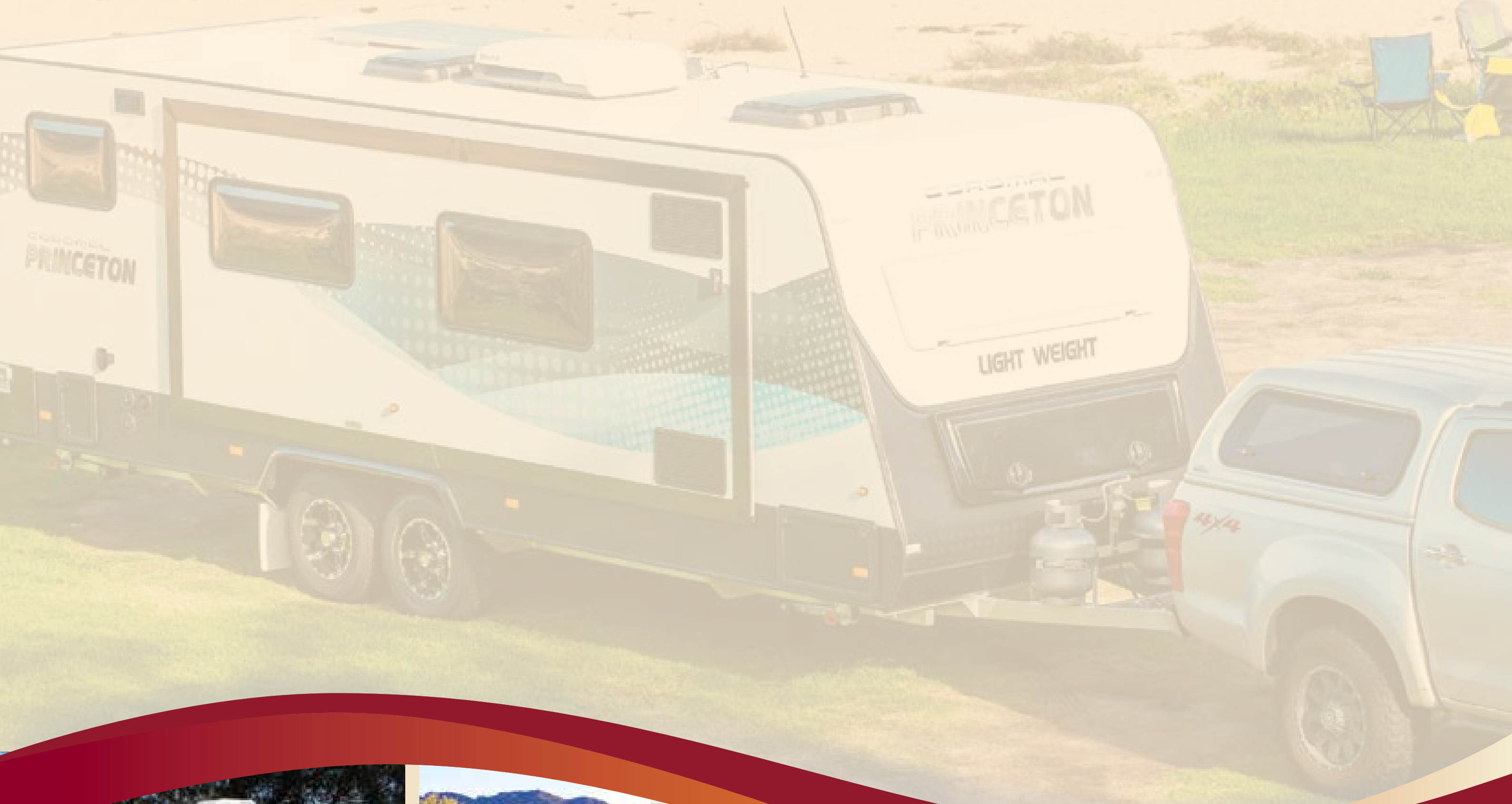
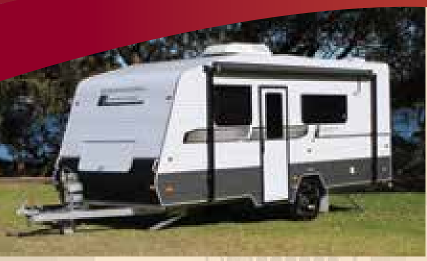
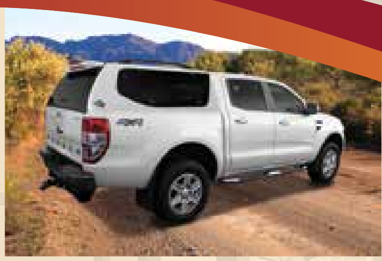
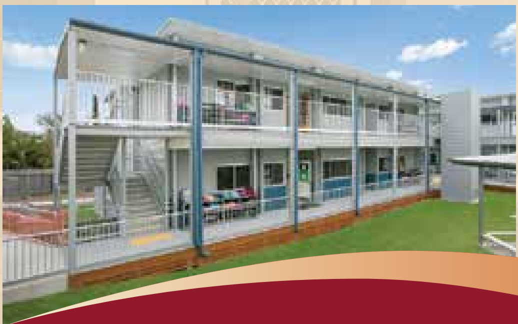
Fleetwood CORPORATION

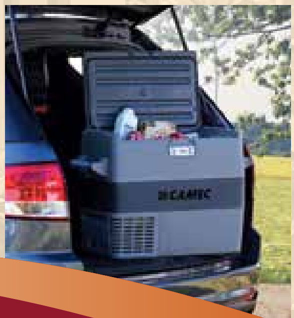
Delivering the Promise



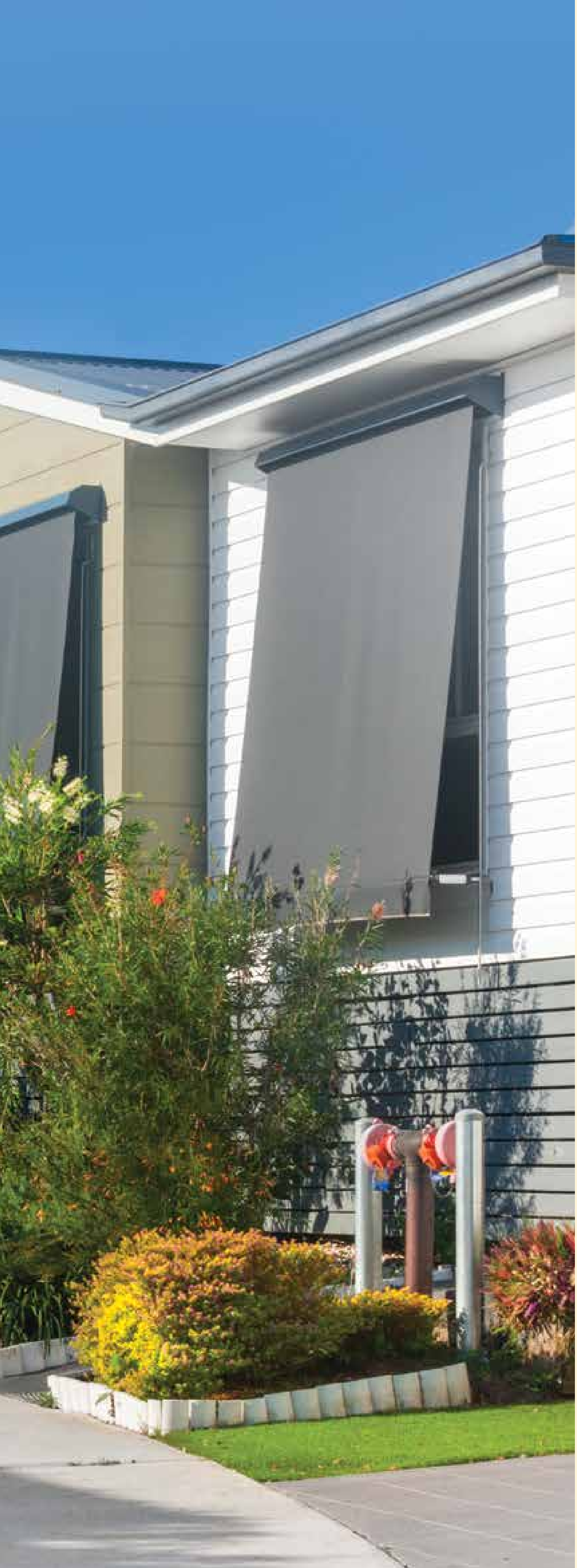








ANNUAL REPORT 2016



Fleetwood CORPORATION

Delivering the Promise

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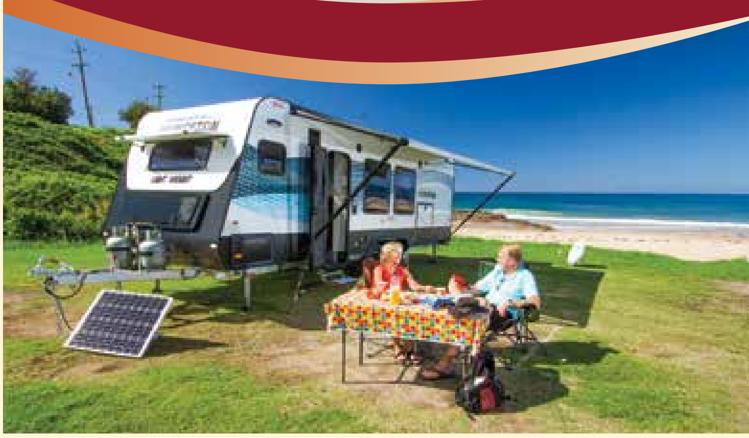


CORPORATE DIRECTORY

DIRECTORS

Phillip Campbell
Brad Denison
Michael Hardy
Greg Tate

COMPANY SECRETARY

Yanya O'Hara

AUDITOR

Grant Thornton

BANKER

Westpac Banking Corporation

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

21 Regal Place
East Perth, WA 6004
T: (08) 9323 3300
F: (08) 9202 1106
E: info@fleetwood.com.au

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

DELIVERING THE PROMISE

OUR OBJECTIVE

To outperform financially by providing genuine value

OUR BELIEFS

We:

want to do business

build strong relationships in which each party wins

expect all parties to make and honour their commitments

value the support of our shareholders, clients and suppliers

OUR COMMITMENT

We will:

act with honesty and integrity

provide a safe and healthy workplace

operate in an environmentally responsible manner

develop and reward our people for their creativity and dedication

deal with people in a concerned and professional way

find better ways to do things

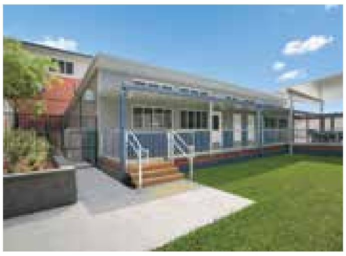
always hold ourselves accountable for

'Delivering the Promise'

ACCOMMODATION DIVISION

MANUFACTURED ACCOMMODATION

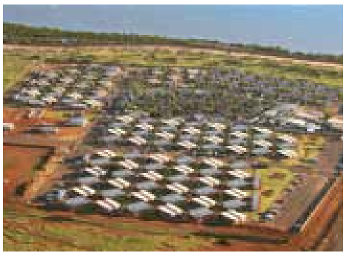
Design, manufacture and supply of accommodation for the affordable housing, education and commercial markets.



Fleetwood

VILLAGE OPERATIONS

Operation of accommodation villages - Searipple in Karratha and Osprey in South Hedland.



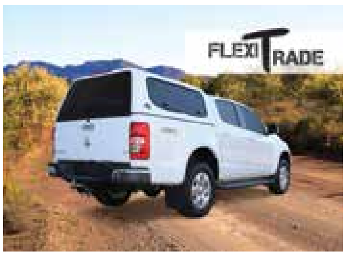
Searipple

osprey village

RECREATIONAL VEHICLES DIVISION

PARTS AND ACCESSORIES

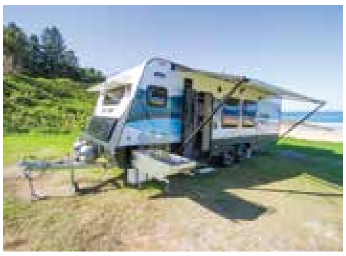
Manufacture and distribution of recreational and commercial vehicle parts and accessories.

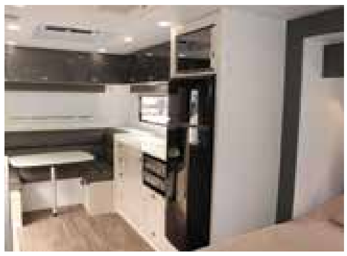


CAMEC GO FURTHER FLEXIGLASS BOCAR Built to last

RECREATIONAL VEHICLES

Manufacture of caravans and vehicle parts and accessories.





COROMAL Built for Adventure

Windsor Travelling with you

FIVE YEAR SUMMARY

$ million (unless stated)	2016	2015	2014	2013	2012
Revenue	**287.3**	272.8	366.5	333.9	382.6
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA before impairment)	**10.0**	17.8	28.2	40.5	94.2
EBITDA margin	**3.5%**	6.5%	7.7%	12.1%	5.2%
Depreciation and amortisation	**9.3**	12.3	17.6	16.1	14.9
Earnings before interest, tax and impairment (EBIT before impairment)	**0.7**	5.5	10.6	24.5	4.9
Earnings before interest and tax (EBIT)	**(9.6)**	2.3	5.6	24.5	4.9
EBIT margin	**-3.4%**	0.8%	1.5%	7.3%	1.3%
Finance costs	**3.7**	4.0	2.2	1.3	0.8
Income tax (benefit) expense	**(2.4)**	(0.0)	2.8	6.6	0.7
Operating (loss) profit before income tax	**(13.4)**	(1.6)	3.4	23.2	0.9
Operating (loss) profit after tax	**(11.0)**	(1.6)	0.6	16.6	0.2
Interest cover (times)	**-2.6**	1.2	2.5	19.3	6.4
Earnings per share (cents)	**(18.1)**	(2.6)	0.9	27.8	0.9
Dividends per share (cents)	**0.0**	0.0	4.0	30.0	76.0
Assets	**238.6**	327.7	321.8	312.6	289.8
Net (cash) debt	**(3.1)**	55.9	56.0	32.0	(16.5)
Shareholders funds	**186.3**	214.0	214.4	214.1	231.2
Debt / Shareholders funds %	**-2%**	29%	29%	21%	0%
Cash flows from operations	**67.0**	42.2	30.9	25.4	77.3
Number of shares on issue (million)	**61.0**	61.0	60.6	60.5	59.2

All numbers exclude discontinued operations

BOARD OF DIRECTORS & EXECUTIVE OFFICERS

1

PHILLIP CAMPBELL

Non-Executive Director, Chairman

Engineer, Technical Sales & Marketing, BE, GAICD

Age 64 lives in Melbourne

Phillip was appointed to the board in August 2016. His business career spans 35 years and includes national and international postings across a range of industries including resources, construction, manufacturing, food, and engineering services. Phillip has previously been a director of Pearl Street Limited, HRL Limited and Chairman of Farm Pride Foods Limited. He is currently a director and advisor to a number of unlisted public, private and not-for-profit organisations across Australia including Fodder King Limited.

2

BRAD DENISON

Managing Director

Fellow Certified Practising Accountant, B Comm

Age 44 lives in Perth

Brad was appointed Managing Director in August 2014. Prior to this, Brad was Chief Financial Officer and Company Secretary for 12 years. Before joining Fleetwood, Brad was employed in senior public company finance roles.

3

MICHAEL HARDY

Non-Executive Director, Chairman of Remuneration and Audit Committees

Barrister & Solicitor, B Juris LLB, BA

Age 63 lives in Perth

Michael has been a director of the company since 2004, and chair of the board from 2007 until 2016. Michael is a barrister and solicitor who has practised in Perth as a principal in the national firm, Clayton Utz, the boutique firm, Hardy Bowen and as a sole practitioner in the areas of commercial, property, corporate and administrative law. Michael is also a director of WA Country Health Services and an acting specialist member of the WA Development Assessment panels.

