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Annual Report

2022

Annual Report for the year ended 30 June 2022
Fleetwood Limited ABN 69 009 205 261

Building Solutions

Design, manufacture and supply of accommodation for the education, custodial, affordable housing and mining industries.



Community Solutions

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



RV Solutions

Import, manufacture and distribution of leading products to the recreational vehicle industry and servicing of the caravan and motorhome industry.



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Corporate Directory

DIRECTORS

John Klepec
Bruce Nicholson
Jeff Dowling
Adrienne Parker
Mark Southey
Martin Monro

COMPANY SECRETARIES

Elizabeth Maynard
Andrew Wackett

AUDITOR

EY Australia

BANKER

Westpac Banking Corporation

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Vision

To be the leader
in reimagining
sustainable spaces

Purpose

To create innovative
spaces so people
can thrive

Values

Zero harm, collaboration,
integrity, accountability,
growth through innovation

Board of Directors

The Board is currently comprised of five Non-Executive Directors and one executive Director. The Directors who are in office at the date of this Report are:



John Klepec

BCOMM
NON-EXECUTIVE DIRECTOR,
BOARD CHAIR

John Klepec was appointed as a Non-Executive Director on 19 November 2020, and as Chair of the Board from 26 February 2021.

John has over thirty years of experience across a range of industry groups including construction, resources, media, health care, building products, construction materials, agriculture, logistics, livestock trading and shipping.

John is currently the Executive Chairman of Wellard Limited a role he has held from 2018 and previously was a non-executive director of Ten Network Holdings Limited.

John was previously the Chief Development Officer for Hancock Prospecting from 2010 to 2016, and prior to that, held senior management positions with major Australian publicly listed companies BHP Billiton Limited, Mayne Group Limited and with the private BGC Group.

From his prior successful executive and Board roles John brings extensive financial expertise, corporate development, operational leadership and strategic thinking to any commercial position.

John holds a Bachelor of Commerce and is a member of the Australian Institute of Company Directors.

John has held the following directorships of listed companies in the three years immediately before the end of the financial year: Executive Chairman of Wellard Limited (appointed November 2016).



Jeff Dowling

BCOMM, FCA, FICA, FFIN, FAICD
NON-EXECUTIVE DIRECTOR,
CHAIR OF AUDIT COMMITTEE

Jeff Dowling was appointed as a Non-Executive Director on 1 July 2017, and thereafter as Chair of the Audit Committee.

Jeff is a highly experienced corporate leader with over 40 years of experience in professional services with Ernst & Young. Jeff held numerous leadership roles within Ernst & Young which focused on mining, oil and gas and other industries. Jeff's expertise is centred around audit, risk and financial acumen derived from acting as lead partner on numerous large public company audits, capital raisings and corporate transactions. As a non-executive director of a number of ASX listed companies Jeff has been involved with various corporate acquisitions and takeovers, debt restructures and equity raisings.

Jeff holds a Bachelor of Commerce and is a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Chartered Accountants, and a Fellow of the Financial Services Institute of Australasia.

Jeff has held the following directorships of listed companies in the three years immediately before the end of the financial year: Non-Executive Director of S2 Resources Limited (appointed May 2015), Non-Executive Director of NRW Holdings Limited (appointed August 2013) and Non-Executive Director of Battery Minerals Limited (appointed January 2018).



Adrienne Parker

LLB, MAICD
NON-EXECUTIVE DIRECTOR,
CHAIR OF NOMINATIONS &
DIVERSITY COMMITTEE

Adrienne Parker was appointed as a Non-Executive Director on 23 August 2017, and thereafter as Chair of the Nominations & Diversity Committee.

Adrienne is a partner and head of global law firm Pinsent Masons' Perth office, where she focuses on construction law. Adrienne's experience spans over 25 years working with participants in the infrastructure, energy and resources sectors where she specialises in major construction, engineering and resources projects. Adrienne advises on the procurement, management and delivery of infrastructure projects across Australia via traditional project delivery models and relationship contracting, including public sector projects across Australia, managing large commercial and legal teams to achieve successful outcomes for clients. Adrienne has also acted in many large scale complex disputes in many jurisdictions involving mining projects, processing plants, oil and gas facilities, and major building and infrastructure projects.

Adrienne holds a Bachelor of Laws from the University of Western Australia. She is the Chair of the Joint Law Council of Australia and Law Society of Western Australia's Construction and Infrastructure Law Committee and a past president of the WA Chapter of The National Association of Women in Construction. She is also a member of the Society of Construction Law Australia and a Member of the Australian Institute of Company Directors.

Adrienne did not hold any other directorships with listed companies in the last three years.

Board of Directors continued



Mark Southey

**BSC (HONS), MBA, GAICD
NON-EXECUTIVE DIRECTOR,
CHAIR OF REMUNERATION
COMMITTEE**

Mark Southey was appointed as a Non-Executive Director on 10 October 2018, and thereafter as Chair of the Remuneration Committee.

Mark is an experienced senior executive with extensive global experience in industrial technology and services and project development in the natural resources sectors. Mark has previously held senior executive positions with Honeywell and ABB in Australia and internationally, and was a member of the global executive leadership team within WorleyParsons where he held the position of Group Managing Director for the Minerals, Metals and Chemicals Sector.

Mark holds a Bachelor of Science (Hons) in Engineering with Business Studies, has an MBA from the University of Sydney Business School, and is a Graduate of the Australian Institute of Company Directors.

Mark has held the following directorships of listed companies in the three years immediately before the end of the financial year: Non-Executive Chairman of Arafura Resources Limited (appointed January 2018).



Martin Monro

**BA (PSYCH), FAICD, FAIB
NON-EXECUTIVE DIRECTOR,
CHAIR OF RISK COMMITTEE**

Martin Monro was appointed as a Non-Executive Director on 1 June 2020, and thereafter as Chair of the Risk Committee.

Martin was formerly the Chief Executive Officer and Managing Director of Watpac Limited from August 2012 until his retirement in an executive capacity in June 2019. Martin has more than 30 years' experience in the Australian and international construction sectors, with a proven track record in prudent financial management, safety leadership and successful expansion into new markets. Martin remains a Non-Executive Director of Watpac Limited.

Martin was appointed a Non-Executive Director of Big River Industries Limited in September 2021.

In addition to his ASX-listed roles, he also Chairs the Moits Advisory Board and is a Specialist Workplace Relations Advisor to the Board of the Australian Constructors Association. Martin was a Director of the construction industry suicide prevention charity, Mates in Construction, a voluntary position he has held from 2017 until 2021.

Martin is the immediate National Vice President of the Australian Industry Group, and was a Government-appointed member of the Royal Melbourne Showgrounds Unincorporated Joint Venture Board from 2019 to 2022.

Martin has formal qualifications in Psychology and Human Resources Management, is a graduate of the Accelerated Development Program at the London Business School, a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Building.

Martin has held the following directorships of a listed company in the three years immediately before the end of the financial year: Non-Executive Director of Big River Industries Limited in September 2021.



Bruce Nicholson

**B.ENG, MBA, MAICD
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER**

Bruce Nicholson commenced as Chief Executive Officer on 1 July 2021 and was appointed Managing Director on 1 August 2022.

A highly credentialled building and construction materials executive, Bruce has demonstrated expertise delivering results within challenging environments and projects in Australia, New Zealand, North America and Europe.

Prior to joining Fleetwood, Bruce served as Chief Executive Officer and Managing Director of Waco Kwikform Group, Australia and New Zealand's leading supplier of scaffolding and false work to commercial and civil construction, residential and industrial markets.

Bruce was credited with leading the turnaround of a complex manufacturing operation in the concrete piping and products business, as head of Fletcher Building Group's ROCLA business.

Deep experience in heavy manufacturing is complemented by Bruce's logistics and commercial skills honed from extensive roles within the CSR Readymix Group, where he progressed to the position of Executive General Manager for Holcim's Australian and New Zealand aggregates operations.

Bruce's substantial industry experience is underpinned by a Bachelor in Civil Engineering from the University of Technology Sydney and an MBA from James Cook University.

Bruce did not hold any other directorships with listed companies in the last three years.

Executive Team



Andrew Wackett

**BCOMM, FCPA, FFIN, GAICD
CHIEF FINANCIAL OFFICER &
COMPANY SECRETARY**

Andrew Wackett commenced as Chief Financial Officer on 12 June 2017 and was appointed as Company Secretary on 5 July 2018.

Prior to joining Fleetwood, Andrew was a Division Director of Macquarie Securities Group for 20 years. During that time, Andrew gained significant commercial experience with large Australian and international listed entities, developed an in depth knowledge of corporate governance, and statutory financial requirements, and has proven financial and leadership skills in guiding business, departments and teams in the formulation and execution of financial strategies. Prior to Macquarie, Andrew worked at Wesfarmers for over six years.

Andrew holds a Bachelor of Commerce, is a Fellow of CPA Australia, a Fellow of Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.



Elizabeth Maynard

**LLB (HONS), BCOMM, GAICD
GENERAL COUNSEL &
COMPANY SECRETARY**

Elizabeth Maynard commenced as General Counsel & Company Secretary in September 2018.

Prior to her appointment, Elizabeth spent a number of years in private practice as a Corporate / M&A lawyer with a top-tier Australian law firm advising clients in a variety of sectors on domestic and cross-border transactional and commercial matters. Elizabeth also has significant international experience, having spent over 3 years working in Singapore and the Asia-Pacific region at a top-tier UK law firm.

Elizabeth holds a Bachelor of Laws (Hons) and Bachelor of Commerce (Accounting) and is a Graduate of the Australian Institute of Company Directors. Elizabeth is also a member of the Law Society of Western Australia.



Andrew McCormack

**MA (ENG), BENG (HONS), DHRM,
CPHR
GENERAL MANAGER -
WHSE & HR**

Andrew McCormack was appointed as General Manager for WHSE and Human Resources in July 2014, after commencing with Fleetwood in July 2011.

Prior to joining Fleetwood, Andrew held a variety of Operations Management, Industrial Engineering and Human Resources roles in Australian and international manufacturing firms. Andrew has significant experience in risk management and employee relations legislation and a genuine passion for the wellbeing and development of our people.

Andrew holds a Master of Engineering (Industrial), a Bachelor of Engineering (Hons) and a Diploma of Human Resources Management and is an AHRI certified Human Resources Practitioner.

Executive Team continued



Tom Gleeson

MBA, GAICD

EXECUTIVE GENERAL MANAGER, SALES

Tom Gleeson was appointed as Executive General Manager, Sales in February 2022.

Before joining Fleetwood, Tom held senior transformation and commercial roles in Australia and internationally, including Global Sales Leader of GE Additive, Commercial Excellence Director at GE Aviation, Chief Commercial & Transformation Officer at Nova Systems and CEO of Priava Group.

Tom's career includes management consultancy work at McKinsey and Company and leading several start-ups in software and renewable energy. This followed early career progression in the Royal Australian Air Force, where Tom served for fifteen years as a fighter pilot, flying instructor and executive.

Tom holds a Master of Business Administration from the Australian Graduate School of Management, and is a Graduate of the Australian Institute of Company Directors.



Giles Everest

MBA MAICD

EXECUTIVE GENERAL MANAGER, WA

Giles was appointed as Executive General Manager WA, in August 2022.

With a history in the company, Giles has previously held positions at Fleetwood between 2007 and 2017 that include Executive General Manager Manufactured Accommodation West, General Manager WA and Project Services Manager.

Bringing extensive experience, Giles has held executive positions in private and listed mining services and supply chain and logistics businesses and has had significant experience in project management across construction and industrial services. He has successfully led businesses through turnarounds, accelerated growth, acquisition and economic downturn. He has an unwavering commitment to safety and is passionate about leadership, culture and continuous improvement.

Giles holds a Master of Business Administration from the University of Western Australia and is a member of the Australian Institute of Company Directors.



Tara Goldsworthy

BENG, FAIM, GAICD

EXECUTIVE GENERAL MANAGER, MANUFACTURING

Tara Goldsworthy was appointed as Executive General Manager, Manufacturing in October 2021.

Prior to joining Fleetwood, Tara held a variety of senior transformational, process, manufacturing, supply chain, and business development roles spanning mining, manufacturing, and industrial sectors. With more than 20 years' experience, Tara's career includes 16 years delivering process improvement, manufacturing and business improvement solutions within Rio Tinto and the broader heavy industry.

Passionate about driving manufacturing and supply chain improvements, Tara brings a wealth of expertise in diagnosing and realising operational improvements using process, systems and technology changes that unlock substantial increases in business value.

Tara holds a Bachelor of Metallurgical Engineering, is a Fellow of the Australian Institute of Management and is a Graduate Member of the Australian Institute of Company Directors.

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Chairman's Letter



Dear Shareholders,

Overall Fleetwood is heading in the right direction, however, the result of the Building Solutions business, as frustrating as it was disappointing, is not acceptable.

The Board, management and staff are absolutely focused on the need to return to profitability in FY23 and, importantly, increase our earnings and generate an acceptable level of returns on assets for our shareholders. There is still more work to be done to capture the opportunity that exists in the Building Solutions business.

This report marks the first anniversary of the appointment of Bruce Nicholson as CEO. He took the reins of Fleetwood during a time of uncertainty, with the backdrop of a global pandemic which prevented him from meeting many of his new colleagues face to face for more than five months. His leadership has been critical to Fleetwood successfully navigating the pandemic, recruiting key management as the foundation for a new team to re-build our flagship business and return it to profitable operations in FY23.

Throughout the rapidly changing conditions endured in the past 12 months, the Board and Executive team remained focused on the implementation of the strategic plan, which remains appropriate and must continue to be progressed despite the ongoing attention Building Solutions operational issues demand of the Executive. This strategy has been central to the management of operations and decision making

during the year, despite the variety of challenges that impacted operations.

Significant opportunities remain for all Fleetwood businesses in FY23 and we look forward to delivering on these for the benefit of all shareholders.

Building Solutions is a leader in modular construction for the education, custodial, mining and affordable housing market segments across Australia. The acceptance of modular construction and modular products continues to grow and we are positioning to be a major participant in this segment of the Australian market.

The senior management team of the Building Solutions business in several States has been substantially replaced, reflecting some of the underlying issues that have impacted FY22 financial results. In a full employment market it has been difficult to find the right people in a timely manner which has exacerbated issues on two major projects, one of which is still to be completed.

After a quieter year at Searipple, the future for Community Solutions is positive. Upcoming major projects in the Northwest of Western Australia present a major opportunity to expand this business. State Governments are actively looking at affordable housing solutions.

