53	0.83	2.19	2.19
		3	49.48	1.90	2.53	0.72	2.19	2.19
20/12/17	20/12/22	1	51.84	1.80	2.43	1.21	2.84	2.84
		2	51.84	1.80	2.43	1.12	2.84	2.84
		3	51.84	1.80	2.43	1.01	2.84	2.84

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3. EXPENSES (continued)

Set out below are summaries of rights and units granted under each plan:

	Performance Rights Plan		Share Units			Employee Plan	
	2020	2019	2018	2017	2017	2018	2017
Grant date	01/07/19	01/07/18	20/12/17	12/06/17	20/12/16	01/12/17	01/12/16
Expiry date	30/06/22	30/06/21	20/12/22	12/06/22	18/12/21	01/12/20	01/12/19
Share Price at Grant date ($)	2.18	1.97	2.84	2.19	1.94	2.57	1.94
Fair Value at Grant date ($)	0.82	0.72	1.01	0.72	0.68	2.57	1.94
Balance at the start of the year (no.)	-	741,262	480,000	60,000	194,567	38,859	18,947
Granted (no.)	1,035,016	-	-	-	-	-	-
Exercised (no.)	-	-	-	-	-	(16,095)	(9,612)
Forfeited (no.)	(39,331)	(20,000)	(10,000)	-	-	(6,735)	(9,335)
Balance at the end of the year (no.)	995,685	721,262	470,000	60,000	194,567	16,029	-

RECOGNITION AND MEASUREMENT

OCCUPANCY-RELATED EXPENSES

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.

Defined contribution superannuation

Contributions to employee superannuation funds are expensed when the employees have rendered service entitling them to the contributions.

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4. TAX EXPENSE

CURRENT TAX EXPENSE

	2020 $ '000	2019 $ '000
Current tax expense (benefit) from continuing and discontinued operations	1,180	(1,689)
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	365	(487)
Deferred tax expense relating to recoupment of prior year tax losses	2,668	-
Under provision of income tax in prior year	47	857
Continuing and discontinued operations	**4,260**	**(1,319)**
Reconciliation of income tax expense to the accounting profit:		
Profit (loss) before tax from continuing and discontinued operations	1,440	(7,563)
The tax rate used for 2020 and 2019 is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.		
Income tax expense (benefit) calculated at 30% (2019: 30%)	432	(2,269)
Amortisation of leasehold improvements	8	8
Effect of lower tax rates on overseas income	(9)	(7)
Non-deductible expenses	4,312	127
Research & development allowance	-	(53)
Fair value gain on contingent consideration	(525)	-
Sundry items	42	18
Adjustments relating to income tax in prior year	-	857
Continuing and discontinued operations	**4,260**	**(1,319)**
Income tax expense (benefit) from:		
Continuing operations	4,690	7,360
Discontinued operations	(430)	(8,679)
Continuing and discontinued operations	**4,260**	**(1,319)**

DEFERRED TAX ASSETS

	Balance 2018 $ '000	Acquired 2019 $'000	Charged to income $ '000	Balance 2019 $ '000	Charged to income $ '000	Balance 2020 $ '000
Deferred tax relating to:						
Property, plant and equipment	5,374	-	485	5,859	(691)	5,168
Contract intangible	-	(4,477)	920	(3,557)	1,252	(2,305)
Employee provisions	3,162	203	(1,500)	1,865	68	1,933
Impairment of RV Manufacturing raw materials	2,175	-	(336)	1,839	(626)	1,213
Provision for expected RV warranty costs	-	-	1,241	1,241	(328)	913
Other provisions	24	853	(117)	760	(128)	632
Accruals	339	-	(339)	-	36	36
Unused tax losses	1,355	-	1,313	2,668	(2,668)	-
	12,429	**(3,421)**	**1,667**	**10,674**	**(3,084)**	**7,590**

The Company anticipates future profits will be earned to utilise deferred tax assets.

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4. TAX EXPENSE (continued)

RECOGNITION AND MEASUREMENT

CURRENT TAX

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

Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

DEFERRED TAX

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that a sufficient taxable amount will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

CURRENT AND DEFERRED TAX FOR THE PERIOD

Current and deferred tax is recognised as an expense or income in the statement of profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

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.

UNCERTAIN INCOME TAX TREATMENTS

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group has an overseas subsidiary, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group applied a risk weighted measurement to the tax treatments used in the Group and has determined that there is no change required under AASB Interpretation 23 Uncertainty over Income Tax Treatments.

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5. 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
RV Solutions	Manufacture, installation and distribution of recreational vehicle parts and accessories
Building Solutions	Design, manufacture and sale of accommodation
Accommodation Solutions	Operation of accommodation villages

Group revenue and results by reportable operating segment:

	Segment revenue and other income		Depreciation and amortisation		Segment Result (EBITA)[1]	
	2020	2019	2020	2019	2020	2019
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
RV Solutions[1]	64,491	72,785	3,665	1,078	(10,125)	5,707
Building Solutions	230,618	209,364	8,453	4,785	6,550	12,636
Accommodation Solutions	43,613	36,953	3,130	3,008	16,219	11,475
Intersegment eliminations	(8,999)	(4,163)	-	-	-	-
Operating segment total	**329,723**	**314,939**	**15,248**	**8,871**	**12,644**	**29,818**
Unallocated	199	374	618	206	(4,200)	(4,523)
Total	**329,922**	**315,313**	**15,866**	**9,077**	**8,444**	**25,295**
Amortisation of contract intangible (Building Solutions)					(4,174)	(3,067)
Profit before interest and tax (EBIT)					**4,270**	**22,228**
Finance costs					(1,400)	(854)
Profit before income tax benefit					**2,870**	**21,374**
Income tax (expense) benefit					(4,690)	(7,360)
Profit from continuing operations					**(1,820)**	**14,014**
Loss from discontinued operations					(1,000)	(20,258)
Loss attributable to members of the parent entity					**(2,820)**	**(6,244)**

[1] RV Solutions EBITA includes impairment of goodwill of $13.8 million. Underlying EBITA for RV Solutions was $3.7 million.

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		Segment liabilities	
	2020	2019	2020	2019
	$ '000	$ '000	$ '000	$ '000
RV Solutions	50,098	58,701	18,033	13,128
Building Solutions	165,925	179,816	65,853	51,240
Accommodation Solutions	32,680	24,826	7,371	8,605
Operating segment total	**248,703**	**263,343**	**91,257**	**72,973**
Unallocated	75,020	46,027	5,937	7,499
Total	**323,723**	**309,370**	**97,194**	**80,472**

Unallocated segment assets include idle mining rental assets of $3.2 million (2019: $5.4 million) and caravan manufacturing assets of $4.5 million (2019: $9.0 million).

5. SEGMENT INFORMATION (continued)

For the purposes of monitoring segment performance and allocating resources all assets and liabilities are allocated to the reportable segments other than current and deferred tax amounts and assets and liabilities directly utilised by the Corporate entity.

