



HALF YEAR REPORT 21

INCORPORATING APPENDIX 4D

FLEETWOOD LIMITED
APPENDIX 4D
HALF YEAR ENDED 31 DECEMBER 2020
(ABN 69 009 205 261)

Reporting period

Half year ended 31 December 2020

Previous corresponding period

Half year ended 31 December 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	% change up / (down)	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue from ordinary activities	5%	169,943	161,309
Profit before interest, tax, depreciation and amortisation (EBITDA)	18%	24,428	20,665
Profit before interest, tax and amortisation (EBITA)	26%	16,032	12,757
Net profit from continuing operations after tax attributable to members	35%	9,313	6,906
Net profit attributable to members (including loss from discontinued operations)	40%	8,603	6,151

DIVIDEND INFORMATION

	31 Dec 2020	31 Dec 2019
Interim Dividend 2021		
Date dividend is payable	1 Apr 2021	N/A
Record date	5 Mar 2021	N/A
Interim dividend payable per security (cents)	6.00	-
Franked amount of dividend per security (cents)	6.00	-
Total dividend payable for the period per security (cents)	6.00	-

	30 Jun 2020
Previous Dividends	
Final Dividend 2020 (cents) - paid 1 October 2020	5.00
Special Dividend 2020 (cents) - paid 1 October 2020	7.00
Total dividend paid during the period per security (cents)	12.00

NET TANGIBLE ASSET BACKING

	as at 31 Dec 2020	as at 30 Jun 2020
Net tangible assets per security (\$) - Prior to application of AASB 16 ¹	1.49	1.49
Net tangible assets per security (\$) - Post application of AASB 16 ²	1.29	1.25

DETAILS OF SUBSIDIARIES AND ASSOCIATES

No items to report.

COMMENTARY ON RESULTS IN THE PERIOD

Additional Appendix 4D 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 Directors' Report, Half year Financial Report for the period ended 31 December 2020, and Press Release lodged with the ASX.

The condensed consolidated financial statements contained within the Half year Financial Report for the period ended 31 December 2020, of which this report is based upon have been reviewed by Fleetwood 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

FLEETWOOD LIMITED
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GENERAL INFORMATION

Fleetwood 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.

Auditor

Grant Thornton Audit Pty Ltd

Banker

Westpac Banking Corporation

Share Registry

Computershare

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**FLEETWOOD LIMITED
DIRECTORS' REPORT
HALF YEAR ENDED 31 DECEMBER 2020**

The Directors present their report on Fleetwood Limited and the entities it controlled (the Company) at the end of, or during the half year ended 31 December 2020 together with consolidated financial statements.

Directors

The Board is currently comprised of six Non-Executive Directors. The Directors who are in office at the date of this report are:

Phillip Campbell	Chairman, Non-Executive Director
Jeff Dowling	Non-Executive Director, Chair of Audit Committee
Adrienne Parker	Non-Executive Director, Chair of Nominations and Diversity Committee
Mark Southey	Non-Executive Director, Chair of Remuneration Committee
Martin Monro	Non-Executive Director, Chair of Risk Committee
John Klepec	Non-Executive Director (Appointed 19 November 2020)

Brad Denison (Managing Director and CEO) resigned on 4 November 2020.

Executive Officers

Andrew Wackett	Interim CEO, Chief Financial Officer, Company Secretary
Elizabeth Maynard	General Counsel, Company Secretary
Andrew McCormack	General Manger, WHSE & HR
Jason Kunkler	Chief Operating Officer, Building Solutions
Manny Larre	Chief Operating Officer, RV Solutions
Dominic Letts	Chief Operating Officer, Accommodation Solutions

FLEETWOOD LIMITED
DIRECTORS' REPORT
HALF YEAR ENDED 31 DECEMBER 2020

REVIEW OF OPERATIONS

- **Underlying EBITA of \$16.0m, up 26%**
- **\$64.6m in net cash**
- **Dividend of 6 cps**

Solid performances were recorded across the Company's three operating divisions during H1 FY21.

Underlying earnings before interest, tax and amortisation (EBITA) were up 26% at \$16.0 million compared to the previous corresponding period. Revenue improved 5% to \$169.9 million.

