FLEETWOOD CORPORATION LIMITED

ABN 69 009 205 261

Appendix 4D

Half Year Ended 31 December 2019

Reporting period	Half year ended 31 December 2019
Prior corresponding period	Half year ended 31 December 2018

Results for Announcement to the Market

	% Change			Amount $'000
Revenue from ordinary activities	Decreased	**4%**	to	**161,309**
Profit before interest, tax, depreciation and amortisation (EBITDA)	Increased	**5%**	to	**20,665**
Profit before interest, tax and amortisation (EBITA)	Decreased	**18%**	to	**12,757**
Net profit from continuing operations after tax attributable to members	Decreased	**27%**	to	**6,906**
Net profit attributable to members (including loss from discontinued operation)	Increased	**98%**	to	**6,151**

Dividend Information

No dividends have been declared in the period. Refer to Directors' Report for further information.

Net tangible assets per security

	as at 31 Dec 2019	as at 30 Jun 2019
Net tangible assets per security ($) - Prior to application of AASB 16[1]	**1.44**	1.35
Net tangible assets per security ($) - Post application of AASB 16[2]	**1.17**	1.35

Details of subsidiaries and associates

No items to report.

Other information

Additional Appendix 4D disclosure requirements and further information including commentary on significant features of the operating performance, results of segments and other factors affecting the results for the current period are contained in the Director's Report, Financial Report for the Half Year Ended 31 December 2019, and Press Release lodged with the ASX.

The condensed consolidated financial statements contained within the Financial Report for the Half Year Ended 31 December 2019, of which this report is based upon have been reviewed by Fleetwood Corporation Limited's auditors, Grant Thornton Audit Pty Ltd.

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

CONTENTS

GENERAL INFORMATION

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

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

Auditor
Grant Thornton Audit Pty Ltd

Banker
Westpac Banking Corporation

Share Registry
Computershare
Level 11
172 St Georges Terrace
Perth, WA 6000
T: (08) 9323 2000
F: (08) 9323 2033
E: www.investorcentre.com/contact

DIRECTORS' REPORT

The Directors present their report on Fleetwood Corporation Limited and the entities it controlled at the end of, or during the half year ended 31 December 2019 together with the consolidated financial statements.

Directors

The following persons were directors of Fleetwood Corporation Limited during the whole of the financial period and up to the date of this report:

Phillip Campbell	Chairman, Non-Executive Director
Brad Denison	Managing Director, CEO
Jeff Dowling	Non-Executive Director, Chair of Audit and Risk Committee
Adrienne Parker	Non-Executive Director, Chair of Nominations and Diversity Committee
Mark Southey	Non-Executive Director, Chair of Remuneration Committee

Executive Officers

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

REVIEW OF OPERATIONS

Fleetwood's statutory result improved significantly from the first half of FY2019 as a result of the sale of the caravan manufacturing business. However EBITA from continuing operations was down 18% due to delays in formal award of two major projects, which was offset to a degree by higher earnings in the Accommodation Solutions segment.

Both major projects have commenced in January and provide a runway for the second half and into next financial year.

The result for Fleetwood's Accommodation Solutions segment was higher primarily as a result of key contractual variations with a customer and a change in mix between operational and shutdown demand.

Fleetwood remains in a strong position, both from an organisational structure and balance sheet point of view, to capitalise on significant opportunities that exist in core markets.

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

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

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

TRADING RESULTS

The decrease in EBITA in H1 FY20 was predominantly the result of timing of major projects in the Building Solutions business and business development costs associated with major new programs of work, some of which were announced during the half.

Accommodation Solutions EBITA was higher primarily as a result of key contractual variations with a customer and a change in mix between operational and shutdown demand.

RV Solutions continues to operate in a tough environment for locally built caravans with the market down 13% over the half year. However, the business reduced this impact by maintaining aftermarket sales and reducing operating costs.

Acquired contract intangible amortisation was $2.1m in H1 FY20 ($1.5m in FY19). Over the whole of FY20 the amortisation charge is expected to be approximately $4.2m.

Group EBITA benefitted from a reassessment of acquisition related earn-out provisions ($1.7m) and the first-time adoption of AASB 16 – Leases ($0.1m).

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

Earnings per share was 8.8cps on an NPATA basis.

