FLEETWOOD LIMITED
AND ITS CONTROLLED ENTITIES

APPENDIX 4E AND

PRELIMINARY FINAL REPORT

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2022

ABN: 69 009 205 261

ASX CODE: FWD

APPENDIX 4E

For the year ended 30 June 2022

Reporting entity	Fleetwood Limited
ABN	69 009 205 261
Reporting period	Year ended 30 June 2022
Prior corresponding period	Year ended 30 June 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	% change Up / (down)	**2022 $'000**	**2021 $'000**
Revenue from ordinary activities	26%	445,143	353,604
Underlying profit (loss) before interest, tax and amortisation (EBITA)[1]	N/A	(12,302)	26,299
Net profit (loss) from continuing operations after tax attributable to members	N/A	(46,885)	14,606
Net profit (loss) attributable to members (including loss from discontinued operation)	N/A	(47,464)	13,337

DIVIDEND INFORMATION

	2022	**2021**
Final Dividend		
Date dividend is payable / was paid	N/A	4 Oct 2021
Record date	N/A	2 Sep 2021
Final dividend payable / paid per security (cents)	N/A	10.50
Franked amount of dividend per security (cents)	N/A	10.50
Interim Dividend		
Date dividend is payable / was paid	1 Apr 2022	1 Apr 2021
Record date	4 Mar 2022	5 Mar 2021
Interim dividend paid per security (cents)	2.00	6.00
Franked amount of dividend per security (cents)	2.00	6.00
Total dividend for the period per security (cents)	**2.00**	**16.50**

Fleetwood has a Dividend Reinvestment Plan (DRP), which is not applicable to the 2021 and 2022 dividends detailed above.

NET TANGIBLE ASSET BACKING

	30 June 2022	**30 June 2021**
Net tangible assets per security ($)[2]	0.96	1.17

1 Underlying EBITA is considered a non-IFRS measure and is calculated as profit (loss) before interest, tax and amortisation totalling ($52.141m) less significant items totalling ($39.839m).
2 Net tangible assets per security is calculated as net assets less goodwill, intangibles and right of use assets.

DETAILS OF SUBSIDIARIES AND ASSOCIATES

There were no changes of control of subsidiaries during the year to 30 June 2022. There were no associates or joint venture during the year to 30 June 2022.

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 within the Review of Operations.

STATUS OF ACCOUNTS

The accounts for the year ended 30 June 2022, are unaudited and are in the process of being audited by Fleetwood Limited's Auditors, Ernst & Young.

REVIEW OF OPERATIONS

- Underlying EBITA loss of $12.3 million (m), statutory NPAT loss of $47.5m
- Significant items of $39.8m
- Onerous contract provision of $8.9m at year end
- $55.3m in net cash

The Company has maintained a strong cash position of $55.3m during FY22 despite difficulties in the Building Solutions Business related to performance on major projects, materials and labour shortages, and COVID-19 pandemic construction industry lockdowns.

A clearly unacceptable result in our Building solutions business with approximately 80% of the $24.3m loss as a result of major project underperformance. The vast majority of these losses relate to the Rio Tinto Ti Tree Rail Camp Upgrade mining project in Western Australia.

The project experienced significant delays and cost escalation during the year and in preparing the year end accounts a further review of the project and its associated risks was undertaken. Following this review a conservative approach was adopted and a further onerous contract provision of $8.9m was taken.

Fleetwood's intention is to complete the project and it will continue to pursue a number of material claims which remain the subject of ongoing commercial negotiations. These claims have not been accounted for in the result.

RV Solutions had an outstanding year with ongoing popularity in domestic tourism. Community Solutions (formerly Accommodation Solutions) was similar to the annualised H2 FY21 run rate as expected with new supply entering the Karratha market ahead of major project commencements.

The Company recorded earnings before interest, tax and amortisation (EBITA) loss of $12.3m (30 June 2021: $26.3m profit) and statutory net profit after tax (NPAT) loss of $47.5m (30 June 2021: $13.3m profit) for FY22. Revenue for the period increased 24% to $446.1m (30 June 2021: $360.1m).

As announced with the half year results in February 2022, a review of the carrying value of the Building Solutions business was undertaken. The review was related to the historic performance of the business. There was no impact on debt facilities, future cash flows, Fleetwood's ability to undertake capital management initiatives, future dividends, or normalised earnings. Following the review, total significant items of $39.8m were recorded.

SIGNIFICANT ITEMS SUMMARY

	FY22 $ million	FY21 $ million
Goodwill impairment	28.5	-
Intangible impairment	4.7	-
Inventory impairment	2.7	-
Provisions for warranties and buy-backs	3.9	-
Total Significant Items	**39.8**	**-**

Fleetwood finished the year in a strong financial position with $55.3m (30 June 2021: $57.6m) in cash and no debt after accounting for dividend payments of $11.8m. The cash position remains well-matched to the company's ongoing requirements.

Given the results for the year and the continuing challenges in the construction industry, including supply chain disruption and labour shortages, the Board considered it prudent for Fleetwood not to pay a final dividend for FY22.

The Company's dividend policy remains to pay out 100% of net profit after tax (NPATA basis).

Based on the order book and outlook across the operating businesses, Fleetwood anticipates a return to profitability in FY23. We have embedded the Build, Transform & Grow strategy in the business with the aim to focus on quality of revenue through diversification, generating sustainable margins, increasing utilisation, and reducing overheads to improve earnings. This is underpinned by building leadership capability across the business to successfully execute our strategy.

RESULT SUMMARY

	FY22 $ million	FY21 $ million
Total Revenue	446.1	360.1
EBITDA	**4.3**	**42.5**
Depreciation	16.6	16.2
EBITA (loss)	**(12.3)**	**26.3**
Amortisation of contract intangible	1.1	3.8
Finance costs	1.5	1.3
Pre-tax profit (loss)	(14.9)	21.2
Tax expense (benefit)	(4.5)	6.6
Underlying NPAT (loss)	**(10.4)**	**14.6**
Impairment	(39.8)	0.0
Continuing operations NPAT (loss)	**(46.9)**	**14.6**
Loss from discontinued operations	(0.6)	(1.3)
Statutory NPAT (loss)	**(47.5)**	**13.3**
NPATA (loss) [1]	(9.6)	17.3

[1] NPATA = Underlying NPAT plus the after-tax amortisation of contract intangibles

RV Solutions delivered improved results in FY22 offset by lower results from Community Solutions as new supply entered the Karratha market ahead of major project demand. The result for Building Solutions reflects the impact of the major project cost overruns, COVID-19 shutdowns in the first half as well as ongoing materials and labour shortages.

DIVISIONAL EBITA RESULT SUMMARY

	FY22 $ million	FY21 $ million
Revenue		
RV Solutions	81.2	72.4
Building Solutions	333.1	249.1
Community Solutions	31.7	38.3
Unallocated	0.1	0.2
Total revenue	**446.1**	**360.1**
EBITA		
RV Solutions	9.8	7.8
Building Solutions	(24.3)	9.6
Community Solutions	8.3	14.6
Unallocated	(6.1)	(5.7)
Total underlying EBITA (loss)	**(12.3)**	**26.3**

CASHFLOW AND DEBT

The Company continues to generate strong cash flow and has maintained a healthy net cash position of $55.3 million at the end of FY22 compared to $57.6 million at 30 June 2021. This is after accounting for dividend payments of $11.8 million.

