Fleetwood
CORPORATION

9 September 2005

Preliminary Final Report

Attached is the Preliminary Final Report of Fleetwood Corporation Limited for the year ended 30 June 2005.

Financial Overview

- Revenue up **15%** to **$299m**
- EBITDA up **15%** to **$45.0m**
- EBITA up **17%** to **$39.1m**
- EBIT up **19%** to **$37.4m**
- Operating profit before tax up **23%** to **$36.1m**
- Operating profit after tax up **24%** to **$25.1m**

After eliminating the effect of the divestment during the year of the Parks and Campervan divisions

- Revenue is up **8%** to **$269m**
- Operating profit after tax is up **5%** to **$18.3m**

Review of Operations

For the twelfth year in succession Fleetwood has generated a record profit.

Significant rationalisation of the groups operations during the year to facilitate future growth has had a once up negative impact on earnings.

The rationalisation, which was largely completed by 30 June 2005, included:

- expanding the caravan manufacturing facilities of the group.
- relocating Camec in New South Wales and Auckland to new warehouse style premises.
- moving Rainbow Transportable Homes to larger premises in Victoria to provide increased production capacity.

The amalgamation of the manufactured accommodation operations in Western Australia to purpose built premises is expected to be completed by 31 October 2005. Contractors responsible for installing the facilities at the new location have experienced difficulties obtaining labour which has delayed completion of the project.

Recreational Vehicles

During the year Coromal and Windsor moved to larger premises to provide future increased production capacity. The disruption associated with the moves and difficulties in obtaining labour impacted EBITA growth during the year.

Revenue after removing the effect of the discontinuation of campervan hire operations increased by 3.2%.

$ million	2005	2004	% Chg
Revenue	167.5	168.9	-1%
EBITA	21.9	22.9	-4%
EBITA Margin	13.1%	13.5%	

Parks

The Parks division was sold to the Aspen Group effective 1 July 2004. The after tax profit on the sale of $7.8 million is included in the Unallocated segment result.

$ million	2005	2004	% Chg
Revenue	-	9.8	-
EBITA	-	3.9	-

Manufactured Accommodation

Increased production of manufactured accommodation product for both the resource and retirement sectors resulted in an improved EBITA for the period.

EBITA margin was affected by a larger mix of sales compared to rental earnings.

$ million	2005	2004	% Chg
Revenue	101.9	80.7	26%
EBITA	9.0	8.0	13%
EBITA Margin	8.9%	9.9%	

Unallocated

Includes the sale of the Parks division and the discontinuation of campervan hire operations.

$ million	2005	2004
Revenue	29.2	0.4
EBITA	8.2	(1.5)

Dividends

Final Dividend

A fully franked final dividend of 12 cents per share, representing a 9% increase on last year, will be paid on 31 October 2005.

Special Dividend

In conjunction with the final dividend a fully franked special dividend of 20 cents per share will be paid on 31 October 2005.

Subject to ongoing profitability, acquisition opportunities and market conditions, it is the directors' intention to pay a special dividend of 20 cents per share with each interim and final dividend payment made during the next 3 years; i.e. further special dividends of $1.20 per share. The aim being to distribute the Company's franking credits to shareholders.

Dividend Reinvestment Plan

In accordance with the company's capital management strategy and following numerous requests from shareholders the Directors' have decided to lift the current suspension of the company's Dividend Reinvestment Plan for the purposes of the final and special dividend declared.

Outlook

The benefits of the rationalisation strategies undertaken during the past year together with Fleetwood's targeted exposure to the recreation, retirement and resource sectors ensure the medium and long term prospects for the company remain positive.

For further information contact:

Brad Denison
Chief Financial Officer
Email: BradD@fleetwood.com.au
Tel: 08-9323 3300

Fleetwood Corporation Limited
ABN 69 009 205 261

Preliminary Final Report
Year ended 30 June 2005

Results for Announcement to the Market

	Change		Amount $'000
Revenue from ordinary activities	up 15%	to	298,579
Profit from ordinary activities after tax attributable to members	up 24%	to	25,129
Net profit attributable to members	up 24%	to	25,129

Dividends	Amount per security	Franked % per security
Final dividend	12.0 ¢	100%
Special dividend	20.0 ¢	100%
Interim dividend	8.0 ¢	100%
Special dividend	20.0 ¢	100%
Total dividend for period	60.0 ¢	