RESULT SUMMARY

$ million	H1 FY20	H1 FY19	Change
Revenue	**161.3**	**167.3**	**-4%**
EBITDA	**20.7**	**19.7**	**5%**
Depreciation	7.9	4.2	89%
EBITA	**12.8**	**15.6**	**-18%**
Amortisation of contract intangible	2.1	1.5	39%
Finance costs	0.6	0.4	46%
Pre-tax profit	**10.1**	**13.6**	**-26%**
Tax expense (benefit)	3.1	4.2	-24%
NPAT	**6.9**	**9.5**	**-27%**
Loss from discontinued operations	(0.8)	(6.4)	n/a
Statutory NPAT	**6.2**	**3.1**	**98%**

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

DIVISIONAL EBITA RESULT SUMMARY

$ million	H1 FY20	H1 FY19	Change
Revenue			
RV Solutions	35.6	38.5	-8%
Building Solutions	106.6	116.0	-8%
Accommodation Solutions	22.5	19.2	17%
Intersegment eliminations	(3.4)	(6.4)	n/a
Total revenue	**161.3**	**167.3**	**-4%**
EBITA			
RV Solutions	2.5	3.0	-17%
Building Solutions	2.8	8.6	-67%
Accommodation Solutions	9.6	6.7	44%
Unallocated	(2.1)	(2.7)	n/a
Total EBITA	**12.8**	**15.6**	**-18%**

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

CASHFLOW AND DEBT

December 2019 net cash of $28.7m compares to June 2018 net cash of $33.6m. The group currently has total debt and bonding facilities of $65m.

The movement in net debt is detailed below.

$ million	H1 FY20	H1 FY19
EBITDA	**20.7**	**19.7**
Cash outflows from discontinued businesses	(0.8)	(12.9)
Interest paid (net)	(0.5)	(0.4)
Tax	(0.4)	(1.0)
Working capital (and other)	(15.6)	2.4
Operating cashflow	**3.4**	**7.8**
Net capex	(4.2)	(3.9)
Free cashflow	**(0.7)**	**3.8**
Net acquisitions	(0.9)	(45.4)
Financing cashflows	(3.3)	57.2
Opening net cash (debt)	33.6	0.6
Closing net cash (debt)	**28.7**	**16.3**

Conversion of EBITDA into cash reduced in the first half due to the start of major new projects in Building Solutions towards the end of the half and high activity levels in Accommodation Solutions.

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

During the half year the dining room at Searipple underwent a major renovation in preparation for increased activity levels. Overall capex in FY20 is expected to be similar to FY19.

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

BUILDING SOLUTIONS

$ million	H1 FY20	H1 FY19	Change
Revenue	106.6	116.0	-8%
EBITA	2.8	8.6	-67%

The decrease in Building Solutions EBITA in H1 FY20 was predominantly the result of timing of major projects in both periods.

While the $17m Koodiaderi project for Rio Tinto and the $35m project with Hansen Yuncken for the New South Wales State Government were very good wins for Fleetwood, both opportunities took longer to gestate than anticipated. As result, revenue and earnings for these projects will be pushed into the second half and next financial year.

In contrast, the first half of FY19 benefitted from high activity levels in the corrections sector.

Additionally, given the scale of upcoming projects, substantial business and market development costs were incurred in the half totalling over $2m. These relate to design, travel and estimating as well as direct bid costs.

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

During the half permanent modular projects were completed at Vermont, Newborough, Fairfield and Elwood. A major project at Balwyn is due for handover early in the second half.

A new branch has been opened in South Australia off the back of education demand in that state.

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

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

Despite the Koodiaderi project win in Western Australia, the resource sector remains patchy in part due to a market overhang of second hand buildings.

The outlook for the second half is stronger with high levels of work in hand in New South Wales and Western Australia. Education demand is expected to continue to support activity levels in Victoria and Queensland.

Given the finalisation of a national network of manufacturing facilities, the organisation structure will be flattened in the coming months.

The Building Solutions segment has a large tender book and pipeline of opportunity. Whilst remaining confident of increased future spending in key sectors, future profitability will remain subject to the timing of contract awards.

