Fleetwood CORPORATION

Delivering the Promise

Fleetwood Corporation Limited

ABN 69 009 205 261

Appendix 4D
Half Year Ended 31 December 2014

Results for Announcement to the Market

		% Change		Amount $'000
Revenue from ordinary activities	down	**18%**	to	**156,996**
Profit from ordinary activities after tax attributable to members	down	**7%**	to	**3,888**
Net profit attributable to members	down	**7%**	to	**3,888**

Dividends	**Amount per security**	**Franked % per security**
Interim dividend	Nil ¢	100%
Previous corresponding period	2 ¢	100%

The interim report that accompanies this Appendix 4D has been reviewed by the Group's auditors.

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Directors' Report

The Directors present their report together with consolidated financial statements for the half year ended 31 December 2014.

Directors and Executive Officers

Michael Hardy	Chairman, Non-executive Director
Greg Tate	Non-executive Director
John Bond	Non-executive Director
Peter Gunzburg	Non-executive Director
Brad Denison	Managing Director
Yanya O'Hara	Company Secretary

Review of Trading Results

Financial Overview

Strong earnings from education and affordable housing offset subdued market conditions in resources and recreational vehicles during the period.

- Revenue down 18% to $157.0m
- EBIT up 8% to $7.5m

Despite significant capital expenditure during the period, including the acquisition of Bocar and construction of the Combabula village in Queensland, a strong focus on working capital management resulted in net debt rising by only $7m.

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Accommodation

$ million	Dec 2014	Dec 2013
Revenue	100.3	121.2
EBIT	12.6	9.7

EBIT in the Accommodation division rose by 30% to $12.6m compared to the previous year.

The effect of increased competition for mining accommodation was more than offset by a strong education market and a growing contribution from affordable housing.

Revenue growth was strong in the Eastern States with volume from the Victorian Transfer Program significantly higher than in previous years. The program involves relocation, storage and refurbishment of classrooms for the Department of Education.

There has been significant consolidation of caravan park ownership in the Eastern States in the last two years and Fleetwood has commenced supply to major operators in the market.

In December 2014 construction of a 200 person fly camp and 350 person main camp for Laing O'Rourke at Combabula in Queensland was completed, after which the rental period commenced.

Moderate demand for accommodation in Karratha resulted in Searipple Village having an average occupancy of 35% during the first half.

As announced on 23 February 2015, Fleetwood has entered into a three year agreement with Rio Tinto for accommodation services at Searipple Village. The agreement gives Rio Tinto access to 804 rooms and nominates Searipple as the preferred accommodation facility for Rio Tinto FIFO workers in Karratha.

Searipple Village comprises 1,326 rooms and therefore has capacity to service other customers in the Karratha market.

The Osprey village was commissioned in April 2014. As previously advised, the company's return on investment is underwritten by the Western Australian government. Discussions continue with the government in respect of formal agreements to govern the village's 15 year term.

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Recreational Vehicles

$ million	Dec 2014	Dec 2013
Revenue	56.7	69.0
EBIT	(4.0)	(1.0)

Increased competition from a proliferation of small Australian based caravan manufacturers and from overseas component parts suppliers has impacted sales.

Several projects aimed at increasing competitiveness were initiated during the period. These projects target business structure and cost efficiency as well as the development of channels to market.

Sales of fiberglass canopies for light commercial vehicles remained subdued during the period. In August 2014 Fleetwood acquired Bocar, a New South Wales based importer and supplier of aluminium trays for light commercial vehicles. Bocar has a strong market position in New South Wales and the acquisition provides opportunities for economies of scale.

Outlook

Demand from the education sector remains strong and second half earnings are expected to be underpinned by classroom builds and the relocation of existing classrooms to accommodate shifting student numbers.

Revenue from affordable housing is expected to increase in the second half, and discussions continue with major operators in this market.

The three year preferred supplier agreement with Rio Tinto will support occupancy at Searipple Village in Karratha in the medium term.

Discussions continue with the Western Australian government in respect of formal agreements to govern a 15 year operating term for the Osprey village. Should the parties not be able to satisfactorily agree terms for a formal agreement, Fleetwood would be entitled to receive a capital payout from the government. In this event, Fleetwood's group debt would significantly reduce.

The company is restructuring operations in the Recreational Vehicles division to improve cost, efficiency and channels to market, aimed at improving competitiveness and increasing market share.

Dividends

In view of the current trading conditions and capital recently invested in major projects, the Directors have not declared an interim dividend.