Record date for determining entitlements to the final dividend	21 September 2005
Date the final dividend is payable	31 October 2005

Fleetwood Corporation Limited
Statement of Financial Performance
Year ended 30 June 2005

Fleetwood CORPORATION

	Note	2005 $ '000	2004 $ '000
Revenue from sale of goods	1	**255,115**	231,104
Revenue from rental	1	**6,684**	20,126
Other revenue	1	**36,780**	8,629
Total revenue		**298,579**	259,859
Materials used		**(117,354)**	(110,489)
Sub-contract costs		**(37,730)**	(31,668)
Employee expenses		**(45,862)**	(45,112)
Operating leases	1	**(4,694)**	(7,883)
Written down value of assets disposed		**(26,430)**	(7,731)
Audit fees		**(100)**	(88)
Directors fees		**(107)**	(210)
Other expenses from ordinary activities		**(21,272)**	(17,568)
Profit before interest, tax, depreciation and amortisation **(EBITDA)**		**45,030**	39,110
Depreciation and amortisation	1	**(5,938)**	(5,834)
Profit before interest, tax and amortisation **(EBITA)**		**39,092**	33,276
Goodwill amortisation	1	**(1,697)**	(1,812)
Profit before interest and tax **(EBIT)**		**37,395**	31,464
Borrowing costs	1	**(1,263)**	(2,095)
Profit from ordinary activities before income tax expense		**36,132**	29,369
Income tax expense relating to ordinary activities		**(11,003)**	(9,123)
Net profit attributable to members of the parent entity		**25,129**	20,246
Net exchange difference relating to foreign controlled entities		**(81)**	35
Total changes in equity other than those resulting from transactions with owners as owners		**25,048**	20,281
Earnings Per Share			
Basic earnings per share (cents)	7	**54.6**	44.9
Diluted earnings per share (cents)	7	**54.2**	43.9

Fleetwood Corporation Limited
Statement of Financial Position
As at 30 June 2005

Fleetwood CORPORATION

	Note	2005 $ '000	2004 $ '000
Current assets			
Cash assets		**3,506**	2,197
Receivables		**35,138**	36,666
Inventories		**32,851**	28,389
Total current assets		**71,495**	67,252
Non-current assets			
Receivables		**120**	168
Property, plant and equipment		**69,319**	67,788
Intangible assets		**27,075**	29,656
Deferred tax assets		**1,131**	972
Total non-current assets		**97,645**	98,584
Total assets		**169,140**	165,836
Current liabilities			
Payables		**29,533**	32,438
Interest bearing liabilities		**-**	197
Current tax liabilities		**7,260**	2,766
Provisions		**2,421**	2,453
Total current liabilities		**39,214**	37,854
Non-current liabilities			
Interest bearing liabilities		**22,000**	27,347
Deferred tax liabilities		**1,851**	3,417
Provisions		**873**	786
Total non-current liabilities		**24,724**	31,550
Total liabilities		**63,938**	69,404
Net assets		**105,202**	96,432
Equity			
Contributed equity		**70,506**	68,791
Reserves		**137**	218
Retained profits	3	**34,559**	27,423
Total equity		**105,202**	96,432

Fleetwood Corporation Limited
Statement of Cash Flows
Year ended 30 June 2005

Fleetwood CORPORATION

	2005 $ '000	2004 $ '000
Cash flows from operating activities		
Receipts in the course of operations	**289,010**	271,157
Payments in the course of operations	**(259,893)**	(242,308)
Interest received	**365**	274
Income taxes paid	**(8,234)**	(8,132)
Borrowing costs	**(1,263)**	(2,095)
Net cash provided by operating activities	**19,985**	18,896
Cash flows from investing activities		
Acquisition of entities	**-**	(7,075)
Proceeds from sale of non-current assets	**8,304**	8,356
Acquisition of property, plant and equipment	**(32,149)**	(22,502)
Proceeds on sale of investment	**-**	307
Payment for intangible assets	**(1,128)**	-
Proceeds on sale of subsidiary company	**28,111**	-
Net cash provided by (used in) investing activities	**3,138**	(20,914)
Cash flows from financing activities		
Proceeds from issue of shares	**1,715**	685
Repayment of borrowings	**(5,544)**	(1,348)
Dividends paid	**(17,993)**	(4,828)
Net cash used in financing activities	**(21,822)**	(5,491)
Net increase (decrease) in cash held	**1,301**	(7,509)
Cash at the beginning of the financial year	**2,197**	9,690
Effects of exchange rate changes on the balance of cash held in foreign currencies.	**8**	16
Cash at the end of the financial year	**3,506**	2,197