RV Solutions continues to benefit from strong domestic tourism demand. While some of this demand is forecast to decline as international travel returns, the larger fleet of

imported and domestic caravans already purchased will continue to fuel second-hand and aftermarket demand for the services and products of RV Solutions for years to come.

Finally, I would like to thank our shareholders for their ongoing support and acknowledge my fellow Board members for their commitment and hard work during the past year. Despite the manifestly unacceptable performance of Building Solutions this past year, our priority is to bring the business back to profitability and we look forward to meeting the challenges of the year ahead. I remain personally excited about the future and am committed to the entire Fleetwood group achieving the business transformation and performance we expect and know is possible in FY23.

John Klepec
Non-Executive Chairman

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Manging Director and CEO's Review

Review of Operations

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

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

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

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

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

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

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

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

\$ MILLION	FY22	FY21
Goodwill impairment	28.5	-
Intangible impairment	4.7	-
Inventory impairment	2.7	-
Provisions for warranties and buy-backs	3.9	-
Total significant items	39.8	-

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

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

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

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

Trading Results

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

Results Summary

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

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

Divisional Result Summary

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

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Cashflow and Debt

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

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

Cash

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

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Building Solutions

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

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

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

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

and Western Australia during the second half.

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

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

As both construction and our own manufacturing sites were locked down in New South Wales and Victoria, the impact on the supply chain was extended. Because of the integrated supply network that normally allows

Fleetwood to operate efficiently, the border closures restricted transfer of equipment and material over state borders, affecting our operations across the east coast.

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

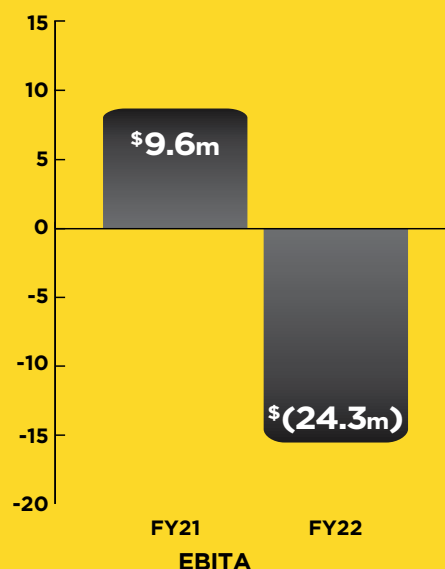
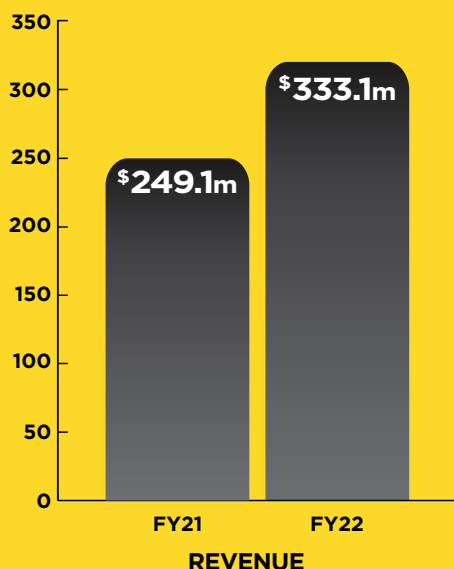
OUTLOOK AND FORWARD STRATEGY

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

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

Unlike previous periods the current forward order book does not have any material new major one off

Building Solutions



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projects of high complexity in an environment of limited skilled labour that are outside the traditional scope of Building Solutions projects. During FY22 these included the highlighted Ti Tree project as well as the Centres of National Resilience and several other bespoke projects.

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

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

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

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

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

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

As part of the build phase, the rebranding of the NSW Building Solutions business is now complete. Additionally, the senior leadership team of that business is undergoing

some changes and new recruitment. This re-build process will finalise the alignment of the NSW business within the national Fleetwood Building Solutions family.

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

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

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

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

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

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

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

digitisation and automation

Major workstreams include.

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

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

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

Community Solutions

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

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

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

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

OUTLOOK AND FORWARD STRATEGY

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

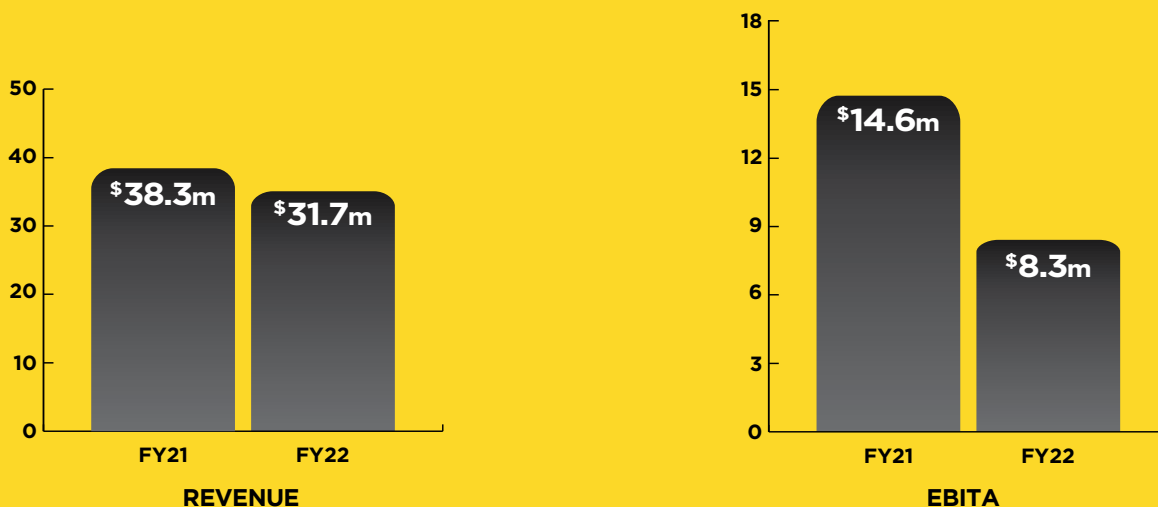
Commercialisation of a keyless lock and energy management system, using the Fleetwood developed Glyde technology is underway. Fleetwood's development of the technology and its availability to deliver through our Building solutions business positions the company as a digital market leader.

Additionally, a growing number of low-carbon economy projects are currently under consideration in the North-West of Western Australia.

The requirement for communities to house and facilitate these projects is a significant medium-term opportunity for Community Solutions.

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

Community Solutions



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RV Solutions

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

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

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

OUTLOOK AND FORWARD STRATEGY

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

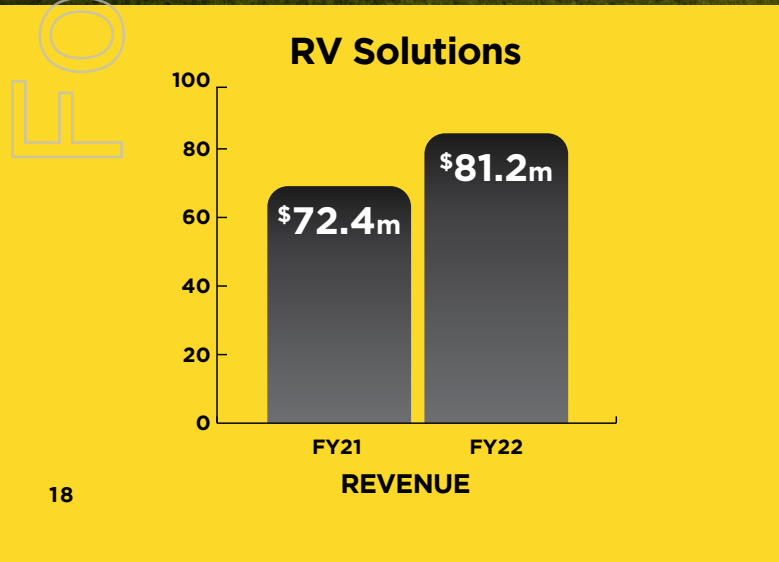
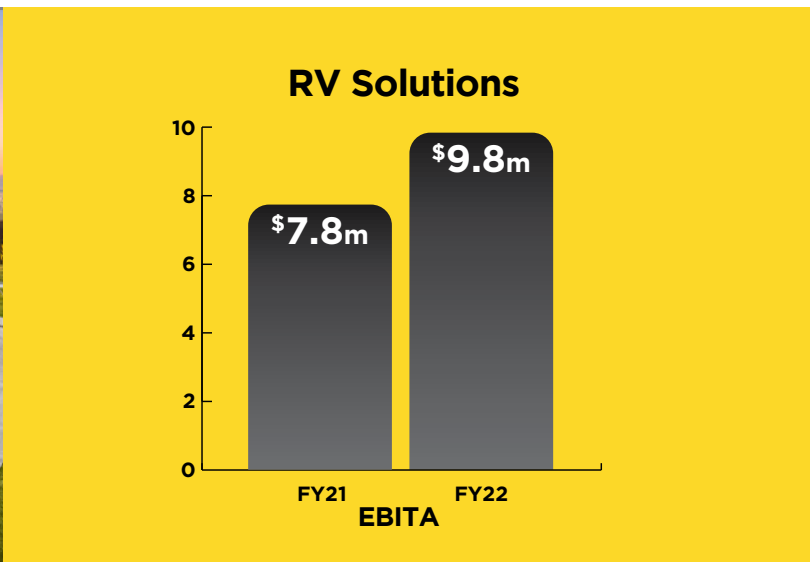
The business will likely remain in a strong position through exposure to the locally built RV market via the parts business Camec, and to overseas imports through the services business Northern RV. The boom in caravan sales during the past two years will likely continue to deliver demand for the aftermarket service and renovation offering of Northern RV.

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

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

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

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“ The business will likely remain in a strong position through exposure to the locally built RV market via the parts business Camec ”



Sustainability

The Company has committed to adopting a reporting framework under the guidance provided by the Taskforce on Climate-Related Financial Disclosure (TCFD). The TCFD guidelines establish a set of recommendations for climate related disclosure that Fleetwood will report on in its initial Sustainability Report.

The Sustainability Report will address the alignment of Fleetwood's values and operations with the seventeen (17) United Nations Sustainable Development Goals (SDGs) and be guided by the relevant GRI Sustainability Reporting Standards (GRI Standards) to report on performance.

Prior to the release of the Sustainability Report, Fleetwood is already taking steps to create a positive shift in the sustainability of the Company's operations. The steps already taken or underway are summarised in the table below:



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Environment

Lower waste of modular compared to traditional building solutions - reducing environmental impacts	✓
Development of an energy management tool for mining villages	✓
Environmental Breaches or Fines	Nil
Development of internal compliance requirements to report under the Taskforce for Climate-Related Financial Disclosure (TCFD)	Underway
Proportion of property, infrastructure, or other assets in an area subject to extreme weather, heat stress, or water stress	Underway
Proportion of buildings delivered certified to a third party, multi-attribute green building standard	TBD

Social

Consultation with employees across the country to develop common values	✓
Gender diversity targets for management and blue-collar workforce	✓
Reconciliation Action Plan launched across the Group	✓
Company-wide Harmony Day, National Reconciliation Week, International Women's Day celebrations	✓
Active Diversity and Inclusion committee	✓
Community engagement initiatives	✓
Fleetwood Challenge Cup	✓
NET Zero through design and technical innovation	Underway
Fund raising and community support activities	✓
Physical safety - 5 Lifesaving Commitments introduced	✓
Pandemic Management Response Plan	✓
Mental health initiatives - EAP access, R U Ok Day participation	✓
Total Recordable Injury Frequency Rate (per million hours - group)	39.3
Lost Time Injury Frequency Rate (per million hours - group)	4.1
Safety Prosecutions or Fines	Nil
Fatalities	Nil
COVID-19 Response - Workforce Support and Assistance Provided	✓
Average Total Workforce FY22	630
Direct Employees - Female Participation	19%
Total Number of Apprentices	27
Employees Who Returned to Work Post Parental Leave	75%
Introduction of a Company Paid Parental Leave Policy	✓

Governance

Board Members - Female Participation	20%
Announcements Made to the ASX and no Breaches of Continuous Disclosure	30
Board Member Attendance at Board Meetings	100%
Introduction of Modern Slavery Statement	✓

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Financial Report FY22

For the year ended 30 June 2022

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DIRECTORS' REPORT

The information appearing on pages 2 to 21 forms part of the directors' report for the financial year ended 30 June 2022 and is to be read in conjunction with the following information:

DIRECTORS AND OFFICERS

The Board is currently comprised of five Non-Executive Directors and one Executive Director. The Directors who are in office at the date of this Report are:

John Klepec	Non-Executive Director, Board Chair
Bruce Nicholson	Managing Director, Chief Executive Officer
Jeff Dowling	Non-Executive Director, Chair of Audit Committee
Adrienne Parker	Non-Executive Director, Chair of Nominations and Diversity Committee
Mark Southey	Non-Executive Director, Chair of Remuneration Committee
Martin Monro	Non-Executive Director, Chair of Risk Committee

BOARD OF DIRECTORS, AUDIT AND RISK COMMITTEE, REMUNERATION AND NOMINATION AND DIVERSITY COMMITTEE MEETINGS

During the financial year, 15 Board meetings, 2 Audit Committee, 4 Risk Committee meetings, 2 Remuneration Committee meetings and 3 Nomination and Diversity Committee meetings were held. The number of meetings attended by each Director of the Company during the financial year are as follows:

	BOARD		AUDIT COMMITTEE		RISK COMMITTEE		REMUNERATION COMMITTEE		NOMINATIONS AND DIVERSITY COMMITTEE	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
John Klepec	15	15	2	2	4	4	2	2	3	3
Bruce Nicholson	15	15	2	2	4	4	2	2	3	3
Jeff Dowling	15	14	2	2	4	4	2	2	3	3
Adrienne Parker	15	15	2	2	4	4	2	2	3	3
Mark Southey	15	14	2	2	4	4	2	2	3	2
Martin Monro	15	15	2	2	4	4	2	2	3	3

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 (Cth) 2001 are as follows:

	NO. OF SHARES
John Klepec	40,000
Bruce Nicholson	95,000
Jeff Dowling	50,000
Adrienne Parker	14,990
Mark Southey	15,000
Martin Monro	10,000

INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

The Company has executed agreements with current and former Directors and Officers in respect of indemnity, access to documents and insurance.

Subject to the Corporations Act 2001 (Cth) and Fleetwood's Constitution, Directors and Officers are indemnified 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 Company provides D&O insurance cover to current and former Directors and Officers. The contract of insurance prohibits disclosure of the nature of the cover, however insurance premiums paid during the financial year were \$312,880 (2021: \$328,473).

