Flat Glass Industries Limited

ABN 84 003 173 242

Annual Report - 30 June 2014

Flat Glass Industries Limited
Corporate directory
30 June 2014

Directors	James Schwarz (Chairman) Lindsay Phillips Nicholas O'Connor Frank D'Urso Richard Palonis
Chief executive officer	James Buchan
Company secretary	Brett Crowley
Notice of annual general meeting	The details of the annual general meeting of Flat Glass Industries Limited are: Flat Glass Industries Limited 3 Moorebank Avenue Moorebank, NSW 2170 11 November 2014 at 10:00 am (AEST)
Registered office	3 Moorebank Avenue Moorebank, NSW 2170 Telephone: +61 2 9824 0999 Facsimile: +61 2 9824 2111
Share register	Boardroom Pty Limited Level 7 207 Kent Street Sydney, NSW 2000 Tel: +61 2 9290 9600
Auditor	Nexia Court & Co Level 16 1 Market Street Sydney, NSW 2000
Stock exchange listing	Flat Glass Industries Limited shares are listed on the Australian Securities Exchange (ASX code: FGI)
Website	www.flatglass.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Flat Glass Industries Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors
The following persons were directors of Flat Glass Industries Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

James Schwarz - Chairman
Lindsay Phillips
Nicholas O'Connor
Frank D'Urso
Richard Palonis

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of the wholesaling and processing of glass and other products for the residential and commercial building industry.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $2,205,000 (30 June 2013: $3,284,000).

The following table summarises the key reconciling items between adjusted Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment (adjusted 'EBITDA') and statutory profit after tax attributable to the owners of Flat Glass Industries Limited

	Consolidated	
	2014 **$'000**	**2013** **$'000**
Revenue	27,068	25,173
EBITDA	(368)	(790)
Less: Depreciation	(1,107)	(1,105)
Less: Interest expense	(332)	(300)
Add: Interest income	-	4
Impairment of assets	-	(568)
Loss before income tax expense, share of loss of joint venture and discontinued operations from continuing operations	(1,807)	(2,759)
Income tax benefit/(expense)	-	3
Share of losses of joint venture accounted for using the equity method	(398)	-
Loss after income tax (expense)/benefit from discontinued operations	-	(528)
Loss after income tax expense for the year attributable to the owners of Flat Glass Industries Limited	(2,205)	(3,284)

Key features of underlying EBITDA result were:
- Revenue increased by 7.5%, outpacing the increase in expenses;
- Overheads increased by 6%, partly caused by 5% increase in employee costs;
- Finance costs increased by 10%; and
- Inventories reduced by 13%, as the consolidated entity continues to transition from glass merchant to glass processor.

The consolidated entity’s Victorian operation performed better than New South Wales reflecting the prescribed use of double-glazing in the cooler climate. The consolidated entity is working with the Victorian operation's landlord to increase floor space, and to re-commission dormant equipment to take advantage of high demand for double-glazing and laminated toughened glass.

Historically, the Sydney glass operation has enjoyed high volumes of bulk glass sales, and focussed on customised heavyweight glass. However, shrinking margins and the influx of imported standard products has required the consolidated entity to reduce and eliminate low-margin sales and concentrate on higher yielding products.

The plastics division was able to increase sales and profits during the financial year, predominantly through a price increase, the first in six years. This division is also suffering at the hands of imports including blatant copying of the iconic bullet shaped spiral design.

Net cash outflow of $632,000 was funded by reduction in inventories as the consolidated entity moved away from its traditional low-margin glass merchant position in the marketplace.

At year end, the consolidated entity had unbooked deferred tax assets of $3.8 million and franking credits of $5.8 million and directors continue to work to realise these tax assets for the benefit of shareholders.

The attached financial statements detail the performance and financial position of the consolidated entity for the year ended 30 June 2014. It also contains an independent auditor’s report which includes an emphasis of matter paragraph in regard to the existence of a material uncertainty that may cast significant doubt about the consolidated entity’s ability to continue as a going concern. For further information, refer to note 1 to the financial statements, together with the independent auditor's report.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
The Board will continue to focus on building sales revenues and managing costs, strengthening the statement of financial position, reducing debt and improving efficiencies so that the consolidated entity remains competitive.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	James Schwarz
Title:	Chairman and Non-Executive Director
Qualifications:	BEc, LLB
Experience and expertise:	Legal, Equities and Investment Banking.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Remuneration Committee
Interests in shares:	731,625 ordinary shares
Interests in options:	None

Name:	Lindsay Phillips
Title:	Non-Executive Director
Qualifications:	B Com, CA
Experience and expertise:	Over 25 years in private equity in the UK and Australia. Currently Chairman of Phoenix Development Fund Limited and Nightingale Partners Pty Limited.
Other current directorships:	Various private entities
Former directorships (last 3 years):	Hastie Group Limited (resigned 25 May 2012) and Chandler McLeod (resigned 19 December 2012)
Special responsibilities:	Member of Audit, Finance and Risk Committee and Member of Remuneration Committee
Interests in shares:	17,704,231 ordinary shares
Interests in options:	None

Name:	Nicholas O'Connor
Title:	Finance Director
Qualifications:	B Bus
Experience and expertise:	25 years financial and operating experience in the glass industry. Company founder. Director since 8 January 1996.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit, Finance and Risk Committee
Interests in shares:	4,000,000 ordinary shares
Interests in options:	None