ACCOMODATION SOLUTIONS

$ million	H1 FY20	H1 FY19	Change
Revenue	22.5	19.2	17%
EBITA	9.6	6.7	44%

Accommodation Solutions continued to benefit from increased occupancy at Searipple Village in Karratha. This was a result of key contractual variations with a customer and a change in mix between operational and shutdown demand.

Earnings from Osprey Village were stable as expected.

Given the weighting of major shutdown bookings to the first half, we currently expect EBITA to be lower in the second half.

Despite additional village capacity likely to come on line in CY20 and CY21, a number of planned resource sector projects have the potential to positively impact accommodation demand in the Karratha region.

RV SOLUTIONS

$ million	H1 FY20	H1 FY19	Change
Revenue	35.6	38.5	-8%
EBITA	2.5	3.0	-17%

RV Solutions continues to operate in a tough environment for locally built caravans with the OEM market down 13% over the half year. However, the business reduced this impact by continuing to focus on the aftermarket. Solid revenue gains were achieved through new relationships with large retail outlets.

NRV revenue performed in line with the OEM market on a full six month basis with market share gains offset by pricing pressure. The strategic intent of this acquisition was to increase integration with our OEM customers in Melbourne, with a focus on hedging the company against a greater mix of imported product now entering the market requiring Australian licenced gas and plumbing fit out.

The OEM market impact was further mitigated by an 8% reduction in operating costs across the business. Excluding the associated restructuring costs, this would have been over 10%.

The second half result is expected to benefit from the full half year run rate of these savings.

CORPORATE COSTS

Overall corporate costs fell by $0.6m in H1 FY20 largely due to reduced corporate activity.

DIVIDENDS

Fleetwood's previously announced dividend policy is to pay out approximately 30% of free cash flow, subject to capital requirements to grow the business. While an interim dividend has not been declared, provided the company's full year result is in line with current expectations, it is the board's intention to pay a final dividend.

To support this, the company presently has $25.5m in franking credits available.

OUTLOOK

As announced at the AGM in November, Fleetwood is targeting a similar EBITA result for the full financial year. The outlook remains subject to the outcome of submitted bids, which are yet to be awarded.

Building Solutions and RV Solutions are closely monitoring the extent and duration of project and supply chain delays resulting from the outbreak of the coronavirus (COVID-19).

The Building Solutions segment has a large tender book and the commencement of the $17m Koodiaderi project for Rio Tinto and the $35m project with Hansen Yuncken gives the Western Australian and New South Wales operations a solid base for the second half.

Tendering activity in this segment is presently at a high level. This activity is concentrated to a degree in the education sector, however the corrections, social housing and commercial sectors are also showing good signs of forward demand.

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

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

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

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

Village Solutions has had a stronger than expected start to the year and is now targeting full year EBITA ahead of FY19.

Anticipated construction activity in the Karratha/Dampier region means there is potential for this segment to grow significantly into the medium term.

This is despite additional village capacity likely to come on line in over the course of CY20 and CY21.

The tough operating environment for locally built caravans is expected to continue to impact the RV Solutions segment in the second half.

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

The challenges now are consolidation and extraction of synergies following the acquisition, capturing more of the imported market through extending the service offering and expanding our exposure to the after-market and retail segments.

FORWARD STRATEGY

Looking to the future, the forward strategy for each of our three segments can be summarised as follows.

Building Solutions

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

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

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

Accommodation Solutions

Fleetwood is also pursuing a strategy of increasing its portfolio of villages. Our Building Solutions business provides us with the opportunity to build new villages at a competitive cost, and now that the balance sheet is in a much stronger state we have recommenced bidding for selected projects on a build own operate basis, in addition to a traditional design and construct basis.

RV Solutions

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

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

DISCONTINUED BUSINESSES

Caravan Manufacturing

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

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

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

Resource sector rental operations

The remaining assets of $4.3m are expected to be largely realised during CY20.