4

GREG TATE

Non-Executive Director

Chartered Accountant, B Comm

Age 64 lives in Perth

Greg was appointed a Non-Executive Director during listing of the company in 1987 and became Managing Director in 1990. He relinquished this role to become Executive Director of Operations in 2007. Greg retired from his executive position in December 2010. Prior to joining Fleetwood he founded a chartered accountancy practice after being employed in Australia and the USA by Deloitte.

5

YANYA O'HARA

Company Secretary

Barrister & Solicitor, LL B (Hon), LL M

Yanya was appointed as Company Secretary on 1 August 2014. Prior to this, Yanya was employed by the Company for three years as Assistant Company Secretary. Prior to joining Fleetwood, Yanya practiced as a corporate attorney in New York and as barrister and solicitor in Perth.

1

2

3

4

5

MANAGING DIRECTOR'S REVIEW

REVIEW OF OPERATIONS

The 2016 financial year saw the company's statutory profit impacted by asset impairment and discontinuation of the company's mining rental business.

Since the downturn in mining related construction, demand for rental accommodation has been gradually decreasing. This ultimately resulted in Fleetwood's mining rental business generating an operating loss after tax of $2.8m in 2016.

In addition to this, as operators in the industry have sold excess stock into the second hand market, values achievable for second hand units have decreased, most notably during the six months to 30 June 2016. As a result, the company has booked a pre-tax impairment charge of $19.7m against these assets.

Fleetwood's mining rental business was discontinued in 2016. Accordingly the loss from the discontinued operation of $16.9m has been disclosed separately to results from continuing operations in the profit and loss statement.

Other impairment charges during the year were related to intangible assets in Fleetwoood's parts and accessories business.

With the effect of these adjustments excluded, the company generated earnings before interest and tax of $0.7m from operations that will continue into the future.

The company reported a net cash position of $3m at 30 June 2016, compared to $56m of net debt at the previous year end.

RV MANUFACTURING

$ million	**2016**	2015	% change
Revenue	**29.6**	34.0	-13.0%
Operating EBIT	**- 8.1**	- 7.6*	-6.5%

Excludes impairment charge of $3.2m in 2015.

Since the global financial crisis heavily impacted the recreational vehicles industry in 2009, Fleetwood RV has been significantly restructured.

This included consolidating manufacturing into a single facility, updating the company's product range and expanding the dealer network.

The new product range was demonstrated to consumers at major capital city caravan and camping shows between February and June 2016. The effect has been a substantial increase in the order book and production run rates are now being increased to meet the demand.

The dealer network is also being expanded. Two new dealers have been appointed in New South Wales and an additional dealer has been appointed in Victoria.

While this is very encouraging it is not expected that the business will return to profitability during the first half of the 2017 financial year. However given how orders are trending, the board has confidence in the direction the business is taking.

PARTS AND ACCESSORIES

$ million	**2016**	2015	% change
Revenue	**82.1**	78.2	5.0%
Operating EBIT	**0.9***	0.6	46.7%

Excludes impairment charge of $10.3m in 2016.

Fleetwood's parts and accessories segment is comprised of Camec which is a major supplier of components to the RV industry and Flexiglass which supplies fibreglass canopies and aluminium trays for utility vehicles.

In the last three years, Flexiglass' operations have been restructured, resulting in the cessation of manufacturing in Australia and the commencement of supply from Thailand, where nine of the eleven global top selling utility vehicles are manufactured.

The directors have taken the conservative approach of recognising an impairment charge against the goodwill in Flexiglass, however notwithstanding this revenue and earnings are expected to gradually improve.

Camec experienced significant pressure from overseas competitors throughout the recent period where AUD/US exchange rates were above parity, however the effect of this is now abating and Camec is expected to see an improved trading result in 2017.

MANUFACTURED ACCOMMODATION

$ million	2016	2015	% change
Revenue	**142.5**	116.4	22.4%
Operating EBIT	**3.6**	-3.6	198.3%

Following the downturn in the mining industry, Fleetwood's key strategy in the manufactured accommodation segment has been to increase the company's involvement in the affordable housing and education sectors.

Fleetwood has supply agreements with the two largest operators in the Australian manufactured affordable housing industry, which are Gateway Lifestyle who are developing manufactured home estates throughout Queensland and New South Wales, and National Lifestyle Villages who develop and operate manufactured housing estates in Western Australia.

The agreement with National Lifestyle Villages which was executed in June 2016 will contribute volume to Fleetwood's Western Australian manufactured accommodation business over its initial five year term. The agreement is an important milestone for the WA business which has been significantly restructured since the downturn in the mining industry.

Fleetwood's agreement with the Victorian Education Department to build new classrooms and relocate existing classrooms provides a significant income stream for the group. Strong demand was also seen in other states during 2016. Demand is expected to moderate in 2017, however it will continue to be a strong contributor to Fleetwood's overall earnings.

VILLAGE OPERATIONS

$ million	2016	2015	% change
Revenue	**33.0**	34.7	-4.9%
Operating EBIT	**7.9**	8.9*	-11.2%

**Excludes one-off adjustment related to the capital value of Osprey Village of $9.4m.*

In February 2015 Fleetwood entered into an agreement with Rio Tinto to accommodate up to 804 workers at Searipple Village in Karratha. This agreement saw the village return to profitability in 2015 and 2016 and Searipple will continue to contribute future earnings.

In July 2015 Fleetwood reached agreement with the West Australian Government in respect of the sale of Osprey Village in Port Hedland. The sale agreement provides Fleetwood with the right to continue to manage the village for a term of fourteen years. Sale proceeds from the transaction of $62.2m were used to eliminate debt.

While the downturn in the mining sector has seen demand for worker accommodation reduce, the income streams from Searipple and Osprey are underpinned by blue chip customers and provide strong cash flows for the company.

DIVIDENDS

A final dividend has not been declared, however the outlook is improving and the directors intend to resume the payment of dividends as soon as practicable. The company has a significant franking account balance to support this.

BOARD CHANGES

As announced on 12 August, following an extensive independent search process Phillip Campbell has been appointed Chairman of Fleetwood.

After three years with Fleetwood, John Bond resigned as non-executive director on 24 August 2016.

Any further changes the board considers necessary will be the subject of independent external advice.

FLEETWOOD PEOPLE

2016 has been another challenging year for Fleetwood. Difficult trading conditions in some areas and taking advantage of new markets required our people to extend themselves. On behalf of the directors, I sincerely thank our people for rising to meet these challenges.

Consolidated statement of profit or loss and other comprehensive income

Fleetwood Corporation Limited

Year ended 30 June 2016

Continuing operations	**Note**	**2016 $ '000**	2015 $ '000
Sales revenue	2	**287,062**	272,821
Other income	2	**195**	(65)
Materials used		**(110,382)**	(95,915)
Sub-contract costs		**(75,311)**	(68,181)
Employee benefits		**(56,092)**	(58,212)
Operating leases		**(10,059)**	(10,542)
Impairment of non-current assets	14, 15	**(10,312)**	(3,177)
Other expenses		**(25,444)**	(22,096)
(Loss) Profit before interest, tax, depreciation and amortisation **(EBITDA)**		**(343)**	14,633
Depreciation and amortisation	3	**(9,305)**	(12,318)
(Loss) Profit before interest and tax **(EBIT)**		**(9,648)**	2,315
Finance costs	3	**(3,733)**	(3,959)
Loss before income tax expense		**(13,381)**	(1,644)
Income tax benefit	4	**2,362**	44
Loss from continuing operations		**(11,019)**	(1,600)
(Loss) Profit from discontinued operation	34	**(16,985)**	1,776
(Loss) Profit for the year	25	**(28,004)**	176
Other comprehensive income (loss)			
Items that may subsequently be reclassified to profit or loss			
Net exchange difference relating to foreign controlled entities (net of tax)	24	**13**	(38)
Total comprehensive (loss) income for the year		**(27,991)**	138
Earnings per share from continuing and discontinued operations			
Basic earnings per share (cents)	7	**(45.9)**	0.3
Diluted earnings per share (cents)	7	**(45.8)**	0.3
Earnings per share from continuing operations			
Basic earnings per share (cents)	7	**(18.1)**	(2.6)
Diluted earnings per share (cents)	7	**(18.0)**	(2.6)

To be read in conjunction with the accompanying notes.

Consolidated statement of financial position

Fleetwood Corporation Limited
As at 30 June 2016

	Note	2016 $ '000	2015 $ '000
Current assets			
Cash and cash equivalents	8	**6,116**	6,634
Trade and other receivables	9	**40,628**	96,197
Inventories	10	**49,291**	45,246
Other financial assets	11	**-**	206
Non-current assets held for sale	12	**25,839**	-
Total current assets		**121,874**	148,283
Non-current assets			
Trade and other receivables	9	**427**	-
Property, plant and equipment	13	**45,836**	107,676
Goodwill	14	**55,230**	61,761
Intangible assets	15	**1,120**	5,166
Deferred tax assets	4	**14,121**	4,822
Total non-current assets		**116,734**	179,425
Total assets		**238,608**	327,708
Current liabilities			
Trade and other payables	16	**42,247**	43,672
Interest bearing liabilities	18	**3,000**	62,500
Tax liabilities		**-**	959
Provisions	17	**5,556**	5,605
Other financial liabilities	21	**301**	-
Total current liabilities		**51,104**	112,736
Non-current liabilities			
Provisions	17	**1,177**	971
Total non-current liabilities		**1,177**	971
Total liabilities		**52,281**	113,707
Net assets		**186,327**	214,001
Equity			
Issued capital	23	**195,079**	194,762
Reserves	24	**(244)**	(257)
Retained earnings	25	**(8,508)**	19,496
Total equity		**186,327**	214,001

To be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

Fleetwood Corporation Limited
Year ended 30 June 2016

	Issued capital $ '000	Foreign currency translation reserve $ '000	Retained earnings $ '000	Total $ '000
Balance 1 July 2014	194,096	(219)	20,532	214,409
Profit for the year	-	-	176	176
Exchange differences arising on translation of foreign operations	-	(38)	-	(38)
Total comprehensive income for the year	-	(38)	176	138
Dividends paid	198	-	(1,212)	(1,014)
Share-based payments	468	-	-	468
Balance at 30 June 2015	194,762	(257)	19,496	214,001
Loss for the year	-	-	(28,004)	(28,004)
Exchange differences arising on translation of foreign operations	-	13	-	13
Total comprehensive income for the year	-	13	(28,004)	(27,991)
Share-based payments	317	-	-	317
Balance at 30 June 2016	195,079	(244)	(8,508)	186,327

To be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

Fleetwood Corporation Limited
Year ended 30 June 2016

	Note	2016 $ '000	2015 $ '000
Cash flows from operating activities			
Receipts in the course of operations	9	**384,750**	327,500
Payments in the course of operations		**(313,528)**	(281,320)
Interest received		**290**	75
Income taxes paid		**(617)**	(129)
Finance costs paid		**(3,918)**	(3,959)
Net cash provided by operating activities	29.1	**66,977**	42,167
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(7,972)**	(33,556)
Proceeds from sale of non-current assets		**436**	120
Payment for acquisition of subsidiary		**-**	(4,915)
Payment for intangible assets		**(484)**	(2,653)
Net cash used in investing activities		**(8,020)**	(41,004)
Cash flows from financing activities			
Proceeds from borrowings		**85,000**	56,989
Repayment of borrowings		**(144,500)**	(56,900)
Dividends paid		**-**	(1,014)
Net cash used in financing activities		**(59,500)**	(925)
Net (decrease) increase in cash and cash equivalents		**(543)**	238
Cash and cash equivalents at the beginning of the financial year		**6,634**	6,405
Effect of exchange rate changes on the balance of cash held in foreign currencies		**25**	(9)
Cash and cash equivalents at the end of the financial year	8	**6,116**	6,634

To be read in conjunction with the accompanying notes.

1 Statement of significant accounting policies

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

1.1 Statement of compliance

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

The financial statements were authorised for issue by the directors on 30 September 2016.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. Adoption of these standards has had no effect on the amounts reported for the current or prior period.

At the date of authorisation of the financial statements, the following applicable standards and interpretations have been issued but are not yet effective:

Standard	**Effective for reporting periods beginning on or after:**	**Expected to be applied in the year ending:**
AASB 9 ‘Financial Instruments’, and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 ‘Revenue from Contracts with Customers’	1 January 2017	30 June 2018
AASB 16 ‘Leases’	1 January 2019	30 June 2020
AASB 2014-3 ‘Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations’	1 January 2016	30 June 2017
AASB 2014-4 ‘Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation’	1 January 2016	30 June 2017
AASB 2014-5 ‘Amendments to Australian Accounting Standards arising from AASB 15’	1 January 2018	30 June 2019
AASB 2014-7 ‘Amendments to Australian Accounting Standards arising from AASB 9’	1 January 2018	30 June 2019
AASB 2014-9 ‘Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements’	1 January 2016	30 June 2017
AASB 2014-10 ‘Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture’	1 January 2016	30 June 2017
AASB 2015-1 ‘Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle’	1 January 2016	30 June 2017
AASB 2015-2 ‘Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101’	1 January 2016	30 June 2017
AASB 2015-5 ‘Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception’	1 January 2016	30 June 2017
AASB 2015-6 ‘Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities’;	1 July 2016	30 June 2017
AASB 2015-7 ‘Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities’	1 July 2016	30 June 2017
AASB 2015-8 ‘Amendments to Australian Accounting Standards – Effective Date of AASB 15’	1 January 2017	30 June 2018
AASB 2015-9 ‘Amendments to Australian Accounting Standards – Scope and Application Paragraphs’	1 January 2016	30 June 2017
AASB 2015-8 ‘Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128’	1 January 2016	30 June 2017
AASB 2016-1 ‘Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses’	1 January 2017	30 June 2018
AASB 2016-1 ‘Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107’	1 January 2017	30 June 2018

The Group is yet to undertake a detailed assessment of the impact of AASB 15 and AASB 9.

Management are in the process of determining the potential impact of the initial application of the Standards and Interpretations. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

1.2 Basis of preparation

The financial report has been prepared on the basis of historical costs, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Cost is generally based on the fair values of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability market participants would take those characteristics 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 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 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.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders, potential voting rights held by the Company, other vote holders or other parties, rights arising from other contractual arrangements, and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate.

1.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum at the acquisition-date of the fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity instruments issued by the Company in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities or assets related to employment benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

1.5 Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable net of goods and services tax (GST).

Sale of goods
Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Construction contracts
When the stage of completion can be reliably measured, revenue is recognised in proportion to the stage of completion of the contract. The stage of completion is measured based on the proportion of costs incurred for work performed to date relative to the estimated total contract cost. Variations in contract work, claims and incentive payments are included to the extent that the amount can be reliably measured and its receipt is considered probable. Where the outcome of a contract cannot be reliably estimated, costs are immediately recognised as an expense. Where it is probable costs will not be recovered, revenue is only recognised to the extent costs are recoverable. An expected loss is recognised immediately as an expense.

When costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability. Amounts billed for work performed but not yet paid are included in the consolidated statement of financial position as trade and other receivables.

Rental
Rental income is recognised on a straight line basis over the term of the relevant rental contract.

Interest
Interest is recognised on an accrual basis, taking into account the effective yield on the financial asset.

Sale of non-current assets
Gains or losses on sale of non-current assets are included as income or expenses at the date the significant risks and rewards of the asset pass to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Dividends
Dividends and distributions from subsidiaries are recognised by the parent entity when they are declared by the subsidiaries. Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised as revenue.

1.6 Foreign currency

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

Transactions
Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rate of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of comprehensive income in the financial year in which they arose.

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.

1.7 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.

1.8 Taxation

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

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

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

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

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

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

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

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, 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.

1.9 Cash and cash equivalents

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.

1.10 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.

1.11 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.

1.12 Receivables

Trade debtors are recorded at amortised cost less impairment. The collectability of debts is assessed at year-end and a provision is made for any doubtful debts. Changes in the carrying amount of the allowance are recognised in profit or loss.

1.13 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using standard cost and for work in progress includes an appropriate share of both variable and fixed costs. Net realisable value represents the estimated selling prices for the inventories less all estimated costs of completion and costs necessary to make the sale.

1.14 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.

1.15 Leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.16 Property, plant and equipment

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

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

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

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

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

1.17 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:

	2016	2015
Buildings	**2.5%**	2.5%
Leasehold property and improvements	**2% - 25%**	2% - 25%
Plant and equipment	**2.5% - 50%**	2.5% - 50%

1.18 Goodwill

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

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

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

1.19 Intangibles

Product development costs
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.