The Group operates in two principal geographical areas - Australia (country of domicile) and New Zealand. Group non-current assets and revenues by geographical segment:

	Segment non-current assets		Revenue and other income	
	2020	2019	2020	2019
Geographical area	$ '000	$ '000	$ '000	$ '000
Australia	165,434	163,793	322,489	307,948
New Zealand	725	298	7,433	7,365
	166,159	164,091	329,922	315,313

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6. DIVIDEND INFORMATION

After the reporting date, the following dividends were declared by the Directors. The dividends have not been recognised as liabilities.

	Consolidated	
	2020 $ '000	2019 $ '000
Declared and not recognised as liabilities		
Final 2020 - declared 5 cents per share fully franked	4,731	-
Special 2020 - declared 7 cents per share fully franked	6,623	-
	11,354	-
Dividend franking account		
30% franking credits available to shareholders of Fleetwood Corporation Limited for subsequent years	25,488	25,091

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7. EARNINGS PER SHARE

	2020 $ '000	2019 $ '000
Earnings used in the calculation of basic and diluted earnings per share from continuing and discontinued operations	(2,820)	(6,244)
Adjustment to exclude loss from discontinued operation	1,000	20,258
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	**(1,820)**	**14,014**

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	
	2020	2019
Weighted average number of ordinary shares used in the calculation of basic EPS	94,611,055	91,024,924
Weighted average number of ordinary shares used in the calculation of diluted EPS	**94,611,055**	**91,024,924**

Earnings (loss) per share	cents	cents
Basic earnings (loss) per share		
Continuing operations	(1.9)	15.4
Discontinued operations	(1.1)	(22.3)
Total	**(3.0)**	**(6.9)**
Diluted earnings (loss) per share		
Continuing operations	(1.9)	15.4
Discontinued operations	(1.1)	(22.3)
Total	**(3.0)**	**(6.9)**

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8. CASH AND CASH EQUIVALENTS

	2020 $ '000	2019 $ '000
Cash and cash equivalents	**65,726**	**33,635**

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

Operating profit (loss) after income tax	(2,820)	(6,244)
Items classified as investing activities:		
Loss on sale of non-current assets	(1,029)	2,136
Items classified as financing activities:		
Payment of Hire Purchase Creditors	(18)	-
Non-cash items:		
Equity settled share-based payments	526	423
Depreciation and amortisation expense - continuing operations	15,866	9,077
Depreciation and amortisation expense - discontinued operations	289	463
Amortisation of contract intangible	4,174	3,067
Impairment of goodwill	13,845	-
Provision for warranty	-	4,137
Impairment of plant and equipment	-	1,027
Impairment of raw materials	-	6,131
Impairment of non-current assets held for sale	896	3,520
Exchange differences arising on translation of foreign operations	75	(211)
Changes in assets and liabilities during the year:		
(Increase) decrease in trade and other receivables	6,986	(4,859)
(Increase) decrease in trade and other receivables (prior year adjustment)	3,188	-
(Increase) decrease in contract assets	9,202	-
(Increase) decrease in inventories	(650)	6,628
(Increase) in other financial assets	67	23
Increase (decrease) in trade and other payables	(10,211)	6,419
Increase (decrease) in contract liabilities	8,068	-
Increase (decrease) in provisions	(2,418)	2,189
Increase (decrease) in earn out liabilities	(3,610)	-
Increase (decrease) in other financial liabilities	325	-
Increase (decrease) in income taxes payable	976	(18)
(Increase) decrease in deferred taxes receivable	3,084	(1,978)
Increase (decrease) in right-of-use assets (AASB 16)	23,037	-
Increase (decrease) in lease liabilities (AASB 16)	(23,204)	-
Net cash provided by operating activities	**46,644**	**31,930**

RECOGNITION AND MEASUREMENT

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in fair value and have a maturity of three months or less at the date of acquisition.

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9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	2020 $ '000	2019 $ '000
Trade and other receivables		
Current		
Trade receivables	42,148	49,014
Less: allowance for doubtful debts	(2,116)	(1,765)
Finance lease receivable	3,023	1,254
Other debtors	6,275	11,377
Total	**49,330**	**59,880**
Non-Current		
Finance lease receivable	5,429	1,865
Total	**5,429**	**1,865**
Contract assets		
Current	**12,837**	**20,035**
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 (2019: $0.7 million), to be received from the customer on acceptance of the works performed and other contractual milestones.

The Group records finance lease receivables at the net present value of lease payments over the lease period as shown below.

	Lease payments $'000	Finance charges $'000	Net present value $'000
Finance Lease Receivable			
Current	3,246	(223)	3,023
Non-current	5,676	(247)	5,429
Total	**8,922**	**(470)**	**8,452**

RECOGNITION AND MEASUREMENT

CONTRACT ASSETS

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on made-to-order buildings. Contract assets are assessed for impairment as part of the Group's expected credit losses assessment under AASB 9.

ALLOWANCE FOR EXPECTED CREDIT LOSSES

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. note 23 includes disclosures relating to the credit risk analysis relating to the allowance for expected credit losses.

FINANCE LEASES

The Group applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term. The rate applied in discounting lease payments is equivalent to the Group's borrowing rate. Refer to note 19 for the accounting policy applicable to finance leases.

10. INVENTORIES

	2020 $ '000	2019 $ '000
Current		
Raw materials & stores	8,221	9,142
Finished goods	16,917	15,346
	25,138	**24,488**

The cost of inventories recognised as an expense during the year in respect of continuing operations was $107.7 million (2019: $105.6 million).

RECOGNITION AND MEASUREMENT

INVENTORIES

Inventories are carried at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal capacity. Costs of ordinarily interchangeable items are assigned using standard cost. Net realisable value represents the estimated selling prices for the inventories less all estimated costs of completion and costs necessary to make the sale.

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11. NON-CURRENT ASSETS HELD FOR SALE

	2020 $ '000	2019 $ '000
Plant & equipment - idle mining rental assets	3,191	5,371

RECOGNITION AND MEASUREMENT

NON-CURRENT ASSETS HELD FOR SALE

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

All balances on-hand as at 30 June 2020 are being carried at their fair value less cost to sell since this falls below the assets' carrying values. The fair value less cost to sell has been determined with reference to letters of intent from third-party buyers that are valid up to the date of signing of these financial statements.