Fleetwood has a long history of paying fully franked dividends and has a large franking account available. It is the Directors intention to reinstate dividend payments as soon as trading condition allow.

Auditor's Independence Declaration

A copy of the auditor’s independence declaration is on page 16 and forms part of this report.

Rounding

The company is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors

Michael Hardy
Chairman
Perth, 25 February 2015

Fleetwood Corporation Limited
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
Half Year Ended 31 December 2014

Delivering the Promise

	Consolidated Half Year Ended	
	31 Dec 2014 $ '000	31 Dec 2013 $ '000
Revenue	**156,996**	190,331
Materials used	**(54,536)**	(66,387)
Sub-contract costs	**(36,782)**	(53,217)
Employee costs	**(31,777)**	(34,888)
Rent expense	**(4,969)**	(5,540)
Other expenses	**(10,010)**	(14,495)
Profit before interest, tax, depreciation and amortisation **(EBITDA)**	**18,922**	15,804
Depreciation and amortisation	**(11,399)**	(8,825)
Profit before interest and tax **(EBIT)**	**7,523**	6,979
Finance costs	**(1,909)**	(825)
Profit before income tax expense	**5,614**	6,154
Income tax expense	**(1,726)**	(1,958)
Profit attributable to members of the parent entity	**3,888**	4,196
Other comprehensive income		
Items that may be reclassified to profit or loss		
Net exchange difference relating to foreign controlled entities	**245**	312
Total comprehensive income attributable to members of the parent entity (net of tax)	**4,133**	4,508
Earnings per share		
Basic earnings per share (cents)	**6.4**	6.9
Diluted earnings per share (cents)	**6.4**	6.9

To be read in conjunction with the accompanying notes.

Fleetwood Corporation Limited
Condensed Consolidated Statement of Financial Position
As at 31 December 2014

Fleetwood CORPORATION
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	Note	Consolidated 31 Dec 2014 $ '000	30 Jun 2014 $ '000
Current assets			
Cash and cash equivalents		**13,982**	6,405
Trade and other receivables	7	**87,633**	46,654
Inventories	8	**53,328**	44,504
Assets held for sale		**51**	51
Tax assets		**-**	55
Other financial assets		**89**	-
Total current assets		**155,083**	97,669
Non-current assets			
Property, plant and equipment		**119,808**	109,702
Inventories	8	**-**	45,745
Intangible assets		**5,429**	4,844
Goodwill	9	**63,855**	59,431
Deferred tax assets		**4,945**	4,396
Total non-current assets		**194,037**	224,118
Total assets		**349,120**	321,787
Current liabilities			
Trade and other payables		**45,225**	37,853
Interest bearing liabilities	10	**77,300**	62,411
Tax liabilities		**2,090**	-
Provisions		**3,475**	3,743
Other financial liabilities		**-**	139
Total current liabilities		**128,090**	104,146
Non-current liabilities			
Provisions		**3,296**	3,232
Total non-current liabilities		**3,296**	3,232
Total liabilities		**131,386**	107,378
Net assets		**217,734**	214,409
Equity			
Issued capital		**194,500**	194,096
Reserves		**26**	(219)
Retained earnings		**23,208**	20,532
Total equity		**217,734**	214,409

To be read in conjunction with the accompanying notes.

Fleetwood Corporation Limited
Condensed Consolidated Statement of Changes in Equity
Half Year Ended 31 December 2014

	Issued capital $ '000	Foreign currency translation reserve $ '000	Retained earnings $ '000	Total $ '000
Balance at 1 July 2013	193,001	(578)	21,668	214,091
Profit for the period	-	-	4,196	4,196
Exchange differences arising on translation of foreign operations	-	312	-	312
Total comprehensive income for the period	-	312	4,196	4,508
Share-based payments	498	-	-	498
Balance at 31 December 2013	193,499	(266)	25,864	219,097
Balance at 1 July 2014	194,096	(219)	20,532	214,409
Profit for the period	-	-	3,888	3,888
Exchange differences arising on translation of foreign operations	-	245	-	245
Total comprehensive income for the period	-	245	3,888	4,133
Shares issued as part of dividend reinvestment plan	197	-	-	197
Dividends paid to equity holders	-	-	(1,212)	(1,212)
Share-based payments	207	-	-	207
Balance at 31 December 2014	**194,500**	**26**	**23,208**	**217,734**

To be read in conjunction with the accompanying notes.