1.20 Employee benefits

Wages, salaries, annual and long service leave

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions which are not expected to be settled within 12 months are measured as the present value of the estimated future cash flows to be made in respect of services provided by employees up to the reporting date. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds (2014: government 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.

Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of equity instruments that will eventually vest. At the end of each reporting period, the estimate of the number of equity instruments expected to vest is reviewed. The impact of the revision is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

Superannuation

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

1.21 Financial liabilities and equity instruments issued by the Group

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

Payables

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 consolidated entity. They are initially valued at fair value, net of transaction costs.

Interest bearing liabilities

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

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

1.22 Comparative information

Comparative information has been restated to account for the impact of the discontinued operation and other reclassifications to bring them in line with the current year classifications.

1.23 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.24 Provisions

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

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

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

1.25 Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in notes 11, 21 and 28.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

1.26 Critical accounting judgments and key sources of estimation uncertainty

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

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

- Accounting for construction contracts involves the continuous use of assessed estimates based on assumptions consistent with project scope and schedule, contract and risk management processes. Contracts may span several accounting periods. 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. Revenues reflect the price agreed in the contract and variations where they have been approved or if it is probable they will be approved. Claims are included in contract revenue only where negotiations have reached an advanced stage such that it is probable that the client will accept the claim and recovery of the amount involved is probable.

- Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has 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. 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 options issued during the year. Note 22 provides information about the key assumptions used in the determination of the fair value of these options. The Directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the options.

- The carrying amount of goodwill at 30 June 2016 was $55.3 million (30 June 2015: $61.8 million) after an impairment loss of $6.5 million was recognised during 2016 (2015: $2.1 million). Details of the impairment loss calculation including key assumptions are set out in note 14.

- The carrying amount of property, plant and equipment at 30 June 2016 was $45.8 million (30 June 2015: $107.7 million) after an impairment loss of $19.7 million was recognised during 2016 (2015: $1.3 million) and transfers to non-current assets held for sale of $25.8 million (2015: nil).

- The Company has assessed a vendor financing arrangement between itself, a financial institution and one of its customers as meeting the derecognition criteria set out in AASB 139. This judgment was made based on elements in the arrangement that clearly demonstrate that the Company has transferred substantially all the risks and rewards of ownership of the financial asset. The essential clause in the arrangement that led to this judgment was the zero recourse component on the debt, whereby upon default of the customer, the Company would not be exposed to refunding amounts received under the arrangement. Further details are set out in note 9.

1.27 Profit or loss from discontinued operations

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

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

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations, is further analysed in Note 34.

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.

Tax consolidation

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

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

The method used to calculate current and deferred tax amounts is summarised in Note 1.8.

	2016	2015
	$ '000	$ '000

2 Revenue

Revenue from continuing operations comprises:

	2016 $ '000	2015 $ '000
Sales revenue		
Goods	**141,493**	161,174
Construction	**109,300**	72,620
Rental	**36,269**	39,027
	287,062	272,821
Other income		
Interest	**290**	75
Loss on sale of non-current assets	**(95)**	(140)
	195	(65)
	287,257	272,756

All non-resource rental fleet units are available for sale and their sale is included in Sales revenue - Goods rather than profit on sale of non-current assets.

3 Profit before income tax expense

Expenses from continuing operations contain the following items:

	2016 $ '000	2015 $ '000
Cost of sales	**226,240**	202,248
Depreciation and amortisation of:		
buildings	**34**	34
leasehold improvements	**1,921**	4,149
plant and equipment	**6,602**	6,885
product development	**748**	1,250
	9,305	12,318
Finance costs:		
Bank loans and overdraft	**3,733**	3,959
Net bad and doubtful debts	**1,192**	65
Research and development costs	**310**	11
Superannuation expense	**4,174**	4,347
Equity settled share-based payments	**317**	468

4 Income taxes recognised in profit or loss

	Note	2016 $ '000	2015 $ '000
Current tax (benefit) expense		**(1,531)**	508
Deferred tax expense relating to origination and reversal of temporary differences		**(398)**	(611)
(Over) Under provision of income tax in prior year		**(433)**	59
Continuing operations		**(2,362)**	(44)
Discontinued operations	34	**(7,279)**	**761**

Reconciliation of income tax expense to the accounting profit

	2016 $ '000	2015 $ '000
Loss before tax from continuing operations	**(13,381)**	(1,644)

The tax rate used for 2016 and 2015 is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

	2016 $ '000	2015 $ '000
Income tax expense calculated at 30% (2015: 30%)	**(4,014)**	(493)
Amortisation of leasehold improvements	**8**	8
Effect of lower tax rates on overseas income	**(8)**	(14)
Non-deductible expenses	**2,054**	769
Research & development allowance	**(74)**	(313)
Non-assessable amounts	**90**	(62)
Sundry items	**15**	2
	(1,929)	(103)
Adjustments relating to income tax in prior year	**(433)**	59
	(2,362)	(44)

Deferred tax

	Balance 2014 $ '000	Charged to income $ '000	Balance 2015 $ '000	**Charged to income $ '000**	**Balance 2016 $ '000**
Deferred tax relating to:					
Property, plant and equipment	2,126	606	2,733	**5,515**	**8,248**
Employee provisions	2,092	(118)	1,973	**46**	**2,019**
Other provisions	26	(14)	12	**6**	**18**
Accruals	152	(48)	104	**97**	**201**
Unused tax losses	-	-	-	**3,635**	**3,635**
	4,396	426	4,822	**9,299**	**14,121**

The company anticipates future profits will be earned to utilise deferred tax 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 Manufacturing	Manufacture of caravans and vehicle parts and accessories
Parts and Accessories	Manufacture and distribution of vehicle parts and accessories
Manufactured Accommodation	Design, manufacture and sale of manufactured accommodation
Village Operations	Operation of accommodation villages
Unallocated	Group corporate function

Revenue and results by reportable operating segment:

	Segment revenue		**Depreciation & amortisation**		**Segment result (EBIT)**	
	2016	2015	**2016**	2015	**2016**	2015
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
RV Manufacturing	**29,572**	34,007	**627**	917	**(8,096)**	(7,605)
Parts and Accessories	**82,061**	78,215	**1,876**	2,081	**858**	585
Manufactured Accommodation	**142,533**	116,404	**2,298**	2,603	**3,583**	(3,644)
Village Operations	**33,011**	44,061	**4,282**	6,506	**7,948**	18,353
Unallocated	**80**	69	**222**	211	**(3,629)**	(2,197)
	287,257	272,756	**9,305**	12,318	**664**	5,492
Finance costs					**(3,733)**	(3,959)
Asset impairment					**(10,312)**	(3,177)
Loss before income tax benefit					**(13,381)**	(1,644)
Income tax benefit					**2,362**	44
Loss from continuing operations					**(11,019)**	(1,600)
(Loss) profit from discontinued operations					**(16,985)**	1,776
(Loss) profit attributable to members of the parent entity					**(28,004)**	176

Revenue from the top three external customers comprised 20.7%, 11.3% & 9.8%, respectively, of group revenue, derived from the manufactured accommodation & RV manufacturing segments.

Impairment of $10.3 million relates to impaired goodwill and intangible assets to the Parts and Accessories segment for 2016 (2015: $3.2 million of impaired goodwill and intangible assets pertains to the RV manufacturing segment).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. Segment results represents earnings before interest and tax without the allocation of corporate overheads.

Group assets and liabilities by segment:

	Segment assets		**Additions to non-current assets**		**Segment liabilities**	
	2016	2015	**2016**	2015	**2016**	2015
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
RV Manufacturing	**15,959**	11,785	**847**	474	**6,280**	3,459
Parts and Accessories	**54,838**	64,390	**1,114**	7,390	**13,343**	11,355
Manufactured Accommodation	**97,148**	90,369	**3,789**	2,557	**25,428**	20,767
Village Operations	**27,786**	88,956	**172**	1,510	**2,442**	3,232
Unallocated	**42,877**	72,208	**2,659**	28,941	**4,788**	74,894
	238,608	327,708	**8,581**	40,872	**52,281**	113,707

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

The Group operates in two principal geographical areas - Australia (country of domicile) and New Zealand.

5 Segment information (continued)

Group non-current assets and revenues by geographical segment:

	Segment non-current assets		Revenue from external customers	
	2016	2015	**2016**	2015
	$ '000	$ '000	**$ '000**	$ '000
Australia	**102,146**	110,538	**281,176**	266,662
New Zealand	**466**	478	**6,081**	6,094
	102,612	111,016	**287,257**	272,756

6 Dividends

Recognised amounts		
Final 2014 - paid 2 cents per share fully franked	**-**	1,212
	-	1,212
Dividend franking account		
30% franking credits available to shareholders of Fleetwood Corporation Limited for subsequent years	**26,146**	25,708

7 Earnings per share

Earnings used in the calculation of basic and diluted earnings per share from continuing and discontinued operations	**(28,004)**	176
Adjustment to exclude loss (profit) from discontinued operation	**16,985**	(1,776)
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	**(11,019)**	(1,600)

The weighted average number of ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Weighted average number of shares used	
Weighted average number of ordinary shares used in the calculation of basic EPS	**61,039,412**	60,847,809
Number of shares deemed to be issued for no consideration in respect of options	**131,220**	72,600
Weighted average number of ordinary shares used in the calculation of diluted EPS	**61,170,632**	60,920,409

From continuing and discontinued operations		
Basic earnings per share (cents)	**(45.9)**	0.3
Diluted earnings per share (cents)	**(45.8)**	0.3
From continuing operations		
Basic earnings per share (cents)	**(18.1)**	(2.6)
Diluted earnings per share (cents)	**(18.0)**	(2.6)
From continuing operations before impairment		
Basic earnings per share (cents)	**(3.0)**	2.6
Diluted earnings per share (cents)	**(3.0)**	2.6

There are no potential ordinary shares that are anti-dilutive.

	2016 $ '000	2015 $ '000

8 Cash and cash equivalents

Cash and cash equivalents	**6,116**	6,634

Cash at bank is at call and received interest at a weighted average rate of 0.98% (2015: 1.42%).

9 Trade and other receivables

	2016 $ '000	2015 $ '000
Current		
Trade receivables	**29,813**	32,768
Less: allowance for doubtful debts	**(608)**	(387)
Other debtors	**11,423**	63,816
	40,628	96,197
Non-Current		
Other debtors	**427**	-
	427	-

Trade and other debtors are non-interest bearing and are generally on terms ranging between 7 and 60 days. The average credit period on sales of goods is 30 to 60 days. All trade and other debtors are expected to be settled within 60 days of year end.

Retentions on construction contracts included within other debtors amount to $0.2 million (2015: 1.2 million), to be received from the customer on acceptance of the works performed and other contractual milestones.

Included in other debtors is in the prior period is $56.3 million pertaining to the Osprey Project which was settled on 20 July 2015. The final settlement was by way of a vendor financing agreement involving a third party financial institution and is included in Receipts in the course of operations in the Consolidated Statement of Cash Flows. With respect to the judgement to de-recognise the other debtor, refer to note 1.27.

Other non-current debtors represent funds held in trust for the employee and executive long term incentive plans.

Concentrations of risk

The five largest outstanding receivables at 30 June 2016 by customer are:

	2016 $ '000	2015 $ '000
Department of Education & Early Childhood Development (Victorian State Government)	**5,122**	2,809
Department of Education, Training & Employment (Queensland State Government)	**3,926**	2,551
Pilbara Iron Co (Services) P/L (Rio Tinto)	**3,892**	3,921
GE Commercial Finance	**2,404**	976
New Age Caravans	**750**	500

Trade receivables include amounts that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. An analysis of aged receivables is included below:

	2016 $ '000	2015 $ '000
Less than 3 months	**4,081**	3,874
Between 3 - 6 months	**41**	239
Longer than 6 months	**645**	2,715
	4,767	6,828

Movement in allowance for doubtful debts

	2016 $ '000	2015 $ '000
Balance at beginning of year	**387**	15
Impairment losses recognised on receivables	**625**	49
Amounts (written off) / provided for during the year	**(404)**	323
	608	387

	2016 $ '000	2015 $ '000

10 Inventories

Current

Raw materials & stores	**8,832**	7,413
Work in progress	**17,984**	15,274
Finished goods	**22,475**	22,559
	49,291	45,246

The cost of inventories recognised as an expense during the year in respect of continuing operations was $115.0 million (2015: $101.1 million). The cost of inventories written down to net realisable value during the year was nil (2015: $0.4 million)

Included in current work in progress is $16.4 million (2015: $14.1 million) relating to construction contracts in progress, comprising costs incurred and recognised profits (less recognised losses).

11 Other financial assets

Current

Derivatives not in designated hedge accounting relationships	**-**	206

The Group has entered into forward exchange contracts to hedge foreign currency risk on highly probable future purchases of inventory from overseas.

12 Non-current assets held for sale

Plant & equipment - idle mining rental assets	**25,839**	-
	25,839	-

13 Property, plant and equipment

Freehold land		
Cost	**2,964**	2,964
Buildings		
Cost	**1,342**	1,342
Accumulated depreciation	**(340)**	(306)
	1,002	1,036
Leasehold property and improvements		
Cost	**50,744**	53,903
Accumulated amortisation	**(39,490)**	(40,742)
	11,254	13,161
Plant and equipment		
Cost	**67,928**	140,047
Accumulated depreciation	**(38,326)**	(73,519)
	29,602	66,528
Assets under construction		
Cost	**1,014**	23,987
	45,836	107,676

13 Property, plant and equipment (continued)

Movement in the carrying amounts of each class of property, plant and equipment:

2016 Financial Year	**Freehold land**	**Buildings**	**Leasehold Property**	**Plant and equipment**	**Assets under Construction**	**Total**
Balance at 1 July 2015	2,964	1,036	13,161	66,528	23,987	107,676
Additions	-	-	14	3,095	4,989	8,098
Transferred to non current assets held for sale	-	-	-	(25,839)	-	(25,839)
Transferred from assets under construction	-	-	-	27,733	-	27,733
Transferred to plant and equipment	-	-	-	-	(27,733)	(27,733)
Transferred to other debtors	-	-	-	-	(126)	(126)
Transferred to other creditors	-	-	-	288	-	288
Disposals	-	-	-	(6,143)	(103)	(6,246)
Depreciation and amortisation	-	(34)	(1,921)	(16,397)	-	(18,352)
Impairment	-	-	-	(19,680)	-	(19,680)
Effect of foreign exchange differences	-	-	-	17	-	17
Balance at 30 June 2016	**2,964**	**1,002**	**11,254**	**29,602**	**1,014**	**45,836**
2015 Financial Year						
Balance at 1 July 2014	1,408	1,070	16,840	75,776	14,608	109,702
Additions	1,556	-	470	1,675	30,092	33,793
Acquisition through business acquired	-	-	-	89	-	89
Transferred from assets under construction	-	-	-	20,255	-	20,255
Transferred to plant and equipment	-	-	-	-	(20,255)	(20,255)
Disposals	-	-	-	(6,496)	(238)	(6,734)
Depreciation and amortisation	-	(34)	(4,149)	(23,680)	-	(27,863)
Impairment	-	-	-	(1,080)	(220)	(1,300)
Effect of foreign exchange differences	-	-	-	(11)	-	(11)
Balance at 30 June 2015	2,964	1,036	13,161	66,528	23,987	107,676

$1.4m of land is mortgaged under the Group's financing arrangements with Westpac.

A $19.7 million dollar impairment has been recognised with respect to the Company's mining rental assets due to the downturn in the mining industry and the resulting reduction in demand for construction workforce accommodation (2015: $1.3 million).