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12. PROPERTY, PLANT AND EQUIPMENT

	2020 $ '000	2019 $ '000
Freehold land		
Cost	2,703	2,703
Buildings		
Cost	1,343	1,343
Accumulated depreciation	(473)	(443)
	870	900
Leasehold property and improvements		
Cost	50,420	50,428
Accumulated amortisation	(41,449)	(41,376)
	8,971	9,052
Plant and equipment		
Cost	104,549	95,213
Accumulated depreciation	(72,406)	(60,118)
	32,143	35,095
Assets under construction		
Cost	318	687
	45,005	**48,437**

	Freehold land $ '000	Buildings $ '000	Leasehold Property $ '000	Plant and equipment $ '000	Assets under construction $ '000	Total $ '000
2020 Financial Year						
Balance at 1 July 2019	2,703	900	9,052	35,095	687	48,437
Additions	-	-	-	7,406	884	8,290
Transferred to non-current assets held for sale	-	-	-	(48)	-	(48)
Transferred to product development	-	-	-	(255)	-	(255)
Disposals	-	-	-	(2,091)	(1,253)	(3,344)
Depreciation and amortisation	-	(34)	(81)	(7,964)	-	(8,079)
Other	-	4	-	-	-	4
Balance at 30 June 2020	**2,703**	**870**	**8,971**	**32,143**	**318**	**45,005**
2019 Financial Year						
Balance at 1 July 2018	2,964	934	9,768	38,929	4,919	57,514
Additions	-	-	28	4,092	3,785	7,905
Transferred from non-current assets held for sale	-	-	-	278	-	278
Acquisition through business acquired	-	-	-	2,405	-	2,405
Transferred from assets under construction	-	-	-	8,017	-	8,017
Transferred to plant and equipment	-	-	-	-	(8,017)	(8,017)
Disposals	(261)	-	-	(9,275)	-	(9,536)
Depreciation and amortisation	-	(34)	(744)	(8,328)	-	(9,106)
Impairment	-	-	-	(1,027)	-	(1,027)
Other	-	-	-	4	-	4
Balance at 30 June 2019	**2,703**	**900**	**9,052**	**35,095**	**687**	**48,437**

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12. PROPERTY, PLANT AND EQUIPMENT (continued)

RECOGNITION AND MEASUREMENT

PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is stated at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Property in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Freehold land is not depreciated.

The cost of self-constructed assets includes the cost of materials and direct labour and any other costs attributable to bringing an asset to a working condition ready for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

ACQUISITION OF ASSETS

All assets 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, direct labour, directly attributable overheads and other incidental costs.

Expenditure, including that on internally generated assets other than development costs, is only recognised as an asset when it is probable that future economic benefits will eventuate and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable future economic benefits will flow to the consolidated entity. Costs that do not meet the criteria for capitalisation are expensed as incurred.

DEPRECIATION AND AMORTISATION

All non-financial assets of the entity (except land) have limited useful lives and are depreciated/amortised using the straight-line method over their estimated useful lives to their estimated residual values. Assets are depreciated or amortised from the time an asset is ready for use.

Depreciation and recognised on rates and methods and residual values are reviewed annually for appropriateness. When changes are made adjustments are reflected in current and future periods only. Depreciation and recognised on are expensed, except to the extent they are included in the carrying amount of another asset as an allocation of production overheads.

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

	2020	2019
Buildings	**2.5%**	2.5%
Leasehold property and improvements	**2% - 25%**	2% - 25%
Plant and equipment	**2.5% - 50%**	2.5% - 50%

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12. PROPERTY, PLANT AND EQUIPMENT (continued)

IMPAIRMENT OF ASSETS OTHER THAN GOODWILL

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the reversal of the impairment loss is treated as a revaluation increase.

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13. GOODWILL

	2020 $ '000	2019 $ '000
Goodwill	**72,066**	**85,911**
Reconciliation of the carrying amount of Goodwill:		
Gross carrying amount		
Opening balance	104,046	68,856
Goodwill recognised on business combination - MBS	-	24,637
Goodwill recognised on business combination - NRV	-	10,553
	104,046	104,046
Accumulated impairment		
Opening balance	(18,135)	(18,135)
Impairment loss in respect of RV Solutions	(13,845)	-
	(31,980)	(18,135)
RV Solutions	9,110	22,955
Accommodation Solutions	2,196	2,196
Building Solutions	60,760	60,760
	72,066	**85,911**

RECOGNITION AND MEASUREMENT

GOODWILL

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF GOODWILL

Testing for impairment is carried out on an annual basis or whenever there is an indicator of impairment. Goodwill is allocated to the group's three cash-generating units: RV Solutions, Accommodation Solutions and Building Solutions. The recoverable amount of the cash generating units has been determined based on value in use. The value in use has been calculated using cashflow projections based on financial budgets approved by the board with key assumptions based on past experience and where applicable external sources of information. Projections are extrapolated over a 5 year period with the inclusion of a terminal value.

Building Solutions and Accommodation Solutions have seen limited impact from COVID-19 restrictions, while RV Solutions has been impacted. As a response to the uncertain environment the impairment assessment was performed from a scenario perspective with weighting applied to a range of possible outcomes. The outcome of this assessment was an impairment charge of $13.8 million being recognised for RV Solutions reflecting the most conservative scenario. No impairment has been recognised for Building Solutions or Accommodation Solutions.

In respect of the Accommodation Solutions cash-generating unit there are no impairment indicators given current EBITDA results relative to the cash-generating unit's carrying value and there are no reasonably possible changes in key assumptions which would result in the carrying amounts exceeding the recoverable amounts.

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13. GOODWILL (continued)

The assumptions used to calculate the carrying value of each cash-generating unit and the scenario analysis performed in relation to RV Solutions and Building Solutions are detailed below:

RV Solutions – Assumptions

Assumptions	Rate
Pre-tax discount rate	14.9% - 16.6%
Post COVID-19 recovery revenue growth rate	1.9% - 2.5%
Terminal growth rate	1.9% - 2.5%
EBITDA margin	8.3% - 9.1%

Scenarios considered:

Scenario	Assumptions
Scenario 1	FY21 budget with FY22 recovery to pre-COVID-19 revenue levels.
Scenario 2	Scenario 1 but with slower recovery to pre-COVID-19 revenue levels.
Scenario 3	Long-term depressed market where sales levels never return to historical levels.
Scenario 4	A stepped return to pre-COVID-19 levels over a longer period of than Scenario 2.
Scenario 5	A stepped return to pre-COVID-19 levels over a longer period of than Scenario 4.

Sensitivity analysis:
Following recognition of the impairment charge there are no reasonably possible changes in key assumptions which would result in the carrying amount exceeding the recoverable amount of the RV Solutions cash-generating unit.

Building Solutions - Assumptions

Assumptions	Rate
Pre-tax discount rate	14.1% - 15.6%
Revenue growth rate	2.5%
Terminal growth rate	2.5%
EBITDA margin	7.5% - 9.2%

Scenarios considered:

Scenario	Assumptions
Scenario 1	FY21 revenue equal to FY20.
Scenario 2	Significant working capital usage with FY21 revenue increase of approximately 10% and an additional 2.3% EBITDA margin improvement from scenario 1 driven by cost and efficiency improvement.
Scenario 3	Scenario 2 with a 0.5% decrease in EBITDA margin.
Scenario 4	Scenario 2 with a 1.0% decrease in EBITDA margin.
Scenario 5	Scenario 4 with a 0.8% decrease in gross margin.

Sensitivity analysis:

Assumption	Increase / (decrease)	Effect	Result
Pre-tax discount rate	1.0%	Headroom reduction of approximately $5.5 million.	No impairment.
Revenue growth rate	(0.5%)	Headroom reduction of approximately $7.5 million.	No impairment.
EBITDA margin	(0.25%)	Headroom reduction of approximately $3.8 million.	No impairment.