Name:	Frank D'Urso
Title:	Executive Director and National Procurement Manager
Experience and expertise:	23 years' experience in the glass and glazing industry.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit, Finance and Risk Committee
Interests in shares:	2,100,000 ordinary shares
Interests in options:	None

Name:	Richard Palonis
Title:	Executive Director and National Sales Manager
Experience and expertise:	Has significant experience in the glass industry. Has been employed with the consolidated entity for 12 years.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary
Brett Crowley (BCom, DipLaw, CA) has over 30 years experience in legal and accounting fields. Currently a practising solicitor and Chairman and Company Secretary of ASX-listed and unlisted public and private companies.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Full Board		Audit, Finance and Risk Committee	
	Attended	Held	Attended	Held
James Schwarz	9	10	-	-
Lindsay Phillips	10	10	1	2
Nicholas O'Connor	8	10	2	2
Frank D'Urso	10	10	1	2
Richard Palonis	10	10	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The function of the Remuneration Committee was undertaken by the full Board.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the directors and other key management personnel ('KMP') remuneration arrangements for the consolidated entity.

KMP are defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
Remuneration levels for KMP of the consolidated entity are set to attract and retain appropriately qualified and experienced directors and KMP. The Board can obtain independent advice on the appropriateness of remuneration packages of the consolidated entity should this be appropriate.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders.

The compensation structures take into account:
- the capability and experience of the KMP;
- the KMP’s ability to control their departmental performance; and
- the consolidated entity’s performance.

The consolidated entity's performance includes:
- the consolidated entity's earnings;
- the growth in share price and delivering constant returns on shareholder wealth; and
- the amount of incentives within each KMP’s compensation.

Non-executive directors remuneration
Total compensation for all non-executive directors is not to exceed $150,000 per annum. The chairman receives $30,000 per annum.

Each director’s base fee is presently up to $30,000 per annum. Directors' fees cover all main Board activities and membership of any committees. Non-executive directors do not receive performance related compensation.

Executive remuneration
The consolidated entity aims to reward executives with a level and mix of remuneration, based on their position and responsibility, which is both fixed and variable.

The KMP remuneration and reward framework has three components:
- base pay and non-monetary benefits;
- short-term performance incentives; and
- other remuneration, such as superannuation and long service leave.

The combination of these comprises the KMP's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides a benefit to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPIs include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') includes long service leave.

Consolidated entity performance and link to remuneration
The Board may exercise discretion in relation to approving incentives and bonuses. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth. There is no direct link between performance and remuneration.

Use of remuneration consultants
During the financial year ended 30 June 2014, the company did not engage the use of remuneration consultants.

Voting and comments made at the company's 2013 Annual General Meeting ('AGM')
At the last AGM 100% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2013. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors and other KMP of the consolidated entity are set out in the following tables.

The KMP of the consolidated entity consisted of the directors of Flat Glass Industries Limited and the following persons:
- James Buchan - Chief Executive Officer
- Brett Crowley - Company Secretary

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2014	Cash salary and fees $	Bonus $	Other $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
J Schwarz (Chairman)	30,000	-	-	-	-	-	30,000
L Phillips	30,000	-	-	-	-	-	30,000
Executive Directors:							
N O'Connor	75,279	-	-	7,426	5,000	-	87,705
F D'Urso	101,750	-	565	9,464	-	-	111,779
R Palonis	95,443	-	8,620	9,626	-	-	113,689
Other Key Management Personnel:							
J Buchan	197,226	-	11,999	19,353	-	-	228,578
B Crowley	18,000	-	-	-	-	-	18,000
	547,698	-	21,184	45,869	5,000	-	619,751

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2013	Cash salary and fees $	Bonus $	Other $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
J Schwarz (Chairman)	30,000	-	-	-	-	-	30,000
L Phillips	15,000	-	-	-	-	-	15,000
Executive Directors:							
N O'Connor	92,306	-	-	8,308	-	-	100,614
F D'Urso	101,745	-	533	9,157	-	-	111,435
R Palonis **	97,642	3,000	533	8,788	-	-	109,963
Other Key Management Personnel:							
J Buchan	196,696	-	11,999	16,778	-	-	225,473
B Crowley	18,000	-	-	-	-	-	18,000
H Cumar * **	54,169	10,000	-	17,344	-	-	81,513
	605,558	13,000	13,065	60,375	-	-	691,998

* Remuneration until resignation on 26 October 2012.
** Bonus payments assessed and paid on a performance basis.

Service agreements
KMP have standard contracts of employment with the consolidated entity. They are entitled to receive, on termination of employment, payment in lieu of any specified notice period, ranging between one and three months, and their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The contract of employment outlines the components of compensation paid to the KMP but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

Directors do not have contracts of employments nor service contracts.

Share-based compensation

Issue of shares
There were no shares issued to directors and other KMP as part of compensation during the year ended 30 June 2014.

Options
There were no options over ordinary shares issued to directors and other KMP as part of compensation that were outstanding as at 30 June 2014.

There were no options over ordinary shares granted to or vested by directors and other KMP as part of compensation during the year ended 30 June 2014.

Additional disclosures relating to key management personnel
In accordance with Class Order 14/632, issued by the Australian Securities and Investments Commission, relating to 'Key management personnel equity instrument disclosures', the following disclosures relates only to equity instruments in the company or its subsidiaries.