Given strong liquidity the Company has increased the annual dividend payout ratio to 100% of net profit after tax (NPATA basis), resulting in a first half dividend to shareholders of 6 cents per share. The increased dividend payout ratio represents the Board's confidence in the business including that it has sufficient cash on hand to fund working capital and capital expenditure requirements for planned Building Solutions growth and recognises the Company does not currently anticipate any further acquisitions.

The Company continues to generate strong cashflow and finished the half with net cash of \$65 million (compared to \$66 million at 30 June 2020) after accounting for the first half dividend payment of \$11.4 million.

While each division has specific operating strategies, across the Company management remains focused on revenue growth, sustainably improving margins, increasing utilisation and reducing overheads to improve earnings.

TRADING RESULTS

Each of the Company's three operational divisions, Accommodation Solutions, Building Solutions and RV Solutions delivered improved profit results in H1 FY21 as shown in the below summary and divisional breakdown.

Earnings per share was 11.3 cents per share on an NPATA¹ basis.

RESULT SUMMARY

\$ million	H1 FY21	H1 FY20	Change
Revenue	169.9	161.3	5%
EBITDA	24.4	20.7	18%
Depreciation	8.4	7.9	6%
EBITA	16.0	12.8	26%
Amortisation of contract intangible	1.9	2.1	-8%
Finance costs	0.7	0.6	11%
Pre-tax profit	13.4	10.1	34%
Tax expense	4.1	3.1	31%
Underlying NPAT	9.3	6.9	35%
Impairment	0.0	0.0	n/a
Continuing operations NPAT	9.3	6.9	35%
Loss from discontinued operations	(0.7)	(0.8)	n/a
Statutory NPAT	8.6	6.2	40%
NPATA ¹	10.7	8.4	27%

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

DIVISIONAL EBITA RESULT SUMMARY

\$ million	H1 FY21	H1 FY20	Change
Revenue			
RV Solutions	31.2	35.6	-12%
Building Solutions	121.3	106.6	14%
Accommodation Solutions	22.4	22.5	-1%
Intersegment eliminations	(5.0)	(3.4)	n/a
Total revenue	169.9	161.3	5%
EBITA			
RV Solutions	3.7	2.5	53%
Building Solutions	4.1	2.8	46%
Accommodation Solutions	10.9	9.6	13%
Unallocated	(2.7)	(2.1)	n/a
Total EBITA	16.0	12.8	26%

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

FLEETWOOD LIMITED
DIRECTORS' REPORT
HALF YEAR ENDED 31 DECEMBER 2020

CASHFLOW AND DEBT

Strong cashflow continues to be generated resulting in H1 FY21 net cash of \$65 million (compared to \$29 million in the previous corresponding period and \$66 million at 30 June 2020). This is after accounting for the first half dividend payment of \$11.4 million and a project finance advance of \$8.7m.

The Company currently has total debt and bonding facilities of \$80 million drawn to \$18m for performance bonds.

The movement in net debt is detailed below.

\$ million	H1 FY21	H1 FY20
EBITDA	24.4	20.7
Cash outflows from discontinued businesses	(1.2)	(0.8)
Interest paid (net)	(0.3)	(0.5)
Tax	1.8	(0.4)
Working capital (and other)	(0.9)	(15.6)
Operating cashflow	23.8	3.4
Net capex	(1.0)	(4.2)
Free cashflow	22.8	(0.7)
Net acquisitions	0.0	(0.9)
Project finance advance	(8.7)	0.0
Repayment of lease liabilities	(3.8)	(3.3)
Dividends paid	(11.4)	0.0
Financing cashflows	(23.9)	(3.3)
Opening net cash (debt)	65.7	33.6
Closing net cash (debt)	64.6	28.7

BUILDING SOLUTIONS

	H1 FY21	H1 FY20
Revenue	121.3	106.6
EBITA	4.1	2.8

The Building Solutions division finished the half with EBITA of \$4.1 million on revenue of \$121.3 million. The relatively flat earnings compared to the previous six months (H2 FY20) were a result of operational integration issues in New South Wales, COVID-19 restrictions on building activity in some States and the slowing of decision making delaying starts on already-awarded contracts.