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14. INTANGIBLE ASSETS

	2020 $ '000	2019 $ '000
Product development		
At cost	1,568	970
Accumulated amortisation	(810)	(259)
	758	711
Product development WIP		
At cost	1,714	-
	1,714	-
Contract intangible		
Acquired	14,924	14,924
Accumulated amortisation	(7,241)	(3,067)
	7,683	11,857
ERP Software		
At cost	2,242	2,242
Accumulated amortisation	(565)	(113)
	1,677	2,129
ERP Software WIP		
At cost	1,200	503
	13,032	**15,200**

	Product Development $ '000	Product Development WIP $ '000	Contract intangible $ '000	ERP Software $ '000	ERP Software WIP $ '000	Total $ '000
2020 Financial Year						
Balance at 1 July 2019	711	-	11,857	2,129	503	15,200
Additions	67	1,714	-	-	697	2,478
Transferred from plant and equipment	255	-	-	-	-	255
Depreciation and amortisation	(274)	-	(4,174)	(452)	-	(4,900)
Other	(1)	-	-	-	-	(1)
Balance at 30 June 2020	**758**	**1,714**	**7,683**	**1,677**	**1,200**	**13,032**
2019 Financial Year						
Balance at 1 July 2018	30	-	-	-	1,327	1,357
Additions	708	-	-	134	1,284	2,126
Acquisition through business acquired	-	-	14,924	-	-	14,924
Transferred from Enterprise Resource Planning WIP	-	-	-	2,108	-	2,108
Transferred to Enterprise Resource Planning	-	-	-	-	(2,108)	(2,108)
Depreciation and amortisation	(27)	-	(3,067)	(113)	-	(3,207)
Balance at 30 June 2019	**711**	**-**	**11,857**	**2,129**	**503**	**15,200**

Intangible assets have a useful life of 2 to 5 years.

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14. INTANGIBLE ASSETS (continued)

RECOGNITION AND MEASUREMENT

PRODUCT DEVELOPMENT

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An intangible asset arising from product development (or from the development phase of an internal project) is recognised if the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the asset first meets the recognition criteria. Where no internally-generated asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses and are amortised on a straight-line basis over their useful lives of 2 to 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

CONTRACT INTANGIBLE

Contract intangible assets are initially recognised at fair value and amortised over the useful life of the asset. The fair value for the contract intangible asset had arisen from the acquisition of Modular Building Systems Pty Ltd and was estimated using the estimated future cash flows. The future cash flows were based on contracts at acquisition, supply contracts and synergies with the Groups existing businesses.

DEPRECIATION AND AMORTISATION

All non-financial intangible assets of the entity have limited useful lives and are amortised using the straight-line method over their estimated useful lives to their estimated residual values. Assets are amortised from the time an asset is ready for use.

Amortisation rates and methods and residual values are reviewed annually for appropriateness. When changes are made adjustments are reflected in current and future periods only. Amortisation is expensed, except to the extent it is included in the carrying amount of another asset as an allocation of production overheads.

Amortisation rates used for each class of asset are as follows:

	2020	2019
Software	**20% - 50%**	20% - 50%
Product development	**20% - 50%**	20% - 50%
Contract intangible assets	**20% - 50%**	20% - 50%

14. INTANGIBLE ASSETS (continued)

IMPAIRMENT OF ASSETS OTHER THAN GOODWILL

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the reversal of the impairment loss is treated as a revaluation increase.

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15. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2020 $ '000	2019 $ '000
Current		
Trade creditors	28,002	33,278
Payments in advance	129	114
Other creditors and accruals	18,349	23,299
	46,480	**56,691**
Contract liabilities	**15,721**	**7,653**

Trade and other payables are non-interest bearing. The average credit period on purchases is 45 days.

RECOGNITION AND MEASUREMENT

TRADE CREDITORS, OTHER CREDITORS AND ACCRUALS

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 Group. They are carried at amortised cost.

CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance consideration received from customers for construction of buildings, for which revenue is recognised over time.

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16. PROVISIONS

	2020 $ '000	2019 $ '000
Current		
Employee benefits	5,839	5,443
Provision for restructuring discontinued operation	-	458
Provision for warranty	2,598	2,562
Other provisions	459	559
Total	**8,896**	**9,022**
Non-current		
Employee benefits	603	760
Provision for warranty	-	2,135
Total	**603**	**2,895**
Aggregate employee benefits	**6,442**	**6,203**

Accruals for employee benefits represent accrued annual leave and long service leave entitlements. Based on past experience, the consolidated entity does not expect the full amount of annual leave and long service leave balances classified as current liabilities to be settled within the next 12 months.

Provisions for warranty represent $2.1 million (2019: $4.1 million) in relation to the discontinued Recreational Vehicles Manufacturing business and $0.5 million (2019: $0.6 million) in relation to continuing operations.

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Restructuring $'000	Warranty $'000	Other $'000	Total $'000
Carrying amount at 30 June 2019	458	4,697	559	5,714
Arising during the year	-	-	-	-
Utilised	(458)	(2,099)	(100)	(2,657)
Carrying amount at 30 June 2020	**-**	**2,598**	**459**	**3,057**

RECOGNITION AND MEASUREMENT

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 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 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 in respect of services provided by employees up to the reporting date. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash flows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

17. INTEREST BEARING LOANS AND BORROWINGS

	2020 $ '000	2019 $ '000
Current - at amortised cost		
Hire purchase creditors	-	18
	-	18
Non-current - at amortised cost		
	-	-

RECOGNITION AND MEASUREMENT

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS ISSUED BY THE GROUP

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Equity instruments issued by the Group are recognised at the amount received, net of direct issue costs.

INTEREST BEARING LIABILITIES

Bank loans are recognised initially at fair value net of transaction costs. Subsequent to initial recognition, bank loans are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate. Interest expense is recognised on an accrual basis.

The Group derecognises liabilities when, the obligations are discharged, cancelled or expire. The difference between the carrying amount of the liability derecognised and the consideration paid and payable is recognised in profit or loss.

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18. FINANCING ARRANGEMENTS

	2020 $ '000	2019 $ '000
Facilities available		
Multi-option	50,000	-
Bank Loans	-	40,000
Bank Guarantees	-	10,000
Surety Bonds	15,000	15,000
Total Facilities available	**65,000**	**65,000**
Facilities utilised		
Multi-option	4,989	-
Bank Loans	-	-
Bank Guarantees	-	5,870
Surety Bonds	10,633	1,541
Total Facilities utilised	**15,622**	**7,411**
Facilities not utilised		
Multi-option	45,011	-
Bank Loans	-	40,000
Bank Guarantees	-	4,130
Surety Bonds	4,367	13,459
Total Facilities not utilised	**49,378**	**57,589**
Multi-option facility utilisation		
Bank Loans	-	-
Bank Guarantees	4,989	-
Multi-option facility utilised	**4,989**	**-**

Multi-option facility
Multi-option facility allows Fleetwood to utilise the facility balance available at its discretion for bank loans and bank guarantees. Bank loans are secured by a mortgage debenture over the assets of the consolidated entity and bear interest at a rate plus 0.95% (2019: 1.20%) plus a line fee of 0.95% (2019: 1.15%). Bank guarantees are utilised for construction contracts. No liability has been recognised in the consolidated statement of financial position in respect of bank guarantees.