DIRECTORS' DECLARATION

The directors declare that:

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

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

On behalf of the Directors

Phillip Campbell
Chairman
Perth, 21 February 2020

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9480 2050
E info.wa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Fleetwood Corporation Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Fleetwood Corporation Limited for the period ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M Dewhurst

M D Dewhurst
Partner – Audit & Assurance

Perth, 21st February 2020

FLEETWOOD CORPORATION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
HALF YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated Half Year Ended 31 Dec 2019 $ '000	31 Dec 2018 $ '000
Sale revenue	6	**161,309**	167,271
Fair value gain on contingent consideration	11	**1,670**	-
Other income		**301**	198
Materials used		**(54,182)**	(58,337)
Sub-contract costs		**(45,208)**	(42,812)
Employee costs		**(29,572)**	(27,694)
Rent expense	9	**(116)**	(4,027)
Other expenses		**(13,537)**	(14,852)
Profit before interest, tax, depreciation and amortisation **(EBITDA)**		**20,665**	19,747
Depreciation	8,9	**(7,908)**	(4,192)
Profit before interest, tax and amortisation **(EBITA)**		**12,757**	15,555
Amortisation		**(2,087)**	(1,506)
Profit before interest and tax **(EBIT)**		**10,670**	14,049
Finance costs		**(615)**	(420)
Profit before income tax expense		**10,055**	13,629
Income tax expense		**(3,149)**	(4,151)
Profit from continuing operations	5	**6,906**	9,478
Loss from discontinued operation	12	**(755)**	(6,378)
Profit attributable to members of the parent entity		**6,151**	3,100
Other comprehensive income			
Items that may be reclassified to profit or loss			
Net exchange difference relating to foreign controlled entities		**17**	(8)
Total comprehensive income attributable to members of the parent entity (net of tax)		**6,168**	3,092

Earnings per share	**cents**	cents
Basic earnings (loss) per share		
Continuing operations	**7.3**	10.8
Discontinued operations	**(0.8)**	(7.3)
Total	**6.5**	3.5
Diluted earnings (loss) per share		
Continuing operations	**7.3**	10.8
Discontinued operations	**(0.8)**	(7.3)
Total	**6.5**	3.5

To be read in conjunction with the accompanying notes.

FLEETWOOD CORPORATION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Consolidated 31 Dec 2019 $ '000	30 Jun 2019 $ '000
Current assets			
Cash and cash equivalents		**28,671**	33,635
Trade and other receivables		**56,167**	59,880
Contract assets		**28,073**	20,035
Inventories	7	**26,499**	24,488
Other financial assets		**36**	67
Tax assets		**2,947**	1,803
Non-current assets held for sale	12	**4,294**	5,371
Total current assets		**146,687**	145,279
Non-current assets			
Trade and other receivables		**7,097**	1,865
Contract assets		**-**	2,004
Property, plant and equipment	8	**48,256**	48,437
Right-of-use assets	9	**24,986**	-
Goodwill		**85,911**	85,911
Intangible assets		**13,584**	15,200
Deferred tax assets		**7,193**	10,674
Total non-current assets		**187,027**	164,091
Total assets		**333,714**	309,370
Current liabilities			
Trade and other payables		**51,906**	56,691
Contract liabilities		**8,882**	7,653
Interest bearing liabilities	10	**-**	18
Lease liabilities	9	**7,539**	-
Tax liabilities		**385**	93
Provisions		**9,389**	9,022
Earnout liabilities	11	**-**	345
Total current liabilities		**78,101**	73,822
Non-current liabilities			
Lease liabilities	9	**17,659**	-
Provisions		**1,096**	2,895
Earnout liabilities	11	**1,562**	3,755
Total non-current liabilities		**20,317**	6,650
Total liabilities		**98,418**	80,472
Net assets		**235,296**	228,898
Equity			
Issued capital		**254,758**	254,528
Reserves		**(2,731)**	(2,748)
Retained earnings		**(16,731)**	(22,882)
Total equity		**235,296**	228,898

To be read in conjunction with the accompanying notes.