The access deed provides, among other things, current and former Directors and Officers with access to certain Company information, during their tenure and for a period of seven years after they cease to be a Director or Officer.

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 liability incurred as an auditor.

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PRINCIPAL ACTIVITIES

- + The principal activities of the Company during the financial year were:
- + design, manufacture, and sale of manufactured accommodation;
- + operation of accommodation villages; and
- + manufacture and distribution of recreational vehicle parts and accessories and associated services.

OPERATIONS

A review of operations for the year is contained in the Chief Executive Officer's Review on page 11 of this report

RISK MANAGEMENT

Fleetwood has risk management policies and procedures in place to provide early identification of business risks and to monitor the mitigation of those risks across all aspects of the business. These include risk assessment in the contracting phase, management of specifically identified project risks, treasury management and credit risks, responses to the pandemic and climate related risks. Fleetwood also identifies and monitors appropriate mitigation actions for identified risks..

FINANCIAL POSITION

A summary of the financial position of the Company is disclosed on page 39 and in the Chief Executive Officer's Review.

SHARE OPTIONS, UNITS AND PERFORMANCE RIGHTS

No share units or options were issued or granted during the 2022 fiscal year or subsequent to year end.

As at 30 June 2022 there are Performance Rights outstanding 2,392,073 (2021: 2,423,277)

Details of performance rights granted to Key Management Personnel during the year are set out in the Remuneration Report.

EVENT SUBSEQUENT TO BALANCE DATE

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

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

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

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

FUTURE DEVELOPMENTS

The Company 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 Review of Operations.

DIVIDENDS

A total dividend of 2 cents per share was declared with respect to the year ended 30 June 2022.

RESOLUTION OF DIRECTORS

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



J Klepec
Non-Executive Chair
 16 September 2022
 Perth

REMUNERATION COMMITTEE CHAIRMAN'S LETTER REGARDING THE REMUNERATION REPORT

Dear Shareholders and readers of this report,

We are pleased to present Fleetwood's Remuneration Report for the year ended 30 June 2022.

Fleetwood's remuneration framework is designed to align management remuneration with shareholder returns, the principles of which are outlined in the remuneration principles section of this report.

I am pleased to be able to report that considerable progress has been made on the restructuring and future positioning of your Company. This transformation of the Company has been the result of significant commitment and hard work by Fleetwood employees across the business.

Details of the remuneration framework applying to the leadership team are transparently and comprehensively disclosed in this report.

Our objective is to implement remuneration policies that reward value creation and deliver sustainable value for Fleetwood shareholders. We believe that if investors and their advisers carefully review our forward plans they will endorse the effectiveness of the plans implemented thus far and those which we are proposing.

With respect to the key remuneration issues and outcomes in the financial year:

- + The STI structure has not changed in the current year.
- + The financial and non-financial component of the STI were not met in FY22, except for Community Solutions. There have been no changes to the annual incentive policy other than to develop challenging and focused objectives for the management team to deliver through the past 12 months (FY22).
- + LTI Performance Right awards were made to key management personnel as approved by shareholders at the 2018 Annual General Meeting.
- + No Performance Rights vested during the year.

With respect to remuneration going forward:

- + Remuneration increases will continue to be constrained but will be considered in order to compete for talent in what is a highly competitive building and infrastructure market.
- + New equity awards are being considered on the same terms as approved by shareholders at the 2018 AGM:
 - + Awards with performance periods of three years;
 - + 50% weighted to relative total shareholder return vesting on a graduated basis; and
 - + The balance equally weighted to earnings per share growth and return on capital employed.
- + The company has taken on board feedback around vesting criteria and has changed vesting conditions for the FY22 plan from absolute to relative TSR and removed cliff faced vesting and replaced it with vesting on a graduated basis.

The mandate of the Remuneration Committee remains unchanged. We ask shareholders to support us as we continue to develop and implement schemes which we consider to be in their best interest whilst recognising the particular challenges of the markets in which we work and the core objectives which have been set for those people appointed to manage our businesses.



M Southey
Non-Executive Director
Chair of the Remuneration Committee

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REMUNERATION REPORT (AUDITED)

The Directors of Fleetwood Corporation Ltd (Fleetwood and the Company) present the Remuneration Report for Non-Executive Directors, Executive Director and other Key Management Personnel (KMP), prepared in accordance with the Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth).

The Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Short term incentive included in remuneration
5. Share-based remuneration
6. Other information

1. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The principles of the Group's executive remuneration strategy and supporting incentive programs and frameworks are:

- + to align rewards to business outcomes that deliver value to shareholders;
- + to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- + to ensure remuneration is competitive in the relevant employment marketplace to support the attraction, motivation and retention of executive talent.

Fleetwood has structured a remuneration framework that is market competitive and aligned to the strategy of the Group.

The Board has established a Remuneration Committee, chaired by Independent Non-Executive Director Mark Southey, which operates in accordance with its charter as approved by the Board. The Committee is responsible for recommending and reviewing compensation arrangements for the Directors and the Executive Team.

The Committee has engaged independent remuneration consultants to provide necessary information to assist in the discharge of its responsibilities (refer to the disclosures below in section 1.4).

The remuneration structure adopted by the Group consists of the following components:

- + fixed remuneration, being annual salary;
- + short term incentives, being cash bonuses; and
- + long term incentives, being share schemes.

The Remuneration Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive Team.

The payment of bonuses, share rights and other incentives are reviewed by the Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, shares and incentives must be linked to pre-determined performance criteria and hurdles.

During the financial year the Remuneration Committee reviewed:

- + conditions of service and remuneration of the Directors and Executives;
- + 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 components for each Executive are detailed below.

1.1 Total Fixed Remuneration (TFR)

TFR comprises salary and superannuation capped at the concessional contribution limit. Fixed remuneration is set with reference to role, market and relevant experience and is reviewed annually or on promotion.

1.2 Short Term Incentive (STI)

Each year Fleetwood undertakes a strategic planning process which results in a detailed 3 to 5 year strategy leading to 1-year Key Performance Indicators. Fleetwood's performance measures include the use of annual performance objectives, metrics, and continuing emphasis on Company values.

The performance measures are set annually after consultation with the Directors and Executives and are specifically tailored to the areas where each Executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The performance measures for the STI comprise a combination of individual and company specific performance targets. The weighting is 50% non-financial and 50% financial. The STI Plan contains the following qualifying gates:

1. The Group has been profitable for the year; and
2. Budget EBITA has been achieved for the financial year.

In setting the performance measures for the STI, 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 specific individual key performance targets. Individual performance targets are derived from position descriptions, key responsibilities, key competencies and period specific objectives which are aligned with key business strategies identified annually during the business planning process and following the Board's approval of budgets.

Financial performance targets begin from Board approved budgeted or forecast EBITA and are subject to satisfactory group safety performance.

The maximum amount of these awards is based on a percentage of the Executive's TFR (which is set out in table 4). The actual STI outcomes for the year are detailed in tables 3 and 5 below.

1.3 Long Term Incentive (LTI)

Long-term incentives in the form of performance rights received by Executives are determined in accordance with the provisions of the Executive Long Term Incentive Plan (LTI Plan), which was approved by shareholders at the 2018 Annual General Meeting (AGM). The objective of this plan is to retain and reward executives and to align their long-term interests with those of shareholders.

50% of performance rights are performance tested against total shareholder return (TSR), 25% are tested against earnings per share (EPS) performance and the remaining 25% are tested against return on equity (ROE) performance over a 3-year period from a start date (Start Date) to a test date (End Date).

For the FY19 to FY21 issues, the TSR performance condition will be met if the Company's TSR performance is at or above 15% compound annual growth rate (CAGR) (over the period from the Start Date to the End Date). The FY22 issue will vest to 50% at the TSR equal to the ASX small industrials index and to 100% at the 75th percentile of that index.

For the FY19 to FY21 issues, the EPS performance condition will be met if the Company's EPS performance is at or above 15% compound annual growth rate at the End Date and the ROE performance condition will be met if the Company's ROE is at or above 12% at the End Date (subject to a maximum debt to equity ratio of 30%). The FY22 EPS tranche vests to 50% at a 7.5% compound annual growth and to 100% at a 15% annual growth rate. Return on Capital Employed (ROCE) must be above 15% for the final 25% to vest.

The maximum amount of LTI awards is based on a percentage of the Executive's TFR (which is set out in table 4).

Up until the implementation of the LTI Plan at the 2018 AGM, Executives participated in the Executive Share Unit Plan. The share units granted pursuant to the plan are noted and discussed in the 2018 Remuneration Report. These units vest based on a minimum 15% CAGR in TSR. The plan will remain in effect until all granted units have been exercised, forfeited or expired. No share units have been granted or issued since the introduction of the LTI Plan in 2018. Further details on the plan are contained in section 5.

1.4 Use of remuneration consultants

Fleetwood's Remuneration Committee took advice from external consultants regarding appropriate benchmarks for Director and Executive TFR.

The Reward Practice provided remuneration recommendations for the Board remuneration and was paid \$10,800 (excluding GST) for these services.

The Reward Practice has confirmed that the above recommendations have been made free from undue influence by members of the Group's KMP.

The consultant was engaged by, and reported directly to, the Chair of the Remuneration Committee, Mark Southey. The agreement was executed by the Chair of the Remuneration Committee under delegated authority on behalf of the Board.

The services were provided directly to the Chair of the Remuneration Committee.

1.5 Voting and comments made at the Company's last Annual General Meeting

Fleetwood received 86.4% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2021. The Company received no specific feedback on its Remuneration Report at the 2021 AGM.

1.6 Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Table 1: Five year Snapshot of Continuing Operations

	2018	2019	2020	2021	2022
Share price at start of year (\$)	2.36	2.27	1.70	1.60	2.36
Share price at end of year (\$)	2.27	1.70	1.60	2.36	1.30
Dividend per share (cents)	1.0	-	12.0	16.5	2.0
Diluted earnings (loss) per share (cents, NPATA basis)	19.9	17.8	15.8	18.1	(48.9)
\$ Million					
Revenue and other income	267.0	315.3	329.9	360.1	451.0
Underlying profit before interest, tax and amortisation (EBITA)	18.8	25.3	22.3	26.3	(12.3)

2. DETAILS OF REMUNERATION

Details of the nature and amount of each element of the remuneration of each Director and Executive of Fleetwood are shown in the table below:

Table 2: Non-Executive Directors Remuneration Summary

NON-EXECUTIVE DIRECTORS	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT	OTHER LONG TERM BENEFITS	SHARE BASED PAYMENTS		TOTAL
	SALARY & FEES	BONUS	NON-MONETARY	SUPER-ANNUATION		SHARE UNITS	PERFORMANCE RIGHTS	
	\$	\$	\$	\$	\$	\$	\$	\$
John Klepec Chairman Non-Executive Director								
2022	163,636	-	-	16,364	-	-	-	180,000
2021	65,871	-	-	6,258	-	-	-	72,129
Phillip Campbell Chairman Non-Executive Director (Resigned 28/02/2021)								
2022	-	-	-	-	-	-	-	-
2021	93,333	-	-	-	-	-	-	93,333
Jeff Dowling Non-Executive Director								
2022	100,227	-	-	4,773	-	-	-	105,000
2021	82,192	-	-	7,808	-	-	-	90,000
Adrienne Parker Non-Executive Director								
2022	95,455	-	-	9,546	-	-	-	105,000
2021	82,192	-	-	7,808	-	-	-	90,000
Mark Southey¹ Non-Executive Director								
2022	95,455	-	-	9,546	-	-	-	105,000
2021	82,192	-	-	7,808	-	-	-	90,000
Martin Monro Non-Executive Director								
2022	95,455	-	-	9,546	-	-	-	105,000
2021	82,192	-	-	7,808	-	-	-	90,000
2022 Total	550,227	-	-	49,773	-	-	-	600,000
2021 Total	487,972	-	-	37,490	-	-	-	525,462

Table 2 Notes:

The current maximum aggregate fee pool for Non-Executive Directors is \$600,000 per rule 15.15 of the Constitution of Fleetwood Limited. All Non-Executive Director fees were \$105,000 per annum except for the Chair, who's fees are \$180,000.

¹Mark Southey provided strategic planning related consulting services independent to his role as a Non-Executive Director amounting to \$4,560 during the FY21 year.

Table 3: Executive Director and Executives Remuneration Summary

EXECUTIVE DIRECTORS AND OFFICERS	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT	LONG TERM BENEFITS		SHARE BASED PAYMENTS		TOTAL
	SALARY & FEES	BONUS	NON-MONETARY	SUPER-ANNUATION	ANNUAL LEAVE	LONG SERVICE LEAVE	SHARE UNITS	PERFORMANCE RIGHTS	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Bruce Nicholson¹									
Chief Executive Officer (Appointed 01/07/2021) (Appointed Managing Director 01/08/2022)									
2022	600,000	-	-	25,000	23,077	-	-	221,209	869,286
2021	-	-	-	-	-	-	-	-	-
Brad Denison²									
Chief Executive Officer, Managing Director (Resigned 04/05/2021)									
2022	-	-	-	-	-	-	-	-	-
2021	626,532	-	18,710	22,917	-	-	8,806	250,943	927,908
Andrew Wackett³									
Chief Financial Officer, Company Secretary									
2022	411,432	-	-	23,568	61,715	-	-	42,851	539,566
2021	380,588	106,957	-	21,694	50,868	-	2,201	37,229	599,538
Elizabeth Maynard									
General Counsel, Company Secretary									
2022	273,682	-	-	23,568	11,884	-	-	32,897	342,031
2021	268,306	93,652	-	21,694	13,653	-	-	29,543	426,848
Andrew McCormack⁴									
General Manager - WHSE & HR									
2022	237,690	-	-	23,568	9,828	43,540	-	28,359	342,986
2021	-	-	-	-	-	-	-	-	-
Jason Kunkler⁵									
Chief Operating Officer - Building Solutions (Resigned 10/05/2022)									
2022	476,809	-	-	23,567	-	-	-	-	500,376
2021	423,306	89,000	-	21,694	18,265	-	-	18,463	570,728
Manuel Larre									
Chief Operating Officer - RV Solutions									
2022	289,682	-	-	28,333	37,441	6,742	-	36,073	398,272
2021	290,222	143,100	-	25,000	25,474	47,767	2,642	33,691	567,896
Dominic Letts									
Chief Operating Officer - Accommodation Solutions									
2022	285,879	124,500	-	27,500	19,597	65,371	-	34,712	557,559
2021	281,000	104,040	-	25,000	17,901	58,647	881	32,420	519,888
Tara Goldsworthy									
Executive General Manager - Manufacturing (Appointed 25/10/2021)									
2022	245,238	-	-	16,165	15,895	-	-	-	277,298
2021	-	-	-	-	-	-	-	-	-
Tom Gleeson									
Executive General Manager - Sales (Appointed 14/02/2022)									
2022	127,570	-	-	10,159	9,813	-	-	-	147,542
2021	-	-	-	-	-	-	-	-	-
2022 Total	2,947,982	124,500	-	201,428	189,250	115,653	-	396,102	3,974,915
2021 Total ⁶	2,269,954	536,749	18,710	137,999	126,161	106,414	14,530	402,289	3,612,806

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Table 3 Notes:

¹ Bruce Nicholson was appointed Managing Director effective from 1 August 2022. Bruce Nicholson was issued 85,837 performance rights on 1 July 2021 as a CEO commencement incentive with a value of \$192,275. The performance rights vested on 1 July 2022 on the condition that the CEO was still employed by Fleetwood.