Bank Loans
Bank loans are secured by a mortgage debenture over the assets of the consolidated entity and bear interest at a rate plus 0.95% (2019: 1.20%) plus a line fee of 0.95% (2019: 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.

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

The statement of financial position movements in right-of-use assets is shown below:

	30 June 2020 $ '000	1 July 2019 $ '000
Cost		
Right-of-use adjustments on transition to AASB 16	21,317	-
Right-of-use additions	8,917	-
Right-of-use modifications	152	-
	30,386	-
Accumulated depreciation		
Depreciation charged this year (continuing operations)	7,061	-
Depreciation charged this year (discontinued operations)	288	-
	7,349	-
Balance	**23,037**	**-**

The Group has leases for offices, production facilities and relates warehouses, and some IT equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend of an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use assets can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the statement of financial position:

	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with options to purchase	No. of leases with variable payments linked to an index or rate	No. of leases with termination options
Office buildings/spaces	2	1-2 years	1.5 years	-	1	-
Production facilities and warehouses	19	1-9 years	3 years	-	8	-

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19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

LEASE LIABILITIES

Lease liabilities are presented in the statement of financial position as follows:

	30 June 2020 $ '000	1 July 2019 $ '000
Lease liabilities (current)	7,082	6,283
Lease liabilities (non-current)	16,122	15,035
Total lease liabilities	**23,204**	**21,318**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2020 were as follows:

	Minimum lease payments due						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
30 June 2020							
Lease payments	7,634	5,555	4,333	3,496	2,273	1,388	24,679
Finance charges	(552)	(383)	(249)	(149)	(70)	(72)	(1,475)
Net present values	**7,082**	**5,172**	**4,084**	**3,347**	**2,203**	**1,316**	**23,204**

Impact on Consolidated Statement of Profit or Loss and Other Comprehensive Income:

Continuing operations	Impact	30 Jun 2020 $'000
Other income (lease modifications)	Increase	370
Other income (rent deferrals and waiver)	Increase	146
Rent expense	Decrease	7,013
Profit before interest, tax, depreciation and amortisation	Increase	7,529
Depreciation and amortisation	Increase	(7,061)
Profit before interest and tax (EBIT)	Increase	468
Finance costs	Increase	(630)
Profit before income tax expense	**Decrease**	**(162)**

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lese liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of a lease liability is as follows:

	30 June 2020 $ '000
Short term and low value leases	760
	760

As described in note 1.2 the Group has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 117 and IFRIC 4.

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19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

ACCOUNTING POLICY APPLICABLE FROM 1 JULY 2019

The Group as a lessee

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group as a lessor

The Group's accounting policy under AASB 16 has not changed from the comparative period. As a lessor the Group classified its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

RECOGNITION AND MEASUREMENT

The Group as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentive received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, of if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, of statement of profit or loss and other comprehensive income if the right-of-use asset is already reduced to zero.

The Group has elected to account for short term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

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20. EQUITY AND RESERVES

ISSUED CAPITAL

	2020 $ '000	2019 $ '000
Issued and paid-up capital		
94,611,055 (2019: 94,611,055) ordinary shares, fully paid	**255,054**	**254,528**

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

	2020		2019	
	# Shares	$ '000	# Shares	$ '000
Movements in ordinary share capital				
Balance at beginning of year	94,611,055	254,528	61,228,081	196,428
Equity settled share-based payments	-	526	46,948	423
Issue of Share Capital	-	-	33,336,026	57,325
Prior period correction	-	-	-	352
Balance at the end of year	**94,611,055**	**255,054**	**94,611,055**	**254,528**

RESERVES

	2020 $ '000	2019 $ '000
Foreign currency translation reserve		
Balance at beginning of year	440	229
Translation of foreign operations	(75)	211
	365	440
Share Plan reserve		
Balance at beginning of year	(3,188)	(3,188)
	(3,188)	(3,188)
Balance at end of year	**(2,823)**	**(2,748)**

Foreign currency translation reserve relates to exchange difference on the translation of self-sustaining foreign operations.

Share Plan reserve relates to 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 executive long-term incentive plans.

RETAINED EARNINGS

	2020 $ '000	2019 $ '000
Balance at beginning of year	(22,882)	(16,638)
Loss attributable to members of the parent entity	(2,820)	(6,244)
	(25,702)	**(22,882)**

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21. AUDITORS REMUNERATION

	2020 $	2019 $
Audit and review services	210,000	165,000
Other services	15,000	-
	225,000	**165,000**

Fleetwood Corporation Limited's auditor is Grant Thornton Audit Pty Ltd.

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22. DEED OF CROSS GUARANTEE

Fleetwood Corporation Limited and certain wholly-owned subsidiaries are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the other. By entering into the Deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The companies below represent a 'closed group' for the purposes of the class order:

Fleetwood Corporation Limited
Northern RV Pty Ltd (formerly ACN 008 763 193 Pty Ltd)
Recreational Vehicle Concepts Pty Ltd (formerly Fleetwood Recreational Vehicles Pty Ltd)
Fleetwood Pty Ltd
Camec Pty Ltd
ACN 050 031 993 Pty Ltd (formerly Coromal Windsor Melbourne Pty Ltd)
BRB Modular Pty Ltd
Modular Building Systems Pty Ltd
Fleetwood Finance (WA) Pty Ltd

Set out below is a consolidated statement of comprehensive income and statement of financial position of the 'closed group'.

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22. DEED OF CROSS GUARANTEE (continued)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Consolidated	
Deed of cross guarantee (continuing operations)	2020 $'000	2019 $'000
Sales revenue	319,039	307,612
Fair value gain on contingent consideration	1,750	-
Government subsidies (JobKeeper)	1,593	-
Other income	1,633	224
Materials used	(104,445)	(100,568)
Sub-contract costs	(92,784)	(87,159)
Employee benefits expense	(57,067)	(52,872)
Rent expense	(744)	(6,883)
Impairment of goodwill	(13,845)	-
Other expenses	(31,980)	(26,640)
Profit before interest, tax, depreciation and amortisation (EBITDA)	**23,150**	**33,714**
Depreciation and amortisation expense	(15,051)	(9,037)
Profit before interest, tax and amortisation (EBITA)	**8,099**	**24,677**
Amortisation of contract intangible	(4,174)	(3,067)
Profit before interest and tax (EBIT)	**3,925**	**21,610**
Finance costs	(1,372)	(840)
Profit before income tax expense	**2,553**	**20,770**
Income tax expense	(4,532)	(6,845)
Profit (loss) from continuing operations	**(1,979)**	**13,925**
Loss from discontinued operation	(1,000)	(20,258)
Total loss for the year	**(2,979)**	**(6,333)**

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22. DEED OF CROSS GUARANTEE (continued)