Shareholding
The number of shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
J Schwarz	731,625	-	-	-	731,625
L Phillips	14,624,396	-	3,079,835	-	17,704,231
N O'Connor	4,000,000	-	-	-	4,000,000
F D'Urso	2,100,000	-	-	-	2,100,000
R Palonis	2,000	-	-	(2,000)	-
	21,458,021	-	3,079,835	(2,000)	24,535,856

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of Flat Glass Industries Limited under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Flat Glass Industries Limited issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and other KMP of the company for costs incurred, in their capacity as a director or KMP, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and other KMP of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of Nexia Court & Co
There are no officers of the company who are former audit partners of Nexia Court & Co.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
Nexia Court & Co continues in office in accordance with section 327 of the Corporations Act 2001.

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

N. O'Connor

Nicholas O'Connor
Director

26 September 2014
Sydney

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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF FLAT GLASS INDUSTRIES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Flat Glass Industries Limited.

As audit partner for the audit of the financial statements of Flat Glass Industries Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Nexia Court & Co

Nexia Court & Co
Chartered Accountants

Andrew Hoffmann
Partner

Sydney

26 September 2014

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Flat Glass Industries Limited
Corporate governance statement
30 June 2014

The Board of Directors (the 'Board') is responsible for the corporate governance of Flat Glass Industries Limited (the 'company'). The Board guides and monitors the business and affairs of the company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has used the ASX Corporate Governance Council best practice recommendations as a framework to report on compliance matters for the financial year ended 30 June 2014, and report to shareholders in the following format:

- Essential Principle;
- Best Practice Recommendations; and
- Status of Compliance.

Best Practice Recommendations	**Status of Compliance**
Principle 1: Lay solid foundations for management and oversight	
Establish the functions reserved to the Board and those delegated to manage and disclose those functions.	Comply. Refer s.1.1 below.
Disclose the process for evaluating the performance of senior executives. Provide the information indicated in 'Guide to reporting on Principle 1'	Comply. Refer s.1.3 and 1.4 below. Comply - a Board Charter has been disclosed on the company's website and is summarised in this Corporate Governance Statement (Refer s1.1 to 1.4 below). The Board did not conduct a performance evaluation for senior executives in the financial year.
Principle 2: Structure the Board to add value	
A majority of the Board should be independent directors	Do not comply. All Board members are encouraged to have shareholdings in the company.
The Chairman should be an independent director	Do not comply. The Chairman is a non-executive director. Neither he nor any interest associated with him has provided services to the company other than services as a director and as declared in the remuneration report in the directors' report.
The roles of Chairman and Chief Executive Officer should not be exercised by the same individual.	Comply.
The Board should establish a nomination committee	Do not comply. Refer s.1.2
Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Do not comply.

Best Practice Recommendations	**Status of Compliance**
Provide the information indicated in the 'Guide to reporting on Principle 2'.	Do not comply. The Board has undertaken a review of the mix of skills and experience on the Board in light of the company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the company. In accordance with the information suggested in 'Guide to Reporting on Principle 2', the company has disclosed full details of its directors in the directors' report attached to this Corporate Governance Statement. Other disclosure material on the structure of the Board is available on the company's website.
Principle 3: Promote ethical and responsible decision-making	
Establish and disclose a code of conduct as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account the legal obligations and reasonable expectations of stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Comply. Refer s.1.6 Refer s.1.6 Refer s.1.6
Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	Do not comply. The Board acknowledges the benefits of diversity, and promotes a culture of diversity. This is taken into account in the selection process of candidates for all positions in the company, However, given the company's current size, the Board is of the view that it would not be appropriate to have a formal diversity policy and set measurable objectives.
Provide the information indicated in 'Guide to reporting on Principle 3'.	Do not comply fully. The proportion of women employees in the consolidated entity as at 30 June 2013 are as follows: Women on the board — Nil Women in senior executive positions — 33% Women in the organisation — 10% Refer s1.9

Best Practice Recommendations	**Status of Compliance**
Principle 4: Safeguard integrity in financial reporting	
The Board should establish an audit committee.	Comply. Refer s.1.5
Audit committee to be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the Board • has at least three members	 Do not comply. Refer s.1.5 Do not comply. However, two current members qualified as chartered accountants and/or worked in the audit section of Chartered Accounting firms. Do not comply. Comply.
The audit committee should have a formal charter.	Comply.
Provide the information indicated in 'Guide to reporting on Principle 4'	The members of the Audit, Finance and Risk Committee are appointed by the Board and recommendations from the committee are presented to the Board for further discussion and resolution. The Audit, Finance and Risk Committee meet at least twice a year.
Principle 5: Make timely and balanced disclosure	
Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance.	Comply. Refer s.1.7.
Provide the information indicated in 'Guide to reporting on Principle 5'.	Do not comply. However, the Board will ensure that the company's continuous disclosure policy is made available on the company's website.
Principle 6: Respect the rights of shareholders	
Design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings.	Comply. Refer s.1.8
Provide the information indicated in 'Guide to reporting on Principle 6'.	Do not comply. However, the Board will ensure that the company's shareholder communications policy is made available on the company's website