The Company currently has total debt and bonding facilities of $85 million drawn to $27.0 million for performance bonds.

	FY22 $ million	FY21 $ million
EBITDA	**4.3**	**42.5**
Cash outflows from discontinued businesses	0.0	(0.3)
Interest paid (net)	(1.4)	(1.1)
Tax	(6.7)	0.5
Working capital (and other)	19.0	(14.9)
Operating cashflow	**15.3**	**26.7**
Net capex	(7.0)	(1.3)
Free cashflow	**8.2**	**25.4**
Net acquisitions	0.0	0.0
Project finance advance	8.7	(8.7)
Lease repayments and other	(7.5)	(7.8)
Dividends paid	(11.8)	(17.0)
Financing cashflows	**(10.6)**	**(33.5)**
Opening net cash	57.6	65.7
Closing net cash	**55.3**	**57.6**

BUILDING SOLUTIONS

	FY22 $ million	FY21 $ million
Revenue	333.1	249.1
EBITA (loss)	(24.3)	9.6

The Building Solutions business finished FY22 with an EBITA loss of $24.3 million on revenue of $333.1 million. Revenue growth was principally driven by the approximately $75 million of work performed across the Centres for National Resilience program for the Federal Government. Whilst profitable for the company, these projects were one-off in nature and will not contribute materially to FY23 revenues.

Second half earnings reflect the ongoing underperformance of the Rio Tinto Ti Tree Rail Camp Upgrade mining project and the significant impact of supply chain issues leading to cost increases, material and labour shortages being felt across the entire industry.

Further significant delays and cost escalation were experienced on the Ti Tree Camp Upgrade mining project in Western Australia. Site works on this project are expected to be substantially complete by the end of the first half of FY23.

A combination of project delays associated with poor weather on the east coast as well as labour and materials shortages resulted in lower than expected progress across projects in New South Wales, Victoria, and Western Australia during the second half.

As previously reported the first half was impacted by two underperforming major contracts, one of which was the Ti Tree project. Both contracts had unrelated operational issues. The lessons learnt have been embedded in our processes and we have pivoted our bidding for new works to lower risk projects that better align with our current capability.

Various State-wide COVID-related shutdowns impacted operations at different times. The stay-at home orders in New South Wales that started in late June 2021 had an immediate impact on the business. Subsequent lockdowns that were limited to selected Local Government Areas (LGAs) meant many of our employees were unable to leave home to attend work. This exacerbated the existing New South Wales operational integration issues and delayed implementation of improvements in the business.

As both construction and our own manufacturing sites were locked down in New South Wales and Victoria, the impact on the supply chain was extended. Because of the integrated supply network that normally allows Fleetwood to operate efficiently, the border closures restricted transfer of equipment and material over state borders, affecting our operations across the east coast.

Overall, the order book remains solid at $130 million. Whilst lower than the $189 million at December 2021, boosted by the Centres for National Resilience program, it compares favourably to $103 million in June 2021.

OUTLOOK AND FORWARD STRATEGY

The outlook for Building Solutions remains solid from a revenue perspective. The understanding and acceptance of modular construction as a design, cost and time effective solution continues to grow across the targeted sectors of education, custodial, mining and affordable housing.

Building Solutions anticipates an improvement in earnings in FY23. This is expected to come from a combination of a solid order book, a reduced impact from major project cost overruns and overhead reduction.

Unlike previous periods, the current forward order book does not have any material new major one off projects of high complexity in an environment of limited skilled labour that are outside the traditional scope of Building Solutions projects. During FY22 these included the highlighted Ti Tree Project, as well as the Centres of National Resilience and several other bespoke projects.

While Building Solutions will continue to feel the ongoing effects of labour shortages and high raw material costs in the near term, volatility is expected to reduce over the coming year.

Opportunities with government including housing, education, and defence are expected to increase as adoption of modular building gathers momentum. As an example, the WA Department of Housing is now using modular solutions after engagement with Fleetwood.

The Build, Transform, Grow strategy provides the roadmap for the medium to long-term improvement in the quality and consistency of earnings.

The build phase involves improving capability, systems and processes and brand awareness to underpin long term, sustainable growth.

This has included the appointment of a National Manufacturing Manager, Tara Goldsworthy, a new National Sales Manager, Tom Gleeson and the search for a new National Operations Manager. These positions will report directly to the Fleetwood CEO. The business is moving to a national functional leadership model to improve co-ordination and effectiveness of important functions such as sales, estimating, design, procurement, manufacturing, HSEQ and finance.

The senior management team in several States has been substantially replaced reflecting the underlying issues that have impacted FY2022 financial results.

As part of the build phase, the rebranding of the NSW Building Solutions business is now complete. Additionally, the senior leadership team of that business is undergoing some changes and new recruitment. This re-build process will finalise the alignment of the NSW business within the national Fleetwood Building Solutions family.

A 'One Fleetwood' program has been initiated to roll out the new common vision and values. This will see standard key operational indicators developed, called "The Fleetwood Way", and help to institutionalise business knowledge.

The transform stage of the strategy includes revenue diversification and moving from being a builder to manufacturer. This involves qualifying work coming into our pipeline against key measures such as customer, buildability for modular, margin and a deeper understanding of risks and opportunities.

The defence sector is being targeted with an estimated $20 billion Defence Infrastructure Estate spend in next 5 years, including an estimated $200 million modular spend in next two years.

Lifestyle and affordable housing are also a focus with a likely $15 billion State Government's spend. Government, Community Housing Providers and developers are being targeted as route to market.

After conducting a design collaboration for social and affordable housing with a large provider, Fleetwood is now preparing a national suite of go-to-market products that are specifically designed for Manufacture and Assembly (DFMA).

Improving manufacturing productivity and driving cost out will help Fleetwood re-position modular building in Australia. This transformation is planned over three horizons.

- Deliver – unique buildings using standard components
- Build – quickly, efficiently and at reduced cost
- Adopt – modern methods of building underpinned by continuous improvement, digitisation and automation

Major workstreams include.

- Aligning national workflows and developing common processes and procedures to deliver consistency
- Introducing Sales & Operation Planning (S&OP) to improve the capability to push and pull orders to optimise capability
- Balancing build complexity with standardisation of modular components to open pathways to automation
- Focusing on national procurement to reduce costs by consolidating purchasing and leveraging the purchasing power of the national business.

Over the medium term this is expected to see a stable and growing business able to effectively leverage the advantages of modular building.

- Reduced building time – speed
- Lower cost, especially when design variations are considered
- Improved quality when compared to in situ builds
- Better ESG credentials, especially around waste, sustainability and the ability to recycle, repurpose and reuse buildings.

COMMUNITY SOLUTIONS

	FY22 $ million	FY21 $ million
Revenue	31.7	38.3
EBITA	8.3	14.6

The Community Solutions business finished FY22 with EBITA of $8.3 million on revenue of $31.7 million.

The Fleetwood-owned and operated Searipple Village in Karratha benefited from COVID-19 related rostering changes in the first half of FY21, which subsequently returned to more normal occupancy patterns for the remainder of that year and for all of FY22. FY22 also saw a full impact of increased room supply in the Karratha market.

The recent five-year agreement with Rio Tinto underpins base utilisation and profitability moving forward and creates a strong negotiating position for ongoing discussions with additional clients to support planned shutdowns and major projects over coming periods.