	2005 $ '000	2004 $ '000
1. Profit from Ordinary Activities		
Operating revenue		
Sale of goods	**255,115**	231,104
Rentals	**6,684**	20,126
Interest	**365**	273
Non-operating revenue		
Gross proceeds from sale of non-current assets	**36,415**	8,356
Total revenue from ordinary activities	**298,579**	259,859
Profit from ordinary activities before income tax expense has been arrived at after charging (crediting) the following items:		
Cost of sales	**193,624**	169,254
Depreciation and amortisation of:		
buildings	**55**	73
plant and equipment	**5,565**	5,422
leased plant & equipment	**8**	139
leasehold improvements	**9**	200
product development	**301**	-
	5,938	5,834
Amortisation of goodwill	**1,697**	1,812
Total depreciation and amortisation	**7,635**	7,646
Borrowing costs:		
bank loans and overdraft	**1,247**	2,012
finance charges on capitalised leases	**16**	83
	1,263	2,095
Net bad and doubtful debts	**444**	336
Net foreign exchange gain	**(86)**	(99)
Operating lease rentals	**4,694**	7,883
Net gain on disposal of property, plant and equipment	**(9,985)**	(625)
Research and development costs	**-**	901

	2005 $ '000	2004 $ '000

2. Commentary on the Results

The commentary on the results for the period is contained in the review accompanying this statement.

3. Retained Profits

	2005 $ '000	2004 $ '000
Retained profits at the beginning of the year	**27,423**	14,059
Transfer from foreign currency translation reserve	**-**	99
Net profit attributable to members of the parent entity	**25,129**	20,246
Dividends paid	**(17,993)**	(6,981)
Retained profits at the end of the year	**34,559**	27,423

4. Notes to the Statement of Cash Flows

	2005 $ '000	2004 $ '000
Reconciliation of cash		
Cash	**3,506**	2,197
Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities		
Operating profit after income tax	**25,129**	20,246
Less items classified as investing / financing activities:		
Profit on sale of non-current assets	**(9,985)**	(625)
Add (less) non-cash items:		
Depreciation and amortisation expense	**5,938**	5,834
Goodwill amortisation	**1,697**	1,812
Net cash provided by operating activities before change in assets and liabilities	**22,779**	27,267
Changes in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the financial year:		
Increase in inventories	**(4,462)**	(3,914)
Increase in other debtors	**(1,115)**	(1,917)
(Increase) decrease in trade debtors	**2,690**	(5,337)
Increase (decrease) in trade creditors	**(2,905)**	1,557
Increase in provisions	**228**	338
Increase in income taxes payable	**4,495**	755
Increase (decrease) in deferred taxes payable	**(1,725)**	147
Net cash provided by operating activities	**19,985**	18,896

Fleetwood CORPORATION

4. Notes to the Statement of Cash Flows (continued)

Non-cash financing and investing activities

During the year, no dividends (2004: $2,152,832) were reinvested as fully paid ordinary shares (2004: 484,872) with the Company.

	2005 $ '000	2004 $ '000
Acquisition of business		
Consideration	-	7,075
Outflow of cash	-	7,075
Fair value of net assets acquired:		
Property, plant & equipment	-	246
Inventories	-	2,214
Tax assets	-	90
Provisions	-	(350)
	-	2,200
Goodwill on acquisition	-	4,875
Consideration (cash)	-	7,075

Disposal of entity

On 1 July 2004, the consolidated entity disposed of the entity Fleetwood Parks Pty Ltd. Details of the disposal are as follows:

	2005 $ '000	2004 $ '000
Consideration	**28,525**	-
Inflow of cash	**28,525**	-
Book value of net assets sold:		
Cash	**414**	-
Receivables	**360**	-
Property, plant & equipment	**17,010**	-
Goodwill	**698**	-
Payables	**(505)**	-
Provisions	**(228)**	-
Net assets disposed	**17,749**	-
Gain on disposal	**10,776**	-
	28,525	-
Net cash inflow from disposal		
Cash consideration	**28,525**	-
Less cash balance disposed	**(414)**	-
	28,111	-