Best Practice Recommendations	**Status of Compliance**
Principle 7: Recognise and manage risk	
Establish and disclose policies for the oversight and management of material business risks.	Comply.
Management to design and implement the risk management and internal control system to manage the company's material business risks and report to the Board on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Comply. Quantification of financial risk exposure is detailed in the notes to the financial statements entitled 'Financial instruments'
The Chief Executive Officer ('CEO') and the Chief Financial Officer ('CFO') should state to the Board in writing that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Comply. The company has identified key risks within the business and has received a statement of assurance from the chief executive officer James Buchan and the executive director (acting as CFO equivalent) Nicholas O'Connor.
Provide the information indicated in 'Guide to reporting on Principle 7'.	Do not comply.
Principle 8: Remunerate fairly and responsibly	
The Board should establish a remuneration committee.	Comply. However, the function was undertaken by the full Board. Refer s.1.3
The remuneration committee should be structured.	Do not comply.
Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Comply. Refer s1.4
Provide the information indicated in 'Guide to reporting on Principle 8'.	The Board has adopted a remuneration committee charter. The company does not have any schemes for retirement benefits for non-executive directors.

1.1 Board of Directors

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for the overall corporate governance of the consolidated entity including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management goals and ensuring the integrity of internal control and management information systems.

It is also responsible for approving and monitoring financial and other reporting.

The Board has delegated responsibility for operation and administration of the company to the Chief Executive Officer and executive management.

Board processes

To assist in the execution of its responsibilities, the Board has established a number of Board committees including a Remuneration Committee and an Audit, Finance and Risk Committee. The Board as a whole manages the nomination process for new directors.

The full Board currently holds 10 scheduled meetings each year, plus any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared in conjunction with the Chair, CEO and company secretary. Standing items include the CEO report, CFO report, Occupational Health and Safety reports, strategic matters, governance and compliance. Executives are regularly involved in Board discussions and directors have other opportunities, including visits to business operations, for contact with a wider group of employees.

Director education

The consolidated entity has a process to educate new directors about the nature of the business' current issues, the corporate strategy and the expectations of the consolidated entity concerning performance of directors. Directors also have the opportunity to visit the consolidated entity's facilities and meet with management to gain a better understanding of business operations.

Independent professional advice and access to company information

Each director has the right of access to all relevant company information and to the company's executives and, subject to prior consultation with the chairman, may seek independent professional advice from a suitably qualified adviser at the consolidated entity's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the Board.

Composition of the Board

The names of the directors of the company in office at the date of this report are set out in the directors' report. The composition of the Board is determined using the following principles:

- a minimum of 3 directors, with a broad range of expertise both nationally and internationally;
- a majority of directors having extensive knowledge of the company's industries and those which do not, have extensive expertise in significant aspects of auditing and financial reporting, or risk management of large companies;
- a non-executive director as chairman;
- enough directors to serve on various committees without overburdening the directors or making it difficult for them to fully discharge their responsibilities; and
- re-election every three years (except for the chief executive officer).

1.2 Nominations to the Board

As a consequence of the small size of the Board there is not a separate nomination committee.

The appointment and induction process for directors and committee members, and the selection, appointment, and succession planning process of the company's chief executive officer is overseen collectively by current directors.

The directors ensure that the Board comprises directors with the appropriate skill mix, personal qualities, expertise and diversity for each position. When a vacancy exists or there is a need for particular skills the Board determines the selection criteria based on the skills deemed necessary.

1.3 Remuneration Committee

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the executive officers and directors themselves of the company and of other consolidated entity executives. It is also responsible for incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies.

The members of the Remuneration Committee during the year were:

- Lindsay Phillips
- James Schwarz

The Board policy is that the remuneration committee will comprise entirely of non-executive directors. The CEO is invited to remuneration committee meetings, as required, to discuss senior executives' performance and remuneration packages but does not attend meetings involving matters pertaining to him.

The Remuneration Committee did not meet separately.

1.4 Principals of compensation

Principals of compensation can be found in the Remuneration Report contained in the Directors' Report, which has been audited.

1.5 Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

The members of the Audit, Finance and Risk Committee during the year were:

- Lindsay Phillips
- Nicholas O'Connor
- Frank D'Urso

The external auditors, the Chief Executive Officer and the Chief Financial Officer, or equivalent, are invited to Audit, Finance and Risk Committee meetings at the discretion of the committee. For the number of committee meetings and committee members' attendance record refer to 'Meetings of directors' in the directors' report.

The Chief Executive Officer and the Chief Financial Officer, or equivalent, declared in writing to the Board that the financial records of the company and consolidated entity for the financial year have been properly maintained, the consolidated entity's financial reports for the financial year ended 30 June 2014 comply with accounting standards and present a true and fair view of the consolidated entity's financial condition and operational results. This statement is required annually.

The external auditors met with the Audit, Finance and Risk Committee at least two times during the year.

The responsibilities of the Audit, Finance and Risk Committee include:

- review of the annual and interim financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards (AASBs) including International Financial Reporting Standards, and assessing whether the financial information is adequate for shareholder needs;
- assessing the adequacy of the internal control framework and the company's code of ethical standards;
- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board;
- monitoring the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements; and
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, Australian Stock Exchange and financial institutions.

The Audit, Finance and Risk Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year to:

- discuss the external audit plan, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents, prior to announcement of results;
- review the draft annual and half-year financial report, and recommend Board approval of the financial report; and
- review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

1.6 Ethical standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the company. The Board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a director on a Board matter, the director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of director related entity transactions with the consolidated entity are set out in the notes to financial statements titled 'Related party transactions'.