Osprey Village remains fully occupied, and a waiting list of potential tenants reflects the strength of the Port Hedland market.

OUTLOOK AND FORWARD STRATEGY

The outlook for Community Solutions is buoyant with the strong prospect that WA's Northwest will see significant future development of new projects in the oil and gas, fertiliser, and green energy sectors. The securing of existing demand from current customers places Fleetwood in a strong position for the medium term.

Commercialisation of a keyless lock and energy management system, using the Fleetwood developed Glyde technology is underway. Fleetwood's development of the technology and its availability to deliver through our Building solutions business positions the company as a digital market leader.

Additionally, a growing number of low-carbon economy projects are currently under consideration in the North-West of Western Australia. The requirement for communities to house and facilitate these projects is a significant medium- term opportunity for Community Solutions.

In addition, Community Solutions is well placed to pursue Build Own Operate/Transfer (BOOT) or Build to Rent (BTR) opportunities in residential and aged care, leveraging the ability to source new villages at a competitive cost supported by the Building Solutions business and Fleetwood's strong balance sheet.

RV SOLUTIONS

	FY22 $ million	FY21 $ million
Revenue	81.2	72.4
EBITA	9.8	7.8

The RV Solutions business finished FY22 with EBIT of $9.8 million on revenue of $81.2 million. This result was driven by strength in both the OEM and aftermarket segments and excellent trading conditions created by ongoing interest in domestic tourism.

Strong management of increased raw materials and freight costs allowed gross margins to be maintained and excellent control of operating costs saw the increased demand translate to earnings growth. We were also able to pass through price increases to key customers during the period which sustained EBITA margins.

Continued growth of new caravan registrations and sales of second-hand caravans has been a key contributing factor to the growth in RV Solutions over the past year.

OUTLOOK AND FORWARD STRATEGY

The medium-term outlook for RV Solutions remains positive. While international travel has resumed, the forward order book for manufacturers remains at historically high levels.

The business will likely remain 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. The boom in caravan sales during the past two years will likely continue to deliver demand for the aftermarket service and renovation offering of Northern RV.

Continued strong management of price and input costs is expected to support margins.

New products such as sandwich panel walls and aluminium wall frames are now coming to market. The increase in second-hand van sales provides opportunities for products and the promotion of renovations through our service offering.

Challenges remain, primarily around raw material supply and price, freight costs and access to skilled labour. The potential impact of recent interest rate rises, fuel increases and the impact on discretionary spending is being closely monitored.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022 (UNAUDITED)

		Consolidated	
		2022	2021
	Note	$ '000	$ '000
Continuing operations			
Sales revenue	2	445,143	353,604
Fair value gain on contingent consideration		-	1,357
Government subsidies		-	3,235
Other income		961	1,887
Materials used		(210,377)	(138,851)
Sub-contract costs		(128,369)	(88,817)
Employee benefits	3	(64,605)	(57,059)
Rent expense	20	(731)	(948)
Impairment of assets	11,14,15	(35,943)	-
Warranty and defects expense	17	(3,896)	-
Onerous contracts	17	(14,127)	-
Other expenses		(23,613)	(31,887)
(Loss) / Profit before interest, tax, depreciation and amortisation (EBITDA)		**(35,557)**	**42,522**
Depreciation	3	(16,584)	(16,223)
(Loss) / Profit before interest, tax and amortisation (EBITA)		**(52,141)**	**26,299**
Amortisation of contract intangible	15	(1,137)	(3,838)
(Loss) / Profit before interest and tax (EBIT)		**(53,278)**	**22,461**
Finance costs	3	(1,494)	(1,285)
(Loss) / Profit before income tax expense		**(54,772)**	**21,176**
Income tax benefit / (expense)	4	7,887	(6,570)
(Loss) / Profit from continuing operations		**(46,885)**	**14,606**
Loss from discontinued operation		(579)	(1,269)
(Loss) / Profit for the year	7, 21	**(47,464)**	**13,337**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Net exchange difference - foreign controlled entities (net of tax)	21	(163)	(105)
Total comprehensive profit (loss) for the year		**(47,627)**	**13,232**
Earnings (loss) per share	**Note**	**cents**	**cents**
Basic earnings (loss) per share			
Continuing operations		(49.8)	15.4
Discontinued operations		(0.6)	(1.3)
Total	7	**(50.4)**	**14.1**
Diluted earnings (loss) per share			
Continuing operations		(49.8)	15.3
Discontinued operations		(0.6)	(1.3)
Total	7	**(50.4)**	**14.0**

To be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (UNAUDITED)

	Note	Consolidated 2022 $ '000	2021 $ '000
Current assets			
Cash and cash equivalents	8	55,266	57,567
Trade and other receivables	9	54,698	51,182
Interest bearing receivables	10	-	8,698
Contract assets	9	43,939	27,349
Inventories	11	27,858	26,522
Other financial assets		-	2
Tax assets		577	-
Non-current assets held for sale	12	-	1,147
Total current assets		**182,338**	**172,467**
Non-current assets			
Trade and other receivables	9	1,697	2,992
Property, plant and equipment	13	36,921	39,843
Right-of-use assets	20	26,329	30,883
Goodwill	14	43,522	72,066
Intangible assets	15	3,323	9,500
Deferred tax assets	4	16,065	7,717
Total non-current assets		**127,857**	**163,001**
Total assets		**310,195**	**335,468**
Current liabilities			
Trade and other payables	16	62,224	54,904
Contract liabilities	16	30,794	12,947
Lease liabilities	20	5,027	7,131
Tax liabilities		199	4,926
Provisions	17	25,892	8,143
Other financial liabilities		19	-
Total current liabilities		**124,155**	**88,051**
Non-current liabilities			
Lease liabilities	20	22,154	24,246
Provisions	17	366	706
Total non-current liabilities		**22,520**	**24,952**
Total liabilities		**146,675**	**113,003**
Net assets		**163,520**	**222,465**
Equity			
Issued capital	21	253,170	253,726
Reserves	21	(1,192)	(1,866)
Retained earnings	21	(88,458)	(29,395)
Total equity		**163,520**	**222,465**

To be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022 (UNAUDITED)

Consolidated	Note	Issued capital $ '000	Share Based Payment Reserve $ '000	Share Plan reserve $ '000	Foreign currency translation reserve $ '000	Retained earnings $ '000	Total $ '000
Balance at 30 June 2020		**255,054**	**-**	**(3,188)**	**365**	**(25,702)**	**226,529**
Profit for the year		-	-	-	-	13,337	13,337
Share plan settlements		-	-	1,062	-	-	1,062
Exchange differences arising on translation of foreign operations		-	-	-	(105)	-	(105)
Total comprehensive profit (loss) for the year		-	-	1,062	(105)	13,337	14,294
Dividends paid to shareholders		-	-	-	-	(17,030)	(17,030)
Share buy-back		(1,681)	-	-	-	-	(1,681)
Share-based payments		353	-	-	-	-	353
Balance at 30 June 2021		**253,726**	**-**	**(2,126)**	**260**	**(29,395)**	**222,465**
Loss for the year		-	-	-	-	(47,464)	(47,464)
Share plan settlements		-	-	-	-	-	-
Exchange differences arising on translation of foreign operations		-	-	-	(163)	-	(163)
Total comprehensive profit (loss) for the year		-	-	-	(163)	(47,464)	(47,627)
Dividends paid to shareholders		-	-	-	-	(11,775)	(11,775)
Share-based payments	21	-	281	-	-	176	457
Transfer from Issued Capital to Share Based Payment Reserve	21	(556)	556	-	-	-	-
Balance at 30 June 2022		**253,170**	**837**	**(2,126)**	**97**	**(88,458)**	**163,520**