14 Goodwill

	2016 $ '000	2015 $ '000
Goodwill	**55,230**	61,761

Reconciliation of the carrying amount of Goodwill:

	2016 $ '000	2015 $ '000
Gross carrying amount		
Opening balance	**68,858**	64,431
Additional amounts recognised from business combination occurring during the period	**-**	4,425
Effect of foreign exchange differences	**(2)**	2
	68,856	68,858
Accumulated impairment		
Opening balance	**(7,097)**	(5,000)
Impairment loss in respect of caravan manufacturing CGU	**-**	(2,097)
Impairment loss in respect of canopies, trays and accessories CGU	**(6,529)**	-
	(13,626)	(7,097)

Individual cash-generating unit (CGU) allocations:

	2016 $ '000	2015 $ '000
Parts and accessories	**12,401**	12,401
Canopies, trays and accessories	**4,509**	11,040
Manufactured accommodation	**38,320**	38,320
	55,230	61,761

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 for a 5 year period using an estimated growth rate. The growth rate assumptions used in years 2-5 are: N/A (2015: 2.5%) for caravan manufacturing CGU, 2.5% (2015: 2.5%) for parts and accessories CGU, 2.5% (2015: 2.5%) for canopies, trays and accessories CGU and 2.5% (2015: 5%) for manufactured accommodation CGU. The terminal growth rate used for all CGUs is 2.5% (2015: 2.5%).

Discount rate assumptions utilised in the value-in-use calculations are: N/A (2015: 18.9%) for caravan manufacturing CGU, 17.8% (2015: 18.9%) for parts and accessories CGU, 17.8% (2015: 13.3%) for canopies, trays and accessories CGU and 9.65% (2015: 12.25%) for manufactured accommodation CGU. The discount rate recognises the risk factor applicable to the industry in which each CGU operates.

In respect of the Parts and Accessories CGU, the discount rate, foreign exchange rates and EBIT are considered to be key assumptions used in the value-in-use calculations. The cash flow projection for 2017 assumes an increase in annual EBIT from the CGU's actual 2016 greater than 2.5%. This is based on anticipated sales of new products and the effects of cost reduction initiatives on operating expenditures enacted in fiscal 2016. Otherwise, the projection for 2017 reflects stable profit margins achieved immediately before budget period.

If the 2017 cash flow projection were to be set using historic 2016 EBIT performance, with growth of 2.5% each year thereafter and all other inputs held constant, the CGU's carrying value would still exceed its recoverable amount. Continuing under this scenario, with all other inputs held constant, an increase to the post-tax discount rate from 12.42% to 13.20% would cause the CGU's recoverable amount to be equivalent to its carrying amount. Management has used the forecasts of industry specialists to determine the anticipated foreign exchange rates applied to overseas purchases in the forecasted periods. With all other inputs held constant, if the AUD were to weaken by approximately 2.5 cents to the USD when compared to the industry specialists' predictions, the CGU's recoverable amount would be equivalent to its carrying amount.

If management's assumptions for 2017 cash flows as described above were to be achieved, and maintaining steady growth of 2.5% for each period thereafter, the carrying amount would exceed the recoverable amount and no reasonable fluctuation in discounts rates, growth rates or exchange rates could cause the CGU's carrying amount to exceeds its recoverable amount.

Testing for impairment is carried out on an annual basis and whenever there is an indication of impairment. A $6.5 million impairment has been recorded against the goodwill of the canopies, trays and accessories CGU reflecting the challenging environment for Flexiglass (2015: Nil). In 2015 an impairment charge of $2.1m was recorded against the caravan manufacturing CGU. No impairment charge has been recorded since recognising goodwill except those mentioned. The recoverable amount of each CGU equals or exceeds the carrying amount of goodwill as at 30 June 2016.

15 Intangible assets

	2016 $ '000	2015 $ '000
Product development		
At cost	**289**	4,993
Accumulated amortisation	**(160)**	(1,932)
	129	3,061
Product development WIP		
At cost	**991**	2,105
	1,120	5,166

Reconciliation of the carrying amounts:

	2016 $ '000	2015 $ '000
Product development		
Cost		
Opening balance	**4,993**	4,684
Transferred from product development WIP	**505**	1,556
Additions	**238**	676
Disposals	**(422)**	(283)
Impairment	**(5,025)**	(1,640)
	289	4,993
Accumulated amortisation		
Opening balance	**1,932**	1,921
Amortisation charged for the year	**748**	1,250
Eliminated on disposal	**(423)**	(282)
Eliminated on impairment	**(2,097)**	(957)
	160	1,932
Product development WIP		
Carrying amount at beginning of year	**2,105**	2,081
Additions	**246**	1,977
Impairment	**(854)**	(397)
Transferred to product development	**(506)**	(1,556)
	991	2,105

Intangible assets have a useful life of 2 to 5 years

A $3.7 million impairment has been recorded against product development as those products had reached the end of their life cycle and no longer represent on-going value to the Company (2015: $1.6 million)

16 Trade and other payables

	2016 $ '000	2015 $ '000
Trade creditors	**27,506**	25,782
Payments in advance	**51**	166
Other creditors and accruals	**14,690**	17,724
	42,247	43,672

Payables include amounts for goods received not invoiced. Trade and other payables are non-interest bearing. The average credit period on purchases is 45 days.

Included in other creditors and accruals is $2.6 million of advances received from customers related to work not yet performed on construction contracts in progress at the end of the reporting period (2015: $6.2 million)

		2016	2015
		$ '000	$ '000

17 Provisions

		2016 $ '000	2015 $ '000
Current			
Employee benefits		**5,544**	5,593
Other		**12**	12
		5,556	5,605
Non-current			
Employee benefits		**1,177**	971
Aggregate employee benefits		**6,721**	6,564

Provisions for employee benefits represent accrued annual leave and long sevice leave entitlements. Based on past experience, the consolidated entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. Other provisions represent amounts required to remove asbestos from portable buildings and other costs associated with the discontinued operation.

18 Interest bearing liabilities

		2016 $ '000	2015 $ '000
Current - at amortised cost			
Bank loans - secured	19	**3,000**	62,500
		3,000	62,500

19 Financing arrangements

The consolidated entity has access to the following lines of credit:

		2016 $ '000	2015 $ '000
Facilities available			
Bank overdraft		**1,500**	-
Bank loans		**20,000**	70,000
Bank guarantees		**3,500**	5,000
Multi Option Facility		**25,000**	75,000

Under the terms of the Multi Option Facility, the consolidated entity is entitled to draw on any mix of commercial bill, bank guarantees, standby letter of credit or bank overdraft.

		2016 $ '000	2015 $ '000
Facilities utilised			
Bank loans	18	**3,000**	62,500
Bank guarantees		**1,438**	2,201
		4,438	64,701
Facilities not utilised			
Bank overdraft		**1,500**	-
Bank loans		**17,000**	7,500
Bank guarantees		**2,062**	2,799
		20,562	**10,299**

On 20 July 2015, Fleetwood sold the Osprey Village to the West Australian Housing Authority for $62.2m. The receivable created by the transaction has a term of 14 years and was subsequently assigned to its financier, Westpac for an upfront payment of $62.2m.

Bank loans
Bank loans are secured by a mortgage debenture over the assets of the consolidated entity and bear interest at the BBSY rate plus 0.875% (2015: 1.125%) plus a line fee of 0.875% (2015: 1.125%). The effective annual interest rate at the end of the financial year was 3.65% (2015: 3.22%).

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.

	2016 $ '000	2015 $ '000

20 Commitments

Operating lease commitments

Within one year	**7,293**	8,400
Between one and five years	**13,846**	7,238
Later than five years	**-**	-
	21,139	15,638

The Group has a number of non-cancellable operating lease arrangements for land and buildings with lease terms of between 1 to 5 years. The leases have varying terms and renewal rights. The majority of these lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have the option to purchase the property at the expiry of the lease period.

Operating lease receivables

Within one year	**6,080**	9,342
Between one and five years	**4,315**	-
Later than five years	**-**	-
	10,395	9,342

The Group has a number of non-cancellable operating lease arrangements for portable buildings and contracts for the provision of accommodation services. The leases have varying terms and renewal rights. The majority of these lease contracts contain market review clauses. The lessee does not have the option to purchase the property at the expiry of the lease period.

21 Other financial liabilities

Current

Derivatives not in designated hedge accounting relationships	**301**	-

The Group has entered into forward exchange contracts to hedge foreign currency risk on highly probable future purchases of inventory from overseas.

22 Share based payments

Employee plan

A scheme under which rights to acquire ordinary shares may be issued by the company to employees for no consideration was approved by shareholders at the 2014 annual general meeting. Employees who have been continuously employed by the group for at least one year are eligible to participate in the scheme. Employees will be issued shares in Fleetwood Corporation Limited upon the exercise of the rights. One third of the rights are exercisable 1 year from the date of issue and a further one third of the rights are exercisable in each of the next 2 years. One share right represents one Fleetwood Corporation Limited share. There are no voting 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.

Summary of movements:

Issue date	Weighted average share price at grant date $	Rights at beginning of year No.	Rights granted No.	Rights expired / forfeited No.	Rights exercised (shares issued) No.	Rights at end of year No.	Vested at end of year No.	Fair value (market value) of shares on exercise $
18/12/14	1.35							
2016		**72,600**	**-**	**(11,360)**	**(21,180)**	**40,060**	**-**	**29,758**
2015		-	284,700	(212,100)	-	72,600	-	-
08/09/15	1.44							
2016		**-**	**220,680**	**(187,080)**	**-**	**33,600**	**-**	**-**
2016		**72,600**	**220,680**	**(198,440)**	**(21,180)**	**73,660**	**-**	**29,758**
2015		-	284,700	(212,100)	-	72,600	-	-

22 Share based payments (continued)

Employee share rights granted have been valued at the volume weighted average price at which Fleetwood's share traded over five trading days commencing 1 September 2015 ($1.44).

Executive Plan

Long-term incentives in the form of shares received by the Managing Director, executives and key management personnel are determined in accordance with the provisions of the Executive Long Term Incentive plan (LTIP), which was approved by shareholders at the 2014 annual general meeting.

Under the plan, eligible directors, executives and key management personnel are invited to participate in a grant of shares or options through a trust established for the LTIP. The Company provides participants with an interest free, non-recourse loan for an amount equivalent to the price of the shares or options issued, for the sole purpose of acquiring units in the trust to which shares in the Company are allocated. The loans are repayable upon the eventual sale or transfer of the shares from the trust to the participant. The share units are restricted and subject to a risk of forfeiture until the end of the vesting period.

The number of shares granted is determined by the Board. The price of the shares issued is calculated using the Volume Weighted Average Price (**VWAP**) over the five days prior to the issue date.

The LTIP contains a gateway level of minimum performance below which no benefit accrues. The performance gateway is met where the Company's total shareholder return from grant to vesting date, equals or exceeds 15% p.a. and is equal to or greater than the ASX All Ordinaries Index.

Assuming the participant continues to be employed by Fleetwood and the performance hurdles are reached, the vesting dates for the shares are as follows: for one third of the shares, the date that is at least a minimum of 1 year after being granted; for two thirds of the shares, the date that is at least a minimum of 2 years after being granted; and for the balance of the shares, the date that is at least a minimum of 3 years after being granted.

In the event that a performance hurdle is not reached, or the value of the shares is less than the outstanding balance of the loan, or the participant ceases to be an employee for reasons other than death, illness and injury, the participant may surrender and forfeit the units in the trust to the Company in full settlement of the loan balance. The share units expire 5 years from the grant date. Until the shares vest, voting and dividend rights remain with the trustee.

Summary of movements:

Issue date	Weighted average share price at grant date	Share units at beginning of year	Share uints granted	Share units expired / forfeited	Share units exercised (shares issued)	Share units at end of year	Vested at end of year	Fair value (market value) of shares on exercise
	$	No.	No.	No.	No.	No.	No.	$
18/12/14	1.35							
2016		**360,000**	**-**	**(60,000)**	**-**	**300,000**	**102,000**	**-**
2015		-	360,000	-	-	360,000	-	-
18/12/15	1.22							
2016		**-**	**355,000**	**-**	**-**	**355,000**	**-**	**-**
2016		**360,000**	**355,000**	**(60,000)**	**-**	**655,000**	**102,000**	**-**
2015		-	360,000	-	-	360,000	-	-

Share units information:

Issue Date	Expiry Date	Vesting tranche	Volatility	Dividend yield	Risk free interest rate	Fair value at grant date	Exercise price	Weighted average share price at grant date	Weighted average share price at exercise date 2016	Weighted average share price at exercise date 2015
			%	%	%	$	$	$	$	$
18/12/14	18/12/19	1	47.57	3.20	2.40	0.43	1.35	1.35	-	-
		2	47.57	3.20	2.40	0.42	1.35	1.35	-	-
		3	47.57	3.20	2.40	0.39	1.35	1.35	-	-
18/12/15	18/12/20	1	50.21	3.20	1.73	0.46	1.22	1.22	-	-
		2	50.21	3.20	1.73	0.42	1.22	1.22	-	-
		3	50.21	3.20	1.73	0.37	1.22	1.22	-	-

The fair value at grant date for Executive shares units is determined using a Monte Carlo simulation model. The expected volatility is based on historical share price volatility over the past 5 years, and the risk free interest rate and dividend yield have been assessed based on prevailing market conditions. In addition, specific factors in relation to the likely achievement of performance hurdles and employment tenure have been taken into account.

22 Share based payments (continued)

Employee option plan

The group ceased offering options to its employees and now utilizes the rights plan approved at its 2014 AGM. Options under the old Employee option plan remain valid options with the same terms as they were issued.

Employees with more than 1 years service with the consolidated entity were granted options to purchase ordinary shares in Fleetwood Corporation Limited. No amounts are payable for the options. 50% of the options are exercisable 1 year from the date of issue and a further 25% are exercisable in each of the next 2 years. The options expire 5 years from the date of issue. There are no voting or dividend rights attaching to the options.

Summary of movements:

Issue date	Exercise price $	Options at beginning of year No.	Options granted No.	Options expired / forfeited No.	Options exercised (shares issued) No.	Options at end of year No.	Vested at end of year No.	Proceeds received on exercise $	Fair value (market value) of shares on exercise $
31/10/09	6.00								
2015		166,457	-	(166,457)	-	-	-	-	-
31/10/10	8.02								
2016		**237,031**	**-**	**(237,031)**	**-**	**-**	**-**	**-**	**-**
2015		279,199	-	(42,168)	-	237,031	237,031	-	-
02/09/11	8.68								
2016		**255,156**	**-**	**(39,639)**	**-**	**215,517**	**215,517**	**-**	**-**
2015		300,133	-	(44,977)	-	255,156	255,156	-	-
29/08/12	9.39								
2016		**303,400**	**-**	**(46,960)**	**-**	**256,440**	**256,440**	**-**	**-**
2015		366,640	-	(63,240)	-	303,400	227,550	-	-
30/08/13	2.56								
2016		**416,050**	**-**	**(66,800)**	**-**	**349,250**	**261,938**	**-**	**-**
2015		509,050	-	(93,000)	-	416,050	208,025	-	-
2016		**1,211,637**	**-**	**(390,430)**	**-**	**821,207**	**733,895**	**-**	**-**
2015		1,621,479	-	(409,842)	-	1,211,637	927,762	-	-
Weighted average exercise price ($)									
2016		**6.63**	**N/A**	**7.32**	**N/A**	**6.30**	**6.74**		
2015		6.53	N/A	6.24	N/A	6.63	7.31		

Options information:

Issue Date	Expiry Date	Option life Years	Volatility %	Dividend yield %	Risk free interest rate %	Fair value at grant date $	Exercise price $	Share price at grant date $	Weighted average share price at exercise date 2016 $	Weighted average share price at exercise date 2015 $
31/10/09	30/10/14	5	50.00	8.54	4.53	2.09	6.00	7.57	-	-
31/10/10	30/10/15	5	40.00	6.14	4.50	4.03	8.02	10.02	-	-
02/09/11	01/09/16	5	35.69	6.18	4.50	2.53	8.68	10.66	-	-
29/08/12	28/08/17	5	35.80	7.59	2.77	2.31	9.39	11.78	-	-
30/08/13	30/08/18	5	45.03	3.64	2.54	0.90	2.56	3.10	-	-

22 Share based payments (continued)

Executive option plan

The previous Executive option plan has been replaced by the Executive Long Term Incentive Plan as approved at the 2014 AGM. Options issued under the old Executive option plan remain valid options with the same terms as they were issued.