Business Conduct and Ethics

The company's Code of Conduct reinforces its commitment to conducting its business in an ethical and lawful manner. Each employee is required to abide by this Code with particular regard to the interests of other employees, shareholders, customers and the community at large.

The company has adopted specific policies in respect of occupational health and safety, equal employment opportunity, privacy and confidentiality, delegated limits of authority, dealing with price sensitive information and trading in the company's shares.

Trading in general company securities by directors and employees

The trading in company securities by directors and employees is restricted when required, and restrictions are communicated regularly.

All directors and employees have been apprised of the requirements of the Corporations Act with respect to dealing with market sensitive information.

1.7 Disclosure

The Board promotes the timely and balanced disclosure of all relevant matters concerning the company. Measures are in place designed to ensure compliance with ASX Listing Rule requirements such that:

- all investors have equal and timely access to material information concerning the company including its financial situation, performance, ownership and governance; and
- the company's announcements are factual and presented in a clear and balanced way.

1.8 Shareholder Rights

The company promotes effective communication with shareholders and others by way of the company's websites, semi-annual reporting and regular ASX disclosures. Executive directors respond to shareholder enquiries so far as Listing Rules allow.

The external Auditor attends the Annual General Meeting, allowing shareholders to ask questions concerning the conduct of the audit and the content of the auditor's report.

1.9 Workplace profile

In accordance with the requirements of the Workplace Gender Equality Act 2012, in May 2013 the company lodged its annual public report with the Workplace Gender Equality Agency. The extract of the workplace profile is as follows:

WORKPLACE PROFILE

	Women		**Men**		**Casual**			**%**	
	Full time	**Part time**	**Full time**	**Part time**	**Women**	**Men**	**Total Staff**	**Women**	**Men**
Board			4	2			6		
Senior Executives	1		2				3		
Senior Managers	1		4				5		
Managers	2		4				6		
Admin Staff	3		1				4		
Sales Staff	5		4				9		
Service Staff	2	2	113				117		
Total	14	2	132	2			150	10.7%	89.3%

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General information

The financial statements cover Flat Glass Industries Limited as a consolidated entity consisting of Flat Glass Industries Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Flat Glass Industries Limited's functional and presentation currency.

Flat Glass Industries Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

3 Moorebank Avenue
Moorebank NSW 2170

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 September 2014. The directors have the power to amend and reissue the financial statements.

Flat Glass Industries Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Note	Consolidated 2014 $'000	2013 $'000
Revenue from continuing operations	4	27,068	25,173
Other income		47	-
Expenses			
Raw materials and consumables used		(11,722)	(10,574)
Occupancy costs		(1,768)	(1,990)
Administration and overhead expenses		(1,873)	(1,834)
Employee expenses		(11,169)	(10,641)
Depreciation expense	5	(1,107)	(1,105)
Travel expenses		(935)	(861)
Impairment of assets	5	-	(568)
Share of losses of joint venture accounted for using the equity method		(398)	-
Other expenses		(16)	(59)
Finance costs	5	(332)	(300)
Loss before income tax benefit from continuing operations		(2,205)	(2,759)
Income tax benefit	6	-	3
Loss after income tax benefit from continuing operations		(2,205)	(2,756)
Loss after income tax (expense)/benefit from discontinued operations	7	-	(528)
Loss after income tax benefit for the year attributable to the owners of Flat Glass Industries Limited	25	(2,205)	(3,284)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Flat Glass Industries Limited		(2,205)	(3,284)
Total comprehensive income for the year is attributable to:			
Continuing operations		(2,205)	(2,756)
Discontinuing operations		-	(528)
		(2,205)	(3,284)
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the owners of Flat Glass Industries Limited			
Basic earnings per share	38	(3.29)	(4.48)
Diluted earnings per share	38	(3.29)	(4.48)
Earnings per share for loss from discontinued operations attributable to the owners of Flat Glass Industries Limited			
Basic earnings per share	38	-	(0.86)
Diluted earnings per share	38	-	(0.86)
Earnings per share for loss attributable to the owners of Flat Glass Industries Limited			
Basic earnings per share	38	(3.29)	(5.33)
Diluted earnings per share	38	(3.29)	(5.33)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Flat Glass Industries Limited
Statement of financial position
As at 30 June 2014

	Note	Consolidated 2014 $'000	2013 $'000
Assets			
Current assets			
Cash and cash equivalents	8	205	268
Trade and other receivables	9	4,085	4,209
Inventories	10	4,347	4,975
Prepayments	11	147	99
		8,784	9,551
Assets of disposal groups classified as held for sale	12	-	1,203
Total current assets		8,784	10,754
Non-current assets			
Investments accounted for using the equity method	13	888	-
Other financial assets	14	1	1
Property, plant and equipment	15	5,062	6,071
Intangibles	16	419	419
Total non-current assets		6,370	6,491
Total assets		15,154	17,245
Liabilities			
Current liabilities			
Trade and other payables	17	3,044	3,590
Borrowings	18	3,390	2,668
Employee benefits	19	1,379	1,337
		7,813	7,595
Liabilities directly associated with assets classified as held for sale	20	-	55
Total current liabilities		7,813	7,650
Non-current liabilities			
Borrowings	21	-	77
Employee benefits	22	106	67
Other	23	-	11
Total non-current liabilities		106	155
Total liabilities		7,919	7,805
Net assets		7,235	9,440
Equity			
Issued capital	24	20,561	20,561
Accumulated losses	25	(13,326)	(11,121)
Total equity		7,235	9,440