² Brad Denison's FY21 salary and fees included \$138,462 in redundancy benefits. There was no adjustment to his TFR in FY21. The Board used its discretion to vest 132,000 share units and 243,347 performance rights and statutory long service and annual leave benefits totalling \$371,928 were also paid to him during the year.

³ Andrew Wackett served as both Chief Financial Officer and Interim Chief Executive Officer from 27 November 2020 until 30 June 2021 and was awarded increased TFR to reflect his increased responsibilities.

⁴ Andrew McCormack became a KMP for the purposes of the Remuneration Report from 1 July 2021.

⁵ Jason Kunkler's FY22 salary and fees included a termination payment of \$114,714.

⁶ The 2021 comparative numbers have been restated to include KMP's Annual leave and Long service leave entitlements payable on termination of employment of the individual.

Included in salary and fees are amounts paid and payable 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 annual leave entitlements and long service leave entitlements payable to the Executive in the event of their termination.

STI outcomes are explained in detail in Table 5.

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, which are subject to performance criteria.

3. SERVICE AGREEMENTS

The remuneration and other terms of employment for the Managing Director & CEO and other Executive KMP are covered under individual employment contracts. All employment contracts are for an unlimited duration and carry no termination payments other than statutory entitlements. The Executive's TFR is subject to annual review with no obligation on the Company to make changes.

Each Executive KMP employment contract includes provisions requiring the Executive to maintain the confidentiality of Company information, provides for leave entitlements, as a minimum, in accordance with respective legislation and restraint of trade provisions for a period after termination of employment.

Specific details relating to each Executive KMP are as follows:

Table 4: Executive Service Agreements

KEY MANAGEMENT PERSONNEL	TFR	STIP %	LTIP %	NOTICE PERIOD
Bruce Nicholson (Appointed 01/07/2021)	625,000	50%	50%	6 months
Andrew Wackett	435,000	40%	40%	3 months
Elizabeth Maynard	298,700	40%	40%	3 months
Andrew McCormack	262,500	40%	40%	3 months
Jason Kunkler (Resigned 02/05/2022)	445,000	40%	40%	3 months
Manuel Larre	318,000	40%	40%	3 months
Dominic Letts	315,180	40%	40%	3 months
Tara Goldsworthy (Appointed 25/10/2021)	400,000	40%	40%	3 months
Tom Gleeson (Appointed 14/02/2022)	373,568	40%	40%	3 months

The Remuneration Committee determines remuneration for all KMP listed under the guidelines contained in section 1 of this Remuneration Report.

4. SHORT TERM INCENTIVE INCLUDED IN REMUNERATION

Details of the STI cash bonuses awarded as remuneration to each KMP, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years.

Table 5: STI summary

KEY MANAGEMENT PERSONNEL	INCLUDED IN REMUNERATION	TOTAL AVAILABLE STI %	EARNED %	FORFEITED %
Bruce Nicholson (Appointed 01/07/2021)	-	50%	0%	100%
Andrew Wackett	-	40%	0%	100%
Elizabeth Maynard	-	40%	0%	100%
Andrew McCormack	-	40%	0%	100%
Jason Kunkler (Resigned 02/05/2022)	-	40%	0%	100%
Manuel Larre	-	40%	0%	100%
Dominic Letts	124,500	40%	100%	0%
Tara Goldsworthy (Appointed 25/10/2021)	-	40%	0%	100%
Tom Gleeson (Appointed 14/02/2022)	-	40%	0%	100%

A description of the STI criteria is detailed in section 1.2 of this report.

Dominic Letts was awarded an STI of \$124,500. \$62,250 (50%) related to the achievement of the EBITA outcome for Community Solutions and \$62,250 for non-financial outcomes related to the negotiation and signing of long-term accommodation contracts at Searipple Village.

There were no other STI's awarded for KMP in relation to the FY22 period.

5. SHARE-BASED REMUNERATION

Fleetwood currently has two share based long term incentive plans, one of which is no longer in use. These are summarised below:

- FY19-FY22: LTI Performance Rights Plan. Key terms discussed in section 1.3 of this report. An expense of \$264,428 was recorded in the FY22 accounts for this plan. KMP holdings of share rights under this plan are detailed in table 6.1.
- FY15-FY18: Share Units Plan. No longer in use. The final grant date in relation to this plan was made on 20 December 2017 with a 5-year vesting period. An accounting expense of \$18,052 was recorded in the FY21 accounts for this plan. KMP holdings of share units under this plan are detailed in table 10.

Details of performance rights over ordinary shares in the Company that were granted as remuneration to each KMP are set out in the table below. Non-Executive Directors are not entitled to participate in the LTI Share Rights Plan.

Table 6: FY19-FY22 LTI Performance Rights Plan summary

KEY MANAGEMENT PERSONNEL	PLAN	GRANT DATE	NO. AT GRANT DATE	VALUE AT GRANT DATE	NO. UNITS VESTED DURING THE YEAR	VESTING DATE	VALUE OF PERFORMANCE RIGHTS INCLUDED IN REMUNERATION
Bruce Nicholson (Appointed 01/07/2021)	FY22	01/07/21	134,120	196,574	-	30/06/23	28,934
Andrew Wackett	FY20	01/07/19	77,855	169,724	-	30/06/22	12,219
	FY21	01/07/20	86,420	186,667	-	30/06/23	14,522
	FY22	01/07/21	74,678	109,553	-	30/06/24	16,111
Elizabeth Maynard	FY20	01/07/19	64,508	140,627	-	30/06/22	10,124
	FY21	01/07/20	71,605	154,667	-	30/06/23	12,032
	FY22	01/07/21	49,785	73,035	-	30/06/24	10,740
Andrew McCormack	FY20	01/07/19	55,611	121,232	-	30/06/22	10,683
	FY21	01/07/20	61,728	133,332	-	30/06/23	10,373
	FY22	01/07/21	42,918	62,961	-	30/06/24	9,259
Manuel Larre	FY20	01/07/19	70,737	154,207	-	30/06/22	11,102
	FY21	01/07/20	78,519	169,601	-	30/06/23	13,194
	FY22	01/07/21	54,592	80,086	-	30/06/24	11,777
Dominic Letts	FY20	01/07/19	68,068	148,388	-	30/06/22	10,683
	FY21	01/07/20	75,556	163,201	-	30/06/23	12,696
	FY22	01/07/21	52,532	77,064	-	30/06/24	11,333
Total	FY20	01/07/19	336,779	734,178	-	30/06/22	54,810
	FY21	01/07/20	373,828	807,468	-	30/06/23	62,817
	FY22	01/07/21	408,625	599,453	-	30/06/24	88,155

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5.1 Valuation assumptions for the FY19-FY22 LTI (Performance Rights Plan)

The estimation of the fair value of share-based payment awards requires judgement concerning the appropriate valuation methodology. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions.

A Monte-Carlo simulation valuation methodology was used to determine the value relative to TSR growth. The valuation methodology used was chosen from those available to incorporate an appropriate amount of flexibility with respect to the particular performance and vesting conditions of the award.

The value recognised in the period for each KMP has been recognised straight-line over the vesting term in line with accounting standards. For those portions of the granted rights with non-market vesting conditions, values have been estimated based on the number of units expected to vest.

Key inputs to the model are detailed below.

Table 7: Key inputs to FY19-FY22 LTI Valuation

GRANT DATE	EXPIRY DATE	VESTING TRANCHE	VOLATILITY	DIVIDEND YIELD	RISK FREE INTEREST RATE	SHARE PRICE AT GRANT DATE	FAIR VALUE AT GRANT DATE
			%	%	%	\$	\$
01/07/18	30/06/21	1	53.66	2.50	2.24	1.97	0.72
01/07/19	30/06/22	1	54.11	0.00	1.97	2.18	0.82
01/07/20	30/06/23	1	50.82	0.00	1.58	2.16	0.72
01/07/22	30/06/24	1	40.00	5.00	0.10	2.74	1.47

5.2 Valuation assumptions for the FY15-FY18 LTI (Share Units Plan)

The fair value at grant date for KMP share units, is determined under option pricing methodology using a Monte-Carlo simulation model. The expected volatility is based on historical share price volatility over the past five years. The risk-free interest rate and dividend yield have been assessed based on prevailing market conditions.

Key inputs to the model are as follows:

Table 8: Key inputs to FY2015-2018 LTI Valuation

GRANT 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
			%	%	%	\$	\$	\$
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
20/12/16	18/12/21	1	49.48	3.20	2.33	0.82	1.94	1.94
		2	49.48	3.20	2.33	0.74	1.94	1.94
		3	49.48	3.20	2.33	0.68	1.94	1.94
12/06/17	12/06/22	1	49.48	1.90	2.53	0.91	2.19	2.19
		2	49.48	1.90	2.53	0.83	2.19	2.19
		3	49.48	1.90	2.53	0.72	2.19	2.19
20/12/17	20/12/22	1	51.84	1.80	2.43	1.21	2.84	2.84
		2	51.84	1.80	2.43	1.12	2.84	2.84
		3	51.84	1.80	2.43	1.01	2.84	2.84

6. OTHER INFORMATION

6.1 Performance rights held by KMP (FY19-22 LTI)

The number of performance rights to acquire shares in the Company held during the 2022 reporting period by each of the KMP of the Group; including their related parties are set out below. No performance rights were held by the Directors.

Table 9: Details of performance right holdings of KMP

PERFORMANCE RIGHTS	RIGHTS AT BEGINNING OF YEAR NO.	GRANTED AS REMUNERATION NO.	VESTED DURING THE YEAR NO	FORFEITED NO.	RIGHTS AT END OF YEAR NO.
Brad Denison (Resigned 04/05/2021)					
2022	-	-	-	-	-
2021	319,812	-	(243,347)	(76,465)	-
Bruce Nicholson (Appointed 01/07/2021)					
2022	-	134,120	-	-	134,120
2021	-	-	-	-	-
Andrew Wackett					
2022	164,275	74,678	-	(77,855)	161,098
2021	144,210	86,420	-	(66,355)	164,275
Elizabeth Maynard					
2022	136,113	49,785	-	(64,508)	121,390
2021	111,237	71,605	-	(46,729)	136,113
Andrew McCormack ¹					
2022	117,339	42,918	-	(55,611)	104,646
2021	-	-	-	-	-
Jason Kunkler (Resigned 10/05/2022)					
2022	109,877	76,395	-	(186,272)	-
2021	-	109,877	-	-	109,877
Manuel Larre					
2022	149,256	54,592	-	(70,737)	133,111
2021	130,176	78,519	-	(59,439)	149,256
Dominic Letts					
2022	143,624	52,532	-	(68,068)	128,088
2021	125,624	75,556	-	(57,196)	143,624
Tara Goldsworthy (Appointed 25/10/2021)					
2022	-	-	-	-	-
2021	-	-	-	-	-
Tom Gleeson (Appointed 14/02/2022)					
2022	-	-	-	-	-
2021	-	-	-	-	-
2022 Total	820,484	485,020	-	(523,051)	782,453
2021 Total	830,699	421,977	(243,347)	(306,184)	703,145

¹ Andrew McCormack became a KMP for the purposes of the Remuneration Report from 1 July 2021.

6.2 Share units held by KMP (FY15-FY18 LTI)

The number of share units to acquire shares in the Company held during the 2022 reporting period by each of the KMP of the Group; including their related parties are set out below. No share units are held by the Directors.

Table 10: Details of share unit holdings of KMP

SHARE UNITS	UNITS AT BEGINNING OF YEAR NO.	GRANTED AS REM. 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 \$
EXECUTIVES								
Andrew Wackett								
2022	110,000	-	-	-	110,000	-	-	-
2021	110,000	-	-	-	110,000	-	-	-
Andrew McCormack								
2022	20,000	-	-	-	20,000	-	-	-
2021	20,000	-	-	-	20,000	-	-	-
Manuel Larre								
2022	155,000	-	-	-	155,000	-	71,900	-
2021	155,000	-	-	-	155,000	-	71,900	-
Dominic Letts								
2022	73,200	-	-	-	73,200	-	46,800	-
2021	73,200	-	-	-	73,200	-	46,800	-
2022 Total	358,200	-	-	-	358,200	-	118,700	-
2021 Total	358,200	-	-	-	358,200	-	118,700	-

6.3 Loans to KMP (FY15-FY18 LTI)

Loans to KMP in connection with the FY15-FY18 LTI totalling \$1,010,663 (2021: \$1,044,134) were outstanding at the end of the reporting period. The value of shares in the Company held by the Share Trust exceeded the balance of loans outstanding at the end of the reporting period. 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 KMP included in the aggregate of loans is four.

6.4 Other transactions with KMP

Bruce Nicholson was appointed Chief Executive Officer effective from 1 July 2021. Bruce Nicholson was issued 85,837 performance rights on 1 July 2021 as a CEO commencement incentive with a value of \$192,275. The Company's share price was \$2.24 at the date of grant. The performance rights vested and converted to shares on 1 July 2022 on the condition that the CEO was still employed by Fleetwood. Bruce Nicholson was subsequently appointed Managing Director effective from 1 August 2022.

There were no other transactions with KMP during the period.

END OF AUDITED REMUNERATION REPORT.