Importantly, the order book remains strong at \$140 million (excluding on-going education panel works), reflecting expectations the market is continuing to improve Australia-wide.

Fleetwood secured a \$41.5 million contract for the manufacture and supply of 460 modular cells to support the Victorian Government's Prison Infill Expansion Program, which is expected to be completed by October 2021. The business also secured a \$30 million contract with Rio Tinto late in the half.

Core projects currently underway include:

- Two new sporting facilities in Maroondah, Victoria - Sport and Recreation
- Pumicestone and Petrie Terrace Primary Schools, Queensland - Education
- Elizabeth North Primary School, Kingston Community School and special options learning environments for Kadina Memorial School, South Australia - Education
- The Department of Justice and Community Safety - Victorian Prisons Expansion project, New South Wales and Victoria - Custodial
- Expanded new accommodation and supporting facilities at Ti Tree camp for Rio Tinto, Western Australia - Mining and Resources

**FLEETWOOD LIMITED
DIRECTORS' REPORT
HALF YEAR ENDED 31 DECEMBER 2020**

OUTLOOK AND FORWARD STRATEGY

The outlook for Building Solutions is strong. As a leader in the modular construction industry for the education, corrections, mining and affordable housing sectors across Australia, the Board believes the Company is well placed to benefit from the anticipated widespread Government stimulus spending.

As the biggest division within Fleetwood, a specific three-part strategy is being implemented to ensure margins and earnings reflect expectations.

1. Diversify and grow the revenue base
 - a. Expand the existing industry market segments to increase revenue
 - b. Generate more balanced and sustainable revenue sources at each operation to optimise State by State capacity
 - c. Diversify and grow into additional markets including;
 - i. Commercial
 - ii. Multi-level residential
 - iii. Residential
 - iv. Social housing
 - v. Healthcare
 - vi. Aged care and
 - vii. Custodial work
2. Nationalise and integrate the business
 - a. Develop a single framework with common business systems, processes, marketing, branding, structures and approaches to effect capacity and cost efficiencies
 - b. Leverage the national business and economies of scale to access larger opportunities in the market place
3. Implement a framework of operational excellence
 - a. Continue building a high performance team-based framework by refining project delivery workflows, systems (including the application of technology), processes and procedures
 - b. Developing and enhancing project delivery expertise to align with the increasing diversity and complexity of expanding market segments, project types and broader industry needs
 - c. Invest in a new performance development and review platform to support workforce development

ACCOMODATION SOLUTIONS

	H1 FY21	H1 FY20
Revenue	22.4	22.5
EBITA	10.9	9.6

The Fleetwood owned and operated Searipple Village in Karratha benefitted from COVID-related rostering changes early in the half, which subsequently returned to more normal occupancy patterns.

In December major client Rio Tinto renewed for a further 13 months its contract with Fleetwood for rooms at Searipple Village to be made available to support Rio Tinto's Karratha and Dampier workforce.

Osprey Village is currently fully occupied and has a waiting list of potential tenants reflecting the strength of the Port Hedland market.

OUTLOOK AND FORWARD STRATEGY

Accommodation Solutions results in H2 FY21 are not expected to match the strong H1 earnings on the back of rostering stability and additional village capacity at Karratha.

The outlook for Accommodation Solutions remains positive. Forecasts for significant capital investment and construction activity in the oil and gas and resources sector in the region is expected to drive strong demand for fly-in fly-out (FIFO) rooms over the medium term.

Accommodation Solutions is pursuing a strategy of increasing its portfolio of villages. This includes consideration of opportunities across the mining, residential and aged care sectors. The Company's Building Solutions division provides the opportunity for Fleetwood to source new villages at a competitive cost, supported by the Company's strong balance sheet.

**FLEETWOOD LIMITED
DIRECTORS' REPORT
HALF YEAR ENDED 31 DECEMBER 2020**

RV SOLUTIONS

	H1 FY21	H1 FY20
Revenue	31.2	35.6
EBITA	3.7	2.5

The RV Solutions business finished the first half with three very strong monthly sales results on the back of a pandemic-driven boom in domestic travel. This was after a first quarter that was substantially disrupted by the Victorian lockdown.