5. Financing Arrangements

	2005 $ '000	2004 $ '000
The economic entity has access to the following lines of credit:		
Total facilities available:		
Bank overdraft	**8,544**	3,811
Bank loans	**22,000**	26,750
Bank guarantees	**2,456**	2,439
Finance leases	**-**	794
	33,000	33,794
Facilities utilised:		
Bank loans	**22,000**	26,750
Bank guarantees	**2,456**	2,439
Finance leases	**-**	794
	24,456	29,983
Facilities not utilised:		
Bank overdraft	**8,544**	3,811

6. Dividends

	Date Paid	Amount Per Security	2005 $ '000	2004 $ '000
Interim 2005	30/04/2005	8.0 cents	**3,701**	-
Special interim 2005	30/04/2005	20.0 cents	**9,251**	-
Final 2004	31/10/2004	11.0 cents	**5,041**	-
Interim 2004	30/04/2003	7.0 cents	**-**	3,184
Final 2003	31/10/2003	8.5 cents	**-**	3,797
			17,993	6,981

The final dividend in respect of ordinary shares for the year ended 30 June 2005 has not been recognised in the financial statements because the final dividend was not declared, determined or publicly recommended as at 30 June 2005.

Dividend Reinvestment Plan

The company's dividend reinvestment plan offers a 5% discount. The last date for receipt of an election notice for participation in the plan is 21st September 2005.

7. Earnings Per Share

	2005	2004
Earnings used in the calculation	**25,129**	20,246
	Number of shares used:	
Basic earnings per share	**46,045,434**	45,144,295
Diluted earnings per share	**46,371,585**	46,085,973
Number of shares deemed to be issued for no consideration in respect of employee and executive options for the purpose of calculating diluted earnings per share.	**326,151**	941,678

8. Net Tangible Assets Per Security

	2005	2004
Net tangible assets per security	**$1.69**	$1.47

9. Segment Information

	Segment Revenue		Depreciation and Amortisation		Earnings Before Interest, Tax and Goodwill Amortisation (EBITA)	
	2005 $ '000	2004 $ '000	**2005 $ '000**	2004 $ '000	**2005 $ '000**	'2004 $ '000
Recreational Vehicles	**167,505**	168,926	**3,435**	3,046	**21,896**	22,883
Parks	**-**	9,829	**-**	1,030	**-**	3,946
Manufactured Accommodation	**101,921**	80,705	**4,008**	3,294	**9,029**	7,977
Unallocated	**29,153**	399	**192**	276	**8,167**	(1,530)
	298,579	259,859	**7,635**	7,646	**39,092**	33,276
Goodwill amortisation					**(1,697)**	(1,812)
EBIT					**37,395**	31,464
Interest expense					**(1,263)**	(2,095)
Profit from ordinary activities before tax					**36,132**	29,369
Income tax expense					**(11,003)**	(9,123)
Profit from ordinary activities after tax					**25,129**	20,246

	Assets		Acquisitions of Non-Current Assets		Liabilities	
	2005 $ '000	2004 $ '000	**2005 $ '000**	2004 $ '000	**2005 $ '000**	2004 $ '000
Recreational Vehicles	**77,127**	75,802	**3,240**	7,002	**18,998**	21,915
Parks	**-**	17,979	**-**	1,132	**-**	693
Manufactured Accommodation	**79,587**	64,566	**25,053**	17,522	**12,398**	13,057
Unallocated	**12,426**	7,489	**3,856**	2,649	**32,542**	33,739
	169,140	165,836	**32,149**	28,305	**63,938**	69,404

10. Transition to Australian equivalent to IFRS

Fleetwood Corporation Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for the reporting period beginning 1st July 2005. Accordingly, Fleetwood's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

In 2004, Fleetwood established a team of senior financial staff who report to the audit committee to manage the transition to A-IFRS. In accordance with the project plan, the transition to A-IFRS is being managed in 3 phases as follows;

- High level business impact study;
- Detailed analysis of each new standard and the impacts on Fleetwood's accounting policies, quantification of the impacts;
- Review of systems, controls and operational requirements.

At the date of this financial report, the company has substantially completed all three phases of the project plan, including the assessment of accounting policy alternatives on transition to A-IFRS, the finalisation of the A-IFRS accounting policies that will be adopted from 1 July 2005 and the determination of the likely impact on the results and financial position of the company and the consolidated entity. Risk management and change management has been managed throughout the life of the project.