DIRECTORS' DECLARATION

In the opinion of the directors of Fleetwood Limited:

- a) The financial statements and notes set out on pages 38 to 75, are in accordance with the Corporations Act (Cth) 2001, including:
 - i. Complying with Australian Accounting Standards and the Corporations Regulations 2001 (Cth); and
 - ii. Giving a true and fair view of the Company's financial position as at 30 June 2022 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 Corporations (Wholly-owned Companies) Instrument 2016/785 applies, as detailed in note 23 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 (Cth) 2001 from the Chief Executive Officer and Chief Financial Officer.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



J Klepec

Non-Executive Chairman

16 September 2022
Perth

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2022



Ernst & Young
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Auditor's independence declaration to the directors of Fleetwood Limited

As lead auditor for the audit of the financial report of Fleetwood Limited for the financial year ended 30 June 2022, I declare 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 ;
- b. No contraventions of any applicable code of professional conduct in relation to the audit ; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Fleetwood Limited and the entities it controlled during the financial year.

Ernst & Young

R J Curtin
Partner
16 September 2022

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	CONSOLIDATED 2022 \$ '000	CONSOLIDATED 2021 \$ '000
Continuing operations			
Sales revenue	2	445,143	353,604
Fair value gain on contingent consideration		-	1,357
Government subsidies		-	3,235
Other income		961	1,887
Materials used		(154,156)	(138,851)
Sub-contract costs		(167,795)	(88,817)
Employee benefits	3	(75,027)	(57,059)
Rent expense	20	(731)	(948)
Impairment of assets	11,14,15	(35,943)	-
Warranty and defects expense	17	(3,896)	-
Onerous contracts	17	(14,127)	-
Other expenses		(29,986)	(31,887)
(Loss) / Profit before interest, tax, depreciation and amortisation (EBITDA)		(35,557)	42,522
Depreciation	3	(16,584)	(16,223)
(Loss) / Profit before interest, tax and amortisation (EBITA)		(52,141)	26,299
Amortisation of contract intangible	15	(1,137)	(3,838)
(Loss) / Profit before interest and tax (EBIT)		(53,278)	22,461
Finance costs	3	(1,494)	(1,285)
(Loss) / Profit before income tax expense		(54,772)	21,176
Income tax benefit / (expense)	4	7,887	(6,570)
Loss) / Profit from continuing operations		(46,885)	14,606
Loss from discontinued operation		(579)	(1,269)
(Loss) / Profit for the year	7, 21	(47,464)	13,337
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Net exchange difference - foreign controlled entities (net of tax)	21	(163)	(105)
Total comprehensive profit (loss) for the year		(47,627)	13,232
EARNINGS (LOSS) PER SHARE			
	NOTE	CENTS	CENTS
Basic earnings (loss) per share			
Continuing operations		(49.8)	15.4
Discontinued operations		(0.6)	(1.3)
Total	7	(50.4)	14.1
Diluted earnings (loss) per share			
Continuing operations		(49.8)	15.3
Discontinued operations		(0.6)	(1.3)
Total	7	(50.4)	14.0

To be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

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

To be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

CONSOLIDATED	NOTE	ISSUED CAPITAL \$ '000	SHARE BASED PAYMENT RESERVE \$ '000	SHARE PLAN RESERVE \$ '000	FOREIGN CURRENCY TRANSLATION RESERVE \$ '000	RETAINED EARNINGS \$ '000	TOTAL \$ '000
Balance at 30 June 2020		255,054	-	(3,188)	365	(25,702)	226,529
Profit for the year		-	-	-	-	13,337	13,337
Share plan settlements		-	-	1,062	-	-	1,062
Exchange differences arising on translation of foreign operations		-	-	-	(105)	-	(105)
Total comprehensive profit (loss) for the year		-	-	1,062	(105)	13,337	14,294
Dividends paid to shareholders		-	-	-	-	(17,030)	(17,030)
Share buy-back		(1,681)	-	-	-	-	(1,681)
Share-based payments		353	-	-	-	-	353
Balance at 30 June 2021		253,726	-	(2,126)	260	(29,395)	222,465
Loss for the year		-	-	-	-	(47,464)	(47,464)
Share plan settlements		-	-	-	-	-	-
Exchange differences arising on translation of foreign operations		-	-	-	(163)	-	(163)
Total comprehensive profit (loss) for the year		-	-	-	(163)	(47,464)	(47,627)
Dividends paid to shareholders		-	-	-	-	(11,775)	(11,775)
Share-based payments	21	-	281	-	-	176	457
Transfer from Issued Capital to Share-based Payment Reserve	21	(556)	556	-	-	-	-
Balance at 30 June 2022		253,170	837	(2,126)	97	(88,458)	163,520

To be read in conjunction with the accompanying notes

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

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

To be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

SUMMARY OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BUSINESS PERFORMANCE	BALANCE SHEET	FINANCING	CAPITAL	GROUP STRUCTURE	OTHER
2. SALES REVENUE	8. CASH AND CASH EQUIVALENTS	18. INTEREST BEARING LOANS AND BORROWINGS	6. DIVIDEND INFORMATION	23. DEED OF CROSS GUARANTEE	22. AUDITORS REMUNERATION
3. EXPENSES	9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS	19. FINANCING ARRANGEMENTS	21. EQUITY AND RESERVES	26. CONTROLLED ENTITIES	24. FINANCIAL RISK MANAGEMENT
4. TAX EXPENSE	10. INTEREST BEARING RECEIVABLES	20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES		28. PARENT ENTITY DISCLOSURES	25. CONTINGENT LIABILITIES
5. SEGMENT INFORMATION	11. INVENTORIES				27. RELATED PARTIES
7. EARNINGS PER SHARE	12. NON-CURRENT ASSETS HELD FOR SALE				29. SUBSEQUENT EVENTS
	13. PROPERTY, PLANT AND EQUIPMENT				
	14. GOODWILL				
	15. INTANGIBLE ASSETS				
	16. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES				
	17. PROVISIONS				

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1. ABOUT THIS REPORT

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

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

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

1.1 STATEMENT OF COMPLIANCE

The 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 Company and its subsidiaries.

The financial statements were authorised for issue by the directors on 16 September 2022.

New and revised Standards and Interpretations adopted during the reporting period

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

Impact of standards issued but not yet applied

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

1.2 BASIS OF PREPARATION

The financial report has been prepared on the basis of historical costs, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Cost is generally based on the fair values of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 or value in use in AASB 136. Accounting policies have been consistently applied and except where there are changes in accounting policy, are consistent with those of the previous year. All amounts are presented in Australian Dollars unless otherwise noted.

The Company has applied the relief available to it under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016 / 191 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest \$1,000, or in certain cases, the nearest dollar.

1.3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. All subsidiaries have a reporting date of 30 June.

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.

1. ABOUT THIS REPORT continued

When the Company loses control of a subsidiary, a gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9 'Financial Instruments' or, when applicable, the cost on initial recognition of an investment in an associate.

1.4 TAX CONSOLIDATION

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

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

The method used to calculate current and deferred tax amounts is summarised in note 4.

1.5 FOREIGN CURRENCY

Functional currency

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

Transactions

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

Translation of controlled foreign operations

The assets and liabilities of foreign operations, including subsidiaries, are translated at the rates of exchange ruling at balance date. Equity items are translated at historical rates. Exchange differences arising from translation are taken directly to the foreign currency reserve until disposal or partial disposal of the operations. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognised in other comprehensive income and accumulated in equity.

1.6 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

- + We have considered the impact of COVID-19 in the relevant areas of the financial statements. These include asset impairment calculations, carrying value of inventory and recognition and collectability of revenue. Further details are contained below and in the notes pertaining to these items.
- + Accounting for construction contracts involves the continuous use of assessed estimates based on assumptions consistent with project scope and schedule, contract and risk management processes. Contracts may span over more than one accounting period. Estimates of forecast costs are regularly updated in accordance with the agreed work scope and schedule under the contract. Forecasts are based on the cost expected to apply when the related activity is undertaken. Contingencies are included in order to cover the risks in those forecasts. Forecasted costs are used to determine revenue recognition over time as described in note 2. Revenues reflect the price agreed in the contract and variations where they have been approved or if it is highly probable they will be approved and a significant revenue reversal will not occur in the future. Claims are included in contract revenue only where negotiations have reached an advanced stage such that it is probable that the client will accept the claim and recovery of the amount involved is probable.
- + Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets have been allocated except for where fair value less cost to sell has been applied. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of goodwill and the subsequent testing for impairment are set out in note 14. Details of other intangible assets are set out in note 15. Where the actual future cash flows are less than expected, a material impairment loss may arise.

1. ABOUT THIS REPORT continued

- + The Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of share rights and share units issued during the year. Refer to note 3.
- + Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling price. The Company is generally pro-active in identifying and stopping orders on slow moving or discontinued items such that these items are not carried at material amounts.

1.7 GOVERNMENT GRANTS RECOGNITION AND MEASUREMENT

Government grants and subsidies are recognised where there is reasonable assurance that they will be received, and all attached conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the Company receives grants or subsidies of non-monetary assets, the asset and the grant/subsidy are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

1.8 GENERAL INFORMATION

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

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

2. SALES REVENUE

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

RECOGNITION AND MEASUREMENT

SALES REVENUE

Revenue from contracts with customers primarily arises from the following streams:

RV Solutions segment:

- + The shipment of recreational vehicle parts and accessories;
- + the installation of vehicle parts and accessories; and
- + repairs and maintenance services of customers' vehicles.

Building Solutions segment:

- + The construction of modular accommodation units sold to customers; and
- + the hiring of modular accommodation units on short-term contracts.

Community Solutions segment:

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

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The transaction price is the fair value of consideration received or receivable net of goods and services tax (GST).

2. SALES REVENUE *continued*

RV Solutions

Revenue from the sale of parts and services is for a fixed fee and recognised at a point in time. Recognition occurs when the Company transfers control of the asset to the customer.

For parts and services, transfer of control of the asset to the customer is the date of receipt by the customer for the good or where the Company is providing a service such as installation, repairs or maintenance, recognition is the date in which the customer drives away with the installed or repaired product.

The sale of parts and services are accompanied by standard manufacturer's warranty arrangements, of which are not separately or incrementally paid for by the customer. Under these conditions, customers can return product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. Refer to note 17.

Building Solutions

The Company enters into contracts for the construction of modular accommodation units in exchange for a fixed fee and recognises the related revenue over time. Many of the Company's contracts comprise the construction of several accommodation units each representing performance obligations under the contract. The Company evaluates the separability of each good or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- + the customer benefits from the item either on its own or together with other readily available resources; and
- + it is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customising it).

The transaction price for a contract excludes any amounts collected on behalf of third parties.

To depict the progress by which the Company transfers control of a build to the customer, and to establish when and to what extent revenue can be recognised, the Company measures its progress towards complete satisfaction of the performance obligation by comparing actual costs spent to date with the total estimated costs required to construct each unit. This cost-to-cost basis provides the most faithful depiction of the transfer of goods and services to each customer due to the Company's ability to make reliable estimates of the total costs required to perform, arising from its significant historical experience constructing similar units.

In addition to the fixed fee, some contracts include bonus payments which the Company can earn by completing a project in advance of a targeted delivery date. At inception of each contract, the Company begins by estimating the amount of the bonus to be received using the "most likely amount" approach. This amount is then included in the Company's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty surrounding the bonus is resolved. In making this assessment, the Company considers its historical record of performance on similar contracts, whether the Company has access to the labour and materials resources needed to exceed the agreed-upon completion date, and the potential impact of other reasonably foreseen constraints.

Most such arrangements include detailed customer payment schedules. When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises a contract asset in its statement of financial position.

The construction of accommodation units typically takes between 6-12 months from commencement of design through to completion and delivery. In some situations, customer payments will be received over a period of one year or more. In these circumstances, the Company adjusts the transaction price used in determining revenue recognition by the effects of financing.

In obtaining some of these contracts, the Company incurs a number of incremental costs, such as commissions paid to sales staff. The Company recognises such incremental costs as a contract asset if it expects to recover those costs from the customer. The contract asset is then amortised on a systematic basis consistent with the transfer to the customer the good or service to which the contract asset relates.

However, as noted above in some contracts the amortisation period of these costs, if capitalised, would be less than one year, and thus the Company makes use of the practical expedient in AASB 15.94 and expenses them when incurred.

Community Solutions

The Company rents its owned accommodation units to customers and recognises revenue over time based on either fixed or variable daily rental rates depending on whether formal arrangements with customers exist. Revenue for these transactions is therefore recognised over time based on monthly billing in arrears for daily accommodation services provided. In this respect, the Company has a right to the consideration and the amount billed corresponds directly with the value to the customer for the Company's performance completed to date.

For Osprey which the Company manages on behalf of its customer, revenue is recognised over time based on a fixed management fee billed to the customer as per the management contract. Revenue is therefore recognised upon billing as that timing corresponds directly with the value to the customer for the Company's performance completed to date.

3. EXPENSES

Expenses from continuing operations contain the following:

CONTINUING OPERATIONS	NOTE	CONSOLIDATED	
		2022 \$ '000	2021 \$ '000
Cost of sales		377,612	257,402
Employee benefits			
Salaries and wages		68,980	52,271
Equity settled share-based payments		457	353
Defined contribution superannuation		5,590	4,435
		75,027	57,059
Depreciation and amortisation of:			
Buildings	13	34	33
Leasehold improvements	13	748	653
Plant and equipment	13	6,960	7,421
Product development	15	456	324
ERP Software	15	718	480
Right-of-use assets	20	7,668	7,312
		16,584	16,223
Finance costs:			
Financing arrangements		685	713
Lease liabilities		809	572
		1,494	1,285

EQUITY SETTLED SHARE-BASED PAYMENTS

Employee Plan

A scheme under which rights to acquire ordinary shares may be issued by the Company to employees for no consideration was approved by shareholders at the 2014 annual general meeting. Employees who have been continuously employed by the Company for at least one year are eligible to participate in the scheme. Employees will be issued shares in Fleetwood Limited upon the exercise of rights. One third of the rights are exercisable one year from the date of issue and a further one third of the rights are exercisable in each of the next two years. One share right represents one Fleetwood Limited share. There are no voting rights or dividend entitlements attaching to the rights. No amount is payable upon exercise of the rights and shares issued upon exercise rank equally with existing shares on the ASX.

3. EXPENSES continued

Executive Plans

Long Term Incentive (LTI)

Long-term incentives in the form of performance rights received by Executives are determined in accordance with the provisions of the Executive Long Term Incentive Plan (LTI Plan), which was approved by shareholders at the 2018 Annual General Meeting (AGM). The objective of this plan is to retain and reward executives and to align their long-term interests with those of shareholders.