The above statement of financial position should be read in conjunction with the accompanying notes

Flat Glass Industries Limited
Statement of changes in equity
For the year ended 30 June 2014

Consolidated	Issued capital $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2012	19,513	(7,837)	11,676
Loss after income tax benefit for the year	-	(3,284)	(3,284)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(3,284)	(3,284)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 24)	1,048	-	1,048
Balance at 30 June 2013	20,561	(11,121)	9,440

Consolidated	Issued capital $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2013	20,561	(11,121)	9,440
Loss after income tax benefit for the year	-	(2,205)	(2,205)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(2,205)	(2,205)
Balance at 30 June 2014	20,561	(13,326)	7,235

The above statement of changes in equity should be read in conjunction with the accompanying notes

Flat Glass Industries Limited
Statement of cash flows
For the year ended 30 June 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		29,887	30,034
Payments to suppliers and employees (inclusive of GST)		(30,187)	(29,696)
		(300)	338
Interest received		-	4
Interest and other finance costs paid		(332)	(313)
Income taxes refunded		-	3
Net cash from/(used in) operating activities	37	(632)	32
Cash flows from investing activities			
Payments for property, plant and equipment	15	(240)	(443)
Proceeds from sale of property, plant and equipment		175	372
Proceeds from sale of assets classified as held for sale		-	2,200
Net cash from/(used in) investing activities		(65)	2,129
Cash flows from financing activities			
Proceeds from issue of shares	24	-	1,117
Share issue transaction costs	24	-	(69)
Net proceeds from debtor finance		197	2,509
Proceeds from borrowings - related party		550	-
Repayment of borrowings		-	(5,443)
Payment for hire purchase liabilities		(102)	(220)
Repayment of government grants		(11)	-
Net cash from/(used in) financing activities		634	(2,106)
Net increase/(decrease) in cash and cash equivalents		(63)	55
Cash and cash equivalents at the beginning of the financial year		268	213
Cash and cash equivalents at the end of the financial year	8	205	268

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements
The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities
The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard has changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

Note 1. Significant accounting policies (continued)

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12, and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities
The consolidated entity has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments
The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the remuneration report section of the directors' report.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Note 1. Significant accounting policies (continued)

Going concern
During the year ended 30 June 2014 the consolidated entity experienced a loss after income tax of $2,205,000 (2013: loss $3,284,000 including $568,000 impairment charge). Revenue from continuing operations were $27,068,000 which was a 7.5% improvement on the previous comparable period revenue of $25,173,000.

Net cash outflows from operating activities was $632,000 (2013: net cash inflows of $32,000). Net cash outflows were funded by borrowings and management of inventories.

Glass manufacturing businesses in Australia remain negatively affected by high levels of imported finished glass products. The continuing viability of the consolidated entity and its ability to continue as a going concern is dependent upon the consolidated entity being successful in growing its revenue base, supplying products at improved profit margins and/or accessing additional sources of capital including utilisation of debtor finance facilities. An alternative solution would be to sell non-core assets.

During the financial year, the consolidated entity arranged a loan facility from a related party. The facility was partly drawn during the year, and is to be repaid before the end of the calendar year. Renewal of the facility for the 2015 calendar year has been agreed, however it is contingent on the repayment of the facility before the due date.

The directors believe that the consolidated entity will be able to pay its creditors as and when due for at least 12 months from the date of approval of the financial statements, and no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements at 30 June 2014. Accordingly, the financial statements have been prepared on an going concern basis.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Flat Glass Industries Limited ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Flat Glass Industries Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 1. Significant accounting policies (continued)

Foreign currency translation
The financial statements are presented in Australian dollars, which is Flat Glass Industries Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 1. Significant accounting policies (continued)

Flat Glass Industries Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate tax payer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Discontinued operations
A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 1. Significant accounting policies (continued)

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Raw materials are on 'weighted average cost' basis whereas work in progress and finished goods are based on an average margin basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Joint ventures
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line and diminishing value bases to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	10 - 50%
Plant and equipment	10 - 40%
Motor vehicles	20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Note 1. Significant accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets
Goodwill is not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 1. Significant accounting policies (continued)

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings
- interest on finance leases

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Note 1. Significant accounting policies (continued)

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Flat Glass Industries Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives
Comparatives in the statement of profit or loss and other comprehensive income have been reclassified to align with current year presentation. There is no change to revenue and net profit.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments from 1 July 2014 will have no impact on the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 2014-1 Amendments to Australian Accounting Standards
These amendments are in several parts. Part A makes various amendments to Australian Accounting Standards arising from the issuance of IASB's 'Annual Improvements to IFRSs 2010-2012 Cycle' and 'Annual Improvements to IFRSs 2011-2013 Cycle'. Part B makes amendments to AASB 119 'Employee in relation to the requirements for contributions from employees or third parties that are linked to service which arise from the issuance of IASB's 'Defined Benefit Plans – Employee Contributions (Amendments to IAS 19)'. Part C makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 'Materiality'. Part D makes consequential amendments arising from the issuance of AASB 14 'Regulatory Deferral Accounts'. Part E makes consequential amendments to numerous other Standards as a consequence of the introduction of hedge accounting requirements into AASB 9 'Financial Instruments' in December 2013. Amendments Part A to D are applicable to annual reporting periods beginning on or after 1 July 2014 or as specified in each Part. Amendments Part E are applicable to annual reporting periods beginning on or after 1 January 2015 or as specified in Part E.