To be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022 (UNAUDITED)

		Consolidated	
		2022	**2021**
	Note	**$ '000**	**$ '000**
Cash flows from operating activities			
Receipts in the course of operations		487,357	393,495
Payments in the course of operations		(464,094)	(370,076)
Government subsidies received (JobKeeper)		-	3,884
Interest received		144	195
Income taxes paid		(6,661)	489
Finance costs paid		(1,494)	(1,287)
Net cash provided by operating activities	8	**15,252**	**26,700**
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(9,027)	(6,032)
Proceeds from sale of non-current assets		2,950	5,367
Payment for intangible assets	15	(926)	(648)
Payment for acquisition of subsidiary		-	-
Net cash used in investing activities		**(7,003)**	**(1,313)**
Cash flows from financing activities			
Project finance advance		8,698	(8,698)
Dividends paid		(11,775)	(17,030)
Share plan loan repayment		-	1,063
Share buy back		-	(1,681)
Repayment of lease liabilities		(7,473)	(7,204)
Net cash (used in) / provided by financing activities		**(10,550)**	**(33,550)**
Net increase in cash and cash equivalents		(2,301)	(8,163)
Cash and cash equivalents at the beginning of the financial year		57,567	65,726
Effect of exchange rate changes on cash held in foreign currencies		-	4
Cash and cash equivalents at the end of the financial year	8	**55,266**	**57,567**

To be read in conjunction with the accompanying notes

1. ABOUT THIS REPORT

Fleetwood Limited (Fleetwood or the Company) is a for profit entity limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The Preliminary Final Report for the year ended 30 June 2022 comprises the consolidated financial statements of Fleetwood and its controlled entities (the Group).

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

1.1 STATEMENT OF COMPLIANCE

The Preliminary Final Report 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 condensed notes of the consolidated entity comply with International Financial Reporting Standards

The Annual Financial Report is in the process of being audited by the Company's Auditor, Ernst & Young. The Preliminary Final Report should also be read in conjunction with any public announcements made by Fleetwood during the year in accordance with the continuous disclosure requirements arising under the *Corporation Act 2001 (Cth)* and ASX Listing Rules.

The Preliminary Final Report of Fleetwood Limited for the year ended 30 June 2022 was authorised for issue by the Directors on 31 August 2022.

New and revised Standards and Interpretations adopted during the reporting period

The Company has adopted all new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting year. The adoption has not resulted in any material changes to the measurement or disclosure of the balances and transactions reported in these financial statements. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Impact of standards issued but not yet applied

There have been a number of standard amendments and interpretation that have recently been issued by the AASB but are not yet effective for periods ended 30 June 2022. The Group has reviewed these standards and interpretations and determined that none of these will materially affect the Group's accounting policies or balances and transactions currently reported in these financial statements.

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 Company 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.

1. ABOUT THIS REPORT (continued)

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 Company 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 accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company 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 9 'Financial Instruments' or, when applicable, the cost on initial recognition of an investment in an associate.

1.4 TAX CONSOLIDATION

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

Fleetwood 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 Company 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.

1.5 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.

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. ABOUT THIS REPORT (continued)

1.6 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.

- We have considered the impact of COVID-19 in the relevant areas of the financial statements. These include asset impairment calculations, carrying value of inventory and recognition and collectability of revenue. Further details are contained below and in the notes pertaining to these items.
- 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 highly probable they will be approved and a significant revenue reversal will not occur in the future. 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 14. Details of other intangible assets are set out in note 15. Where the actual future cash flows are less than expected, a material impairment loss may arise.
- The Company 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 Company 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.

1.7 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 Company 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.

1.8 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 Level 2, 464 Hay Street, Subiaco, Western Australia. The telephone number of the Company is (08) 9323 3300.

2. SALES REVENUE

Continuing operations	Consolidated 2022 $ '000	2021 $ '000
Sales revenue		
Recognised at a point in time:		
RV Solutions	81,206	68,203
Total revenue recognised at a point in time	81,206	68,203
Recognised over time:		
Building Solutions	332,241	247,081
Community Solutions	31,696	38,320
Total revenue recognised over time	363,937	285,401
Total Sales Revenue	**445,143**	**353,604**

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.

Community Solutions segment:

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

To determine whether to recognise revenue, the Company 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 Company 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 by the customer for the good or where the Company 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 17.

2. SALES REVENUE (continued)

Building Solutions
The Company 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 Company's contracts comprise the construction of several accommodation units each representing performance obligations under the contract. The Company 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 Company 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 Company transfers control of a build to the customer, and to establish when and to what extent revenue can be recognised, the Company 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 Company'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 Company can earn by completing a project in advance of a targeted delivery date. At inception of each contract, the Company begins by estimating the amount of the bonus to be received using the "most likely amount" approach. This amount is then included in the Company'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 Company considers its historical record of performance on similar contracts, whether the Company 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 Company satisfies a performance obligation before it receives the consideration, the Company 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 Company adjusts the transaction price used in determining revenue recognition by the effects of financing.

In obtaining some of these contracts, the Company incurs a number of incremental costs, such as commissions paid to sales staff. The Company 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, in some contracts the amortisation period of these costs, if capitalised, would be less than one year, and thus the Company makes use of the practical expedient in AASB 15.94 and expenses them when incurred.

Community Solutions
The Company 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 Company has a right to the consideration and the amount billed corresponds directly with the value to the customer for the Company's performance completed to date.

For Osprey which the Company 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 Company's performance completed to date.

3. EXPENSES

Expenses from continuing operations contain the following:

		Consolidated	
		2022	2021
Continuing operations	**Note**	**$ '000**	**$ '000**
Cost of sales		**377,612**	**257,402**
Employee benefits			
Salaries and wages[1]		58,558	52,271
Equity settled share-based payments		457	353
Defined contribution superannuation		5,590	4,435
Total		**64,605**	**57,059**

[1] Employee benefits expense included in Cost of Sales is $24.9m (FY21: $27.9m)

Depreciation and amortisation of:			
Buildings	13	34	33
Leasehold improvements	13	748	653
Plant and equipment	13	6,960	7,421
Product development	15	456	324
ERP Software	15	718	480
Right-of-use assets	20	7,668	7,312
Total		**16,584**	**16,223**
Finance costs:			
Financing arrangements		685	713
Lease liabilities		809	572
Total		**1,494**	**1,285**

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 Company for at least one year are eligible to participate in the scheme. Employees will be issued shares in Fleetwood 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 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).

For the FY19 to FY21 issues, 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 FY22 issue will vest to 50% at the TSR equal to the ASX small industrials index and to 100% at the 75th percentile of that index.

For the FY19 to FY21 issues, 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 FY22 issue vests to 50% at the 7.5% compound annual growth and to 100% at a 15% annual growth rate. Return on Capital Employed (ROCE) must be above 15% for the final 25% to vest.

3. EXPENSES (continued)

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.