50% of performance rights are performance tested against total shareholder return (TSR) performance, 25% are tested against earnings per share (EPS) performance and the remaining 25% are tested against return on equity (ROE) performance over a 3-year period from a start date (Start Date) to a test date (End Date).

For the FY19 to FY21 issues, the TSR performance condition will be met if the Company's TSR performance is at or above 15% compound annual growth rate (CAGR) (over the period from the Start Date to the End Date). The FY22 issue will vest to 50% at the TSR equal to the ASX small industrials index and to 100% at the 75th percentile of that index.

For the FY19 to FY21 issues, the EPS performance condition will be met if the Company's EPS performance is at or above 15% compound annual growth rate at the End Date and the ROE performance condition will be met if the Company's ROE is at or above 12% at the End Date (subject to a maximum debt to equity ratio of 30%). The FY22 EPS tranche vests to 50% at a 7.5% compound annual growth and to 100% at a 15% annual growth rate. Return on Capital Employed (ROCE) must be above 15% for the final 25% to vest.

The maximum amount of LTI awards is based on a percentage of the Executive's Total Fixed Remuneration (TFR).

Up until the implementation of the LTI Plan at the 2018 AGM, Executives participated in the Executive Share Unit Plan. The share units granted pursuant to the plan are noted and discussed in the 2018 Remuneration Report. The plan will remain in effect until all granted units have been exercised, forfeited or expired. No share units have been granted or issued since the introduction of the LTI Plan in 2018.

Valuation assumptions for the FY19-FY22 LTI (Performance Rights Plan)

The estimation of the fair value of share-based payment awards requires judgement concerning the appropriate valuation methodology. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions.

A Monte-Carlo simulation valuation methodology was used to determine the value relative to TSR growth. The valuation methodology used was chosen from those available to incorporate an appropriate amount of flexibility with respect to the particular performance and vesting conditions of the award.

The value recognised in the period for each KMP has been recognised straight-line over the vesting term as in line with accounting standards. For those portions of the granted rights with non-market vesting conditions, values have been estimated based on management's judgments as to the number of units expected to vest.

The following principal assumptions were used in the valuation:

GRANT DATE	EXPIRY DATE	VESTING TRANCHE	VOLATILITY %	DIVIDEND YIELD %	RISK FREE INTEREST RATE %	SHARE PRICE AT GRANT DATE \$	FAIR VALUE AT GRANT DATE \$
01/07/18	30/06/21	1	53.66	2.50	2.24	1.97	0.72
01/07/19	30/06/22	1	54.11	0.00	1.97	2.18	0.82
01/07/20	30/06/23	1	50.82	0.00	1.58	2.16	0.72
01/07/21	30/06/24	1	40.00	5.00	0.10	2.74	1.47

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3. EXPENSES continued

Valuation assumptions for the FY15-FY18 LTI (Share Units Plan)

The fair value at grant date for share units, is determined under option pricing methodology using a Monte-Carlo simulation model. The expected volatility is based on historical share price volatility over the past five years, and the risk-free interest rate and dividend yield have been assessed based on prevailing market conditions.

Key inputs to the model are as follows:

GRANT 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
			%	%	%	\$	\$	\$
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
20/12/16	18/12/21	1	49.48	3.20	2.33	0.82	1.94	1.94
		2	49.48	3.20	2.33	0.74	1.94	1.94
		3	49.48	3.20	2.33	0.68	1.94	1.94
12/06/17	12/06/22	1	49.48	1.90	2.53	0.91	2.19	2.19
		2	49.48	1.90	2.53	0.83	2.19	2.19
		3	49.48	1.90	2.53	0.72	2.19	2.19
20/12/17	20/12/22	1	51.84	1.80	2.43	1.21	2.84	2.84
		2	51.84	1.80	2.43	1.12	2.84	2.84
		3	51.84	1.80	2.43	1.01	2.84	2.84

Set out below are summaries of rights and units granted under each plan:

	PERFORMANCE RIGHTS PLAN				SHARE UNITS		
	2022	2021	2020	2019	2018	2017	2017
Grant date	01/07/21	01/07/20	01/07/19	01/07/18	20/12/17	12/06/17	20/12/16
Expiry date	30/6/24	30/06/23	30/06/22	30/06/21	20/12/22	12/06/22	18/12/21
Share Price at Grant date (\$)	2.74	2.16	2.18	1.97	2.84	2.19	1.94
Fair Value at Grant date (\$)	1.47	0.72	0.82	0.72	1.01	0.72	0.68
Balance at the start of the year (no.)	-	1,255,360	681,469	486,449	210,000	60,000	194,567
Granted (no.)	1,273,410	-	-	-	-	-	-
Exercised (no.)	-	-	-	-	-	-	-
Forfeited (no.)	(360,623)	(448,438)	(94,941)	(486,449)	(35,000)	-	(138,467)
Balance at the end of the year (no.)	912,787	806,922	586,527	-	175,000	60,000	56,100

Bruce Nicholson was appointed Chief Executive Officer effective from 1 July 2021. Bruce Nicholson was issued 85,837 performance rights on 1 July 2021 as a CEO commencement incentive with a value of \$192,275. The Company's share price was \$2.24 at the date of grant. The performance rights vested and converted to shares on 1 July 2022 on the condition that the CEO was still employed by Fleetwood.

RECOGNITION AND MEASUREMENT

DEFINED CONTRIBUTION SUPERANNUATION

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

4. TAX EXPENSE

CURRENT TAX EXPENSE

	2022 \$ '000	2021 \$ '000
Current tax expense (benefit) from continuing and discontinued operations	215	5,575
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	(8,350)	(127)
Deferred tax expense relating to recoupment of prior year tax losses	-	-
Under provision of income tax in prior year	-	576
Continuing and discontinued operations	(8,135)	6,024

Reconciliation of income tax expense to the accounting profit:

Profit (loss) before tax from continuing and discontinued operations	(55,598)	19,361
----------------------------------------------------------------------	----------	--------

The tax rate used for 2022 and 2021 is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Income tax expense (benefit) calculated at 30% (2020: 30%)	(16,679)	5,808
Amortisation of leasehold improvements	8	8
Effect of lower tax rates on overseas income	(23)	(21)
Non-deductible expenses	8,563	106
Research & development allowance	-	-
Fair value gain on contingent consideration	-	(407)
Sundry items	(4)	(46)
Adjustments relating to income tax in prior year	-	576
Continuing and discontinued operations	(8,135)	6,024

Income tax expense (benefit) from:

Continuing operations	(7,887)	6,570
Discontinued operations	(248)	(546)
Continuing and discontinued operations	(8,135)	6,024

DEFERRED TAX ASSETS

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

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

RECOGNITION AND MEASUREMENT

CURRENT TAX

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or 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.

4. TAX EXPENSE continued

DEFERRED TAX

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

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

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

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

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

CURRENT AND DEFERRED TAX FOR THE PERIOD

Current and deferred tax is recognised as an expense or income in the statement of profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

UNCERTAIN INCOME TAX TREATMENTS

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

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

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

5. SEGMENT INFORMATION

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

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

Revenue and results by reportable operating segment:

	SEGMENT REVENUE AND OTHER INCOME		DEPRECIATION AND AMORTISATION		SEGMENT RESULT (EBITA) ²	
	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
RV Solutions	81,209	72,429	3,605	3,725	9,808	7,831
Building Solutions ¹	333,090	249,102	8,958	8,525	(64,151) ¹	9,568
Community Solutions	31,696	38,320	3,203	3,270	8,277	14,632
Operating segment total	445,995	359,851	15,766	15,520	(46,066)	32,031
Unallocated	109	233	818	703	(6,075)	(5,732)
Total	446,104	360,084	16,584	16,223	(52,141)	26,299
Amortisation of contract intangible (Building Solutions)					(1,137)	(3,838)
Profit before interest and tax (EBIT)					(53,278)	22,461
Finance costs					(1,494)	(1,285)
Profit before income tax expense					(54,772)	21,176
Income tax expense					7,887	(6,570)
Profit (loss) from continuing operations					(46,885)	14,606
Loss from discontinued operations					(579)	(1,269)
Profit (loss) attributable to members of the parent entity					(47,464)	13,337

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

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

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

The accounting policies of the reportable segments are the same as the Company's accounting policies described in the notes to the Financial Statements. Segment results represents earnings before interest and tax and amortisation without the allocation of corporate overheads.

Company revenue and results by reportable operating segment:

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

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

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

GEOGRAPHICAL AREA	SEGMENT NON-CURRENT ASSETS		REVENUE AND OTHER INCOME	
	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000
Australia	127,814	162,613	437,325	351,074
New Zealand	43	388	8,779	9,010
	127,857	163,001	446,104	360,084

6. DIVIDEND INFORMATION

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

	CONSOLIDATED	
	2022	2021
	\$ '000	\$ '000
Recognised amounts		
Final 2020 – paid 5 cents per share fully franked	-	4,731
Special 2020 – paid 7 cents per share fully franked	-	6,623
Interim 2021 – paid 6 cents per share fully franked	-	5,676
	-	17,030
Final 2021 – paid 10.5 cents per share fully franked	9,891	-
Interim 2022 – paid 2 cents per share fully franked	1,884	-
	11,775	-
Declared and not recognised as liabilities		
Final 2021 – declared 10.5 cents per share fully franked	-	9,891
	-	9,891
Dividend franking account		
30% franking credits available to shareholders of Fleetwood Limited for subsequent years	18,645	18,564

7. EARNINGS PER SHARE

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

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

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

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

8. CASH AND CASH EQUIVALENTS

	2022 \$ '000	2021 \$ '000
Cash and cash equivalents	55,266	57,567
Reconciliation of operating profit after income tax to net cash provided by operating activities:		
Operating profit (loss) after income tax	(47,464)	13,337
Items classified as investing activities:		
Loss on sale of non-current assets	(278)	(583)
Non-cash items:		
Equity settled share-based payments	457	353
Depreciation and amortisation expense - continuing operations	16,584	16,223
Depreciation and amortisation expense - discontinued operations	-	216
Amortisation of contract intangible	1,137	3,838
Impairment of goodwill	28,544	-
Impairment of assets	7,399	-
Other	270	-
Exchange differences arising on translation of foreign operations	163	105
Changes in assets and liabilities during the year:		
(Increase) decrease in trade and other receivables	(2,221)	585
(Increase) decrease in contract assets	(16,590)	(14,512)
(Increase) decrease in inventories	(1,336)	(1,384)
(Increase) in other financial assets	2	(2)
Increase (decrease) in trade and other payables	7,320	8,424
Increase (decrease) in contract liabilities	17,847	(2,774)
Increase (decrease) in provisions	17,409	(650)
Increase (decrease) in earn out liabilities	-	(1,357)
Increase (decrease) in other financial liabilities	19	(325)
Increase (decrease) in income taxes payable	(5,304)	5,660
(Increase) decrease in deferred taxes receivable	(8,348)	(127)
Increase (decrease) in right-of-use assets (AASB 16)	(4,554)	7,846
Increase (decrease) in lease liabilities (AASB 16)	4,196	(8,173)
Net cash provided by operating activities	15,252	26,700

RECOGNITION AND MEASUREMENT

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in fair value and have a maturity of three months or less at the date of acquisition.

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9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

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

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

The Company records finance lease receivables at the net present value of lease payments over the lease period as shown below.

	LEASE PAYMENTS \$ '000	FINANCE CHARGES \$ '000	NET PRESENT VALUE \$ '000
Finance Lease Receivable			
Current	1,357	(62)	1,295
Non-current	1,755	(58)	1,697
Total	3,112	(120)	2,992

RECOGNITION AND MEASUREMENT

CONTRACT ASSETS

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on made-to-order buildings. Contract assets are assessed for impairment as part of the Company's expected credit losses assessment under AASB 9.

ALLOWANCE FOR EXPECTED CREDIT LOSSES

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. Note 24 includes disclosures relating to the credit risk analysis relating to the allowance for expected credit losses.

FINANCE LEASES

The Company applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company retains ownership of the asset at the end of the lease term. The rate applied in discounting lease payments is equivalent to the Company's borrowing rate. Refer to note 20 for the accounting policy applicable to finance leases.

10. INTEREST BEARING RECEIVABLES

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

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

11. INVENTORIES

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

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

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

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

RECOGNITION AND MEASUREMENT

INVENTORIES

Inventories are carried at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal capacity. Costs of ordinarily interchangeable items are assigned using standard cost. Net realisable value represents the estimated selling prices for the inventories less all estimated costs of completion and costs necessary to make the sale.

12. NON-CURRENT ASSETS HELD FOR SALE

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

RECOGNITION AND MEASUREMENT

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

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13. PROPERTY, PLANT AND EQUIPMENT

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

	FREEHOLD LAND \$ '000	BUILDINGS \$ '000	LEASEHOLD PROPERTY \$ '000	PLANT AND EQUIPMENT \$ '000	ASSETS UNDER CONSTRUCTION \$ '000	TOTAL \$ '000
2022 Financial Year						
Balance at 1 July 2021	1,408	837	8,395	27,192	2,011	39,843
Additions	-	-	790	5,697	2,898	9,385
Transferred to ERP software	-	-	-	-	-	-
Transferred to product development	-	-	-	(392)	-	(392)
Transferred to plant and equipment	-	-	-	1,199	(1,199)	-
Transferred from leasehold improvements	-	-	-	-	-	-
Transferred from assets under construction	-	-	-	-	-	-
Transferred to project	-	-	-	129	-	129
Disposals	-	-	-	(2,863)	(1,439)	(4,302)
Depreciation and amortisation	-	(34)	(748)	(6,960)	-	(7,742)
Other	-	-	-	-	-	-
Balance at 30 June 2022	1,408	803	8,437	24,002	2,271	36,921
2021 Financial Year						
Balance at 1 July 2020	2,703	870	8,971	32,143	318	45,005
Additions	-	-	645	3,168	2,219	6,032
Transferred to ERP software	-	-	-	(93)	-	(93)
Transferred to product development	-	-	-	(137)	(235)	(372)
Transferred to plant and equipment	-	-	(568)	-	(124)	(692)
Transferred from leasehold improvements	-	-	-	568	-	568
Transferred from assets under construction	-	-	-	124	-	124
Transferred to project	-	-	-	-	(167)	(167)
Disposals	(1,295)	-	-	(1,160)	-	(2,455)
Depreciation and amortisation	-	(33)	(653)	(7,421)	-	(8,107)
Other	-	-	-	-	-	-
Depreciation and amortisation	-	(34)	(81)	(7,964)	-	(8,079)
Other	-	4	-	-	-	4
Balance at 30 June 2021	1,408	837	8,395	27,192	2,011	39,843

13. PROPERTY, PLANT AND EQUIPMENT continued

RECOGNITION AND MEASUREMENT

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

ACQUISITION OF ASSETS

All assets including property, plant and equipment and intangibles are initially recorded at their cost at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials, direct labour, directly attributable overheads and other incidental costs.