Annual Improvements to IFRSs 2010-2012 Cycle
These amendments affect several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle
These amendments affect four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments will not have a material impact on the consolidated entity.

IFRS 15 Revenue from Contracts with Customers
This standard is expected to be applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

Interpretation 21 Levies
This interpretation is applicable to annual reporting periods beginning on or after 1 January 2014. The Interpretation clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. The adoption of the interpretation from 1 July 2014 will not have a material impact on the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill
The consolidated entity assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into three operating segments: Glass, Plastic and Other. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Note 3. Operating segments (continued)

The CODM reviews both adjusted earnings before interest, tax, depreciation and amortisation and impairment ('EBITDA') and profit before income tax.

The information reported to the CODM is on at least a monthly basis.

Types of products and services
The principal products and services of each of these operating segments are as follows:

Glass	Glass processing plants in Sydney and Melbourne
Plastic	Plastic extrusion, including the Star Plug operations
Other	Other non-reportable segments including investments in joint venture

Intersegment transactions
Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

Consolidated - 2014	Glass $'000	Plastic $'000	Other $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Revenue					
Sales to external customers	25,941	1,007	-	-	26,948
Intersegment sales	1,062	-	-	(1,062)	-
Total sales revenue	27,003	1,007	-	(1,062)	26,948
Other revenue	108	-	12	-	120
Total revenue	27,111	1,007	12	(1,062)	27,068
Adjusted EBITDA	(634)	271	(5)	-	(368)
Depreciation					(1,107)
Finance costs					(332)
Share of losses of joint ventures accounted for using the equity method					(398)
Loss before income tax expense					(2,205)
Income tax expense					-
Loss after income tax expense					(2,205)
Assets					
Segment assets	17,147	1,155	26,469	(29,617)	15,154
Total assets					15,154
Total assets includes:					
Acquisition of non-current assets	240	-	-	-	240
Liabilities					
Segment liabilities	19,238	262	10,273	(21,854)	7,919
Total liabilities					7,919

Note 3. Operating segments (continued)

Consolidated - 2013	Glass $'000	Plastic $'000	Other $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Revenue					
Sales to external customers	23,908	983	-	-	24,891
Intersegment sales	1,370	-	-	(1,370)	-
Total sales revenue	25,278	983	-	(1,370)	24,891
Other revenue	270	-	369	(357)	282
Total revenue from discontinued operations	-	-	-	2,051	2,051
Total revenue	25,548	983	369	324	27,224
Adjusted EBITDA	(735)	227	(245)	(37)	(790)
Depreciation					(1,105)
Impairment of assets					(568)
Interest revenue					4
Finance costs					(300)
Loss on closure of discontinued operation, before tax					(528)
Loss before income tax benefit					(3,287)
Income tax benefit					3
Loss after income tax benefit					(3,284)
Assets					
Segment assets	19,058	897	24,769	(27,479)	17,245
Total assets					17,245
Total assets includes:					
Acquisition of non-current assets	443	-	-	-	443
Liabilities					
Segment liabilities	26,104	261	1,158	(19,718)	7,805
Total liabilities					7,805

Note 4. Revenue

	Consolidated 2014 $'000	Consolidated 2013 $'000
From continuing operations		
Sales revenue		
Sale of goods	26,948	24,891
Other revenue		
Interest	-	4
Other revenue	120	278
	120	282
Revenue from continuing operations	27,068	25,173

Note 5. Expenses

	Consolidated 2014 $'000	Consolidated 2013 $'000
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Leasehold improvements	14	10
Plant and equipment	990	980
Motor vehicles	103	115
Total depreciation	1,107	1,105
Impairment		
Leasehold improvements	-	50
Plant and equipment	-	518
Total impairment	-	568
Finance costs		
Interest and finance charges paid/payable	332	300
Net foreign exchange loss/gain		
Net foreign exchange loss/(gain)	44	11
Net loss on disposal		
Net loss on disposal of property, plant and equipment	47	60
Rental expense relating to operating leases		
Minimum lease payments	1,042	1,146
Superannuation expense		
Defined contribution superannuation expense	781	725

Note 6. Income tax benefit

	Consolidated 2014 $'000	Consolidated 2013 $'000
Income tax benefit		
Adjustment recognised for prior periods	-	(3)
Aggregate income tax benefit	-	(3)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit from continuing operations	(2,205)	(2,759)
Profit before income tax (expense)/benefit from discontinued operations	-	(528)
	(2,205)	(3,287)
Tax at the statutory tax rate of 30%	(662)	(986)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	(3)	(6)
	(665)	(992)
Adjustment recognised for prior periods	-	(3)
Tax losses and temporary differences written off or not recognised	665	992
Income tax benefit	-	(3)

	Consolidated 2014 $'000	Consolidated 2013 $'000
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	12,791	9,928
Potential tax benefit @ 30%	3,837	2,978

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated 2014 $'000	Consolidated 2013 $'000
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Impairment of receivables	62	68
Employee benefits	293	309
Accrued expenses	28	52
Plant and equipment	(165)	(221)
Total deferred tax assets not recognised	218	208

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7. Discontinued operations

Description
During the previous financial year, the consolidated entity entered into an agreement to sell its RTK Industries business, effective 1 July 2013.