The following reconciliations outline the likely impacts on the current year result and financial position of the company and consolidated entity had the financial statements been prepared using A-IFRS, based on the directors' accounting policy decisions current at the date of this financial report.

	Note	Consolidated $ '000	Company $ '000
Reconciliation of profit before income tax			
Profit from ordinary activities before income tax (AGAAP)		36,132	23,189
Employee expenses	(i), (iii)	(210)	13
Amortisation	(ii)	1,697	23
Profit from ordinary activities before income tax (A-IFRS)		37,619	23,225
Reconciliation of net profit			
Net profit (AGAAP)		25,129	23,414
Employee expenses	(i), (iii)	(147)	95
Amortisation	(ii)	1,697	23
Net profit (A-IFRS)		26,679	23,532
Reconciliation of total assets			
Total assets (AGAAP)		169,140	112,916
Deferred tax assets		274	27
Intangible assets	(ii)	1,697	23
Total assets (A-IFRS)		171,111	112,966
Reconciliation of net assets			
Net assets (AGAAP)		105,202	80,374
Deferred tax assets		274	27
Intangible assets	(ii)	1,697	23
Current provisions	(iii)	(397)	(72)
Non-current provisions	(iii)	(515)	(18)
Net assets (A-IFRS)		106,261	80,334
Reconciliation of total equity			
Total equity (AGAAP)		105,202	80,374
Retained profit	(iv)	1,059	(40)
Total equity		106,261	80,334

10. Transition to Australian equivalent to IFRS (continued)

(i) Share based payments

Share-based compensation forms part of the remuneration of employees of the consolidated entity (including executives) as disclosed in the notes to the financial statements. The consolidated entity does not recognise an expense for any share-based compensation granted. Under A-IFRS, the consolidated entity will be required to recognise an expense for such share-based compensation. Share-based compensation is measured at the fair value of the share options determined at grant date and recognised over the expected vesting period of the options. A reversal of the expense will be permitted to the extent non-market based vesting conditions (e.g. service conditions) are not met. The entity will not retrospectively recognise share-based payments vested before 1 January as permitted under A-IFRS first time adoption.

The recognition of the expense will decrease the consolidated entity's opening retained earnings on initial adoption of A-IFRS and increase share capital by the same amount for share-based payments issued after 7 November 2002 but not vested before 1 January 2005. Similar impacts will also occur in future periods, however, quantification of the impact on equity and in the income statement of the existing share options granted as remuneration has not been completed at the reporting date.

(ii) Goodwill

The adoption of A-IFRS will not impact the carrying amount of goodwill as the directors have decided not to restate past business combinations. Under A-IFRS, goodwill is not subject to amortisation, but must be tested for impairment annually and whenever there is an indication that goodwill may be impaired. As a result amortisation expense will decrease by $1,697,000 (Company: $23,000) for the financial year ended 30 June 2005.

(iii) Provisions

With regard to materiality, provisions for employee benefits that were not required to be recognised under AGAAP will be recognised under A-IFRS. Consequently, the adoption of A-IFRS will result in an increase in current provisions of $397,000 (Company: $72,000) and an increase in non-current provisions of $515,000 (Company: $18,000).

(iv) Retained profits

Adjustments required on first-time adoption of A-IFRS are recognised directly in retained profits (or if appropriate another category of equity) at the date of transition to A-IFRS. The cumulative effect of these adjustments for the consolidated entity will be an increase in retained profits of $490,000 (Company: decrease of $568,000).

(v) Financial instruments

The directors have elected to apply the first-time adoption exemption available to Fleetwood Corporation Limited to defer the date of transition of AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement' to 1 July 2005. Accordingly, there are no quantitative impacts on the 30 June 2005 financial

The consolidated entity enters into forward exchange contracts to manage its exposure to foreign currency risk. Under A-IFRS, all derivative financial instruments are required to be recognised at fair value on the date of transition, being 1 July 2005. The Directors have not yet finalised the impact of the recognition to fair value. This will result in either an increase or decrease in net assets at 1 July 2005, with subsequent changes in fair value being recognised in profit and loss.

11. Information on Audit

This preliminary final report is based on accounts that are in the process of being audited.