Executives are granted options to purchase ordinary shares in Fleetwood Corporation Limited. No amounts are payable for the options. For options issued prior to 1 July 2012, one third of the options are exercisable after the 30 June subsequent to the date of issue, a further one third of the options are exercisable in each of the next 2 years. Options issued after 1 July 2012 vest three years from the issue date. The options are only exercisable if the company's total shareholder return equals or exceeds 15% p.a. compounded from the inception of the plan (1999) and is equal to or greater than the ASX300 All Industrials Accumulation Index. The options expire 5 years from the date of issue. There are no voting or dividend rights attaching to the options.

Summary of movements:

Issue date	Exercise price	Options at beginning of year	Options granted	Options expired / forfeited	Options exercised (shares issued)	Options at end of year	Vested at end of year	Proceeds received on exercise	Fair value (market value) of shares on exercise
	$	No.	No.	No.	No.	No.	No.	$	$
31/10/09	6.00								
2015		16,000	-	(16,000)	-	-	-	-	-
31/10/10	8.02								
2016		**81,666**	**-**	**(81,666)**	**-**	**-**	**-**	**-**	**-**
2015		101,666	-	(20,000)	-	81,666	81,666	-	-
02/09/11	8.68								
2016		**96,775**	**-**	**(57,604)**	**-**	**39,171**	**39,171**	**-**	**-**
2015		131,337	-	(34,562)	-	96,775	96,775	-	-
20/02/13	10.57								
2016		**130,000**	**-**	**(65,000)**	**-**	**65,000**	**65,000**	**-**	**-**
2015		190,000	-	(60,000)	-	130,000	-	-	-
30/08/13	2.88								
2016		**270,000**	**-**	**(130,000)**	**-**	**140,000**	**-**	**-**	**-**
2015		350,000	-	(80,000)	-	270,000	-	-	-
2016		**578,441**	**-**	**(334,270)**	**-**	**244,171**	**104,171**	**-**	**-**
2015		789,003	-	(210,562)	-	578,441	178,441	-	-
Weighted average exercise price ($)									
2016		**6.30**	**N/A**	**6.63**	**N/A**	**5.86**	**9.86**		
2015		6.42	N/A	6.75	N/A	6.30	8.38		

Options information:

Issue Date	Expiry Date	Option life Years	Volatility %	Dividend yield %	Risk free interest rate %	Fair value at grant date $	Exercise price $	Share price at grant date $	Weighted average share price at exercise date 2016 $	Weighted average share price at exercise date 2015 $
31/10/09	30/10/14	5	50.00	8.54	4.53	2.09	6.00	7.57	-	-
31/10/10	30/10/15	5	40.00	6.14	4.50	2.43	8.02	10.02	-	-
02/09/11	01/09/16	5	35.69	6.18	4.50	2.53	8.68	10.66	-	-
20/02/13	19/02/18	5	35.39	7.59	2.85	1.15	10.57	9.66	-	-
30/08/13	30/08/18	5	45.03	3.64	3.68	1.40	2.88	3.10	-	-

Employee and Executive share options outstanding at the end of the financial year had a weighted average remaining contractual life of 517 days.

22 Share based payments (continued)

The grant date weighted average fair value of options in existence at reporting date is:

- Options issued in 2011: $3.24 per option
- Options issued in 2012: $2.50 per option
- Options issued in 2013: $1.57 per option
- Options issued in 2014: $0.67 per option

Employee Options were valued using the Black-Scholes option pricing model. The expected life used in the model has been adjusted based on management's best estimate of the effects of exercise restrictions and behavioral considerations. The expected volatility is based on historical share price volatility over the past 5 years, and the risk free interest rate and dividend yield have been assessed based on prevailing market conditions.

Executive Options were valued using a Monte Carlo simulation model. The expected volatility is based on historical share price volatility over the past 5 years, and the risk free interest rate and dividend yield have been assessed based on prevailing market conditions.

23 Issued capital

	2016	2015
	$ '000	$ '000
Issued and paid-up capital		
61,039,412 (2015: 61,039,412) ordinary shares, fully paid	**195,079**	194,762

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

	2016		2015	
	# Shares	**$ '000**	# Shares	$ '000
Movements in ordinary share capital				
Balance at beginning of year	**61,039,412**	**194,762**	60,581,211	194,096
Equity settled share-based payments	**-**	**317**	-	468
Shares issued pursuant to Dividend Reinvestment Plan	**-**	**-**	98,201	198
Shares issued pursuant to Employee and Executive Option Plans	**-**	**-**	360,000	-
Balance at the end of year	**61,039,412**	**195,079**	61,039,412	194,762

Ordinary shares are allotted under the dividend reinvestment plan at a discount to the weighted average price of ordinary shares sold on the ASX over the period of 5 business days up to and including the record date. The current discount is 2.5% (2015: 2.5%).

At 30 June 2016, employees held options over 821,207 ordinary shares of the Company, of which 215,517 will expire on 1 September 2016. At 30 June 2015, employees held options over 1,211,637 ordinary shares of the Company, of which 237,031 expired on 30 October 2015.

At 30 June 2016, employees held rights over 73,500 ordinary shares of the Company. The rights do not have an expiry date. (2015: 72,600). At 30 June 2016, executives held options over 244,171 ordinary shares of the Company, of which 39,171 will expire on 1 September 2016. At 30 June 2015, executives held options over 578,441 ordinary shares of the Company, of which 81,666 expired on 30 October 2015.

24 Reserves (net of income tax)

Foreign currency translation reserve		
Balance at beginning of year	**(257)**	(219)
Translation of foreign operations	**13**	(38)
	(244)	(257)

Reserves relate to exchange differences on the translation of self-sustaining foreign operations.

25 Retained earnings

	2016 $ '000	2015 $ '000
Balance at beginning of year	**19,496**	20,532
(Loss) profit attributable to members of the parent entity	**(28,004)**	176
Dividends recognised	**-**	(1,212)
	(8,508)	19,496

26 Auditors' remuneration

	2016 $ '000	2015 $ '000
Audit services	**130**	79
Other services - taxation and accounting assistance	**6**	9
	136	88

The auditor of Fleetwood Corporation Limited is Grant Thornton.

27 Deed of cross guarantee

Pursuant to an ASIC Class Order 98/1418 dated 13 August 1998, relief was granted to the wholly owned subsidiaries listed below from the requirement to prepare, have audited and lodge financial reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor, payment in full of any debt in the event of winding up of any subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Law, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

Subsidiaries subject to the deed are:

Bocar Pty Ltd (formerly Bendigo Re-locatable Buildings Pty Ltd)
BRB Modular Pty Ltd
Camec Pty Ltd
Fleetwood Recreational Vehicles Pty Ltd
Fleetwood Finance (WA) Pty Ltd
Fleetwood Pty Ltd
Flexiglass Challenge Pty Ltd
Windsor Caravans Pty Ltd

A consolidated statement of financial performance and financial position comprising the Company and its subsidiaries, which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee is set out on the following page:

27 Deed of cross guarantee (continued)

Statement of profit or loss and other comprehensive income

	2016 $ '000	2015 $ '000
Continuing operations		
Sales revenue	**281,498**	267,505
Other income	**1,259**	570
Materials used	**(105,737)**	(92,047)
Sub-contract costs	**(75,311)**	(68,181)
Employee benefits expense	**(55,538)**	(57,668)
Operating leases	**(9,761)**	(10,265)
Other expenses	**(25,789)**	(23,173)
Profit before interest, tax, depreciation and amortisation and impairment	**10,621**	16,741
Depreciation and amortisation expense	**(9,222)**	(12,165)
Profit before interest, tax and impairment	**1,399**	4,576
Impairment of non-current assets	**(10,312)**	(2,097)
(Loss) Profit before interest and tax	**(8,913)**	2,479
Finance costs	**(3,733)**	(3,959)
Loss before income tax expense for the year	**(12,646)**	(1,480)
Income tax expense	**2,470**	170
Loss from continuing operations for the year	**(10,176)**	(1,310)
Discontinued operations		
(Loss) Profit from discontinued operation	**(16,985)**	1,776
Total (loss) profit and other comprehensive income for the year	**(27,161)**	466

27 Deed of cross guarantee (continued)

Statement of financial position

	2016 $ '000	2015 $ '000
Current assets		
Cash and cash equivalents	**5,805**	6,121
Trade and other receivables	**39,566**	95,211
Inventories	**47,296**	43,179
Other financial assets	**-**	206
Non-current assets held for sale	**25,839**	-
Total current assets	**118,506**	144,717
Non-current assets		
Trade and other receivables	**427**	-
Investments	**66**	88
Property, plant and equipment	**45,649**	107,457
Goodwill	**55,256**	61,786
Intangible assets	**1,120**	5,166
Deferred tax assets	**14,146**	4,830
Total non-current assets	**116,664**	179,327
Total assets	**235,170**	324,044
Current liabilities		
Trade and other payables	**41,296**	43,152
Interest bearing liabilities	**3,000**	62,500
Tax liabilities	**-**	900
Provisions	**5,521**	5,575
Other financial liabilities	**301**	-
Total current liabilities	**50,118**	112,127
Non-current liabilities		
Provisions	**1,177**	971
Total non-current liabilities	**1,177**	971
Total liabilities	**51,295**	113,098
Net assets	**183,875**	210,946
Equity		
Issued capital	**195,073**	194,760
Reserves	**(244)**	(257)
Retained earnings	**(10,954)**	16,443
Total equity	**183,875**	210,946

28 Financial instruments

Capital management

The Group manages capital to ensure it will be able to continue as a going concern, while maximising returns to shareholders through optimisation of debt and equity balances. The categories of financial instruments of the entity are apparent from the statement of financial position. The Group's overall strategy remains unchanged since 2015.

The capital structure of the Group includes borrowings and related repayment terms (as detailed in note 18), cash and cash equivalents (as detailed in note 8) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings (as detailed in notes 23, 24 and 25).

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

The group has requirements imposed by its financier pertaining to gearing ratio, shareholders' funds and interest cover.

28 Financial instruments (continued)

Financial risk management objectives

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

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

Foreign currency risk management

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

Foreign exchange sensitivity analysis to a 10% movement in the Australian Dollar

	- 10%				+ 10%			
	USD	**Euro**	**Renminbi**	**Total**	**USD**	**Euro**	**Renminbi**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
2016 Profit	**(1,212)**	**(449)**	**(104)**	**(1,765)**	**1,212**	**449**	**104**	**1,765**
2015 Profit	(720)	(197)	(42)	(958)	720	197	42	958
2016 Equity	**(1,212)**	**(449)**	**(104)**	**(1,765)**	**1,212**	**449**	**104**	**1,765**
2015 Equity	(720)	(197)	(42)	(958)	720	197	42	958

Forward foreign exchange contracts

Group policy is to enter into forward foreign exchange contracts to manage the risk associated with anticipated purchases denominated in foreign currency. Anticipated purchases are assessed out to twelve months from the date the contract is entered into, with 40-80% of the anticipated exposure covered. Basis adjustments are made to the carrying amounts of non-financial items when the anticipated purchase transaction takes place.

Outstanding contracts	**Average exchange rate**		**Foreign Currency**		**Notional Value**		**Fair Value**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$	$	**FC '000**	FC '000	**$ '000**	$ '000	**$ '000**	$ '000
Buy USD								
Less than 3 months	**0.74**	0.77	**4,548**	3,110	**6,134**	4,057	**(142)**	96
3 to 6 months	**0.74**	0.76	**2,019**	2,399	**2,733**	3,144	**14**	69
6 to 12 months	**0.74**	-	**2,433**	-	**3,306**	-	**4**	-
Buy Euro								
Less than 3 months	**0.66**	0.68	**1,762**	717	**2,655**	1,047	**(72)**	25
3 to 6 months	**0.66**	0.68	**875**	640	**1,321**	940	**(24)**	15
6 to 12 months	**0.66**	-	**1,000**	-	**1,524**	-	**(39)**	-
Buy Renminbi								
Less than 3 months	**4.70**	4.78	**2,768**	980	**589**	205	**(30)**	-
3 to 6 months	**4.95**	4.77	**1,218**	960	**246**	201	**(4)**	-
6 to 12 months	**4.97**	-	**2,100**	-	**423**	-	**(8)**	-
							(301)	205

During 2016 a loss of $301,000 was recognised in profit and loss pertaining to forward exchange contracts (2015: $205,000 gain).

28 Financial instruments (continued)

Interest rate risk management

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

Interest rate sensitivity analysis to interest rate risk

		- 75 bps		+ 75 bps	
	Carrying amount $ '000	**Profit $ '000**	**Equity $ '000**	**Profit $ '000**	**Equity $ '000**
Financial assets					
Cash and cash equivalents - 2016	**6,116**	**(46)**	**(46)**	**46**	**46**
- 2015	6,634	(50)	(50)	50	50
Financial liabilities					
Borrowings - 2016	**3,000**	**23**	**23**	**(23)**	**(23)**
- 2015	62,500	469	469	(469)	(469)
2016		**(23)**	**(23)**	**23**	**23**
2015		419	419	(419)	(419)

Credit risk management

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

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

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk framework for the management of short, medium and long-term funding. Liquidity risk is managed by maintaining adequate reserves and banking facilities, by monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. Note 19 lists unused facilities that the Group has at its disposal to reduce liquidity risk. The remaining contractual maturities of the Group are:

- 3 months or less: Trade and other payables as disclosed at Note 16. Trade and other payables do not attract an interest charge and are expected to be settled within 60 days of year end.
- 3 months or less: Bank Loans as disclosed at Note 19. Weighted average interest rate 4.18% (2015: 3.22%). Loans are expected to be settled within three months of year end.

There were no contractual maturities greater than 12 months as at 30 June 2016

Fair value of financial assets and liabilities

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

	Fair value as at		**Fair value Hierarchy**	**Valuation technique and key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
	2016	2015				
Financial assets Foreign currency forward contracts	Nil	$205,925	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract forward rates, discounted to their present value.	N/A	N/A
Financial liabilities Foreign currency forward contracts	$300,779	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.	N/A	N/A

29 Notes to the consolidated statement of cash flows

29.1 Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

	2016 $ '000	2015 $ '000
Operating (loss) profit after income tax	**(28,004)**	176
Items classified as investing activities:		
Loss on sale of non-current assets	**95**	140
Non-cash items:		
Equity settled share-based payments	**317**	468
Depreciation and amortisation expense - continuing operations	**9,305**	12,318
Depreciation and amortisation expense - discontinued operations	**9,795**	16,795
Written down value of rental fleet sold	**5,813**	6,313
Impairment of plant and equipment	**19,680**	1,300
Impairment of intangible assets	**3,782**	1,080
Impairment of goodwill	**6,529**	2,097
Changes in assets and liabilities during the year:		
(Increase) decrease in inventories	**(4,046)**	45,003
Decrease (increase) in trade and other receivables	**55,142**	(49,543)
(Decrease) increase in other financial assets	**(206)**	155
(Decrease) increase in trade and other payables	**(1,425)**	5,819
Increase (decrease) in provisions	**157**	(403)
(Decrease) increase in income taxes payable	**-**	1,014
Increase in deferred taxes receivable	**(10,258)**	(426)
Increase (decrease) in other financial liabilities	**301**	(139)
Net cash provided by operating activities	**66,977**	42,167

29.2 Non-cash financing and investing activities

No dividends were reinvested in the Company during the reporting period. In the prior year, dividends of $197,584 were reinvested in the Company as 98,201 fully paid ordinary shares pursuant to the Dividend Reinvestment Plan.

The Company received dividends of $14,312,390 (2015: $12,047,591) from controlled entities by way of an increase in controlled entities loan accounts.

30 Contingent liabilities

Under the terms of the Deed of Cross Guarantee, the Company has guaranteed the repayment of all current and non-current liabilities totalling $51,295,220 (2015: $113,098,184) in the event any of the entities which are party to the Deed are wound up.