Expenditure, including that on internally generated assets other than development costs, is only recognised as an asset when it is probable that future economic benefits will eventuate and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable future economic benefits will flow to the consolidated entity. Costs that do not meet the criteria for capitalisation are expensed as incurred.

DEPRECIATION AND AMORTISATION

All non-financial assets of the entity (except land) have limited useful lives and are depreciated/amortised using the straight-line method over their estimated useful lives to their estimated residual values. Assets are depreciated or amortised from the time an asset is ready for use.

Depreciation and amortisation rates and methods and residual values are reviewed annually for appropriateness. When changes are made adjustments are reflected in current and future periods only. Depreciation and amortisation are expensed, except to the extent they are included in the carrying amount of another asset as an allocation of production overheads.

Depreciation/amortisation rates used for each class of asset are as follows:

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

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

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13. PROPERTY, PLANT AND EQUIPMENT continued

exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the reversal of the impairment loss is treated as a revaluation increase.

14. GOODWILL

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

RECOGNITION AND MEASUREMENT

GOODWILL

Goodwill is allocated to the Company's three cash-generating units: RV Solutions, Community Solutions and Building Solutions. Testing for impairment is carried out on an annual basis or whenever there is an indicator of impairment. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

IMPAIRMENT OF GOODWILL

Testing for impairment is carried out on an annual basis or whenever there is an indicator of impairment. Goodwill is allocated to the Company's three cash-generating units: RV Solutions, Community Solutions and Building Solutions. The recoverable amount of the cash generating units has been determined based on value in use. The value in use has been calculated using cashflow projections based on financial budgets approved by the board with key assumptions based on past experience and where applicable external sources of information. Projections are extrapolated over a 5-year period with the inclusion of a terminal value.

Building Solutions and RV Solutions have seen limited impact from COVID-19 restrictions. As a response to the uncertain environment the impairment assessment was performed from a scenario perspective with weighting applied to a range of possible outcomes.

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

The assumptions used to calculate the carrying value of each cash-generating unit and the scenario analysis performed in relation to RV Solutions and Building Solutions are detailed below:

RV Solutions

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

14. GOODWILL continued

RV Solutions – Cash Generating Unit

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

Sensitivity analysis:

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

Building Solutions Cash-Generating Unit

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

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

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

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

Discount rate - The mid-point discount rate of 15.4% (30 June 2021: 14.9%) represents the current market assessment of the risks specific to the cash-generating unit, taking into consideration the time value of money and any individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows to reflect a pre-tax discount rate.

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

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

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

Sensitivity analysis:

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

COVID-19 Pandemic

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

15. INTANGIBLE ASSETS

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

	PRODUCT DEVELOPMENT \$ '000	PRODUCT DEVELOPMENT WIP \$ '000	CONTRACT INTANGIBLE \$ '000	ERP SOFTWARE \$ '000	ERP SOFTWARE WIP \$ '000	TOTAL \$ '000
2022 Financial Year						
Balance at 1 July 2021	894	1,949	3,845	1,298	1,514	9,500
Additions	1,954	-	-	87	798	2,839
Transferred from ERP Software WIP	-	-	-	1,217	-	1,217
Transferred from plant and equipment	392	-	-	-	-	392
Transferred from assets under construction	-	-	-	-	-	-
Transferred to product development	(91)	(1,949)	-	-	(1,572)	(3,612)
Disposals	(45)	-	-	-	-	(45)
Depreciation and amortisation	(456)	-	(1,137)	(718)	-	(2,311)
Impairment	(1,949)	-	(2,708)	-	-	(4,657)
Other	-	-	-	-	-	-
Balance at 30 June 2022	699	-	-	1,884	740	3,323
2021 Financial Year						
Balance at 1 July 2020	758	1,714	7,683	1,677	1,200	13,032
Additions	93	-	-	8	547	648
Transferred from ERP Software WIP	233	-	-	-	-	233
Transferred from plant and equipment	137	-	-	93	-	230
Transferred from assets under construction	-	235	-	-	-	235
Transferred to product development	-	-	-	-	(233)	(233)
Depreciation and amortisation	(324)	-	(3,838)	(480)	-	(4,642)
Other	(3)	-	-	-	-	(3)
Balance at 30 June 2021	894	1,949	3,845	1,298	1,514	9,500

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

15. INTANGIBLE ASSETS *continued*

RECOGNITION AND MEASUREMENT

PRODUCT DEVELOPMENT

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An intangible asset arising from product development (or from the development phase of an internal project) is recognised if the following are demonstrated:

- + the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- + the intention to complete the intangible asset and use or sell it;
- + the ability to use or sell the intangible asset;
- + how the intangible asset will generate probable future economic benefits;
- + the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- + the expenditure attributable to the intangible asset during its development can be measured reliably.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the asset first meets the recognition criteria. Where no internally generated asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses and are amortised on a straight-line basis over their useful lives of 2 to 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

CONTRACT INTANGIBLE

Contract intangible assets are initially recognised at fair value and amortised over the useful life of the asset. The fair value for the contract intangible asset had arisen from the acquisition of Modular Building Systems Pty Ltd and was estimated using the estimated future cash flows. The future cash flows were based on contracts at acquisition, supply contracts and synergies with the Company's existing businesses.

DEPRECIATION AND AMORTISATION

All intangible assets of the entity have limited useful lives and are amortised using the straight-line method over their estimated useful lives to their estimated residual values. Assets are amortised from the time an asset is ready for use.

Amortisation rates and methods and residual values are reviewed annually for appropriateness. When changes are made, adjustments are reflected in current and future periods only. Amortisation is expensed, except to the extent it is included in the carrying amount of another asset as an allocation of production overheads.

Amortisation rates used for each class of asset are as follows:

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

IMPAIRMENT OF ASSETS OTHER THAN GOODWILL

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the reversal of the impairment loss is treated as a revaluation increase.

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16. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

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

Trade and other payables are non-interest bearing. The average credit period on purchases is 45 days.

RECOGNITION AND MEASUREMENT

TRADE CREDITORS, OTHER CREDITORS AND ACCRUALS

Liabilities are recognised for amounts to be paid in the future for goods or services received regardless of whether they have been billed to the Company. They are carried at amortised cost.

CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance consideration received from customers for construction of buildings, for which revenue is recognised over time.

17. PROVISIONS

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

Accruals for employee benefits represent accrued annual leave and long service leave entitlements. Based on past experience, the consolidated entity does not expect the full amount of annual leave and long service leave balances classified as current liabilities to be settled within the next 12 months.

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

	NOTE	WARRANTY & DEFECTS		ONEROUS CONTRACTS	
		2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
Current					
Building Solutions		3,896	1,250	14,127	-
Discontinued operations		73	391	-	-
Total		3,969	1,641	14,127	-

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

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

17. PROVISIONS continued

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

NOTE	ARISING DURING		UTILISED	RECOVERED	2022
	2021	THE YEAR			
	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit losses	2,214	-	(423)	-	1,701
Inventory	1,913	4,124	(2,530)	-	3,507
Onerous contracts	-	14,127	-	-	14,127
Warranty & defects	1,641	3,896	(1,568)	-	3,969
Other	14	17	-	-	85
Total	5,692	22,218	(4,521)	-	23,389

RECOGNITION AND MEASUREMENT

PROVISIONS

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

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

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

EMPLOYEE BENEFITS

Annual and long service leave

Provision is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions which are not expected to be settled within 12 months are measured as the present value of the estimated future cash flows to be made in respect of services provided by employees up to the reporting date. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash flows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

18. INTEREST BEARING LOANS AND BORROWINGS

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

RECOGNITION AND MEASUREMENT

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS ISSUED BY THE COMPANY

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

INTEREST BEARING LIABILITIES

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

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

19. FINANCING ARRANGEMENTS

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

Multi-option facility

The multi-option facility allows Fleetwood to utilise the facility available at its discretion for bank loans and bank guarantees. Bank loans are secured by a mortgage debenture over the assets of the consolidated entity and bear interest at a BBSY rate plus 0.90% (2021: 0.95%) line fee of 0.85% (2021: 0.95%) is payable quarterly on the facility limit. Bank guarantees are utilised for construction contracts. No liability has been recognised in the consolidated statement of financial position in respect of bank guarantees.

Surety Bonds

Surety bonds are utilised for construction contracts. No liability has been recognised in the statement of financial position in respect of surety bonds.

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

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

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

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

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use assets can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further

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

term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on the statement of financial position:

	NO. OF RIGHT-OF-USE ASSETS LEASED	RANGE OF REMAINING TERM	AVERAGE REMAINING LEASE TERM	NO. OF LEASES WITH OPTIONS TO PURCHASE	NO. OF LEASES WITH VARIABLE PAYMENTS LINKED TO AN INDEX OR RATE	NO. OF LEASES WITH TERMINATION OPTIONS
Office buildings/spaces	4	1-5 years	3 years	-	3	-
Production facilities and warehouses	23	1-8 years	2 years	-	15	-

LEASE LIABILITIES

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

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

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 were as follows:

	MINIMUM LEASE PAYMENTS DUE						TOTAL
	LESS THAN 1 YEAR	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	AFTER 5 YEARS	
30 June 2022							
Lease payments	7,339	6,485	5,271	3,322	3,138	3,595	29,150
Finance charges	(672)	(498)	(345)	(230)	(145)	(79)	(1,969)
Net present values	6,667	5,987	4,926	3,092	2,993	3,516	27,181

Lease payments not recognised as a liability

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

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

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

The Company as a lessee

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- + the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- + the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- + the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Company as a lessor

The Company's accounting policy under AASB 16 has not changed from the comparative period. As a lessor the Company classified its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

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

RECOGNITION AND MEASUREMENT

The Company as a lessee

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

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

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

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

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, of if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, of statement of profit or loss and other comprehensive income if the right-of-use asset is already reduced to zero.

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

21. EQUITY AND RESERVES

ISSUED CAPITAL

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

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

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

RESERVES

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

21. EQUITY AND RESERVES continued

Foreign currency translation reserve relates to exchange difference on the translation of self-sustaining foreign operations.

Share Plan reserve relates to funds advanced to the Company's Executive Share Trust in respect of grants the Directors have elected to satisfy by advancing money to the trust to purchase shares on market for the executive long-term incentive plans.

RETAINED EARNINGS

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

22. AUDITORS REMUNERATION

Fleetwood Limited's auditor in FY22 is Ernst & Young. (2021: Grant Thornton Pty Ltd)

	2022	2021
	\$	\$
Audit and review services	254,000	216,000
Other services	29,250	11,000
	283,250	227,000

23. DEED OF CROSS GUARANTEE

Fleetwood Limited and certain wholly-owned subsidiaries are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the other. By entering into the Deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The companies below represent a 'closed group' for the purposes of the class order:

- Fleetwood Limited
- Northern RV Pty Ltd
- Recreational Vehicle Concepts Pty Ltd
- Fleetwood WA & SA Pty Ltd (formerly Fleetwood Pty Ltd)
- Camec Pty Ltd
- Glyde Digital Pty Ltd (formerly ACN 050 031 993 Pty Ltd)
- Fleetwood VIC & QLD Pty Ltd (formerly BRB Modular Pty Ltd)
- Fleetwood NSW Pty Ltd (formerly Modular Building Systems Pty Ltd)
- Fleetwood Finance (WA) Pty Ltd

Set out below is a consolidated statement of comprehensive income and statement of financial position of the 'closed group'.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	CONSOLIDATED	
	2022	2021
	\$'000	\$'000
DEED OF CROSS GUARANTEE (CONTINUING OPERATIONS)		
Sales revenue	438,446	347,082
Fair value gain on contingent consideration	-	1,357
Government subsidies (JobKeeper)	-	3,235
Other income	961	1,887
Materials used	(149,692)	(134,670)
Sub-contract costs	(167,795)	(88,817)
Employee benefits expense	(74,590)	(56,571)
Rent expense	(730)	(948)
Impairment of assets	(35,943)	-
Warranty and defects expense	(3,896)	-
Onerous contracts	(14,127)	-
Other expenses	(29,653)	(31,483)
Profit (loss) before interest, tax, depreciation and amortisation (EBITDA)	(37,019)	41,072
Depreciation and amortisation expense	(16,240)	(15,864)
Profit (loss) before interest, tax and amortisation (EBITA)	(53,259)	25,208
Amortisation of contract intangible	(1,137)	(3,838)
Profit (loss) before interest and tax (EBIT)	(54,396)	21,370
Finance costs	(1,487)	(1,266)
Profit (loss) before income tax expense	(55,883)	20,104
Income tax expense	8,205	(6,275)
Profit (loss) from continuing operations	(47,678)	13,829
Loss from discontinued operation	(579)	(1,269)
Total profit (loss) for the year	(48,257)	12,560

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23. DEED OF CROSS GUARANTEE continued

STATEMENT OF FINANCIAL POSITION

DEED OF CROSS GUARANTEE	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Current assets		
Cash and cash equivalents	52,445	55,222
Trade and other receivables	54,429	50,273
Interest bearing receivables	-	8,698
Contract assets	43,939	27,349
Inventories	25,722	24,489
Other financial assets	-	2
Tax assets	1,119	-
Non-current assets held for sale	-	1,147
Total Current assets	177,654	167,180
Non-current assets		
Trade and other receivables	1,697	2,993
Investments	83	72
Property, plant and equipment	36,902	39,803
Right-of-use assets	26,235	30,466
Goodwill	43,522	72,066
Intangible assets	3,323	9,500
Deferred tax assets	16,025	7,675
Total non-current assets	127,787	162,575
Total assets	305,441	329,755
Current liabilities		
Trade and other payables	62,312	54,369
Contract liabilities	30,794	12,947
Interest bearing liabilities	-	-
Lease liabilities	4,963	6,783
Tax liabilities	-	4,111
Provisions	25,967	8,213
Other financial liabilities	19	-
Total current liabilities	124,055	86,423
Non-current liabilities		
Interest bearing liabilities	122	122
Lease liabilities	22,118	24,157
Provisions	366	707
Earn out liability	-	-
Total non-current liabilities	22,606	24,986
Total liabilities	146,661	111,409
Net assets	158,780	218,346
Equity		
Issued capital	253,166	253,722
Reserves	(1,042)	(1,749)
Retained earnings	(93,344)	(33,627)
Total equity	158,780	218,346

24. FINANCIAL RISK MANAGEMENT

CAPITAL MANAGEMENT

The Company 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 capital structure of the Company 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 note 21).