FLEETWOOD CORPORATION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
HALF YEAR ENDED 31 DECEMBER 2019

	Note	Issued capital $ '000	Share plan reserve $'000	Foreign currency translation reserve $ '000	Retained earnings $ '000	Total $ '000
Balance at 1 July 2018 as previously stated		196,428	-	229	(16,638)	180,019
Prior period adjustment	1.3	352	(3,188)	-	-	(2,836)
Balance at 1 July 2018 restated		196,780	(3,188)	229	(16,638)	177,183
Profit for the period		-	-	-	3,100	3,100
Exchange differences on translation of foreign operations		-	-	(8)	-	(8)
Total comprehensive profit for the period		-	-	(8)	3,100	3,092
Issue of share capital		57,325	-	-	-	57,325
Share-based payments		196	-	-	-	196
Balance at 31 December 2018		254,301	(3,188)	221	(13,538)	237,796
Balance at 1 July 2019 as previously stated		254,528	-	440	(22,882)	232,086
Prior period adjustment	1.3	-	(3,188)	-	-	(3,188)
Balance at 1 July 2019 restated		254,528	(3,188)	440	(22,882)	228,898
Profit for the period		-	-	-	6,151	6,151
Exchange differences on translation of foreign operations		-	-	17	-	17
Total comprehensive profit for the period		-	-	17	6,151	6,168
Share-based payments		230	-	-	-	230
Balance at 31 December 2019		**254,758**	**(3,188)**	**457**	**(16,731)**	**235,296**

To be read in conjunction with the accompanying notes.

FLEETWOOD CORPORATION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
HALF YEAR ENDED 31 DECEMBER 2019

	Consolidated Half Year Ended	
	31 Dec 2019 $ '000	31 Dec 2018 $ '000
Cash flows from operating activities		
Receipts in the course of operations	**173,926**	203,206
Payments in the course of operations	**(169,605)**	(193,971)
Interest received	**114**	72
Income taxes paid	**(398)**	(1,000)
Finance costs	**(615)**	(518)
Net cash provided by operating activities	**3,422**	7,789
Cash flows from investing activities		
Proceeds from sale of non-current assets	**607**	1,402
Acquisition of property, plant and equipment	**(4,777)**	(5,347)
Payment for business combinations	**(867)**	(45,362)
Net cash used in investing activities	**(5,037)**	(49,307)
Cash flows from financing activities		
Proceeds from issued capital	**-**	57,325
Proceeds from borrowings	**-**	26,000
Repayment of borrowings	**-**	(31,957)
Repayment of lease liabilities	**(3,361)**	-
Net cash provided (used) by financing activities	**(3,361)**	51,368
Net increase (decrease) in cash and cash equivalents	**(4,976)**	9,850
Cash and cash equivalents at the beginning of the financial period	**33,635**	6,572
Effects of exchange rate changes on the balance of cash held in foreign currencies	**12**	4
Cash and cash equivalents at the end of the period	**28,671**	16,426

To be read in conjunction with the accompanying notes.

1. ABOUT THIS REPORT

1.1 Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting* . Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report as at and for the year ended 30 June 2019 and public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements were authorised for issue by the Directors on 21 February 2020.

1.2 New standards adopted as at 1 July 2019

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

AASB 16 'Leases'

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

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

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

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

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

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

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

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

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

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

1. ABOUT THIS REPORT (continued)

The following is a reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019:

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

Other pronouncements

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

1.3 Prior period adjustments

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

	1-Jul 2019 Previous $ '000	**adjustment $ '000**	**1-Jul 2019 Restated $ '000**	1-Jul 2018 Previous $ '000	adjustment $ '000	1-Jul 2018 Restated $ '000
Trade and other receivables (non-current asset)	**5,053**	**(3,188)**	**1,865**	2,836	(2,836)	-
Issued Capital	**(254,528)**	**-**	**(254,528)**	(196,428)	(352)	(196,780)
Share plan reserve	**-**	**3,188**	**3,188**	-	3,188	3,188

1.4 Significant accounting policies

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 30 June 2019, except for the effects of applying AASB 16 'Leases'. Refer to Note 9 for information on the accounting policy applicable from 1 July 2019 and recognition and measurement criteria for Leases.

2. ISSUES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

Issued and paid-up capital
94,611,055 (2019: 94,611,055) ordinary shares, fully paid.

3. DIVIDENDS

No dividends have been declared in the period.

4. TANGIBLE ASSETS PER SECURITY

	31 Dec 2019 $ '000	30 Jun 2019 $ '000
Net tangible assets per security ($) - Prior to application of AASB 16[1]	**$1.44**	$1.35
Net tangible assets per security ($) - Post application of AASB 16[2]	**$1.17**	$1.35

[1] Calculated as net assets less goodwill and intangibles

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

5. SEGMENT INFORMATION

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

Business segments	Products / services
RV Solutions	Manufacture, installation and distribution of recreational vehicles parts and accessories. Formerly Parts and Accessories.
Building Solutions	Design, manufacture and sale of accommodation. Formerly Modular Accommodation.
Accommodation Solutions	Operation of accommodation villages. Formerly Village Operations.