Defined contribution superannuation

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

4. TAX EXPENSE

CURRENT TAX EXPENSE

	2022 $ '000	2021 $ '000
Current tax expense (benefit) from continuing and discontinued operations	215	5,575
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	(8,350)	(127)
Deferred tax expense relating to recoupment of prior year tax losses	-	-
Under provision of income tax in prior year	-	576
Continuing and discontinued operations	**(8,135)**	**6,024**
Reconciliation of income tax expense to the accounting profit:		
Profit (loss) before tax from continuing and discontinued operations	(55,598)	19,361
The tax rate used for 2022 and 2021 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% (2021: 30%)	(16,679)	5,808
Amortisation of leasehold improvements	8	8
Effect of lower tax rates on overseas income	(23)	(21)
Non-deductible expenses	8,563	106
Research & development allowance	-	-
Fair value gain on contingent consideration	-	(407)
Sundry items	(4)	(46)
Adjustments relating to income tax in prior year	-	576
Continuing and discontinued operations	**(8,135)**	**6,024**
Income tax expense (benefit) from:		
Continuing operations	(7,887)	6,570
Discontinued operations	(248)	(546)
Continuing and discontinued operations	**(8,135)**	**6,024**

DEFERRED TAX ASSETS

	Balance 2020 $ '000	Charged to income $ '000	Balance 2021 $ '000	Charged to income $ '000	Balance 2022 $ '000
Deferred tax relating to:					
Property, plant and equipment	5,168	(46)	5,122	1,863	6,984
Contract intangible	(2,305)	1,151	(1,154)	1,154	-
Employee provisions	1,933	225	2,158	265	2,422
Provision for inventory obsolescence	1,213	(639)	574	477	1,051
Provision for onerous contracts	-	-	-	4,238	4,238
Provision for warranty costs	913	(421)	492	573	1,065
Other provisions	632	5	637	(102)	535
Accruals	36	-	36	(10)	26
Unused tax losses	-	-	-	-	-
AASB16 leases	-	(148)	(148)	(108)	(256)
Total	**7,590**	**127**	**7,717**	**8,350**	**16,065**

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

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

4. TAX EXPENSE (continued)

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

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

CONDENSED NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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.

Business segments	**Products / Services**
RV Solutions	Manufacture, installation and distribution of recreational vehicle parts and accessories
Building Solutions	Design, manufacture and sale of accommodation
Community Solutions	Operation of accommodation villages

Revenue and results by reportable operating segment:

	Segment revenue and other income		**Depreciation and amortisation**		**Segment Result (EBITA)** [2]	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
RV Solutions	81,209	72,429	3,605	3,725	9,808	7,831
Building Solutions [1]	333,090	249,102	8,958	8,525	(64,151)[1]	9,568
Community Solutions	31,696	38,320	3,203	3,270	8,277	14,632
Operating segment total	**445,995**	**359,851**	**15,766**	**15,520**	**(46,066)**	**32,031**
Unallocated	109	232	818	703	(6,075)	(5,732)
Total	**446,104**	**360,083**	**16,584**	**16,223**	**(52,141)**	**26,299**
Amortisation of contract intangible (Building Solutions)					(1,137)	(3,838)
Profit before interest and tax (EBIT)					**(53,278)**	**22,461**
Finance costs					(1,494)	(1,285)
Profit before income tax expense					**(54,772)**	**21,176**
Income tax expense					7,887	(6,570)
Profit (loss) from continuing operations					**(46,885)**	**14,606**
Loss from discontinued operations					(579)	(1,269)
Profit (loss) attributable to members of the parent entity					**(47,464)**	**13,337**

[1] Underlying EBITA for Building Solutions for the period was a $24.3m loss (30 June 2021: $9.6m profit). Underlying EBITA is calculated as the EBITA result of $64.1m loss less the significant impairment items totalling $39.8m.

[2] Earnings before interest, tax and amortisation (EBITA) is considered a non-IFRS measure.

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

The accounting policies of the reportable segments are the same as the Company'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.

Company revenue and results by reportable operating segment:

	Segment assets		**Segment liabilities**	
	2022	**2021**	**2022**	**2021**
	$ '000	**$ '000**	**$ '000**	**$ '000**
RV Solutions	50,705	49,686	14,036	16,927
Building Solutions	172,762	194,449	122,029	82,609
Community Solutions	23,072	27,028	5,381	5,388
Operating segment total	**246,539**	**271,163**	**141,446**	**104,924**
Unallocated	63,656	64,305	5,229	8,079
Total	**310,195**	**335,468**	**146,675**	**113,003**

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

	Segment non-current assets		Revenue and other income	
	2022	2021	2022	2021
Geographical area	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Australia	127,814	162,613	437,325	351,074
New Zealand	43	388	8,779	9,010
Total	**127,857**	**163,001**	**446,104**	**360,084**

6. DIVIDEND INFORMATION

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

	Consolidated	
	2022	2021
	$ '000	$ '000
Recognised amounts		
Final 2020 – paid 5 cents per share fully franked		4,731
Special 2020 – paid 7 cents per share fully franked		6,623
Interim 2021 – paid 6 cents per share fully franked		5,676
Total		**17,030**
Final 2021 – paid 10.5 cents per share fully franked	9,891	-
Interim 2022 – paid 2 cents per share fully franked	1,884	-
Total	**11,775**	

Declared and not recognised as liabilities		
Final 2021 – declared 10.5 cents per share fully franked	-	9,891
Total	**-**	**9,891**
Dividend franking account		
30% franking credits available to shareholders of Fleetwood Limited for subsequent years	**18,645**	**18,564**

7. EARNINGS PER SHARE

	2022	2021
	$ '000	$ '000
Earnings used in the calculation of basic and diluted earnings per share from continuing and discontinued operations	(47,464)	13,337
Adjustment to exclude loss from discontinued operation	579	1,269
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	**(46,885)**	**14,606**

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:

7. EARNINGS PER SHARE (continued)

	Weighted average number of shares used	
	2022	**2021**
Weighted average number of ordinary shares used in the calculation of basic EPS	94,198,742	94,579,722
Number of shares deemed to be issued for no consideration in respect of performance rights	-	732,824
Weighted average number of ordinary shares used in the calculation of diluted EPS	**94,198,742**	**95,312,546**

Earnings (loss) per share	**Cents**	**cents**
Basic earnings (loss) per share		
Continuing operations	(49.8)	15.4
Discontinued operations	(0.6)	(1.3)
Total	**(50.4)**	**14.1**
Diluted earnings (loss) per share		
Continuing operations	(49.8)	15.3
Discontinued operations	(0.6)	(1.3)
Total	**(50.4)**	**14.0**

8. CASH AND CASH EQUIVALENTS

	2022 $ '000	2021 $ '000
Cash and cash equivalents	**55,266**	**57,567**

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

Operating profit (loss) after income tax	(47,464)	13,337
Items classified as investing activities:		
Loss on sale of non-current assets	(278)	(583)
Non-cash items:		
Equity settled share-based payments	457	353
Depreciation and amortisation expense - continuing operations	16,584	16,223
Depreciation and amortisation expense - discontinued operations	-	216
Amortisation of contract intangible	1,137	3,838
Impairment of goodwill	28,544	-
Impairment of assets	7,399	-
Other	270	
Exchange differences arising on translation of foreign operations	163	105
Changes in assets and liabilities during the year:		
(Increase) decrease in trade and other receivables	(2,221)	585
(Increase) decrease in contract assets	(16,590)	(14,512)
(Increase) decrease in inventories	(1,336)	(1,384)
(Increase) in other financial assets	2	(2)
Increase (decrease) in trade and other payables	7,320	8,424
Increase (decrease) in contract liabilities	17,847	(2,774)
Increase (decrease) in provisions	17,409	(650)
Increase (decrease) in earn out liabilities	-	(1,357)
Increase (decrease) in other financial liabilities	19	(325)
Increase (decrease) in income taxes payable	(5,304)	5,660
(Increase) decrease in deferred taxes receivable	(8,348)	(127)
Increase (decrease) in right-of-use assets (AASB 16)	(4,554)	7,846
Increase (decrease) in lease liabilities (AASB 16)	4,196	(8,173)
Net cash provided by operating activities	**15,252**	**26,700**

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.