STATEMENT OF FINANCIAL POSITION

	Consolidated	
Deed of cross guarantee	**2020 $'000**	**2019 $'000**
Current assets		
Cash and cash equivalents	64,731	32,643
Trade and other receivables	48,192	58,859
Contract assets	12,837	20,035
Inventories	22,835	22,545
Other financial assets	-	67
Tax assets	1,342	1,803
Non-current assets held for sale	3,191	5,371
Total current assets	**153,128**	**141,323**
Non-current assets		
Trade and other receivables	5,429	1,865
Contract assets	-	2,004
Investments	72	65
Property, plant and equipment	44,938	48,354
Right-of-use assets	22,284	-
Goodwill	72,066	85,911
Intangible assets	13,030	15,198
Deferred tax assets	7,575	10,857
Total non-current assets	**165,394**	**164,254**
Total assets	**318,522**	**305,577**
Current liabilities		
Trade and other payables	45,928	63,796
Contract liabilities	15,721	-
Interest bearing liabilities	-	18
Lease liabilities	6,749	-
Provisions	8,952	8,961
Earn out liability	-	345
Other financial liabilities	325	-
Total current liabilities	**77,675**	**73,120**
Non-current liabilities		
Interest bearing liabilities	122	122
Lease liabilities	15,684	-
Provisions	603	2,895
Earn out liability	1,357	3,755
Total non-current liabilities	**17,766**	**6,772**
Total liabilities	**95,441**	**79,892**
Net assets	**223,081**	**225,685**
Equity		
Issued capital	255,049	254,524
Reserves	(2,798)	(2,728)
Retained earnings	(29,170)	(26,111)
Total equity	**223,081**	**225,685**

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23. FINANCIAL RISK MANAGEMENT

CAPITAL MANAGEMENT

The Group manages capital to ensure it will be able to continue as a going concern, while maximising returns to shareholders through optimisation of debt and equity balances. The categories of financial instruments of the entity are apparent from the statement of financial position.

The capital structure of the Group includes borrowings and related repayment terms (as detailed in note 17), cash and cash equivalents (as detailed in note 8) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings (as detailed in note 20).

Operating cash flows are used to maintain and expand the Group's operating assets, make payments of tax and dividends and to repay debt. Group policy is to borrow centrally to meet funding requirements. The Group does not have a target gearing ratio.

The Group has covenants imposed under its facility agreement with its financier.

FINANCIAL RISK MANAGEMENT OBJECTIVES

Financial instruments comprise cash, receivables, payables, hire purchase creditors, and bank loans. All financial instruments except forward foreign exchange contracts are carried at amortised cost. The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group financial risk management framework. The objective of the framework is to support delivery of financial targets whilst providing financial security.

The main financial instrument risks are interest rate, foreign currency, credit and liquidity risk. Different methods are used to measure and manage risks including monitoring exposure to interest and foreign exchange rates and assessments of market forecasts for interest and foreign exchange rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of rolling cash flow forecasts.

FOREIGN CURRENCY RISK MANAGEMENT

The Group undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. The Group is mainly exposed to United States Dollars and the Euro.

	- 10%			+ 10%		
	USD $ '000	Euro $ '000	Total $ '000	USD $ '000	Euro $ '000	Total $ '000
2020 Profit	(814)	(697)	**(1,511)**	814	697	**1,511**
2019 Profit	(708)	(573)	**(1,281)**	708	573	**1,281**
2020 Equity	(814)	(697)	**(1,511)**	814	697	**1,511**
2019 Equity	(708)	(573)	**(1,281)**	708	573	**1,281**

FORWARD FOREIGN EXCHANGE CONTRACTS

Group policy is to enter into forward foreign exchange contracts to manage the risk associated with anticipated purchases denominated in foreign currency. Anticipated purchases are assessed out to twelve months from the date the contract is entered into, with 0-100% of the anticipated exposure covered. Basis adjustments are made to the carrying amounts of non-financial items when the anticipated purchase transaction takes place.

Outstanding contracts	Average exchange rate		Foreign Currency		Notional Value		Fair Value	
	2020 $	2019 $	2020 FC'000	2019 FC'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Buy USD								
Less than 3 months	0.66	0.72	1,252	1,086	1,886	1,517	(60)	29
3 to 6 months	0.64	0.71	575	500	902	700	(64)	11
6 to 12 months	0.65	0.72	1,000	1,000	1,533	1,397	(74)	21
Buy Euro								
Less than 3 months	0.59	0.62	950	171	1,615	277	(60)	1
3 to 6 months	0.59	0.62	425	150	726	242	(29)	3
6 to 12 months	0.59	0.61	825	75	1,395	121	(38)	2
							(325)	**67**

During 2020 a loss of $392,206 was recognised in profit and loss pertaining to forward exchange contracts (2019: $66,603 gain)

23. FINANCIAL RISK MANAGEMENT (continued)

INTEREST RATE RISK MANAGEMENT

Interest rate risk arises from borrowings. Group policy is to manage finance costs by using a mix of fixed and variable rate debt after considering market forecasts.

		- 75 bps		+ 75 bps	
	Carrying amount $ '000	Profit $ '000	Equity $ '000	Profit $ '000	Equity $ '000
Financial assets					
2020 - Cash and cash equivalents	65,726	(493)	(493)	493	493
2019 - Cash and cash equivalents	33,635	(252)	(252)	252	252
Financial liabilities					
2020 - Borrowings	-	-	-	-	-
2019 - Borrowings	18	-	-	-	-
2020		**(493)**	**(493)**	**493**	**493**
2019		**(252)**	**(252)**	**252**	**252**

CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Group policy is to deal with creditworthy counterparties and obtain sufficient collateral where appropriate as a means of mitigating the risk of financial loss from default. Reviews of customer creditworthiness are undertaken before payment and delivery terms are offered. The review assesses credit quality of the customer, taking into account its financial position, past experience, industry reputation and other factors. Purchase limits are established for each customer, and compliance with credit limits is regularly monitored. Customers that fail to meet benchmark creditworthiness may transact with the Group only on a prepayment basis. Sales to retail customers are required to be settled in cash or by using major credit cards, mitigating credit risk.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group's maximum exposure to credit risk at the report date was:

	Note	2020 $ '000	2019 $ '000
Cash and cash equivalents	8	65,726	33,635
Trade receivables	9	42,148	49,014
		107,874	**82,649**

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables. In measuring the expected credit losses, the trade receivables have been assessed on an individual customer basis. They have been grouped based on the days past due.

Trade receivables are written off (derecognised) when there is no reasonable expectation of recovery. Cessation of customer operations or failure to engage with the Group on alternative payment arrangement amongst others are considered indicators of no reasonable expectation of recovery.