Responding to the rapid demand was possible because staffing levels were able to remain stable despite the enforced August-September shutdown thanks to approximately \$3 million in JobKeeper support.

OUTLOOK AND FORWARD STRATEGY

It is expected that the surge in domestic travel driven by border shutdowns will continue into the second half. In particular, there is no clear timeline for when international travel will be reintroduced for Australians.

This puts the division in a strong position through exposure to the locally built RV market via the parts business Camec, and to overseas imports through the services business Northern RV.

Progress continues to be made commercialising the intellectual property developed by the former Caravan Manufacturing business with new caravan walling products set to launch in the near term.

The promotion of the aftermarket service and renovation offering of Northern RV is also demonstrating early progress.

DIVIDENDS

The Board has declared a dividend of 6 cents per share following an increase in the annual dividend payout ratio to 100% of net profit after tax (NPATA basis).

The Company presently has 46cps in franking credits available to support dividends.

**FLEETWOOD LIMITED
DIRECTORS' DECLARATION
HALF YEAR ENDED 31 DECEMBER 2020**

The directors declare that:

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

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

On behalf of the Directors

A handwritten signature in blue ink, appearing to read "Phillip Campbell", is written over a horizontal line.

Phillip Campbell
Chairman

Perth, 24 February 2021

Auditor's Independence Declaration

To the Directors of Fleetwood Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Fleetwood Limited for the half year ended 31 December 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Perth, 24 February 2021

FLEETWOOD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
HALF YEAR ENDED 31 DECEMBER 2020

		Consolidated	
		31 Dec	31 Dec
	Note	2020	2019
		\$ '000	\$ '000
Continuing operations			
Sales revenue	6	169,943	161,309
Government subsidies (JobKeeper)		3,302	-
Fair value gain on contingent consideration		-	1,670
Other income		1,132	301
Materials used		(54,345)	(54,182)
Sub-contract costs		(47,233)	(45,208)
Employee benefits		(30,221)	(29,572)
Rent expense	11	(384)	(116)
Other expenses		(17,766)	(13,537)
Profit before interest, tax, depreciation and amortisation (EBITDA)		24,428	20,665
Depreciation	9,10,11	(8,396)	(7,908)
Profit before interest, tax and amortisation (EBITA)		16,032	12,757
Amortisation of contract intangible	10	(1,919)	(2,087)
Profit before interest and tax (EBIT)		14,113	10,670
Finance costs		(683)	(615)
Profit before income tax expense		13,430	10,055
Income tax expense		(4,117)	(3,149)
Profit from continuing operations	5	9,313	6,906
Loss from discontinued operations	14	(710)	(755)
Profit attributable to members of the parent entity		8,603	6,151
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Net exchange difference - foreign controlled entities (net of tax)		11	17
Total comprehensive profit for the year		8,614	6,168
Earnings (loss) per share			
		cents	cents
Basic earnings (loss) per share			
Continuing operations		9.8	7.3
Discontinued operations		(0.8)	(0.8)
Total		9.0	6.5
Diluted earnings (loss) per share			
Continuing operations		9.8	7.3
Discontinued operations		(0.8)	(0.8)
Total		9.0	6.5

To be read in conjunction with the accompanying notes.

FLEETWOOD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Consolidated	
		31 Dec	30 Jun
	Note	2020	2020
		\$ '000	\$ '000
Current assets			
Cash and cash equivalents		64,639	65,726
Trade and other receivables		45,270	49,330
Interest bearing receivables	7	8,698	-
Contract assets		23,849	12,837
Inventories	8	22,022	25,138
Tax assets		-	1,342
Non-current assets held for sale	14	3,191	3,191
Total current assets		167,669	157,564
Non-current assets			
Trade and other receivables		4,466	5,429
Property, plant and equipment	9	41,458	45,005
Intangible assets	10	11,420	13,032
Right-of-use assets	11	19,001	23,037
Goodwill		72,066	72,066
Deferred tax assets		7,031	7,590
Total non-current assets		155,442	166,159
Total assets		323,111	323,723
Current liabilities			
Trade and other payables		51,029	46,480
Contract liabilities		13,476	15,721
Lease liabilities	11	5,892	7,082
Tax liabilities		4,272	608
Provisions		8,203	8,896
Earn out liability	13	1,357	-
Other financial liabilities		596	325
Total current liabilities		84,825	79,112
Non-current liabilities			
Lease liabilities	11	13,459	16,122
Provisions		643	603
Earn out liability	13	-	1,357
Total non-current liabilities		14,102	18,082
Total liabilities		98,927	97,194
Net assets		224,184	226,529
Equity			
Issued capital		255,372	255,054
Reserves		(2,736)	(2,823)
Retained earnings		(28,452)	(25,702)
Total equity		224,184	226,529