Group revenue and results by reportable operating segment:

	Revenue		Depreciation		Result (EBITA)	
	31 Dec 2019 $ '000	31 Dec 2018 $ '000	**31 Dec 2019 $ '000**	31 Dec 2018 $ '000	**31 Dec 2019 $ '000**	31 Dec 2018 $ '000
RV Solutions	**35,593**	38,486	**1,964**	493	**2,452**	2,970
Building Solutions	**106,620**	115,977	**4,114**	2,095	**2,793**	8,571
Accommodation Solutions	**22,519**	19,188	**1,525**	1,496	**9,633**	6,674
Intersegment eliminations	**(3,423)**	(6,380)	**-**	-	**-**	-
Operating Segment total	**161,309**	167,271	**7,603**	4,084	**14,878**	18,215
Unallocated	**-**	-	**306**	108	**(2,121)**	(2,660)
Total	**161,309**	167,271	**7,909**	4,192	**12,757**	15,555
Amortisation of contract intangible asset (Building Solutions)					**(2,087)**	(1,506)
Profit before interest and tax (EBIT)					**10,670**	14,049
Finance costs					**(615)**	(420)
Profit before income tax expense					**10,055**	13,629
Income tax expense					**(3,149)**	(4,151)
Profit from continuing operations					**6,906**	9,478
Loss from discontinued operations					**(755)**	(6,378)
Net profit attributable to members of the parent entity					**6,151**	3,100

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

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

	Assets		Liabilities	
	31 Dec 2019 $ '000	30 Jun 2019 $ '000	**31 Dec 2019 $ '000**	30 Jun 2019 $ '000
RV Solutions	**69,025**	58,701	**20,773**	13,128
Building Solutions	**191,387**	179,816	**65,015**	51,240
Accommodation Solutions	**28,838**	24,826	**6,815**	8,605
Total	**289,250**	263,343	**92,603**	72,973

6. SALES REVENUE

CONTINUING OPERATIONS	31 Dec 2019 $ '000	31 Dec 2018 $ '000
Sales Revenue		
Recognised at a point in time		
RV Solutions	**32,170**	35,089
Total revenue recognised at a point in time	**32,170**	35,089
Recognised over time		
Building Solutions	**106,620**	112,994
Accommodation Solutions	**22,519**	19,188
Total revenue recognised over time	**129,139**	132,182
Total sales revenue	**161,309**	167,271

7. INVENTORIES

	31 Dec 2019 $ '000	30 Jun 2019 $ '000
Current		
Raw materials & stores	**13,109**	9,142
Finished goods	**13,390**	15,346
	26,499	24,488

8. PROPERTY, PLANT AND EQUIPMENT

Freehold land		
Cost	**2,703**	2,703
Buildings		
Cost	**1,343**	1,343
Accumulated depreciation	**(459)**	(443)
	884	900
Leasehold property and improvements		
Cost	**50,428**	50,428
Accumulated amortisation	**(41,417)**	(41,376)
	9,011	9,052
Plant and equipment		
Cost	**105,075**	95,213
Accumulated depreciation	**(70,553)**	(60,118)
	34,522	35,095
Assets under construction		
Cost	**1,136**	687
	48,256	48,437

8. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Freehold Land	Buildings	Leasehold Property and improvements	Plant and equipment	Assets under construction	Total
Balance at 1 July 2019	2,703	900	9,052	35,095	687	48,437
Additions	-	-	-	3,354	1,397	4,751
Transferred from non current assets held for sale	-	-	-	180	-	180
Transferred from assets under construction	-	-	-	948	-	948
Transferred to plant and equipment	-	-	-	-	(948)	(948)
Disposals	-	-	-	(759)	-	(759)
Depreciation	-	(16)	(41)	(4,296)	-	(4,353)
Balance at 31 December 2019	**2,703**	**884**	**9,011**	**34,522**	**1,136**	**48,256**
Balance at 1 July 2018	2,964	934	9,768	38,929	4,919	57,514
Additions	-	-	28	4,092	3,785	7,905
Transferred to non current assets held for sale	-	-	-	278	-	278
Acquisition through business acquired	-	-	-	2,405	-	2,405
Transferred from assets under construction	-	-	-	8,017	-	8,017
Transferred to plant and equipment	-	-	-	-	(8,017)	(8,017)
Disposals	(261)	-	-	(9,275)	-	(9,536)
Depreciation and amortisation	-	(34)	(744)	(8,328)	-	(9,106)
Impairment	-	-	-	(1,027)	-	(1,027)
Effect of foreign exchange differences	-	-	-	4	-	4
Balance at 30 June 2019	2,703	900	9,052	35,095	687	48,437