9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	Note	2022 $ '000	2021 $ '000
Trade and other receivables			
Current			
Trade receivables		50,855	45,776
Less: allowance for expected credit losses	17	(1,701)	(2,124)
Finance lease receivable		1,295	2,437
Other debtors		4,249	5,093
Total		**54,698**	**51,182**
Non-Current			
Finance lease receivable		1,697	2,992
Total		**1,697**	**2,992**
Contract assets			
Current		**43,939**	**27,349**
Non-Current		**-**	**-**

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.

The Company 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	1,357	(62)	1,295
Non-current	1,755	(58)	1,697
Total	**3,112**	**(120)**	**2,992**

RECOGNITION AND MEASUREMENT

CONTRACT ASSETS

The contract assets primarily relate to the Company'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 Company's expected credit losses assessment under AASB 9.

ALLOWANCE FOR EXPECTED CREDIT LOSSES

The Company 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.

FINANCE LEASES

The Company 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 Company retains ownership of the asset at the end of the lease term. The rate applied in discounting lease payments is equivalent to the Company's borrowing rate. Refer to note 20 for the accounting policy applicable to finance leases.

10. INTEREST BEARING RECEIVABLES

	2022 $ '000	2021 $ '000
Project finance advance	**-**	**8,698**

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

11. INVENTORIES

	Note	2022 $ '000	2021 $ '000
Current			
Raw materials & stores		15,433	13,187
Finished goods		15,932	15,248
Stock obsolescence provision	17	(3,507)	(1,913)
Total		**27,858**	**26,522**

The cost of inventories recognised as an expense during the year in respect of continuing operations was $210.4 million (2021: $111.8 million).

The stock obsolescence provision is allocated within the Company's segments as shown below:

	Note	2022 $ '000	2021 $ '000
Current			
RV Solutions		(548)	(1,913)
Building Solutions		(2,959)	-
Total		**(3,507)**	**(1,913)**

Refer to Note 17 – Provisions for movements of the stock obsolescence provision during the period.

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.

12. NON-CURRENT ASSETS HELD FOR SALE

	2022 $ '000	2021 $ '000
Plant & equipment - idle mining rental assets	**-**	**1,147**

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.

13. PROPERTY, PLANT AND EQUIPMENT

	2022 $ '000	2021 $ '000
Freehold land		
Cost	1,408	1,408
Buildings		
Cost	1,343	1,343
Accumulated depreciation	(540)	(506)
	803	837
Leasehold property and improvements		
Cost	51,854	51,064
Accumulated amortisation	(43,417)	(42,669)
	8,437	8,395
Plant and equipment		
Cost	97,126	102,425
Accumulated depreciation	(73,124)	(75,233)
	24,002	27,192
Assets under construction		
Cost	2,271	2,011
Total	**36,921**	**39,843**

	Freehold land $ '000	Buildings $ '000	Leasehold Property $ '000	Plant and equipment $ '000	Assets under construction $ '000	Total $ '000
2022 Financial Year						
Balance at 1 July 2021	1,408	837	8,395	27,192	2,011	39,843
Additions	-	-	790	5,697	2,898	9,385
Transferred to ERP software	-	-	-	-	-	-
Transferred to product development	-	-	-	(392)	-	(392)
Transferred to plant and equipment	-	-	-	1,199	(1,199)	-
Transferred from leasehold improvements	-	-	-	-	-	-
Transferred from assets under construction	-	-	-	-	-	-
Transferred to project	-	-	-	129	-	129
Disposals	-	-	-	(2,863)	(1,439)	(4,302)
Depreciation and amortisation	-	(34)	(748)	(6,960)	-	(7,742)
Other	-	-	-	-	-	-
Balance at 30 June 2022	**1,408**	**803**	**8,437**	**24,002**	**2,271**	**36,921**
2021 Financial Year						
Balance at 1 July 2020	2,703	870	8,971	32,143	318	45,005
Additions	-	-	645	3,168	2,219	6,032
Transferred to ERP software	-	-	-	(93)	-	(93)
Transferred to product development	-	-	-	(137)	(235)	(372)
Transferred to plant and equipment	-	-	(568)	-	(124)	(692)
Transferred from leasehold improvements	-	-	-	568	-	568
Transferred from assets under construction	-	-	-	124	-	124
Transferred to project	-	-	-	-	(167)	(167)
Disposals	(1,295)	-	-	(1,160)	-	(2,455)
Depreciation and amortisation	-	(33)	(653)	(7,421)	-	(8,107)
Other	-	-	-	-	-	-
Balance at 30 June 2021	**1,408**	**837**	**8,395**	**27,192**	**2,011**	**39,843**

13. 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 Company'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 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. Depreciation and amortisation 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:

	2022	2021
Buildings	**2.5%**	2.5%
Leasehold property and improvements	**2% - 25%**	2% - 25%
Plant and equipment	**2.5% - 50%**	2.5% - 50%

13. 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.

14. GOODWILL

	2022 $ '000	2021 $ '000
Goodwill	**43,522**	**72,066**
Reconciliation of the carrying amount of Goodwill:		
Gross carrying amount		
Opening balance	104,046	104,046
	104,046	104,046
Accumulated impairment		
Opening balance	(31,980)	(31,980)
Impairment loss in respect of Building Solutions	(28,544)	-
	(60,524)	(31,980)
RV Solutions	9,110	9,110
Community Solutions	2,196	2,196
Building Solutions	32,216	60,760
Total	**43,522**	**72,066**

RECOGNITION AND MEASUREMENT

GOODWILL

Goodwill is allocated to the Company's three cash-generating units: RV Solutions, Community Solutions and Building Solutions. Testing for impairment is carried out on an annual basis or whenever there is an indicator of impairment. 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.

14. GOODWILL (continued)

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 Company's three cash-generating units: RV Solutions, Community 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 RV Solutions have seen limited impact from COVID-19 restrictions. 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.

In respect of the Community 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.

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 Cash-Generating Unit

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

Assumptions	Rate
Pre-tax discount rate	13.6% - 17.1%
Revenue growth rate	2.3%
Terminal growth rate	2.3%
EBITDA margin	12.82%

Sensitivity analysis:

Assumption	Increase / (decrease)	Effect
Pre-tax discount rate	1.0%	Valuation reduction of approximately $6.5 million
Revenue growth rate	(0.5%)	Valuation reduction of approximately $3.5 million
EBITDA margin	(0.25%)	Valuation reduction of approximately $2.6 million

Building Solutions Cash-Generating Unit

Given Building Solutions' underperformance compared to budget and historical forecasts during the period, management reviewed the carrying value at 31 December 2021. Whilst a significant portion of the underperformance can be attributed to COVID-related restrictions and cost increases on major projects, the Company has also been impacted in the short term by raw material and wage inflation. The outcome of the review was an impairment charge to goodwill of $28.5 million (30 June 2021: nil) being recognised for Building Solutions. Additional charges of $11.3 million (30 June 2021: nil) (note 11, 14 and 15) were also recognised as a result of the review.