To be read in conjunction with the accompanying notes.

FLEETWOOD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
HALF YEAR ENDED 31 DECEMBER 2020

	Issued capital	Share Plan reserve	Foreign currency translation reserve	Retained earnings	Total
Consolidated	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 1 July 2019	254,528	(3,188)	440	(22,882)	228,898
Profit for the period	-	-	-	6,151	6,151
Exchange differences arising on translation of foreign operations	-	-	17	-	17
Total comprehensive profit for the period	-	-	17	6,151	6,168
Share-based payments	230	-	-	-	230
Balance at 31 December 2019	254,758	(3,188)	457	(16,731)	235,296
Balance at 1 July 2020	255,054	(3,188)	365	(25,702)	226,529
Profit for the period	-	-	-	8,603	8,603
Share plan settlements	-	76	-	-	76
Exchange differences arising on translation of foreign operations	-	-	11	-	11
Total comprehensive profit for the period	-	76	11	8,603	8,690
Dividends paid to shareholders	-	-	-	(11,353)	(11,353)
Share-based payments	318	-	-	-	318
Balance at 31 December 2020	255,372	(3,112)	376	(28,452)	224,184

To be read in conjunction with the accompanying notes.

FLEETWOOD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
HALF YEAR ENDED 31 DECEMBER 2020

		Consolidated	
		31 Dec	31 Dec
	Note	2020	2019
		\$ '000	\$ '000
Cash flows from operating activities			
Receipts in the course of operations		196,241	173,926
Payments in the course of operations		(173,914)	(169,605)
Interest received		119	114
Income taxes refunded / (paid)		1,750	(398)
Finance costs paid		(407)	(615)
Net cash provided by operating activities		23,789	3,422
Cash flows from investing activities			
Proceeds from sale of non-current assets		1,835	607
Acquisition of property, plant and equipment		(2,343)	(4,751)
Acquisition of intangible assets		(470)	(26)
Payment for acquisition of subsidiary		-	(867)
Net cash used in investing activities		(978)	(5,037)
Cash flows from financing activities			
Project finance advance	7	(8,698)	-
Repayment of lease liabilities		(3,854)	(3,361)
Dividends paid to shareholders	3	(11,353)	-
Net cash used in financing activities		(23,905)	(3,361)
Net decrease in cash and cash equivalents		(1,094)	(4,976)
Cash and cash equivalents at the beginning of the financial year		65,726	33,635
Effect of exchange rate changes on cash held in foreign currencies		7	12
Cash and cash equivalents at the end of the period		64,639	28,671

To be read in conjunction with the accompanying notes.

FLEETWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2020

1. ABOUT THIS REPORT

1.1 Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 (Cth) and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report as at and for the year ended 30 June 2020 and public announcements made by the Company during the half year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001 (Cth).

The financial statements were authorised for issue by the Directors on 24 February 2021.

1.2 New standards adopted as at 1 July 2020

Accounting pronouncements which have become effective from 1 July 2020 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

1.3 Significant accounting policies

The financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 30 June 2020.

2. ISSUES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

Issued and paid-up capital

94,611,055 (2020: 94,611,055) ordinary shares, fully paid.

3. DIVIDENDS

During the period the following dividends were declared by the Directors and paid to shareholders of the Company.

	31 Dec 2020 \$ '000	31 Dec 2019 \$ '000
Recognised amounts		
Final 2020 - paid 5 cents per share fully franked	4,731	-
Special 2020 - paid 7 cents per share fully franked	6,622	-
	11,353	-

Subsequent to 31 December 2020 the Directors declared a fully franked interim dividend of 6 cents per share to the holders of fully paid ordinary shares. The dividend will be paid on 1 April 2021. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$5,676,663.