Operating cash flows are used to maintain and expand the Company's operating assets, make payments of tax and dividends and to repay debt. Company policy is to borrow centrally to meet funding requirements. The Company does

24. FINANCIAL RISK MANAGEMENT continued

The Company has covenants imposed under its facility agreement with its financier.

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 Company manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Company financial risk management framework. The objective of the framework 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 Company 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 Company is mainly exposed to United States Dollars and the Euro.

	- 10%			+ 10%		
	USD \$ '000	EURO \$ '000	TOTAL \$ '000	USD \$ '000	EURO \$ '000	TOTAL \$ '000
2022 Profit	(1,233)	(1,055)	(2,288)	1,233	1,055	2,288
2021 Profit	(935)	(857)	(1,792)	935	857	1,792
2022 Equity	(1,233)	(1,055)	(2,288)	1,233	1,055	2,288
2021 Equity	(935)	(857)	(1,792)	935	857	1,792

FORWARD FOREIGN EXCHANGE CONTRACTS

Company 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 0-100% 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	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	FC'000	FC'000	\$'000	\$'000	\$'000	\$'000
Buy USD								
Less than 3 months	0.72	0.77	615	375	855	485	36	13
3 to 6 months	-	0.77	-	375	-	485	-	13
6 to 12 months	-	-	-	-	-	-	-	-
Buy Euro								
Less than 3 months	0.62	0.59	450	225	721	383	(35)	(26)
3 to 6 months	0.63	0.63	300	225	480	356	(20)	2
6 to 12 months	-	-	-	-	-	-	-	-
							(19)	2

During 2022 a loss of \$20,555, was recognised in profit and loss pertaining to forward exchange contracts (2021: \$326,155 gain)

INTEREST RATE RISK MANAGEMENT

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

	CARRYING AMOUNT \$ '000	- 75 BPS		+ 75 BPS	
		PROFIT \$ '000	EQUITY \$ '000	PROFIT \$ '000	EQUITY \$ '000
Financial assets					
2022 - Cash and cash equivalents	55,266	(414)	(414)	414	414
2021 - Cash and cash equivalents	57,567	(432)	(432)	432	432
Financial liabilities					
2022 - Borrowings	-	-	-	-	-
2021 - Borrowings	-	-	-	-	-
2022		(414)	(414)	414	414
2021		(432)	(432)	432	432

24. FINANCIAL RISK MANAGEMENT continued

CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Company 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 Company 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.

With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Company's maximum exposure to credit risk at the report date was:

	NOTE	2022 \$ '000	2021 \$ '000
Cash and cash equivalents	8	55,266	57,567
Trade receivables	9	50,855	45,776
Contracts assets	9	43,939	27,349
		150,060	130,692

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables. In measuring the expected credit losses, the trade receivables have been assessed on an individual customer basis. They have been grouped based on the days past due.

Trade receivables are written off (derecognised) when there is no reasonable expectation of recovery. Cessation of customer operations or failure to engage with the Company on alternative payment arrangement amongst others are considered indicators of no reasonable expectation of recovery.

The aging of the Company's non-impaired trade receivables past due at reporting date was:

	Current	Greater than 30 days	Greater than 60 days	Total
30 June 2022				
Gross carrying amount (\$'000s)	22,742	15,646	12,467	50,855
Expected credit loss rate (\$'000s)	-	-	1,701	1,701
Lifetime expected credit loss	0%	0%	14%	3%
30 June 2021				
Gross carrying amount (\$'000s)	38,261	4,746	2,769	45,776
Expected credit loss rate (\$'000s)	743	-	1,381	2,124
Lifetime expected credit loss	2%	0%	50%	5%

The carrying amount of financial assets recorded in the financial statements represents the Company'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 18 lists unused facilities that the Company has at its disposal to reduce liquidity risk. The remaining contractual maturities of the Company 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 18.

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 Company. Some of the Company's financial assets and liabilities are measured at fair value and the end of each reporting period. Information about how the fair values of these financial liabilities are determined (in particular, the valuation techniques and inputs used).

24. FINANCIAL RISK MANAGEMENT *continued*

	Fair value as at		Fair value Hierarchy	Valuation technique and key inputs
	2022 \$'000	2021 \$'000		
Financial assets				
Foreign currency forward contracts	Nil	2	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract forward rates, discounted to their present value.
Financial liabilities				
Foreign currency forward contracts	19	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.

FAIR VALUE OF NON-FINANCIAL ASSETS

The fair value of non-financial assets recognised in the statement of financial position is based on cash flows due from customers or payable to suppliers. The cash flows have been discounted to their present value. The carrying values approximate fair value.

RECOGNITION AND MEASUREMENT

FOREIGN CURRENCY FORWARD CONTRACTS

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

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

25. 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 \$146,661,000 (2021: \$111,409,000) 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.

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26. CONTROLLED ENTITIES

Fleetwood Limited (Ultimate parent entity)

Continuing Operations

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

Discontinued and Dormant operations

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

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

27. RELATED PARTIES

DIRECTORS

The names of each person holding the position of Director of Fleetwood Limited during the financial year were John Klepec, Adrienne Parker, Jeff Dowling, Mark Southey, and Martin Monro.

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 directors and key management personnel can be found in the Remuneration Report.

RELATED PARTIES continued

KEY MANAGEMENT PERSONNEL

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

	CONSOLIDATED	
	2022	2021
	\$	\$
Short-term employee benefits	3,072,482	2,825,413
Post-employment benefits	201,428	137,999
Other long term benefits	304,903	232,575 ¹
Share-based payments	396,102	416,819
	3,974,915	3,612,806

¹The 2021 comparative numbers have been restated to include KMP's Annual leave and Long service leave entitlements payable on termination of employment of the individual.

Transactions between Fleetwood Limited and its related parties

During the financial year subsidiaries of the parent company paid \$5,000,000 (2021: \$30,000,000) dividends to the parent entity. Non-current loans totaling \$124,063,591 (2021: \$138,239,317) 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 Company.

28. PARENT ENTITY DISCLOSURES

	NOTE	PARENT	
		2022	2021
		\$'000	\$'000
28.1 Financial position			
Assets			
Current assets		53,514	54,631
Non-current assets		165,561	177,594
Total assets		219,075	232,225
Liabilities			
Current liabilities		2,408	7,263
Non-current liabilities		3,538	929
Total liabilities		5,946	8,192
Equity			
Issued capital		253,170	253,727
Reserves		(1,288)	(2,126)
Retained earnings		(38,752)	(27,568)
Total equity		213,130	224,033
28.2 Financial performance			
(Loss) profit for the year		415	24,932
Other comprehensive income		-	-
Total comprehensive loss		415	24,932
28.3 Guarantees entered into by the parent entity			
Guarantee provided under the deed of cross guarantee	25	146,661	111,409
28.4 Commitments			
Operating lease commitments			
Within one year		566	268
One year or later and no later than five years		1,891	-
Later than five years		975	-
		3,432	268

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.

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Under the terms of the Deed of Cross Guarantee, the Company has guaranteed the repayment of all current and non-current liabilities totaling \$146,661,000 (2021: \$111,409,000) 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 2022 (2021: nil).

29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

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

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

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



Building a better
working world

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Independent auditor's report to the members of Fleetwood Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Fleetwood Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Revenue Recognition on Construction Contracts

Why significant	How our audit addressed the key audit matter
<p>The Group recognises revenue from construction contracts in accordance with the requirements of AASB 15 <i>Revenues from Contracts with Customers</i>, by measuring the percentage of completion with reference to costs incurred relative to the total expected costs to be incurred on each contract. Total revenue recognised in connection with construction contracts for the year ended 30 June 2022 was \$332.2 million.</p> <p>This is a key audit matter due to the degree of complexity, estimation and judgement required with regard to:</p> <ul style="list-style-type: none"> • Determining the transaction price under the customer contract • Assessing the total contract costs • Measuring the Group's progress towards the complete satisfaction of the performance obligations under the customer contract • Appropriately providing for onerous contracts. <p>The Group's accounting policies and disclosures for revenue are detailed in Note 1.6 Critical Accounting Judgement and Sources of Estimation Uncertainty and Note 2 Sales Revenue of the financial report.</p>	<p>We examined a sample of key contracts and held discussions with applicable Group executives to understand the specific terms and risks of those contracts to assess the revenue recognition policies adopted by the Group.</p> <p>We assessed the operating effectiveness of certain controls over the recording of revenue recognised in the financial report, including controls relating to:</p> <ul style="list-style-type: none"> ▶ Contract performance review including forecast revenues, estimated total costs, percentage of completion of contracts and contract profitability ▶ Revenue recording and calculation processes <p>For a sample of contracts at 30 June 2022, we performed the following additional procedures:</p> <ul style="list-style-type: none"> ▶ Understood the performance and status of the major contracts through enquiries with Group executives with oversight over the various contract portfolios ▶ Assessed the contract status through the examination of external evidence, such as signed contracts, approved variations and customer correspondence ▶ Analysed the Group's estimates of total contract costs and forecast costs to complete ▶ Testing costs incurred during the year to supporting documentation such as supplier invoices or approved timesheets and ensuring accuracy of cost allocation to projects <p>We assessed the provisions for onerous contracts and whether these appropriately reflected the expected contractual positions.</p> <p>We assessed the Group's accounting policies and the adequacy of its related disclosures in the financial report.</p>

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Goodwill - Building Solutions

Why significant	How our audit addressed the key audit matter
<p>As at 30 June 2022, the Group carries \$32,216,000 in Goodwill in the Building Solutions cash generating unit (CGU). AASB 136 Impairment requires that Goodwill be assessed for impairment annually by management.</p> <p>The Group estimates the recoverable amount of its Building Solutions CGU via a value in use (VIU) calculation using a discounted cash flow model containing the following key inputs:</p> <ul style="list-style-type: none"> • forecast cash flows from operations; • estimated inflation rates; • discount rates; • terminal value; • estimated capital expenditure; and • working capital adjustments. <p>As outlined in Note 14 of the financial report, an impairment to goodwill applicable to the Building Solutions CGU totalling \$28,544,000 was recognised by the Group for the year ended 30 June 2022</p> <p>The impairment assessment of the Building solutions CGU was considered a key audit matter given the estimation and judgement involved in determining the recoverable amount..</p>	<p>Our audit procedures relating to the impairment assessment performed by the Group included the following:</p> <ul style="list-style-type: none"> • Ensured the Group's impairment methodology was in accordance with the requirements of Australian Accounting Standards • Evaluated key assumptions and methodologies used by the Group, in particular, those relating to forecast cash flows, including comparing these to Board approved budgets, contracts and historical performance. This also included assessing, with the involvement of our valuation specialists as appropriate the reasonableness of the Group's discount and inflation rate assumptions with reference to external market data • Assessed the impact of a range of sensitivities to the economic assumptions underpinning the Group's impairment assessment model • Assessed the work of the Group's internal experts with respect to the budgeted operating & capital expenditure assumptions considering the competence, qualifications and objectivity of the experts • Tested the mathematical accuracy of the Group's discounted cash flow impairment model <p>We also assessed the adequacy of the disclosures concerning impairment of the CGU as described in Note 14 of the financial report.</p>

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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* and for 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.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Fleetwood Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

RJ Curtin
Partner
Perth
16 September 2022

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ASX ADDITIONAL INFORMATION

AS AT 9 AUGUST 2022

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

FULLY PAID ORDINARY SHARES

Twenty largest shareholders

NAME	NUMBER OF ORDINARY SHARES HELD	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,828,561	19.97%
CITICORP NOMINEES PTY LIMITED	13,480,914	14.30%
KARRAD PTY LTD	7,344,389	7.79%
NATIONAL NOMINEES LIMITED	6,470,676	6.86%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,412,868	4.68%
SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	3,961,870	4.20%
BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	3,766,378	3.99%
ONE FUND SERVICES LTD <SANDON CAPITAL ACTIVIST A/C>	3,683,877	3.91%
ONE MANAGED INVT FUNDS LTD <1 A/C>	2,551,923	2.71%
ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	1,997,484	2.12%
BNP PARIBAS NOMS PTY LTD <DRP>	1,292,634	1.37%
JARLI PTY LTD	1,094,000	1.16%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,033,702	1.10%
SMARTEQUITY EIS PTY LTD	910,540	0.97%
ACE PROPERTY HOLDINGS PTY LTD	360,000	0.38%
MR GREG TATE	338,873	0.36%
MR JOHN IAN AMOS + MRS CINTRA GAIL AMOS <NINGANA SUPER FUND A/C>	309,143	0.33%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	294,240	0.31%
BREMERTON PTY LTD <THE BARTLETT FAMILY FUND A/C>	230,000	0.24%
MRS DEBORAH ANNE O'DONOGHUE	188,276	0.20%
	72,550,348	76.95%
Other minority shareholders	21,734,231	23.05%
TOTAL FULLY PAID ORDINARY SHARES (FWD)	94,284,579	100.00%

Substantial shareholders

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

NAME	NUMBER OF ORDINARY SHARES HELD	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,828,561	19.97%
CITICORP NOMINEES PTY LIMITED	13,480,914	14.30%
SANDON CAPITAL PTY LTD	11,998,326	12.73%
GREG TATE	8,916,180	9.46%
NATIONAL NOMINEES LIMITED	6,470,676	6.86%
COLONIAL FIRST STATE INVESTMENTS LIMITED	4,890,505	5.19%

Distribution of equity security holders

CATEGORY	NUMBER OF SHAREHOLDERS	%
1-1,000	1,812	0.83%
1,001 - 5,000	1,721	4.66%
5,001 - 10,000	440	3.43%
10,001 - 100,000	466	12.54%
100,001 and over	31	78.54%
	4,470	100%
Shareholders holding less than a marketable parcel	563	

Unmarketable Parcels

Shareholders holding less than a marketable parcel (Minimum \$ 500.00 parcel at \$ 1.7300 per unit)	733	
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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.

PERFORMANCE RIGHTS

As at 9 August 2022, the Company has 3,232,665 unquoted performance rights (FWDAR) on issue, held by 36 employees pursuant to an employee incentive scheme.

Voting rights of performance rights holders

Performance rights holders are not entitled to voting rights. Upon conversion to fully paid ordinary shares, holders will have voting rights equal to the rights of shareholders.

On market buy-back

There is no current on market buy-back.

Other information

Fleetwood Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares (ASX:FWD).

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