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23. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK MANAGEMENT (continued)

The aging of the Group's non-impaired trade receivables past due at reporting date was:

	Current	Greater than 30 days	Greater than 60 days	Total
30 June 2020				
Gross carrying amount ($'000s)	35,327	3,068	3,753	42,148
Expected credit loss rate ($'000s)	423	-	1,693	2,116
Lifetime expected credit loss	1%	0%	45%	5%
30 June 2019				
Gross carrying amount ($'000s)	39,715	5,565	3,734	49,014
Expected credit loss rate ($'000s)	-	-	1,765	1,765
Lifetime expected credit loss	0%	0%	47%	4%

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk framework for the management of short, medium and long-term funding. Liquidity risk is managed by maintaining adequate reserves and banking facilities, by monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. note 18 lists unused facilities that the Group has at its disposal to reduce liquidity risk. The remaining contractual maturities of the Group are:

- 3 months or less: Trade and other payables as disclosed at note 15. Trade and other payables do not attract an interest charge and are expected to be settled within 60 days of year end.
- 3 months or less: Bank Loans as disclosed at note 18.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of financial assets and liabilities recognised in the statement of financial position is based on cash flows due from customers or payable to suppliers. The cash flows have not been discounted to their present value, except as disclosed in the table below. The carrying values approximate fair value. The fair values of financial instruments are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. There are clearly observable quoted prices for all financial instruments held by the Group. Some of the Group's financial assets and liabilities are measured at fair value and the end of each reporting period. Information about how the fair values of these financial liabilities are determined (in particular, the valuation techniques and inputs used).

	Fair value as at 2020 $'000	Fair value as at 2019 $'000	Fair value Hierarchy	Valuation technique and key inputs
Financial assets				
Foreign currency forward contracts	Nil	67	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract forward rates, discounted to their present value.
Financial liabilities				
Foreign currency forward contracts	325	Nil	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract forward rates, discounted to their present value.
Non-financial liabilities				
Contingent consideration	1,357	4,100	Level 3	Discounted cash flow. Future cash flows are probability-weighted based on management expectation of target levels being reached.

FAIR VALUE OF NON-FINANCIAL ASSETS

The fair value of non-financial assets recognised in the statement of financial position is based on cash flows due from customers or payable to suppliers. The cash flows have been discounted to their present value. The carrying values approximate fair value.

23. FINANCIAL RISK MANAGEMENT (continued)

RECOGNITION AND MEASUREMENT

FOREIGN CURRENCY FORWARD CONTRACTS

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk.

The Group's foreign currency forward contracts are initially recognised at fair value at the date the contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. These contracts are fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The resulting gain or loss is recognised in Statement of Profit or Loss and Other Comprehensive Income immediately.

CONTINGENT CONSIDERATION

The fair value of contingent consideration related to the acquisitions of Modular Building Systems Pty Ltd and Northern RV is estimated using a present value technique. The fair value of MBS and NRV are nil (2019: $2,037,778) and $1,356,922 (2019: $2,061,795) respectively. This is estimated by probability-weighting the estimated future cash flows and discounting by the Group's discount rate. The probability-weighted cash outflows of $0 (2019: $2,511,589) and $1,500,000 (2019: $2,900,000) for MBS and NRV respectively reflect management's estimate of a 0% and 100% probability that the contract's target levels will be achieved. A $1,750,000 gain of fair value remeasurement has been recognised in other income during the period. The discount rate used is the Corporate weighted average cost of capital.

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24. CONTINGENT LIABILITIES

Under the terms of the Deed of Cross Guarantee, the Company has guaranteed the repayment of all current and non-current liabilities totalling $95,441,548 (2019: $79,892,277) in the event any of the entities which are party to the Deed are wound up.

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

Certain claims arising out of construction and insurance contracts have been made by or against controlled entities in the ordinary course of business, some of which involved litigation or adjudication. The Directors do not consider the outcome of any of these claims will have a material adverse impact on the financial position of the consolidated entity.

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25. CONTROLLED ENTITIES

Fleetwood Corporation Limited (Ultimate parent entity)
Continuing Operations

Controlled entities	Place of incorporation	Principal Activities	Interest held (%)	
			2020	2019
Northern RV Pty Ltd (formerly ACN 008 763 193 Pty Ltd)	Australia	Caravan plumbing and electrical services and parts supplier.	100	100
BRB Modular Pty Ltd	Australia	Accommodation solutions provider to the resources, education and affordable housing sectors.	100	100
Camec Pty Ltd	Australia	Manufacturer and distributor of parts and accessories to the recreational vehicles industry.	100	100
Fleetwood Pty Ltd	Australia	Accommodation solutions provider to the resources, education and affordable housing sectors.	100	100
Modular Building Systems Pty Ltd	Australia	Accommodation solutions provider to the resources, education, affordable housing and corrections sectors.	100	100
Camec (NZ) Limited	New Zealand	Manufacturer and distributor of parts and accessories to the recreational vehicles industry.	100	100
Fleetwood Share Plans Pty Ltd	Australia	Administration of Employee Long Term Incentive Plan	100	100

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25. CONTROLLED ENTITIES (continued)

Discontinued and Dormant operations

Controlled entities	Place of incorporation	Principal Activities	Interest held (%)	
			2020	2019
ACN 050 031 993 Pty Ltd (formerly Coromal Windsor Melbourne Pty Ltd)	Australia	Discontinued retail of caravans, parts and accessories operation	100	100
Fleetwood Finance (WA) Pty Ltd	Australia	Dormant	100	100
ACN 624 111 328 Pty Ltd (formerly Coromal Windsor Brisbane Pty Ltd)	Australia	Discontinued retail of caravans, parts and accessories operation	100	100
Recreational Vehicle Concepts Pty Ltd (formerly Fleetwood Recreational Vehicles Pty Ltd)	Australia	Discontinued caravan manufacturing operation	100	100
ACN 625 109 702 Pty Ltd (formerly Coromal Windsor Sydney Pty Ltd)	Australia	Dormant	100	100
ACN 625 109 793 Pty Ltd (formerly Coromal Windsor Central Pty Ltd)	Australia	Dormant	100	100
Fleetwood Limited (formerly Flexiglass Challenge Industries (NZ) Limited)	New Zealand	Dormant	100	100

Fleetwood Corporation Limited is the head entity within the tax consolidated group. All companies incorporated in Australia are members of the tax consolidated group.

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26. RELATED PARTIES

DIRECTORS

The names of each person holding the position of Director of Fleetwood Corporation Limited during the financial year were Phillip Campbell, Brad Denison, Adrienne Parker, Jeff Dowling, Mark Southey and Martin Monro.

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

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.

Further information on remuneration of directors and key management personnel can be found in the Remuneration Report.

KEY MANAGEMENT PERSONNEL

Aggregate compensation of the key management personnel of the consolidated entity and the Company for the year:

	Consolidated	
	2020	2019
	$	$
Short-term employee benefits	2,268,278	2,400,630
Post-employment benefits	140,711	134,569
Other long term benefits	36,630	16,441
Share-based payments	329,176	229,546
	2,774,795	2,781,186

Transactions between Fleetwood Corporation and its related parties

During the financial year subsidiaries of the parent company paid $5,000,000 (2019: nil) dividends to the parent entity. Non-current loans totaling $121,469,604 (2019: $142,875,034) repayable to the parent are outstanding at reporting date.

Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of the consolidated financial statements of the Group.