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

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

31 Particulars relating to controlled entities

Fleetwood Corporation Limited (Ultimate parent entity)

Controlled entities	Place of Incorporation	Principal Activities	Interest held (%) 2016	2015
Bocar Pty Ltd (formerly Bendigo Re-locatable Buildings Pty Ltd)	Australia	Dormant (Bocar products are traded through Flexiglass Challenge Pty Ltd)	100	100
BRB Modular Pty Ltd	Australia	Accommodation solutions provider to the resources, education and affordable housing sectors.	100	100
Camec Pty Ltd	Australia	Manufacturer and distributor of parts and accessories to the recreational vehicles industry.	100	100
Fleetwood Recreational Vehicles Pty Ltd	Australia	Manufacturer of caravans, pop-tops and campers distributed through a national dealer network.	100	100
Fleetwood Pty Ltd	Australia	Accommodation solutions provider to the resources, education and affordable housing sectors.	100	100
Fleetwood Finance (WA) Pty Ltd	Australia	Dormant	100	100
Flexiglass Challenge Pty Ltd	Australia	Distributor of canopies and trays for commercial vehicles.	100	100
Windsor Caravans Pty Ltd	Australia	Dormant	100	100
Flexiglass Challenge Industries (NZ) Limited	New Zealand	Dormant	100	100
Camec NZ Limited	New Zealand	Manufacturer and distributor of parts and accessories to the recreational vehicles industry.	100	100

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

32 Related parties

Directors

The names of each person holding the position of Director of Fleetwood Corporation Limited during the financial year were P Gunzburg, M Hardy, G Tate, J Bond, B Denison. Details of directors' remuneration is set out in the Remuneration Report contained in the Directors' Report.

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

Directors of the Company or its controlled entities may purchase goods from the consolidated entity. These purchases are on the same terms and conditions as those entered into by other consolidated entity employees.

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

Key management personnel

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

	2016	2015
	$	$
Short-term employee benefits	**2,556,902**	2,262,070
Post-employment benefits	**183,131**	160,706
Other long term benefits	**45,337**	73,971
Share-based payments	**81,272**	97,833
	2,866,642	2,594,580

Transactions between Fleetwood Corporation and its related parties

During the financial year subsidiaries of the parent company made dividend payments totaling $14,321,390 (2014: $12,047,591) to the parent entity. Non-current loans totaling $178,584,357 (2014: $254,176,873) repayable to the parent are outstanding at reporting date.

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

33 Parent entity disclosures

		2016 $ '000	2015 $ '000
33.1 Financial position			
Assets			
Current assets		**6,317**	6,363
Non-current assets		**180,873**	273,124
Total assets		**187,190**	279,487
Liabilities			
Current liabilities		**572**	65,201
Non-current liabilities		**547**	573
Total liabilities		**1,119**	65,774
Equity			
Issued capital		**195,079**	194,762
Retained earnings		**(9,009)**	18,951
Total equity		**186,070**	213,713
33.2 Financial performance			
Profit for the year		**9,790**	6,875
Other comprehensive income		**-**	-
Total comprehensive income		**9,790**	6,875
33.3 Guarantees entered into by the parent entity in relation to debts of its subsidiaries	**Note**		
Guarantee provided under the deed of cross guarantee	30	**51,295**	113,098
33.4 Commitments			
Operating lease commitments			
Within one year		**338**	405
One year or later and no later than five years		**583**	239
Later than five years		**-**	-
		921	644

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

Under the terms of the Deed of Cross Guarantee, the Company has guaranteed the repayment of all current and non-current liabilities totaling $51,295,220 (2015: $113,098,184) in the event any of the entities which are party to the Deed are wound up.

The parent entity had no other contingent liabilities as at 30 June 2016 (2015: nil).

34 Discontinued operation

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.

	2016	2015
	$ '000	$ '000
34.1 Financial performance		
Revenue	**12,524**	29,179
Impairment	**(19,680)**	-
Expenses	**(17,108)**	(26,641)
(Loss) profit from discontinued operation before income tax	**(24,264)**	2,538
Attributable income tax benefit (expense)	**7,279**	(761)
(Loss) Profit from discontinued operation after income tax	**(16,985)**	1,777
34.2 Cashflow information		
Net cash inflows from operating activities	**9,729**	29,267
Net cash outflows from investing activities	**(2,596)**	(28,903)
Net cash inflow (outlfow) from discontinued operations	**7,133**	(364)
34.3 Loss per share from discontinued operations		
Basic earnings per share (cents)	(27.8)	2.9
Diluted earnings per share (cents)	(27.8)	2.9

Revenue relates to the rental of portable buildings to the resource sector.

35 Business Combination

30 June 2016

There was no business combination event during the reporting period.

30 June 2015

Fleetwood Corporation Limited entered into an agreement to purchase the assets of Bocar Pty Ltd (Bocar) on 12 August 2014.

Bocar was established over 25 years ago and is today a leading New South Wales based aluminium tray and accessory distributer to the automotive sector. The acquisition provides Fleetwood subsidiary Flexiglass with increased scale in New South Wales.

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

	Carrying Value $ '000	Fair value recognised $ '000
Property, plant and equipment	89	89
Inventory	251	251
Total Assets	**340**	**340**
Fair value of identifiable net assets acquired	**340**	**340**

Book value of net assets (including working capital and plant and equipment)	340
Goodwill	4,425
Acquisition cost	**4,765**

There were no liabilities assumed as part of the transaction

Cash paid	4,765
Direct costs relating to the acquisition (recorded in the income statement)	150
Net consolidated cash outflow	**4,915**

The cash flow on acquisition is as follows:

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

The consideration paid for the combination included amounts in relation to the benefit of expected synergies, future market growth, customer relationships and assembled workforce of Bocar. Fair values of identifiable intangibles have not been determined at the date of this report for the reasons outlined above.

The acquired business contributed revenues of $3,136,435 and net profit after tax of $704,479 (excluding incremental interest) to the Group for the period 12 August 2014 to 30 June 2015. Had Bocar been acquired at 1 July 2014, Group revenue would have been $302,365,079, and the profit attributable to members of the parent entity would have been $276,306. The directors have determined these 'pro-forma' numbers to represent an approximate measure of the performance of the group on an annualised basis.

In determining the 'pro-forma' revenue and profit of the Group had Bocar been acquired at 1 July 2014, the directors have extrapolated the revenue and earnings for Bocar for the period from acquisition date to 30 June 2015 over a 12 month period, and added them to the revenues and profits of the remainder of the group for the year.

36 Significant events after the reporting period

There were no material events subsequent to the reporting period.

Directors' Report

Fleetwood Corporation Limited

The Directors of Fleetwood Corporation Limited present their report for the year ended 30 June 2016.

Directors and Officers

The names, qualifications, experience, special responsibilities, current and previous directorships for the last 3 years of the Directors who are in office at the date of the report are disclosed on page 5 of this Annual Report.

During the reporting period Mr. John Bond, and Mr. Peter Gunzburg were directors of the Company. On 24 August 2016, Mr. Bond resigned as a non-executive director of the Company. Mr. Bond was appointed to the Board in March 2013. On 27 November 2015 Mr. Gunzburg resigned as a non-executive director of the Company. Mr. Gunzburg served as a non-executive director of the Company for 13 years.

Principal Activities

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

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

As at 1 March 2016, the manufactured accommodation business segments were reviewed, and the Board resolved to discontinue its resource sector rental operation. Further information regarding the discontinuance is disclosed in note 34 to the financial statements.

Operations

A review of operations for the year is contained in the Managing Director's Review. Results of operations for the year are contained in the Financial Report.

Financial Position

A summary of the financial position of the Group is disclosed on page 4 of this Annual Report.

State of Affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity.

Significant Events After the Reporting Period

There were no significant events which occurred after the reporting period.

Future Developments

The consolidated entity will continue to pursue increasing both profitability and market share in its major business sectors. Further information as to likely developments and expected future results are disclosed in the Managing Director's Review.

Dividends

No interim or final dividend was declared or paid with respect to the year ended 30 June 2016.

Share Options

Details of all share based payment arrangements in existence at 30 June 2016 and unissued shares the subject of options at the date of this Annual Report and shares issued pursuant to the exercise of options during or since the end of the year are disclosed in note 22 to the financial statements. No options have been issued subsequent to year end. 254,688 options have been forfeited subsequent to year end. Details of unissued shares the subject of options as at the date of this report are outlined below.

Employee Options

Issue date	**29/08/2012**	**30/08/2013**
Total unissued shares under option	249,550	339,750
Exercise price ($)	9.39	2.56
Expiry date	29/08/2017	30/08/2018

Executive Options

Issue date	**20/02/2013**	**30/08/2013**
Total unissued shares under option	65,000	140,000
Exercise price ($)	10.57	2.88
Expiry date	20/02/2018	30/08/2018

The Employee and Executive Option Plans have been replaced by long term incentive share plans, approved by shareholders at the 2014 annual general meeting. Since that time, no options have been issued to employees or executives pursuant to those plans. With respect to the above options no voting or dividend rights attach to the options. Details of options previously granted to Directors, executives and key management personnel are contained in note 22 to the financial statements and in the Remuneration Report.

Indemnification of Directors and Officers

The Company has indemnified current and former Directors and officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Director or officer of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums in this regard relate to costs and expenses incurred by the relevant Directors and officers in defending proceedings, whether civil or criminal and whatever their outcome and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

Directors', Audit Committee and Remuneration Committee Meetings

Number of Board, Audit Committee and Remuneration Committee meetings held and attended by each Director of the Company during the financial year are as follows:

	Board		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Peter Gunzburg	8	8	1	1	1	1
Michael Hardy	15	14	1	1	1	1
Greg Tate	15	15	1	1	1	1
John Bond	15	15	1	1	1	1
Brad Denison	15	15	1	1*	1	1*

*By invitation of the Audit Committee and Remuneration Committee

Directors' Shareholdings

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

	Number of shares	Number of share units	Number of options
Phillip Campbell	-	-	-
Michael Hardy	16,975	-	-
Greg Tate	6,581,271	-	-
John Bond	20,000	-	-
Brad Denison	45,464	370,000	150,000

Remuneration Report (audited)

The Remuneration Committee is responsible for determining the remuneration of Board members, executives and key management personnel.

During the year the Remuneration Committee reviewed:

- conditions of service and remuneration of the Directors, executives, and key management personnel;
- remuneration policies of the Group;
- proposals for new issues under, or changes to, the Company's long and short term incentive plans;
- succession plans for senior management; and
- other related matters.

The remuneration of non-executive directors is determined by the Board upon recommendation by the Remuneration Committee, within the aggregate limits approved by shareholders. Non-executive directors are not entitled to participate in the Fleetwood short or long term incentive plans. The remuneration arrangements of executive directors, executives and key management personnel is determined by the Remuneration Committee.

When considering remuneration arrangements for executives and key management personnel the Remuneration Committee seeks to ensure that the remuneration arrangements motivate the recipient to pursue the short and long term performance objectives of the Company. It does this by ensuring that there is a clear relationship between Company performance and remuneration by striking an appropriate balance between fixed and variable ('at risk') remuneration.

The proportion of fixed and variable remuneration is based on available market data for comparable roles, the capacity of the individual to influence the overall outcome of Company operations and return to shareholders. When considering the fixed component of remuneration, the Remuneration Committee will take into account the person's responsibilities, qualifications and experience. When considering the variable component of remuneration, the Remuneration Committee considers the capacity of the individual to affect profit earned by the Company and the individual's performance against key responsibilities, key competencies and period specific objectives. The variable remuneration includes short-term incentives in the form of cash payments and long-term incentives in the form of shares, which are subject to performance hurdles and vesting provisions.

Short Term Incentive Plan

Short-term incentives received by the Managing Director, executives and key management personnel are determined in accordance with the provisions of the Fleetwood Short Term Incentive Plan (STIP). Fleetwood's STIP was revised in the 2015 financial year such that it only rewards exceptional performance. The STIP is designed to put a meaningful proportion of the participant's remuneration at risk, to be delivered upon the achievement of targets linked to the Company's annual business objectives.

The STIP is linked to the Company's annual business objectives through the incorporation of company specific qualifying gates. A participant will only qualify for a STIP payment if the qualifying gates are satisfied. Qualifying gates are met if, the Company or operating company the participant is employed by or manages (i) passes an independent internal safety audit, achieving at least at a 90% rating; and (ii) achieves at least 90% of budget Earnings Before Interest and Tax (EBIT) for the financial year. Once the gates have been met a review of the performance measures is undertaken to determine if exceptional performance has been demonstrated.

Remuneration Report (continued)

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

Non-financial metrics are based on performance against individual targets. Individual performance targets are derived from position descriptions, key responsibilities, key competencies and period specific objectives which are in turn aligned with key business strategies identified annually during the business planning process. Financial performance targets are derived from budgeted or forecast EBIT above the qualifying gate which is considered an appropriate measure of the Company's profitability.

Depending on the participant and their role within the Group, some targets may be restricted to the operating company in which the participant is employed, or expanded to include the Group as a whole. Financial targets are expressed as a range over which performance will be measured. The standard range is 100% to 125% of the applicable budget. The maximum amount a participant can earn through the STIP is capped at a percentage of the participant's Annual Fixed Remuneration (AFR). STIP percentage caps as determined by the Remuneration Committee applicable to the Managing Director, executives and key management personnel are noted below.

	Maximum STIP as % of AFR
Brad Denison	50%
Jarrod Waring	40%
Giles Everest	40%
Manuel Larre	40%
Peter Naylor	40%

In order for a payment under the STIP to be made, the qualifying gate must be satisfied and the participant must: meet the minimum financial and non-financial performance measures, be an employee at the time the payment is to be made, and not have tendered their resignation at the time the payment is made.

The Remuneration Committee is of the opinion that the STIP appropriately aligns executive remuneration with shareholder wealth generation.

Executive Share Plan

Long-term incentives in the form of shares received by the Managing Director, executives and key management personnel are determined in accordance with the provisions of the Executive Long Term Incentive plan (LTIP), which was approved by shareholders at the 2014 annual general meeting The objective of this plan is to retain and reward the Managing Director, executives and key management personnel and to align their long term interests with those of shareholders.

Under the plan, eligible directors, executives and key management personnel are invited to participate in a grant of shares or options through a trust established for the LTIP. The Company provides participants with an interest free, non-recourse loan for an amount equivalent to the price of the shares or options issued, for the sole purpose of acquiring units in the trust to which shares in the Company are allocated. The loans are repayable upon the eventual sale or transfer of the shares from the trust to the participant. The share units are restricted and subject to a risk of forfeiture until the end of the vesting period.

The number of shares granted is determined by the Board with reference to the participant's performance over the immediately preceding financial year, the Group's financial performance and shareholder wealth generation. The price of the shares issued is calculated using the Volume Weighted Average Price (**VWAP**) over the five days prior to the issue date.

The LTIP contains a gateway level of minimum performance below which no benefit accrues. The performance gateway is met where the Company's total shareholder return from grant to vesting date, equals or exceeds 15% p.a. and is equal to or greater than the ASX All Ordinaries Index. The Remuneration Committee considers that the use of this index provides an external benchmark that enables a comparison of the Company's TSR performance to that of a broad group of diverse companies. Such a comparison reduces sensitivity to the performance of a particular competitor or the influence of cyclical industry specific factors.

Assuming the participant continues to be employed by Fleetwood and the performance hurdles are reached, the vesting dates for the shares are as follows: for one third of the shares, the date that is at least a minimum of 1 year after being granted; for two thirds of the shares, the date that is at least a minimum of 2 years after being granted; and for the balance of the shares, the date that is at least a minimum of 3 years after being granted.

In the event that a performance hurdle is not reached, or the value of the shares is less than the outstanding balance of the loan, or the participant ceases to be an employee for reasons other than death, illness and injury, the participant may surrender and forfeit the units in the trust to the Company in full settlement of the loan balance. The share units expire 5 years from the grant date. Until the shares vest, voting and dividend rights remain with the trustee.

Up until the implementation of the LTIP, eligible directors, executives and key management persons participated in the Executive Option Plan. The options granted pursuant to that plan are noted in this Report, and that plan will remain in effect until all granted options have been exercised, fortified or have expired.

Executive Option Plan

Long-term incentives in the form of options received by eligible directors, senior executives and key management personnel were determined in accordance with the provisions of the old Executive Option Plan. The objective of that plan was to retain and reward eligible directors, executives and key management personnel and to align their long term interests with those of shareholders.

Invitation to participate in the plan was at the discretion of the Board, however participants generally needed to be employed in an executive or key management position for a minimum period of two years before such invitation was extended.