Fleetwood Corporation Limited
Condensed Consolidated Statement of Cash Flows
Half Year Ended 31 December 2014

Fleetwood CORPORATION
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	Note	Consolidated Half Year Ended 31 Dec 2014 $ '000	Consolidated Half Year Ended 31 Dec 2013 $ '000
Cash flows from operating activities			
Receipts in the course of operations		**176,989**	224,180
Payments in the course of operations		**(152,287)**	(203,650)
Interest received		**41**	52
Income taxes paid		**(130)**	(1,247)
Finance costs		**(1,909)**	(825)
Net cash provided by operating activities		**22,704**	18,510
Cash flows from investing activities			
Acquisition of business	11	**(4,915)**	-
Proceeds from sale of property, plant and equipment		**48**	592
Acquisition of property, plant and equipment		**(24,140)**	(9,097)
Payment for capital work in progress		**-**	(23,703)
Net cash used in investing activities		**(29,007)**	(32,208)
Cash flows from financing activities			
Proceeds from borrowings		**30,000**	24,500
Repayment of borrowings		**(15,111)**	(13,641)
Dividends paid		**(1,014)**	-
Net cash provided by financing activities		**13,875**	10,859
Net increase/(decrease) in cash and cash equivalents		**7,572**	(2,839)
Cash and cash equivalents at the beginning of the financial period		**6,405**	12,665
Effects of exchange rate changes on the balance of cash held in foreign currencies		**5**	22
Cash and cash equivalents at the end of the period		**13,982**	9,848

To be read in conjunction with the accompanying notes.

1. Significant accounting policies

Statement of compliance
The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting* . Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report as at and for the year ended 30 June 2014.

The interim financial statements were authorised for issue by the Directors on 25 February 2015.

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

Accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of new and revised standards and interpretations has not materially affected the amounts reported for the current or prior corresponding period. Further information relating to the new and revised standards and interpretations is included below.

New and revised standards and amendments thereof and interpretations effective for the current half-year that are relevant to the Group include parts A and C of AASB 2014-1.

Impact of the application of AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles).
Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle. Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

a. clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a Group entity); and

b. amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

The adoption of part A of AASB 2014-1 did not have any impact on the Group's current or prior period financial information.

Impact of the application of AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality).
Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality, which historically has been referenced in each Australian Accounting Standard.

The adoption of part C of AASB 2014-1 did not have any impact on the Group's current or prior period financial information.

Reporting period
The reporting period is the six months to 31 December 2014 and the previous corresponding period is the six months to 31 December 2013 except for the condensed Consolidated Statement of Financial Position and its related notes which have a previous corresponding period of 30 June 2014.

2. Issues, repurchases and repayments of equity securities

Issued and paid-up capital
61,039,412 (2014: 60,581,211) ordinary shares, fully paid.

During the period 284,700 (2013: nil) rights to acquire shares were issued to employees and 360,000 (2013: nil) shares were issued to Executives. For the previous corresponding period 584,850 share options were issued to employees and 580,000 share options were issued to Executives.

3. Dividends

On 30 September 2014 a final dividend of 2 cents per share or $1,211,624 in total was paid relating to the year ended 30 June 2014. No dividend was paid in the previous corresponding period.

There was no dividend declared with respect to the current reporting period.

	31 Dec 2014	30 Jun 2014
4. Net tangible assets per security		
Net tangible assets per security	**$2.43**	$2.48

5. Financial instruments

Fair value of Group financial assets and liabilities are determined on the following basis.

Financial assets and financial liabilities that are measured at fair value on a recurring basis
Subsequent to initial recognition, at fair value financial instruments are grouped into Levels 1 to 3 based on the degree to which fair value is observable. Levels are defined as follows:

Level 1 are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2014 the Group has no material financial assets and liabilities that are measured on a recurring basis.

Financial assets and liabilities that are not measured at fair value on a recurring basis (but where fair value disclosures are required)
At 31 December 2014 and 31 December 2013, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

6. Segment information

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

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

	Segment Revenue		**Segment Depreciation and Amortisation**		**Segment Result (EBIT)**	
	31 Dec 2014 $ '000	31 Dec 2013 $ '000	**31 Dec 2014 $ '000**	31 Dec 2013 $ '000	**31 Dec 2014 $ '000**	31 Dec 2013 $ '000
Accommodation	**100,269**	121,248	**9,777**	7,272	**12,648**	9,693
Recreational vehicles	**56,689**	68,954	**1,517**	1,449	**(3,995)**	(964)
Unallocated	**38**	129	**105**	104	**(1,130)**	(1,750)
	156,996	190,331	**11,399**	8,825	**7,523**	6,979
Finance costs					**(1,909)**	(825)
Profit before income tax expense					**5,614**	6,154
Income tax expense					**(1,726)**	(1,958)
Net profit attributable to members of the parent entity					**3,888**	4,196

Accommodation EBIT includes $6.9m relating to the finalisation of construction and asset values in respect of a major project.