4. TANGIBLE ASSETS PER SECURITY

	31 Dec 2020 \$ '000	30 Jun 2020 \$ '000
Current		
Net tangible assets per security (\$) - Prior to application of AASB 16 ¹	\$1.49	\$1.49
Net tangible assets per security (\$) - Post application of AASB 16 ²	\$1.29	\$1.25

¹Calculated as net assets less goodwill and intangibles.

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

FLEETWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2020

5. SEGMENT INFORMATION

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.

Operating 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.

Revenue and results by reportable operating segment:

	Revenue		Depreciation		Segment Result (EBITA)	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019	2020	2019
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
RV Solutions	31,242	35,593	1,887	1,964	3,749	2,452
Building Solutions	121,313	106,620	4,564	4,114	4,083	2,793
Accommodation Solutions	22,381	22,519	1,630	1,525	10,932	9,633
Intersegment eliminations	(4,993)	(3,423)	-	-	-	-
Operating segment total	169,943	161,309	8,081	7,603	18,764	14,878
Unallocated	-	-	315	305	(2,732)	(2,121)
Total	169,943	161,309	8,396	7,908	16,032	12,757
Amortisation of contract intangible (Building Solutions)					(1,919)	(2,087)
Profit before interest and tax (EBIT)					14,113	10,670
Finance costs					(683)	(615)
Profit before income tax benefit					13,430	10,055
Income tax expense					(4,117)	(3,149)
Profit from continuing operations					9,313	6,906
Loss from discontinued operations					(710)	(755)
Profit attributable to members of the parent entity					8,603	6,151

The unallocated line represents the results of the Company's corporate function.

The following is an analysis of assets and liabilities by reportable operating segment:

	Segment assets		Segment liabilities	
	31 Dec	30 Jun	31 Dec	30 Jun
	2020	2020	2020	2020
	\$ '000	\$ '000	\$ '000	\$ '000
RV Solutions	49,450	50,098	19,258	18,033
Building Solutions	169,282	165,925	62,386	65,853
Accommodation Solutions	25,679	32,680	6,625	7,371
Operating segment total	244,411	248,703	88,269	91,257
Unallocated	78,700	75,020	10,658	5,937
Total	323,111	323,723	98,927	97,194

Unallocated segment assets include idle mining rental assets of \$3.2 million (30 June 2020: \$3.2 million) and RV manufacturing assets of \$2.6 million (30 June 2020: \$4.5 million).

FLEETWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2020

6. SALES REVENUE

	Consolidated	
	31 Dec	31 Dec
	2020	2019
	\$ '000	\$ '000
Continuing operations		
Recognised at a point in time:		
RV Solutions	30,552	32,170
Total revenue recognised at a point in time	30,552	32,170
Recognised over time:		
Building Solutions	117,010	106,620
Accommodation Solutions	22,381	22,519
Total revenue recognised over time	139,391	129,139
Total sales revenue	169,943	161,309

7. INTEREST BEARING RECEIVABLES

	31 Dec	30 Jun
	2020	2020
	\$ '000	\$ '000
Project finance advance	8,698	-

The receivable relates to an advance payment to assist in financing a residential land development to which the Company is a party. The receivable is secured by a first mortgage on a land asset. The carrying amount of the receivable is considered a reasonable approximation of fair value as this financial asset is expected to be repaid within twelve months.

8. INVENTORIES

	31 Dec	30 Jun
	2020	2020
	\$ '000	\$ '000
Current		
Raw materials & stores	11,720	8,221
Finished goods	10,302	16,917
	22,022	25,138

FLEETWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2020

9. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2020 \$ '000	30 Jun 2020 \$ '000
Freehold land		
Cost	2,195	2,703
Buildings		
Cost	1,343	1,343
Accumulated depreciation	(490)	(473)
	853	870
Leasehold property and improvements		
Cost	50,428	50,420
Accumulated amortisation	(41,498)	(41,449)
	8,930	8,971
Plant and equipment		
Cost	102,487	104,549
Accumulated depreciation	(74,395)	(72,406)
	28,092	32,143
Assets under construction		
Cost	1,388	318
	41,458	45,005