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27. PARENT ENTITY DISCLOSURES

	Note	Parent 2020 $'000	Parent 2019 $'000
27.1 Financial position			
Assets			
Current assets		58,951	30,790
Non-current assets		160,824	186,440
Total assets		**219,775**	**217,230**
Liabilities			
Current liabilities		2,348	2,104
Non-current liabilities		1,030	693
Total liabilities		**3,378**	**2,797**
Equity			
Issued capital		255,055	254,529
Reserves		(3,188)	(3,188)
Retained earnings		(35,470)	(36,908)
Total equity		**216,397**	**214,433**
27.2 Financial performance			
Loss profit for the year		1,438	(4,403)
Other comprehensive income		-	-
Total comprehensive loss		**1,438**	**(4,403)**
27.3 Guarantees entered into by the parent entity			
Guarantee provided under the deed of cross guarantee	24	95,441	79,892
27.4 Commitments			
Operating lease commitments			
Within one year		402	420
One year or later and no later than five years		263	343
Later than five years		-	-
		665	**763**

The accounting policies of the parent entity, which have been applied in determining the financial information above are the same as those applied in the consolidated financial statements.

Under the terms of the Deed of Cross Guarantee, the Company has guaranteed the repayment of all current and non-current liabilities totaling $95,441,548 (2019: $79,892,277) in the event any of the entities which are party to the Deed are wound up.

The parent entity had no other contingent liabilities as at 30 June 2020 (2019: nil).

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28. DISCONTINUED OPERATIONS

Discontinued Operation	Background
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.

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28. DISCONTINUED OPERATIONS (continued)

	Resource Sector Rental Segment		Caravan Manufacturing		Total Discontinued Operations	
	2020 $ '000	2019 $ '000	2020 $ '000	2019 $ '000	2020 $ '000	2019 $ '000
28.1 Financial results						
Revenue	1,377	1,746	3,500	30,962	4,877	32,708
Impairment and provisions	-	(3,520)	-	(11,925)	-	(15,445)
Expenses	(1,372)	(2,033)	(4,935)	(44,167)	(6,307)	(46,200)
Profit (loss) from discontinued operation before income tax	**5**	**(3,807)**	**(1,435)**	**(25,130)**	**(1,430)**	**(28,937)**
Attributable income tax (expense) benefit	(1)	1,142	431	7,537	430	8,679
Profit (loss) from discontinued operation after income tax	**4**	**(2,665)**	**(1,004)**	**(17,593)**	**(1,000)**	**(20,258)**
28.2 Cashflow information						
Net cash inflows (outflows) from operating activities	1,572	(287)	(1,882)	(4,945)	(310)	(5,232)
Net cash inflows (outflows) from investing activities	-	(26)	-	26	-	-
Net cash inflows (outflows) from discontinued operations	**1,572**	**(313)**	**(1,882)**	**(4,919)**	**(310)**	**(5,232)**
28.3 Financial Position						
Assets	3,191	5,371	4,494	8,999	7,685	14,370
Liabilities	-	-	2,844	4,967	2,844	4,967
Net Assets in discontinued operation	**3,191**	**5,371**	**1,650**	**4,032**	**4,841**	**9,403**
28.4 Loss per share from discontinued operation						
Basic loss per share (cents)					(1.1)	(22.3)
Diluted loss per share (cents)					(1.1)	(22.3)
Profit attributable to members of the consolidated entity relates to:						
Profit (loss) from continuing operations					(1,820)	14,014
Loss from discontinued operation					(1,000)	(20,258)
Loss for the year					**(2,820)**	**(6,244)**

28. DISCONTINUED OPERATIONS (continued)

RECOGNITION AND MEASUREMENT

A discontinued operation is a component of the Group that has either been disposed of, or is held for sale, and;

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations, is analyzed above.

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29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 25 August 2020, the Directors declared a final dividend of 5 cents per share and a special dividend of 7 cents per share with respect to the year ended 30 June 2020.

No adjusting or significant non-adjusting events occurred between the reporting date and the date of authorisation of this report.

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Independent Auditor's Report

To the Members of Fleetwood Corporation Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Fleetwood Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key audit matter	How our audit addressed the key audit matter
Revenue recognition – Note 2 For the year ended 30 June 2020, the Group recognised $220.590 million in revenues from its construction contracts within its Building Solutions operating segment. The Group recognises revenues from construction contracts with reference to AASB 15 *Revenues from Contracts with Customers*. This area is a key audit matter due to the degree of management estimation and judgement required with regard to applying judgments and estimates in determining revenue recorded over the time of its contracts. In the case of the Group's revenue recognition policies, this is performed by measuring the percentage of completion with reference to costs incurred relative to the total expected costs on each contract.	Our procedures included, amongst others: • assessing revenue recognition policies for compliance with the requirements of AASB 15 *Revenues from Contracts with Customers* and consistency of application with prior year; • selecting a sample of projects and agreeing to supporting documentations such as signed contracts, variations and approved budgeted costs to verify the contracts are in place throughout the year; • selecting a sample of costs incurred during the year to supporting documentation such as supplier invoices or approved timesheets and ensuring accuracy of cost allocation to projects; • recalculating revenue recognition, including contract assets and contract liabilities, on a sample of open contracts at year end and comparing to management's estimates; • analysing management's ability to forecast by: – comparing margins on open contracts at 30 June 2019 to actual margins on completed contracts during the 2020 financial year; – comparing margins on open contracts at 30 June 2020 to margins reported by management in the period subsequent to year end, including identification of any loss making contracts; and • assessing the appropriateness of financial statement disclosures.
Goodwill valuation – Note 13 As at 30 June 2020, the Group carries $72.066 million in Goodwill across various cash-generating units (CGU). Goodwill is required to be assessed for impairment annually by management as prescribed in AASB 136 *Impairment of Assets*. The Group estimates the fair value of its cash-generating units by employing a discounted cash flow model and, in doing so, determining the following key inputs: • forecasted cash flows from operations; • estimated growth rates; • working capital adjustments; • estimated capital expenditure; • discount rates; and • terminal value. This area is a key audit matter due to the significant level of management estimates and judgements applied in supporting these carrying values. The current uncertain economic environment brings added risk to the assessment of cash-generating unit carrying values.	Our procedures included, amongst others, obtaining management's discounted cash flow models and performing the following audit procedures: • understanding and documenting management's process for the assessment of impairment, including identification of CGUs and assessing the appropriateness of the inclusion of cash flows from companies determined to be within each CGU; • identifying and corroborating the key assumptions and adjustments used in the models; • assessing management's impairment calculations by: - challenging management's assumptions; - testing mathematical accuracy of the calculations; - comparing to historical performance, including management's ability to forecast; - analysing the reasonableness of cash flow forecasts used based on Board approved budgets; - performing sensitivity analysis on the key inputs and assumptions, including scenario analysis of possible outcomes; and - corroborating against industry forecasts. • evaluating the value-in-use models against the requirements of AASB 136 *Impairment of Assets*, including consultation with our valuation experts to assess the reasonableness of discount rates and working capital adjustments; and • checking the adequacy of related financial statement disclosures.

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Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 20 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Fleetwood Corporation Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

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Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M D Dewhurst
Partner – Audit & Assurance

Perth, 25 August 2020

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