Under the plan, participants were granted options to purchase ordinary shares in Fleetwood. The number of options granted was determined by the Board with reference to the participant's individual performance over the immediately preceding financial year, the Group's financial performance and shareholder wealth generation. No amounts were payable for the options, and each option entitles the holder to subscribe for one ordinary share upon exercise. Assuming the participant continues to be employed by Fleetwood and the

Remuneration Report (continued)

performance hurdles are reached, for options issued after 1 July 2012 100% of the issued options vest on the third anniversary of the grant date, and for options issued prior to 1 July 2012, one third of the options vest after 30 June subsequent to the date of issue, afurther one third of the options vest over each of the next 2 years. The exercise price of the options was calculated using the Volume Weighted Average Price (**VWAP**) of the shares over the five days prior to the issue date. The maximum discount that could be applied to the VWAP was 10%.

The options are only exercisable if the company's total shareholder return equals or exceeds 15% p.a. compounded from the inception of the plan and is equal to or greater than the ASX 300 All Industrials Accumulation Index. In the event that a performance hurdle is not reached, the options do not vest.

If the participant ceases to be an employee for reasons other than death, illness, injury, the attainment of the normal age of retirement or for other reasons approved by the Board, the options lapse and terminate. The options expire 5 years from the date of issue. There are no voting or dividend rights attaching to the options.

Movements in shareholder wealth for the five years to 30 June 2016:

	2012	**2013**	**2014**	**2015**	**2016**
Share price at start of year ($)	11.33	11.74	3.60	2.33	1.37
Share price at end of year ($)	11.74	3.60	2.33	1.37	1.91
Dividend per share (cents)	76.0	30.0	4.0	-	-
Earnings per share (cents)	90.4	20.8	0.1	0.3	(45.9)
Diluted earnings per share (cents)	89.2	20.7	0.1	0.3	(45.8)
$ Million					
Revenue	382.6	332.9	366.3	302.0	287.1
Net profit before tax	75.6	23.2	3.4	0.9	(13.4)
Net profit after tax	53.2	16.6	0.6	0.2	(11.0)

Remuneration of Directors and senior management

Key management personnel	**Short-term employee benefits** Salary & fees $	Bonus $	Non-monetary $	**Post Employment** Superan-nuation $	**Other long Term Benefits** $	**Share Based Payment Options** $	**Share Based Payment Share units** $	**Total** $	**Performance based remuneration** %
Directors*									
Michael Hardy									
2016	**85,000**	**-**	**-**	**-**	**-**	**-**	**-**	**85,000**	**-**
2015	85,000	-	-	-	-	-	-	85,000	-
Peter Gunzburg (Resigned 27/11/15)									
2016	**35,000**	**-**	**-**	**-**	**-**	**-**	**-**	**35,000**	**-**
2015	70,000	-	-	-	-	-	-	70,000	-
Greg Tate									
2016	**70,000**	**-**	**-**	**-**	**-**	**-**	**-**	**70,000**	**-**
2015	70,000	-	-	-	-	-	-	70,000	-
John Bond (Resigned 24/08/16)									
2016	**70,000**	**-**	**-**	**-**	**-**	**-**	**-**	**70,000**	**-**
2015	70,000	-	-	-	-	-	-	70,000	-
Brad Denison Managing Director									
2016	**541,970**	**-**	**10,153**	**30,000**	**25,562**	**16,175**	**56,432**	**680,293**	**10.7**
2015	463,830	-	7,995	30,000	52,741	29,856	25,326	609,748	9.0
2016 Company and	**801,970**	**-**	**10,153**	**30,000**	**25,562**	**16,175**	**56,432**	**940,293**	**1.7**
2015 **Consolidated**	758,830	-	7,995	30,000	52,741	29,856	25,326	904,748	3.3

* Phillip Campbell was appointed non-executive Chairman on 12 August 2016.

Remuneration Report (continued)

Key management personnel	Short-term employee benefits Salary & fees $	Bonus $	Non-monetary $	Post Employment Superannuation $	Other long Term Benefits $	Share Based Payment Options $	Share Based Payment Share units $	Total $	Performance based remuneration %
Executives									
Bradley Van Hemert[1] GM, International Procurement (Redundant 11/03/16)									
2016	**414,165**	**-**	**-**	**26,220**	**-**	**(12,940)**	**(4,903)**	**422,542**	**(4.2)**
2015	306,200	-	-	28,570	7,926	23,885	4,469	371,050	7.6
Ben Rosser CEO, Fleetwood Pty Ltd (Resigned 28/11/14)									
2015	150,660	-	275	11,908	(9,514)	(30,625)	-	122,704	(25.0)
Steve Carroll[2] GM, International Business (Resigned 09/10/15)									
2016	**60,502**	**-**	**-**	**5,748**	**(9,468)**	**(8,087)**	**(4,903)**	**43,792**	**(29.7)**
2015	237,407	-	10,749	22,855	9,468	14,928	4,469	299,876	6.5
Giles Everest Executive GM, Fleetwood Pty Ltd (Appointed 01/12/14)									
2016	**272,680**	**-**	**-**	**25,250**	**757**	**-**	**6,850**	**305,537**	**2.2**
2015	152,208	-	15,000	13,535	605	-	2,980	184,328	1.6
Jarrod Waring[3] (Appointed 01/09/14) Executive GM, BRB Modular Pty Ltd									
2016	**248,948**	**25,000**	**-**	**19,308**	**6,936**	**21**	**9,200**	**309,412**	**11.1**
2015	246,216	9,000	-	18,806	4,589	52	4,469	283,132	4.8
Manuel Larre[4] Executive GM, Camec & Flexiglass									
2016	**275,272**	**-**	**-**	**36,328**	**12,249**	**6,003**	**9,200**	**339,052**	**4.5**
2015	208,349	-	-	20,659	3,892	11,176	4,469	248,545	6.3
Peter Naylor[5] (Appointed 03/08/15) Executive GM, Fleetwood RV Pty Ltd									
2016	**282,706**	**-**	**-**	**25,124**	**262**	**-**	**2,865**	**310,957**	**0.9**
Yanya O'Hara[6] (Appointed 01/08/14) Company Secretary									
2016	**165,505**	**-**	**-**	**15,154**	**9,039**	**43**	**5,316**	**195,057**	**2.7**
2015	159,181	-	-	14,373	4,264	144	2,235	180,197	1.3
2016 Company and Consolidated	**1,719,778**	**25,000**	**-**	**153,131**	**19,775**	**(14,960)**	**23,625**	**1,926,350**	**1.7**
2015 **Company and Consolidated**	1,460,221	9,000	26,024	130,706	21,230	19,560	23,091	1,689,832	3.1

Included in salary & fees are amounts of annual leave accrued during the reporting period. There are no post-employment benefits other than superannuation. Executive contracts do not provide for any termination payments, other than the payment of accrued leave entitlements. Other long term benefits comprise long service leave entitlements accrued to the executive during the reporting period.

The amount included in remuneration as share-based payments are not related to or indicative of the benefits (if any) that individual executives may ultimately realise should the equity instruments vest.

[1] Bradley Van Hemert commenced employment with the Company on 16 April 1979, and was appointed GM, International Procurement on 28 June 2015. Prior to this, Mr. Van Hemert was employed as CEO, Fleetwood Recreational Vehicles Pty Ltd. Included in Mr. Van Hemert's short term salary & fees is $112,846 of previously unpaid leave entitlements and $89,568 of redundancy entitlements.

[2] Steve Carroll was appointed GM, International Business on 17 August 2015. Prior to this, Mr. Carroll was employed as CEO, Camec Pty Ltd.

[3] STIP gates were met by Jarrod Waring for the 2016 year. The Remuneration Committee resolved to grant Mr. Waring a $25,000 bonus for building sustainable income streams for BRB Modular Pty Ltd, including securing the exclusive supply agreement with Gateway Lifestyle and reappointment to the Victorian Education Department Transfer Program.

Remuneration Report (continued)

[4] Manuel Larre was appointed Executive GM, Camec & Flexiglass on 17 August 2015. Prior to this, Mr. Larre was employed as GM, Flexiglass.

[5] Peter Naylor was appointed as Executive GM of Fleetwood RV Pty Ltd on 3 August 2015.

[6] Yanya O'Hara was appointed Company Secretary on 1 August 2014. Prior to this, Mrs. O'Hara was employed as Assistant Company Secretary.

Share based payment arrangements in existence at the reporting date: Options

Issue date	Exercise price $	Options at beginning of year No.	Options granted No.	Options expired / forfeited No.	Options exercised (shares issued) No.	Options at end of year No.	Vested at end of year No.	Proceeds received on exercise $	Fair value (market value) of shares on exercise $
31/10/09	6.00								
2015		16,000	-	(16,000)	-	-	-	-	-
31/10/10	8.02								
2016		**81,666**	**-**	**(81,666)**	**-**	**-**	**-**	**-**	**-**
2015		101,666	-	(20,000)	-	81,666	81,666	-	-
02/09/11	8.68								
2016		**96,775**	**-**	**(57,604)**	**-**	**39,171**	**39,171**	**-**	**-**
2015		131,337	-	(34,562)	-	96,775	96,775	-	-
30/08/12	9.39								
2016		**220**	**-**	**-**	**-**	**220**	**220**	**-**	**-**
2015		220	-	-	-	220	147	-	-
20/02/13	10.57								
2016		**130,000**	**-**	**(65,000)**	**-**	**65,000**	**65,000**	**-**	**-**
2015		190,000	-	(60,000)	-	130,000	**-**	**-**	**-**
30/08/13	2.56								
2016		**750**	**-**	**-**	**-**	**750**	**500**	**-**	**-**
2015		750	-	-	-	750	250	**-**	**-**
30/08/13	2.88								
2016		**270,000**	**-**	**(130,000)**	**-**	**140,000**	**-**	**-**	**-**
2015		350,000	-	(80,000)	-	270,000	-	-	-
2016		**579,411**	**-**	**(334,270)**	**-**	**245,141**	**104,891**	**-**	**-**
2015		789,973	-	(210,562)	-	579,411	178,838	-	-
Weighted average price ($)									
2016		**6.30**	**N/A**	**6.63**	**N/A**	**5.85**	**9.82**		
2015		6.43	N/A	6.75	**N/A**	6.30	8.37		

Options information:

Issue Date	Expiry Date	Option life Years	Volatility %	Dividend yield %	Risk free interest rate %	Fair value at grant date $	Exercise price $	Share price at grant date $	Weighted average share price at exercise date 2016 $	Weighted average share price at exercise date 2015 $
31/10/09	30/10/14	5	50.00	8.54	4.53	2.09	6.00	7.57	-	-
31/10/10	30/10/15	5	40.00	6.14	4.50	2.43	8.02	10.02	-	-
02/09/11	01/09/16	5	35.69	6.18	4.50	2.53	8.68	10.66	-	-
20/02/13	19/02/18	5	35.39	7.59	2.85	1.15	10.57	9.66	-	-
30/08/13	30/08/18	5	45.03	3.64	3.68	1.40	2.88	3.10	-	-

Refer to summary on following pages for those options which are vested and exercisable, and vested and unexercisable.

Yanya O'Hara was issued options under the Employee Option Plan in 2013 and 2014. Jarrod Waring was issued options under the Employee Option Plan in 2014.

Remuneration Report (continued)

Share based payment arrangements in existence at the reporting date: Share units

Issue date	Weighted average share price at grant date	Share units at beginning of year	Share uints granted	Share units expired / forfeited	Share units exercised (shares issued)	Share units at end of year	Vested at end of year	Fair value (market value) of shares on exercise
	$	No.	No.	No.	No.	No.	No.	$
18/12/14	1.35							
2016		**325,000**	**-**	**(60,000)**	**-**	**265,000**	**90,100**	**-**
2015		-	325,000	-	-	325,000	-	-
18/12/15								
2016	1.22	**-**	**325,000**	**-**	**-**	**325,000**	**-**	**-**
2015		-	-	-	-	-	-	-
2016		**325,000**	**325,000**	**(60,000)**	**-**	**590,000**	**90,100**	**-**
2015		-	325,000	-	-	325,000	-	-

Issue Date	Expiry Date	Vesting tranche	Volatility	Dividend yield	Risk free interest rate	Fair value at grant date	Exercise price	Weighted average share price at grant date	Weighted average share price at exercise date 2016	Weighted average share price at exercise date 2015
			%	%	%	$	$	$	$	$
18/12/14	18/12/19	1	47.57	3.20	2.40	0.43	1.35	1.35	-	-
		2	47.57	3.20	2.40	0.42	1.35	1.35	-	-
		3	47.57	3.20	2.40	0.39	1.35	1.35	-	-
18/12/15	18/12/20	1	50.21	3.20	1.73	0.46	1.22	1.22	-	-
		2	50.21	3.20	1.73	0.42	1.22	1.22	-	-
		3	50.21	3.20	1.73	0.37	1.22	1.22	-	-

Remuneration Report (continued)

Shares, options and share units held by Directors, executives and key management personnel and movements during the reporting period;

Shares	**Shares at beginning of year**	**Options exercised**	**Net other change**	**Shares at end of year**
Directors	**No.**	**No.**	**No.**	**No.**
Michael Hardy				
2016	**16,975**	**-**	**-**	**16,975**
2015	16,975	-	-	16,975
Greg Tate				
2016	**6,581,271**	**-**	**-**	**6,581,271**
2015	6,581,271	-	-	6,581,271
John Bond (Resigned 24/08/16)				
2016	**20,000**	**-**	**-**	**20,000**
2015	20,000	-	-	20,000
Brad Denison				
2016	**45,464**	**-**	**-**	**45,464**
2015	45,464	-	-	45,464
Executives				
Bradley Van Hemert (Redundant 11/03/16)				
2016	**175,810**	**-**	**(59,173)**	**116,637**
2015	175,448	-	362	175,810
Ben Rosser (Resigned 28/11/14)				
2015	10,000	-	(4,000)	6,000
Jarrod Waring (Appointed 01/09/14)				
2016	**8,504**	**-**	**-**	**8,504**
2015	2,804	-	5,700	8,504
2016	**6,848,024**	**-**	**(59,173)**	**6,788,851**
2015	6,851,962	-	2,062	6,854,024

Other than share units that vested during the reporting period, Giles Everest, Manuel Larre and Yanya O'Hara did not hold any shares during FY2015 or FY2016.

Peter Gunzburg, Steve Carroll and Peter Naylor did not hold any shares during FY2015 or FY2016.

Remuneration Report (continued)

Options

Directors	Options at beginning of year No.	Granted No.	Forfeited No.	Exercised No.	Options at end of year No.	Vested during the year No.	Vested and exer-cisable at end of year No.	Vested and unexer-cisable at end of year No.	Proceeds received on exercise $
Brad Denison									
2016	**215,837**	**-**	**(26,666)**	**-**	**189,171**	**50,000**	**-**	**89,171**	**-**
2015	231,837	-	(16,000)	-	215,837	13,057	-	65,837	-
Executives									
Steve Carroll (Resigned 09/10/15)									
2016	**108,433**	**-**	**(108,433)**	**-**	**-**	**-**	**-**	**-**	**-**
2015	108,433	-	-	-	108,433	6,144	-	33,432	-
Bradley Van Hemert (Redundant 11/03/16)									
2016	**199,171**	**-**	**(199,171)**	**-**	**-**	**40,000**	**-**	**-**	**-**
2015	199,171	-	-	-	199,171	13,057	-	79,170	-
Ben Rosser (Resigned 28/11/14)									
2015	114,562	-	(114,562)	-	-	11,521	-	-	-
Jarrod Waring (Appointed 01/09/14)									
2016	**250**	**-**	**-**	**-**	**250**	**83**	**166**	**-**	**-**
2015	250	-	-	-	250	83	83	-	-
Manuel Larre									
2016	**55,000**	**-**	**-**	**-**	**55,000**	**15,000**	**-**	**15,000**	**-**
2015	55,000	-	-	-	55,000	-	-	-	-
Yanya O'Hara (Appointed 01/08/14)									
2016	**720**	**-**	**-**	**-**	**720**	**240**	**553**	**-**	**-**
2015	720	-	-	-	720	240	313	-	-
2016	**579,411**	**-**	**(334,270)**	**-**	**245,141**	**105,323**	**719**	**104,171**	**-**
2015	709,973	-	(130,562)	-	579,411	44,102	396	178,439	-

Giles Everest and Peter Naylor did not hold any options during the reporting period.