A further review of the carrying value at 30 June 2022 was undertaken and no further impairment was required.

The calculation of value-in-use for the Building Solutions cash-generating unit is most sensitive to the following assumptions summarised below:

Assumptions	Rate
Pre-tax discount rate	13.6% - 17.1%
Revenue growth rate	3.5% - 2.5%
Terminal growth rate	2.5%
EBITDA margin	4.2% – 5.0%

Discount rate - The mid-point discount rate of 15.4% (30 June 2021: 14.9%) represents the current market assessment of the risks specific to the cash-generating unit, taking into consideration the time value of money and any individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors.

The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows to reflect a pre-tax discount rate.

Growth rate – A growth rate of 3.5% - 2.5% (30 June 2021: 2.8%) has been estimated based on management's historical ability to grow the cash-generating unit's revenues.

Average EBITDA margin – an EBITDA margin of 4.75% (30 June 2021: 6.7%) has been determined based on the FY23 Budget, normalised for the events and circumstances noted above.

The following table describes the effect of changes to the above estimates on the impairment loss recorded in the Building Solutions cash-generating unit:

Sensitivity analysis:

Assumption	Increase / (decrease)	Effect
Pre-tax discount rate	1.0%	Valuation reduction of approximately $4.9 million
Revenue growth rate	(0.5%)	Valuation reduction of approximately $4.5 million
EBITDA margin	(0.25%)	Valuation reduction of approximately $10.2 million

COVID-19 Pandemic
The estimate of the recoverable amount of the Group's Building Solutions' cash-generating unit is sensitive to events and circumstances caused by the COVID-19 pandemic. Management's determination of the recoverable amount assumes no impact to the economic environment in which the cash-generating unit operates arising from COVID-19 developments in excess of those already being experienced as of 30 June 2022.

15. INTANGIBLE ASSETS

	2022 $ '000	2021 $ '000
Product development		
At cost	4,377	2,092
Accumulated amortisation	(3,678)	(1,198)
	699	894
Product development WIP		
At cost	-	1,949
	-	1,949
Contract intangible		
Acquired	14,924	14,924
Accumulated amortisation	(14,924)	(11,079)
	-	3,845
ERP Software		
At cost	3,890	2,586
Accumulated amortisation	(2,006)	(1,288)
	1,884	1,298
ERP Software WIP		
At cost	740	1,514
Total	**3,323**	**9,500**

	Product Development	Product Development WIP	Contract intangible	ERP Software	ERP Software WIP	Total
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
2022 Financial Year						
Balance at 1 July 2021	894	1,949	3,845	1,298	1,514	9,500
Additions	1,954	-	-	87	798	2,839
Transferred from ERP Software WIP	-	-	-	1,217	-	1,217
Transferred from plant and equipment	392	-	-	-	-	392
Transferred from assets under construction	-	-	-	-	-	-
Transferred to product development	(91)	(1,949)	-	-	(1,572)	(3,612)
Disposals	(45)	-	-	-	-	(45)
Depreciation and amortisation	(456)	-	(1,137)	(718)	-	(2,311)
Impairment	(1,949)	-	(2,708)	-	-	(4,657)
Other	-	-	-	-	-	-
Balance at 30 June 2022	**699**	**-**	**-**	**1,884**	**740**	**3,323**

	Product Development	Product Development WIP	Contract intangible	ERP Software	ERP Software WIP	Total
2021 Financial Year						
Balance at 1 July 2020	758	1,714	7,683	1,677	1,200	13,032
Additions	93	-	-	8	547	648
Transferred from ERP Software WIP	233	-	-	-	-	233
Transferred from plant and equipment	137	-	-	93	-	230
Transferred from assets under construction	-	235	-	-	-	235
Transferred to product development	-	-	-	-	(233)	(233)
Depreciation and amortisation	(324)	-	(3,838)	(480)	-	(4,642)
Other	(3)	-	-	-	-	(3)
Balance at 30 June 2021	**894**	**1,949**	**3,845**	**1,298**	**1,514**	**9,500**

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

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.

15. INTANGIBLE ASSETS (continued)

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 Company's existing businesses.

DEPRECIATION AND AMORTISATION
All 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:

	2022	2021
Software	**20% - 50%**	20% - 50%
Product development	**20% - 50%**	20% - 50%
Contract intangible assets	**20% - 50%**	20% - 50%

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.

16. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2022 $ '000	2021 $ '000
Current		
Trade creditors	42,944	33,256
Payments in advance	130	243
Other creditors and accruals	19,150	21,405
Total	**62,224**	**54,904**
Contract liabilities	**30,794**	**12,947**

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 Company. They are carried at amortised cost.

16. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (continued)

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.

17. PROVISIONS

	2022 $ '000	2021 $ '000
Current		
Employee benefits	7,711	6,488
Onerous contracts	14,127	-
Warranty & defects	3,969	1,641
Other provisions	85	14
Total	**25,892**	**8,143**
Non-current		
Employee benefits	366	706
Total	**366**	**706**
Aggregate employee benefits	**8,077**	**7,194**

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.

The warranty, defects and onerous contracts is allocated within the Company's segments as shown below:

		Warranty & defects		Onerous contracts	
	Note	2022 $ '000	2021 $ '000	2022 $ '000	2021 $ '000
Current					
Building Solutions		3,896	1,250	14,127	-
Discontinued operations		73	391	-	-
Total		**3,969**	**1,641**	**14,127**	**-**

The estimation technique for accounting for warranties and defects in the Building Solutions business has been reassessed following growth in the size and complexity of projects undertaken.

An onerous contracts provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue. The provision is recognised in full in the period in which the loss-making contracts are identified under AASB 137.

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

	Note	2021 $'000	Arising during the year $'000	Utilised $'000	Recovered $'000	2022 $'000
Expected credit losses	9	2,124	-	(423)	-	1,701
Stock obsolescence	11	1,913	4,124	(2,530)	-	3,507
Onerous contract provision		-	14,127	-	-	14,127
Warranty & defects		1,641	3,896	(1,568)	-	3,969
Other		14	71	-	-	85
Total		**5,692**	**22,218**	**(4,521)**	**-**	**23,389**

17. PROVISIONS (continued)

RECOGNITION AND MEASUREMENT

PROVISIONS
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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
Annual and long service leave
Provision is made for benefits accruing to employees in respect of annual leave and long service 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.

18. INTEREST BEARING LOANS AND BORROWINGS

	2022 $ '000	2021 $ '000
Current - at amortised cost	-	-
Non-current - at amortised cost	-	-

RECOGNITION AND MEASUREMENT

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS ISSUED BY THE COMPANY
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 Company 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 Company 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.