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

	31 Dec 2014 $ '000	30 Jun 2014 $ '000
Accommodation	**246,288**	222,103
Recreational vehicles	**80,563**	81,018
Total segment assets	**326,851**	303,121
Unallocated assets	**22,269**	18,666
Total assets	**349,120**	321,787

	31 Dec 2014 $ '000	30 Jun 2014 $ '000
7. Trade and Other Receivables		
Trade receivables	**27,575**	32,924
Other	**60,058**	13,730
	87,633	46,654

$53.8m of other receivables at 31 December 2014 relates to the Osprey Project and is expected to be settled by the WA State Government within 12 months.

8. Inventories

Current

Raw materials & stores	**8,278**	8,477
Work in progress	**22,333**	14,200
Finished goods	**22,717**	21,827
	53,328	44,504

Work in progress includes $6 million relating to the Victorian Education Department transfer program.

Non-current

Work in progress	**-**	45,745
	-	45,745

Work in progress relating to the Osprey Project has been reclassified as other receivables at 31 December 2014 (refer note 7).

	Half Year Ended	
	31 Dec 2014 $ '000	31 Dec 2013 $ '000
9. Goodwill		
Carrying amount at beginning of period	**59,431**	64,435
Amounts recognised from business combinations occurring during the period (refer note 11)	**4,425**	-
Effect of foreign exchange differences	**(1)**	-
	63,855	**64,435**

	31 Dec 2014 $ '000	30 Jun 2014 $ '000
10. Interest bearing liabilities		
Current		
Bank loans - secured	**77,300**	62,400
Hire purchase creditors - secured	**-**	11
	77,300	62,411

11. Business Combination

Fleetwood Corporation Limited entered into an agreement to purchase the assets of Bocar Pty Ltd (Bocar) as per the ASX Announcement lodged 12 August 2014.

Bocar was established over 25 years ago and is a leading New South Wales based aluminium tray and accessory manufacturer for the automotive sector. The acquisition provides Fleetwood subsidiary, Flexiglass, with increased scale and the opportunity to distribute Bocar products throughout its Australia wide network.

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

	Carrying value $ '000	Fair value recognised $ '000
Property, plant and equipment	89	89
Inventory	251	251
Total assets	**340**	**340**
Fair value of identifiable net assets acquired	**340**	**340**
Book value of net assets (including working capital and plant and equipment)		340
Goodwill		4,425
		4,765

There were no liabilities assumed as part of the transaction.

Cost of the combination:

Cash paid	4,765
Direct costs relating to the acquisition (recorded in the income statement)	150
Total cost of the acquisition	**4,915**

The cash flow on acquisition is as follows:

Net cash acquired with the business	-
Direct costs relating to the acquisition	150
Cash paid	4,765
Net consolidated cash outflow	**4,915**

The acquired business contributed revenues of $1,128,410 and net profit after tax of $263,776 (excluding incremental interest) to the Group for the period 14 August 2014 to 31 December 2014. Had Bocar been acquired at 1 July 2014, the revenue for the Group would have been $157,352,256, and the net profit attributable to members of the parent entity would have been $3,971,005. The Directors have determined the 'pro-forma' numbers to represent an approximate measure of the performance of the Group on an annualised basis.

In determining the 'pro-forma' revenue and profit of the Group the revenue and earnings of Bocar have been extrapolated for the period from acquisition date to 31 December 2014.

12. Events after the reporting period

There were no material events subsequent to the reporting period.

Fleetwood CORPORATION

Delivering the Promise

Directors' Declaration

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, including compliance with accounting standards and give a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

Michael Hardy
Chairman
Perth, 25 February 2015

Grant Thornton Audit Pty Ltd
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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 review of Fleetwood Corporation Limited for the half-year ended 31 December 2014, 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

P W Warr
Partner - Audit & Assurance

Perth, 25 February 2015

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

We have reviewed the accompanying half-year financial report of Fleetwood Corporation Limited ("Company"), which comprises the consolidated financial statements being the condensed statement of financial position as at 31 December 2014, and the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Fleetwood Corporation Limited 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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 Fleetwood Corporation Limited consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Fleetwood Corporation Limited, ASRE

2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence
In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

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

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P Warr
Partner - Audit & Assurance

Perth, 25 February 2015