The following tables show the movements in property, plant and equipment:

	Freehold land	Buildings	Leasehold property and improvements	Plant and equipment	Assets under construction	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 1 July 2020	2,703	870	8,971	32,143	318	45,005
Additions	-	-	-	426	1,917	2,343
Transferred to intangible assets	-	-	-	(230)	-	(230)
Transferred from assets under construction	-	-	-	847	-	847
Transferred to plant and equipment	-	-	-	-	(847)	(847)
Disposals	(508)	-	-	(1,025)	-	(1,533)
Depreciation and amortisation	-	(17)	(41)	(4,069)	-	(4,127)
Balance at 31 December 2020	2,195	853	8,930	28,092	1,388	41,458
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 intangible assets	-	-	-	(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

FLEETWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2020

10. INTANGIBLE ASSETS

	31 Dec 2020 \$ '000	30 Jun 2020 \$ '000
Product development		
At cost	1,749	1,568
Accumulated amortisation	(1,001)	(810)
	748	758
Product development WIP		
At cost	1,949	1,714
Contract intangible		
Acquired	14,924	14,924
Accumulated amortisation	(9,160)	(7,241)
	5,764	7,683
ERP software		
At cost	2,586	2,242
Accumulated amortisation	(1,054)	(565)
	1,532	1,677
ERP software WIP		
At cost	1,427	1,200
	11,420	13,032

The following tables show the movements in intangible assets:

	Product development \$ '000	Product development WIP \$ '000	Contract intangible \$ '000	ERP software \$ '000	ERP software WIP \$ '000	Total \$ '000
Balance at 1 July 2020	758	1,714	7,683	1,677	1,200	13,032
Additions	-	235	-	8	227	470
Transferred from plant and equipment	137	-	-	93	-	230
Depreciation and amortisation	(128)	-	(1,919)	(246)	-	(2,293)
Disposals	(19)	-	-	-	-	(19)
Balance at 31 December 2020	748	1,949	5,764	1,532	1,427	11,420
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

FLEETWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2020

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	31 Dec 2020 \$ '000	30 Jun 2020 \$ '000
Cost		
Right-of-use adjustments on transition to AASB 16	-	21,317
Opening balance	30,386	-
Right-of-use additions	-	8,917
Right-of-use modifications	3	152
	30,389	30,386
Accumulated depreciation		
Opening balance	7,349	-
Depreciation charged this year (continuing operations)	3,895	7,061
Depreciation charged this year (discontinued operations)	144	288
	11,388	7,349
Balance	19,001	23,037

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

Lease liabilities (current)	5,892	7,082
Lease liabilities (non-current)	13,459	16,122
Total lease liabilities	19,351	23,204

The Company has leases for offices, production facilities and related 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 on an index or a rate (such as lease payments based on a percentage of 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 Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. 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 Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company 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 Company 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 Company'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 year	-	1	-
Production facilities and warehouses	18	1-9 years	3 years	-	6	-

FLEETWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2020

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

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2020 were as follows:

	Minimum lease payments due						Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	
31 December 2020							
Lease payments	6,360	5,128	3,654	2,871	1,388	1,139	20,540
Finance charges	(468)	(313)	(196)	(105)	(52)	(55)	(1,189)
Net present values	5,892	4,815	3,458	2,766	1,336	1,084	19,351
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 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Other income (rent deferrals and waiver)	93	-
Rent expense	3,896	3,665
Profit before interest, tax, depreciation and amortisation (EBITDA)	3,989	3,665
Depreciation and amortisation	(3,895)	(3,555)
Profit before interest and tax (EBIT)	94	110
Finance costs	(299)	(322)
Profit before income tax expense	(205)	(212)

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of 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 lease liabilities and are expensed as incurred.