9. LEASING

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

	31 Dec 2019 $ '000	1 Jul 2019 $ '000
Lease liabilities (current)	**7,539**	6,283
Lease liabilities (non-current)	**17,659**	15,035
	25,198	21,318

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

Cost		
Right of use adjustments on transition to AASB 16	**21,318**	-
Right of use additions	**7,223**	-
	28,541	-
Accumulated depreciation		
Depreciation charged this year	**3,555**	-
	3,555	-
Balance	**24,986**	-

9. LEASING (continued)

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

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

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

	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**	**No. of leases with termination options**
Office buildings / spaces	2	2-3 years	2 years	-	1	-
Production facilities and warehouses	19	1-10 years	3 years	-	8	-

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2019 were as follows:

	Less than one year	**One to five years**	**More than five years**	**Total**
31 December 2019				
Lease payments	8,143	16,380	2,336	26,859
Finance charges	(603)	(960)	(98)	(1,661)
Net present values	7,540	15,420	2,238	25,198

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

	Impact	**31 Dec 2019 $'000**
Rent expense	Decrease	(3,665)
Profit before interest, tax, depreciation and amortisation **(EBITDA)**	Increase	3,665
Depreciation and amortisation	Increase	3,555
Profit before interest and tax **(EBIT)**	Increase	110
Finance costs	Increase	322
Profit before income tax expense	Decrease	**(212)**

Lease payments not recognised as a liability

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

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

	31 Dec 2019 $ '000
Short term and variable leases	116
	116

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

9. LEASING (continued)

ACCOUNTING POLICY APPLICABLE FROM 1 JULY 2019
The Group as a lessee

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:
• the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
• the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
• the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group as a lessor

The Group's accounting policy under AASB 16 has not changed from the comparative period.

As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

RECOGNITION AND MEASUREMENT
The Group as a lessee

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

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

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

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

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or 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, or profit and loss if the right-of-use asset is already reduced to zero.

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

10. FINANCING ARRANGEMENTS

	31 Dec 2019 $ '000	30 Jun 2019 $ '000
Facilities available		
Bank Loans	**-**	40,000
Bank Guarantees	**-**	10,000
Multi-option	**50,000**	-
Surety Bonds	**15,000**	15,000
Total Facilities available	**65,000**	65,000
Facilities utilised		
Bank Loans	**-**	-
Bank Guarantees	**-**	5,870
Multi-option	**5,287**	-
Surety Bonds	**3,212**	1,541
Total Facilities utilised	**8,499**	7,411
Facilities not utilised		
Bank Loans	**-**	40,000
Bank Guarantees	**-**	4,130
Multi-option	**44,713**	-
Surety Bonds	**11,788**	13,459
Total Facilities not utilised	**56,501**	57,589
Multi-option facility utilisation		
Bank Loans	**-**	-
Bank Guarantees	**5,287**	-
Multi-option facility utilised	**5,287**	-

Bank Loans
Bank loans are secured by a mortgage debenture over the assets of the consolidated entity and bear interest at a rate plus 0.95% (2019: 1.20%) plus a line fee of 0.95% (2019: 1.15%).

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

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

11. FAIR VALUE OF FINANCIAL AND NON-FINANCIAL INSTRUMENTS

Financial Assets and Liabilities

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

	31 Dec 2019 $ '000	30 Jun 2019 $ '000	Fair Value Hierarchy	Valuation technique and key inputs
Financial assets				
Foreign currency forward contracts	**34**	**67**	**Level 2**	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract forward rates, discounted to their present value.
Financial Liabilities				
Foreign currency forward contracts	**-**	**Nil**	**Level 2**	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract forward rates, discounted to their present value.
Non-financial liabilities				
Contingent consideration	**1,562**	**4,100**	**Level 3**	Discounted cash flow. Future cash flows are probability-weighted based on management expectation of target levels being reached.