19. FINANCING ARRANGEMENTS

	2022 $ '000	2021 $ '000
Facilities available		
Multi-option	50,000	50,000
Surety Bonds	35,000	35,000
Total Facilities available	**85,000**	**85,000**
Facilities utilised		
Multi-option	8,957	5,803
Surety Bonds	18,091	11,858
Total Facilities utilised	**27,048**	**17,661**
Facilities not utilised		
Multi-option	41,043	44,197
Surety Bonds	16,909	23,142
Total Facilities not utilised	**57,952**	**67,339**
Multi-option facility utilisation		
Bank Loans	-	-
Bank Guarantees	8,957	5,803
Multi-option facility utilised	**8,957**	**5,803**

Multi-option facility
The multi-option facility allows Fleetwood to utilise the facility 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 BBSY rate plus 0.90% (2021: 0.95%) cash advance fee at the date of drawdown. A facility line fee of 0.85% (2021: 0.95%) is payable quarterly on the facility limit. Bank guarantees are utilised for construction contracts. No liability has been recognised in the consolidated 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.

20. 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:

	2022 $ '000	2021 $ '000
Cost		
Opening balance	43,278	30,386
Right-of-use additions	3,274	15,359
Right-of-use modifications	-	13
Disposals	(1,293)	(2,483)
	45,259	43,275
Accumulated depreciation		
Opening balance	12,392	7,347
Depreciation charged this year (continuing operations)	7,668	7,312
Depreciation charged this year (discontinued operations)	-	216
Disposals	(1,130)	(2,483)
	18,930	12,392
Total	**26,329**	**30,883**

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

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 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 Company 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 assets 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 terminatio n options
Office buildings/spaces	4	1-5 years	3 years	-	3	-
Production facilities and warehouses	23	1-8 years	2 years	-	15	-

LEASE LIABILITIES

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

	2022 $ '000	2021 $ '000
Lease liabilities (current)	5,027	7,131
Lease liabilities (non-current)	22,154	24,246
Total lease liabilities	**27,181**	**31,377**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 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 2022							
Lease payments	7,339	6,485	5,271	3,322	3,138	3,595	29,150
Finance charges	(672)	(498)	(345)	(230)	(145)	(79)	(1,969)
Net present values	**6,667**	**5,987**	**4,926**	**3,092**	**2,993**	**3,516**	**27,181**

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 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:

	2022 $ '000	2021 $ '000
Short term and low value leases	731	948
Total	**731**	**948**

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

The Company as a lessee
For any new contracts entered into on or after 1 July 2019, the Company 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 Company 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 Company
- the Company 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 Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Company as a lessor
The Company's accounting policy under AASB 16 has not changed from the comparative period. As a lessor the Company 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 Company as a lessee
At lease commencement date, the Company 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 Company, 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 Company 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 Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company 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 Company'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 Company 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.

21. EQUITY AND RESERVES

ISSUED CAPITAL

	2022 $ '000	2021 $ '000
Issued and paid-up capital		
94,198,742 (2021: 94,198,742) ordinary shares, fully paid	**253,170**	**253,726**

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

	2022		2021	
	# Shares	$ '000	# Shares	$ '000
Movements in ordinary share capital				
Balance at beginning of year	94,198,742	253,726	94,611,055	255,054
Equity settled share-based payments	-	-	243,347	353
Share buy-back	-	-	(655,660)	(1,681)
Transfer to Share based payment reserve	-	(556)	-	-
Balance at the end of year	**94,198,742**	**253,170**	**94,198,742**	**253,726**

RESERVES

	2022 $ '000	2021 $ '000
Foreign currency translation reserve		
Balance at beginning of year	260	365
Translation of foreign operations	(163)	(105)
	97	260
Share Plan reserve		
Balance at beginning of year	(2,126)	(3,188)
Share buy-back	-	1,062
	(2,126)	(2,126)
Share Based Payment reserve		
Balance at beginning of year	-	-
Equity settled share-based payments	457	-
Transfer share-based payments from ordinary share capital	556	-
Forfeiture of equity settled share-based payments	(176)	-
	837	**-**
Balance at end of year	**(1,192)**	**(1,866)**

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 Company'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

	2022 $ '000	2021 $ '000
Balance at beginning of year	(29,395)	(25,702)
Profit attributable to members of the parent entity	(47,464)	13,337
Forfeiture of equity settled share-based payments	176	-
Dividends paid to shareholders	(11,775)	(17,030)
Balance at end of year	**(88,458)**	**(29,395)**

22. CONTROLLED ENTITIES

Fleetwood Limited (Ultimate parent entity)
Continuing Operations

Controlled entities	Place of incorporation	Principal Activities	Interest held (%)	
			2022	2021
Northern RV Pty Ltd ACN 008 763 193	Australia	Caravan plumbing and electrical services and parts supplier.	100	100
Camec Pty Ltd ACN 004 846 584	Australia	Manufacturer and distributor of parts and accessories to the recreational vehicles industry.	100	100
Fleetwood VIC & QLD Pty Ltd (Formerly BRB Modular Pty Ltd) ACN 114 678 349	Australia	Accommodation solutions provider to the resources, education and affordable housing sectors.	100	100
Fleetwood WA & SA Pty Ltd (Formerly Fleetwood Building Solutions Pty Ltd) ACN 009 306 950	Australia	Accommodation solutions provider to the resources, education and affordable housing sectors.	100	100
Fleetwood NSW Pty Ltd (Formerly Modular Building Systems Pty Ltd) ACN 127 380 330	Australia	Accommodation solutions provider to the resources, education, affordable housing and corrections sectors.	100	100
Camec (NZ) Limited NZBN 9429038762321	New Zealand	Manufacturer and distributor of parts and accessories to the recreational vehicles industry.	100	100
Fleetwood Share Plans Pty Ltd ACN 603 368 903	Australia	Administration of Employee Long Term Incentive Plan	100	100
Glyde Digital Pty Ltd (Formerly ACN 050 031 993 Pty Ltd)	Australia	Development and commercialisation of a keyless lock and energy management system.	100	100

Discontinued and Dormant operations

Controlled entities	Place of incorporation	Principal Activities	Interest held (%)	
			2022	2021
Fleetwood Finance (WA) Pty Ltd ACN 008 740 743	Australia	Dormant	100	100
Recreational Vehicle Concepts Pty Ltd ACN 008 682 513	Australia	Discontinued caravan manufacturing operation	100	100
ACN 625 111 328 Pty Ltd	Australia	Discontinued retail of caravans, parts and accessories operation	100	100
ACN 625 109 702 Pty Ltd	Australia	Dormant	100	100
ACN 625 109 793 Pty Ltd	Australia	Dormant	100	100
Fleetwood Limited NZBN 9429038426193	New Zealand	Dormant	100	100

23. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 1 July 2022, the Company issued 85,837 fully paid ordinary shares to Chief Executive Officer, Bruce Nicholson upon conversion of performance rights previously issued as a commencement incentive, pursuant to an employee incentive scheme, on the condition that the Chief Executive Officer is employed by Fleetwood Limited.

On 1 July 2022, the Company announced to the ASX that it had signed a five-year agreement with Rio Tinto to provide accommodation services at Searipple Village in Karratha, WA. The agreement is expected to generate between $52m and $70m in revenue for Fleetwood over the term, with additional options over and above this. Under the agreement, Rio Tinto has secured the supply of 250 rooms per night exclusively for its operations. The agreement also provides the flexibility to secure additional rooms, on a non-exclusive basis.

On 1 August 2022, the Company announced the appointment of Chief Executive Officer, Bruce Nicholson as Managing Director of Fleetwood Limited.

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