Remuneration Report (continued)

Option values that form part of current year remuneration;

	Year Options Granted 2013 $	2014 $	Total $	Remuneration as options %
Directors				
Brad Denison				
2016	**4,669**	**11,506**	**16,175**	**2.4%**
2015	7,667	22,190	29,857	5.4%
Executives				
Bradley Van Hemert (Redundant 11/03/16)				
2016	**(3,735)**	**(9,205)**	**(12,940)**	**-3.1%**
2015	6,133	17,752	23,885	6.6%
Ben Rosser (Resigned 28/11/14)				
2015	(11,829)	(18,796)	(30,625)	-23.2%
Steve Carroll (Resigned 09/10/15)				
2016	**(2,334)**	**(5,753)**	**(8,087)**	**-18.5%**
2015	3,833	11,095	14,928	5.1%
Jarrod Waring (Appointed 01/09/14)				
2016	**-**	**21**	**21**	**0.0%**
2015	-	52	52	0.0%
Manuel Larre				
2016	**1,401**	**4,602**	**6,003**	**1.8%**
2015	2,300	8,876	11,176	4.6%
Yanya O'Hara (Appointed 01/08/14)				
2016	**-**	**43**	**43**	**0.0%**
2015	40	104	144	0.1%
2016	**-**	**1,214**	**1,214**	**0.1%**
2015	8,144	41,273	49,417	2.4%

Movements in option entitlements during the year:

Key management personnel	Options granted No. at grant date	Value at grant date $	Options exercised (shares issued) No. during year	Value at exercise date $	Amounts paid $	Options Vested No. during year	Value of options included in remuneration for the year $	Remuneration by options %
Brad Denison	-	-	-	-	-	50,000	16,175	2.4
Bradley Van Hemert	-	-	-	-	-	40,000	(12,940)	(3.1)
Steve Carroll	-	-	-	-	-	-	(8,087)	(18.5)
Jarrod Waring	-	-	-	-	-	83	21	0.0
Manuel Larre	-	-	-	-	-	15,000	6,003	1.8
Yanya O'Hara	-	-	-	-	-	240	43	0.0

66,666 options lapsed during the year. No options were forfeited during the year because the person did not meet service or performance criteria.

Remuneration Report (continued)

Share units

Share units Directors	Units at beginning of year No.	Granted No.	Forfeited No.	Exercised No.	Units at end of year No.	Vested during the year No.	Vested at end of year No.	Proceeds received on exercise $
Brad Denison								
2016	**170,000**	**200,000**	**-**	**-**	**370,000**	**57,800**	**57,800**	**-**
2015	-	170,000	-	-	170,000	-	-	-
Executives								
Steve Carroll (Resigned 09/10/15)								
2016	**30,000**	**-**	**(30,000)**	**-**	**-**	**-**	**-**	**-**
2015	-	30,000	-	-	30,000	-	-	-
Bradley Van Hemert (Redundant 11/03/16)								
2016	**30,000**	**-**	**(30,000)**	**-**	**-**	**10,000**	**-**	**-**
2015	-	30,000	-	-	30,000	-	-	-
Peter Naylor (Appointed 03/08/15)								
2016	**-**	**20,000**	**-**	**-**	**20,000**	**-**	**-**	**-**
Giles Everest (Appointed 01/12/14)								
2016	**20,000**	**25,000**	**-**	**-**	**45,000**	**6,800**	**6,800**	**-**
2015	-	20,000	-	-	20,000	-	-	-
Jarrod Waring (Appointed 01/09/14)								
2016	**30,000**	**30,000**	**-**	**-**	**60,000**	**10,200**	**10,200**	**-**
2015	-	30,000	-	-	30,000	-	-	-
Manuel Larre								
2016	**30,000**	**30,000**	**-**	**-**	**60,000**	**10,200**	**10,200**	**-**
2015	-	30,000	-	-	30,000	-	-	-
Yanya O'Hara (Appointed 01/08/14)								
2016	**15,000**	**20,000**	**-**	**-**	**35,000**	**5,100**	**5,100**	**-**
2015	-	15,000	-	-	15,000	-	-	-
2016	**325,000**	**325,000**	**(60,000)**	**-**	**590,000**	**100,100**	**90,100**	**-**
2015	-	325,000	-	-	325,000	-	-	

Remuneration Report (continued)

Share units values that form part of current year remuneration;

	Year Share units granted 2015 $	2016 $	Total $	Remuneration as share units %
Directors				
Brad Denison				
2016	**27,784**	**28,648**	**56,432**	**8.3%**
2015	25,326	-	25,326	4.5%
Executives				
Bradley Van Hemert (Redundant 11/03/16)				
2016	**(4,903)**	**-**	**(4,903)**	**-1.2%**
2015	4,469	-	4,469	1.2%
Steve Carroll (Resigned 09/10/15)				
2016	**(4,903)**	**-**	**(4,903)**	**-11.2%**
2015	4,469	-	4,469	1.5%
Giles Everest (Appointed 01/12/14)				
2016	**3,269**	**3,581**	**6,850**	**2.2%**
2015	2,980	-	2,980	1.6%
Jarrod Waring (Appointed 01/09/14)				
2016	**4,903**	**4,297**	**9,200**	**3.0%**
2015	4,469	-	4,469	1.6%
Manuel Larre				
2016	**4,903**	**4,297**	**9,200**	**2.7%**
2015	4,469	**-**	4,469	1.8%
Peter Naylor (Appointed 03/08/15)				
2016	**-**	**2,865**	**2,865**	**0.9%**
Yanya O'Hara (Appointed 01/08/14)				
2016	**2,452**	**2,865**	**5,317**	**2.7%**
2015	2,235	**-**	2,235	1.3%
2016	**33,504**	**46,553**	**80,058**	**7.3%**
2015	48,417	-	48,417	2.3%

Movements in share unit entitlements during the year:

Key management personnel	Share units granted No. at grant date	Value at grant date	Share units exercised (shares issued) No. during year	Value at exercise date	Amounts paid	Units Vested No. during year	Value of share units included in remuneration for the year	Remuneration by share units
		$		$	$		$	%
Brad Denison	200,000	83,333	-	-	-	57,800	56,432	8.3
Bradley Van Hemert	-	-	-	-	-	-	(4,903)	(1.2)
Steve Carroll	-	-	-	-	-	-	(4,903)	(11.2)
Giles Everest	25,000	10,417	-	-	-	6,800	6,850	2.2
Jarrod Waring	30,000	12,500	-	-	-	10,200	9,200	3.0
Manuel Larre	30,000	12,500	-	-	-	10,200	9,200	2.7
Peter Naylor	20,000	8,333	-	-	-	-	2,865	0.9
Yanya O'Hara	20,000	8,333	-	-	-	5,100	5,316	2.7

The issue date for shares granted pursuant to the LTIP was 18 December 2015 at a price of $1.22 per share (2015: 18 December 2014 at a price of $1.35 per share). Under the LTIP, each unit can be redeemed for one underlying share in the Company upon repayment of the loan. There have been no alterations to the terms and conditions of this grant since the grant date.

Remuneration Report (continued)

Due to the limited financial products available to facilitate hedging of unvested or vested options and share units the Board does not impose any restrictions in relation to a person limiting his or her exposure to the risk in respect of share units issued by the Company. No Director is a party to a contract whereby such person would have a right to call for or deliver shares in, or debentures of or interests in a registered scheme made available by the Group.

Loans to key management personnel in connection with the Long Term Incentive Plan totaling $747,785 (2015: $438,750) were outstanding at the end of the reporting period. As the loans are non-recourse there is no fixed term, and no allowance for doubtful debts or impairment loss has been recognised against them. The number of key management personnel included in the aggregate of loans is 6.

Mr. Denison had loans totaling $469,521 (2015: $229,500) made to him during the reporting period, with the total loan remaining outstanding at the end of the reporting period in connection with the Long Term Incentive Plan. As the loan is non-recourse there is no fixed term, and no allowance for doubtful debts or impairment loss has been recognised against it. There were no other individuals with loans above $100,000 during the reporting period.

No share units issued during the year vested or lapsed during the year. No bonuses or share units were forfeited during the year because the person did not meet service or performance criteria.

The terms and conditions of employment of senior executives and key management personnel are governed by individual employment contracts. Employment contracts are not limited in duration and do not contain termination payments. Each employment contract may be terminated by either party upon the giving of 4 weeks' notice. However, the Company may terminate an employment contract at any time and without notice if serious misconduct has occurred.

Non-audit Services

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditors did not compromise the auditor independence requirement of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure that they do not impact impartiality and objectivity of the auditor; and
- none of the services undermine the general principle relating to auditor independence as set out in the Corporations Act 2001 or the Code of Conduct APES 110 Code of Ethics for Professional Accountants, as amended, issued by the Accounting Professional and Ethical Standards board, including reviewing or auditing the auditors own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 26 to the financial statements.

Company Secretary

Yanya O'Hara is the Company Secretary. Prior to her appointment, Yanya was employed by the Company for three years as Assistant Company Secretary. Prior to joining Fleetwood, Yanya practiced as a corporate attorney in New York and as a barrister and solicitor in Perth.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2016, may be accessed from the Company's website at http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly amounts in the financial report and directors' report have been rounded to the nearest one thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors.

P Campbell
Chairman

30 September 2016

Directors' Declaration

In the opinion of the directors of Fleetwood Corporation Limited:

a) The financial statements and notes set out on pages 8 to 43, are in accordance with the *Corporations Act 2001 (Cth)*, including:

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

   ii. Giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

c) There are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order 98/1418 applies, as detailed in note 27 to the financial statements will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

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

Signed in accordance with a resolution of the directors.

On behalf of the Directors

P Campbell
Chairman

30 September 2016

Perth

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
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 audit of Fleetwood Corporation Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 30 September 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Grant Thornton

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
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 financial report

We have audited the accompanying financial report of Fleetwood Corporation Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

Auditor's opinion
In our opinion:

a the financial report of Fleetwood Corporation Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001.

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 45 to 56 of the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report
In our opinion, the remuneration report of Fleetwood Corporation Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 30 September 2016

ASX Additional Information
as at 27 September 2016

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Twenty largest shareholders

Name	Number of ordinary shares held	%
National Nominees Limited	9,274,386	15.19%
Karrad Pty Ltd	5,211,823	8.54%
HSBC Custody Nominees (Australia) Limited	4,644,954	7.61%
J P Morgan Nominees Australia Limited	2,047,475	3.35%
One Managed Invt Funds Ltd <Sandon Capital Inv Ltd A/C>	1,983,134	3.25%
Citicorp Nominees Pty Limited	1,685,161	2.76%
HSBC Custody Nominees (Australia) Limited-Gsco Eca	1,352,836	2.22%
Jarli Pty Ltd	800,000	1.31%
Trinity Management Pty Ltd	705,000	1.15%
One Managed Invt Funds Ltd <1 A/C>	624,159	1.02%
Adventure Holdings Pty Ltd	596,315	0.98%
Creative Living (Qld) Pty Ltd	460,000	0.75%
Zero Nominees Pty Ltd	449,180	0.74%
Mr Greg Tate	338,873	0.56%
Mr John Ian Amos + Mrs Cintra Gail Amos <Ningana Super Fund A/C>	309,143	0.51%
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	303,289	0.50%
Mr Brian Garfield Benger	232,151	0.38%
RPG Management Pty Ltd	216,915	0.36%
Tideways Classic Pty Ltd <Tideways Classic A/C>	191,860	0.31%
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	187,272	0.31%
	31,613,926	**51.79%**

Substantial shareholders

The number of shares held by substantial shareholders are set out below:

Name		
National Nominees Limited	9,275,186	15.20%
Greg Tate	6,581,271	10.78%
HSBC Custody Nominees (Australia) Limited	5,998,846	9.83%
One Managed Invt Funds Ltd	2,607,293	4.27%
J P Morgan Nominees Australia Limited	2,047,475	3.35%

Distribution of equity security holders

Category	Number of shareholders
1 -1,000	3,061
1,001 - 5,000	3,331
5,001 - 10,000	735
10,001 - 100,000	544
100,001 and over	30
	7,701
Shareholders holding less than a marketable parcel	876

Voting rights of shareholders

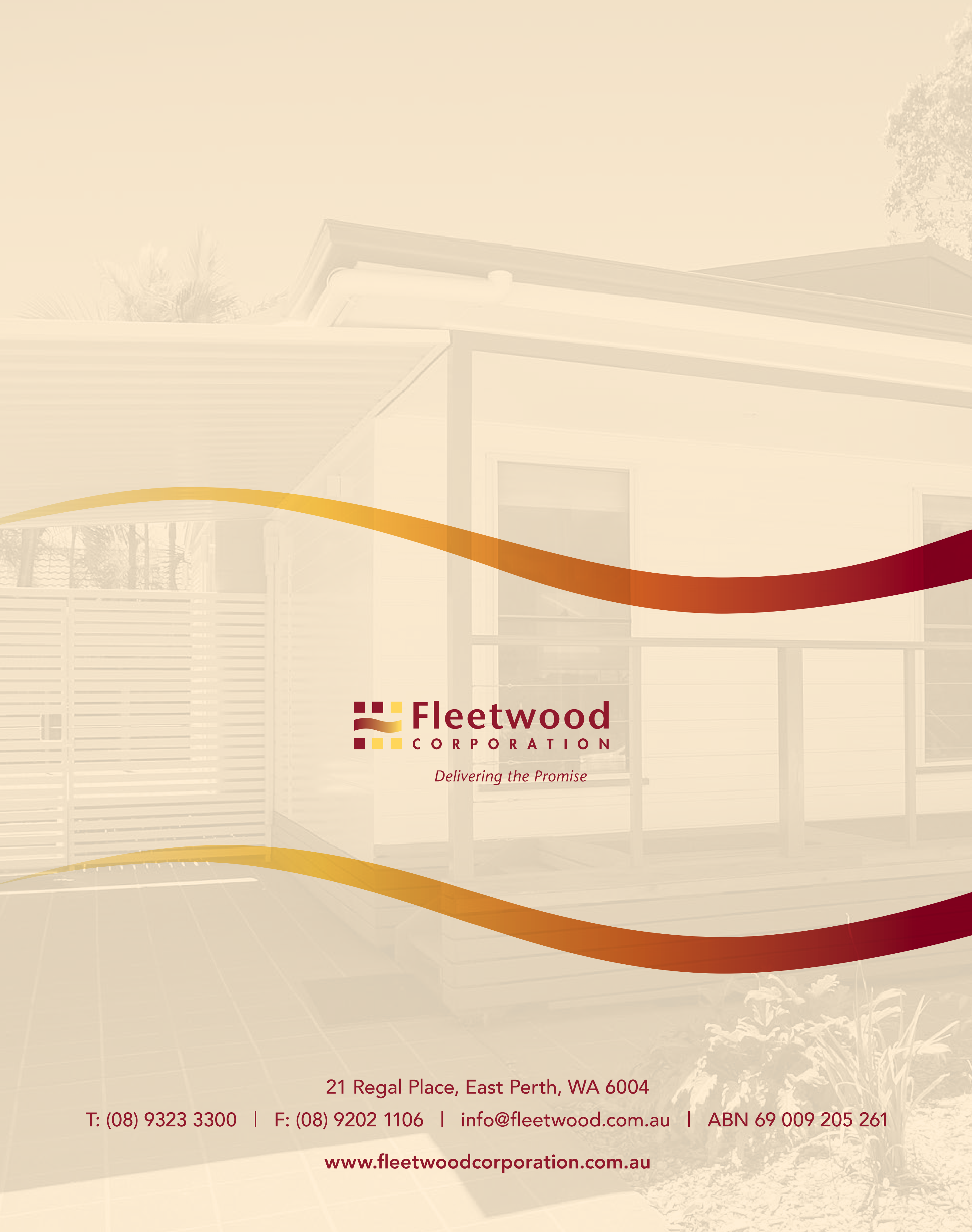
On a show of hands, every member in person or by proxy shall have one vote. Upon a poll, voting rights of such members shall be one vote for each share held.

On market buy-back

There is no current on market buy-back.

Other information

Fleetwood Corporation Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.



Fleetwood CORPORATION

Delivering the Promise

21 Regal Place, East Perth, WA 6004

T: (08) 9323 3300 | F: (08) 9202 1106 | info@fleetwood.com.au | ABN 69 009 205 261

www.fleetwoodcorporation.com.au