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

	31 Dec 2020 \$ '000	31 Dec 2019 \$ '000
Short term and low value leases	384	116

FLEETWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2020

12. FINANCING ARRANGEMENTS

	31 Dec 2020 \$ '000	30 Jun 2020 \$ '000
Facilities available		
Multi-option	50,000	50,000
Surety bonds	30,000	15,000
Total facilities available	80,000	65,000
Facilities utilised		
Multi-option	3,831	4,989
Surety bonds	14,171	10,633
Total facilities utilised	18,002	15,622
Facilities not utilised		
Multi-option	46,169	45,011
Surety bonds	15,829	4,367
Total facilities not utilised	61,998	49,378
Multi-option facility utilisation		
Bank loans	-	-
Bank guarantees	3,831	4,989
Multi-option facility utilised	3,831	4,989

Multi-option

Multi-option facility allows the Company 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% (2020: 0.95%) plus a line fee of 0.90% (2020: 0.95%). 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.

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% (2020: 0.95%) plus a line fee of 0.90% (2020: 0.95%).

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.

FLEETWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2020

13. FAIR VALUE OF FINANCIAL AND NON-FINANCIAL INSTRUMENTS

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 Company. Some of the Company'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) is set out below.

	Fair value as at		Fair value Hierarchy	Valuation technique and key inputs
	31 Dec 2020 \$'000	30 Jun 2020 \$'000		
Financial liabilities				
Foreign currency forward contracts	596	325	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	1,357	Level 3	Discounted cash flow. Future cash flows are probability-weighted based on management expectation of target levels being reached.

RECOGNITION AND MEASUREMENT

Foreign currency forward contracts

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

The Company'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 acquisition of Northern RV (NRV) and is estimated using a present value technique. The fair value of contingent consideration for NRV is \$1,356,922 (30 June 2020: \$1,356,922). This is estimated by probability-weighting the estimated future cash flows and discounting by the Company's discount rate. The probability-weighted cash outflows of \$1,500,000 (30 June 2020: \$1,500,000) for NRV reflects management's estimate of a 100% probability that the contract's target levels will be achieved. The discount rate used is the Corporate weighted average cost of capital.

14. 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	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 of the Caravan Manufacturing business.

FLEETWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2020

14. DISCONTINUED OPERATIONS (continued)

	Resource Sector Rental Operations		Caravan Manufacturing		Total Discontinued Operations	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
14.1 Financial results						
Revenue	-	897	1,232	2,054	1,232	2,951
Impairment and provisions	-	(897)	-	-	-	(897)
Expenses	(50)	(156)	(2,193)	(2,977)	(2,243)	(3,133)
Loss from discontinued operation before income tax	(50)	(156)	(961)	(923)	(1,011)	(1,079)
Attributable income tax benefit	15	47	286	277	301	324
Loss from discontinued operation after income tax	(35)	(109)	(675)	(646)	(710)	(755)
14.2 Cashflow information						
Net cash outflows from operating activities	-	-	(1,230)	(771)	(1,230)	(771)
Net cash outflows from investing activities	-	-	-	-	-	-
Net cash outflows from discontinued operations	-	-	(1,230)	(771)	(1,230)	(771)
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
14.3 Financial Position						
Assets	3,191	3,191	2,571	4,494	5,762	7,685
Liabilities	-	-	1,361	2,844	1,361	2,844
Net assets in discontinued operations	3,191	3,191	1,210	1,650	4,401	4,841
					31 Dec 2020	31 Dec 2019
					\$ '000	\$ '000
14.4 Loss per share from discontinued operation						
Basic loss per share (cents)					(0.8)	(0.8)
Diluted loss per share (cents)					(0.8)	(0.8)
Profit attributable to members of the consolidated entity relates to:						
Profit from continuing operations					9,313	6,906
Loss from discontinued operations					(710)	(755)
Profit for the period					8,603	6,151

FLEETWOOD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2020

15. EVENTS AFTER THE REPORTING PERIOD

On 24 February 2021, the Directors declared an interim dividend of 6 cents per share with respect to the half year ended 31 December 2020.

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

Independent Auditor's Report

To the Members of Fleetwood Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Fleetwood Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- (a) giving a true and fair view of the Fleetwood Limited financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

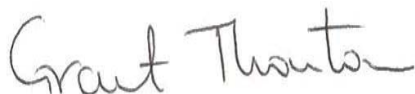
Directors' responsibility for the half year financial report

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


Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Perth, 24 February 2021