RECOGNITION AND MEASUREMENT

Foreign currency forward contracts

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

Contingent Consideration

The fair value of contingent consideration related to the acquisitions of Modular Building Systems Pty Ltd and Northern RV is estimated using a present value technique. The fair value for MBS and NRV are nil (30 June 2019: $2,037,778) and $1,561,795 (30 June 2019: $2,061,795) respectively. This is estimated by probability-weighting the estimated future cash flows and discounting by the Group's discount rate. The probability-weighted cash outflows of $0 (30 June 2019: $2,511,589) and $1,834,000 (30 June 2019: $2,900,000) for MBS and NRV respectively reflect management's estimate of a 0% and 100% probability that the contract's target levels will be achieved. A $1,670,000 gain on fair value remeasurement has been recognised in other income during the period. The discount rate used is the Corporate weighted average cost of capital.

12. DISCONTINUED OPERATIONS

Discontinued Operation	Background
Resource Sector Rental Operations	On 1 March 2016, the company ceased resource sector rental operations due to the downturn in the mining industry and the resulting reduction in demand for construction workforce accommodation.
Caravan Manufacturing	On 21 June 2018, the company announced the sale of the Coromal and Windsor brands and associated raw materials and finished goods stock after undertaking a strategic review of the Caravan Manufacturing business.

	Resource Sector Rental Segment		**Fleetwood RV Pty Ltd**		**Total Discontinued Operations**	
	31 Dec 2019 $ '000	31 Dec 2018 $ '000	**31 Dec 2019 $ '000**	31 Dec 2018 $ '000	**31 Dec 2019 $ '000**	31 Dec 2018 $ '000
12.1 Financial results:						
Revenue	**897**	811	**2,054**	14,238	**2,951**	15,049
Impairment and provisions	**(897)**	-	**-**	-	**(897)**	-
Loss on sale	**-**	-	**-**	-	**-**	-
Expenses	**(156)**	(940)	**(2,977)**	(23,217)	**(3,133)**	(24,156)
Loss from discontinued operation before income tax	**(156)**	(129)	**(923)**	(8,979)	**(1,079)**	(9,107)
Attributable income tax benefit	**47**	39	**277**	2,691	**324**	2,729
Loss from discontinued operation after income tax	**(109)**	(90)	**(646)**	(6,288)	**(755)**	(6,378)
12.2 Cashflow information:						
Net cash inflows (outflows) from operating activities	**-**	(129)	**(771)**	(12,432)	**(771)**	(12,561)
Net cash inflows (outflows) from investing activities	**-**	-	**-**	(315)	**-**	(315)
Net cash inflows (outflows) from discontinued operations	**-**	(129)	**(771)**	(12,747)	**(771)**	(12,876)
	31 Dec 2019 $ '000	30 Jun 2019 $ '000	**31 Dec 2019 $ '000**	30 Jun 2019 $ '000	**31 Dec 2019 $ '000**	30 Jun 2019 $ '000
12.3 Financial Position:						
Assets	**4,294**	5,371	**7,281**	13,233	**11,575**	18,604
Liabilities	**-**	-	**4,014**	4,967	**4,014**	4,967
Net Assets in discontinued operation	**4,294**	5,371	**3,267**	8,266	**7,561**	13,637

	31 Dec 2019 $ '000	31 Dec 2018 $ '000
12.4 Loss per share from discontinued operation		
Basic loss per share (cents)	**(0.8)**	(7.3)
Diluted loss per share (cents)	**(0.8)**	(7.3)
Profit attributable to members of the consolidated entity relates to		
Profit from continuing operations	**6,906**	9,478
Loss from discontinued operation	**(755)**	(6,378)
	6,151	3,100

13. EVENTS AFTER THE REPORTING PERIOD

No items to note subsequent to 31 December 2019.

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9480 2050
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

To the Members of Fleetwood Corporation Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Fleetwood Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Fleetwood Corporation Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Fleetwood Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M D Dewhurst
Partner – Audit & Assurance

Perth, 21st February 2020