Financial performance information

	Consolidated 2014 $'000	Consolidated 2013 $'000
Sale of goods	-	2,017
Other income	-	34
Total revenue	-	2,051
Net gain on disposal of property, plant and equipment	-	91
Total other income	-	91
Raw materials and consumables used	-	(845)
Occupancy costs	-	(347)
Administration and overhead expenses	-	(65)
Employee expense	-	(1,081)
Depreciation expense	-	(252)
Travel expenses	-	(67)
Finance costs	-	(13)
Total expenses	-	(2,670)
Loss before income tax expense	-	(528)
Income tax expense	-	-
Loss after income tax (expense)/benefit from discontinued operations	-	(528)

Cash flow information

	Consolidated 2014 $'000	Consolidated 2013 $'000
Net cash used in operating activities	-	(396)
Net cash from investing activities	-	302
Net cash from financing activities	-	118
Net increase in cash and cash equivalents from discontinued operations	-	24

Note 8. Current assets - cash and cash equivalents

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash at bank and in hand	205	268

Note 9. Current assets - trade and other receivables

	Consolidated 2014 $'000	Consolidated 2013 $'000
Trade receivables	4,292	4,362
Less: Provision for impairment of receivables	(207)	(225)
	4,085	4,137
Other receivables	-	72
	4,085	4,209

Refer to note 21 for further information on trade receivables.

Impairment of receivables
The consolidated entity has recognised a net loss of $96,000 (30 June 2013: loss of $186,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2014.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Over 2 months overdue	207	225

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Opening balance	225	87
Additional provisions recognised	96	298
Receivables written off during the year as uncollectable	(114)	(48)
Unused amounts reversed	-	(112)
Closing balance	207	225

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $1,812,000 as at 30 June 2014 ($2,053,000 as at 30 June 2013).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing agency credit information and credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000
1 month overdue	1,699	1,827
2 months overdue	76	141
Over 2 months overdue	37	85
	1,812	2,053

Note 10. Current assets - inventories

	Consolidated 2014 $'000	Consolidated 2013 $'000
Raw materials	3,388	3,943
Work in progress	186	169
Finished goods	588	555
Stock in transit	185	308
	4,347	4,975

No provision was held in respect of inventories at 30 June 2014 (2013: $nil).

Note 11. Current assets - prepayments

	Consolidated 2014 $'000	Consolidated 2013 $'000
Prepayments	147	99

Note 12. Current assets - assets of disposal groups classified as held for sale

	Consolidated 2014 $'000	Consolidated 2013 $'000
Inventories	-	100
Other current assets	-	15
Property, plant and equipment	-	1,088
	-	1,203

Note 13. Non-current assets - investments accounted for using the equity method

	Consolidated 2014 $'000	Consolidated 2013 $'000
Investment in joint venture - Rayson RTK	888	-

Refer to note 35 for further information on interests in joint ventures.

Note 14. Non-current assets - other financial assets

	Consolidated 2014 $'000	Consolidated 2013 $'000
Other investments	7	7
Less: Provision for impairment	(6)	(6)
	1	1

Note 15. Non-current assets - property, plant and equipment

	Consolidated 2014 $'000	Consolidated 2013 $'000
Leasehold improvements - at cost	76	75
Less: Accumulated depreciation	(25)	(25)
Less: Impairment	(50)	(50)
	1	-
Plant and equipment - at cost	16,077	16,247
Less: Accumulated depreciation	(10,291)	(9,525)
Less: Impairment	(1,050)	(1,050)
	4,736	5,672
Motor vehicles - at cost	1,266	1,293
Less: Accumulated depreciation	(941)	(894)
	325	399
	5,062	6,071

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2012	5	8,422	554	8,981
Additions	55	339	49	443
Disposals	-	(312)	(28)	(340)
Impairment of assets	(50)	(518)	-	(568)
Transfers in/(out)	-	(1,027)	(61)	(1,088)
Depreciation expense	(10)	(1,232)	(115)	(1,357)
Balance at 30 June 2013	-	5,672	399	6,071
Additions	15	168	57	240
Disposals	-	(85)	(35)	(120)
Write off of assets	-	(20)	(2)	(22)
Transfers in/(out)	-	(9)	9	-
Depreciation expense	(14)	(990)	(103)	(1,107)
Balance at 30 June 2014	1	4,736	325	5,062

Property, plant and equipment secured under finance leases
Refer to note 31 for further information on property, plant and equipment secured under finance leases.

Impairment of assets
The impairment loss of $Nil (2013: $568,000) represented the write-off of leasehold improvements and write-down of certain plant and equipment to their recoverable amount. This was recognised in profit or loss as an impairment of assets. The recoverable amount of the assets have been determined based on fair value less costs of disposal. The fair value was determined with reference to an active market, where the market price of similar equipment of a similar age was used as the benchmark. Costs for selling the equipment were estimated based on industry averages for selling similar equipment.

Transfers
Transfers out during the prior financial year represent assets classified as held for sale.

Note 16. Non-current assets - intangibles

	Consolidated 2014 $'000	Consolidated 2013 $'000
Goodwill	6,474	6,474
Less: Impairment	(6,055)	(6,055)
	419	419

Impairment testing

For the purpose of impairment testing, goodwill is allocated to the entities within the consolidated entity which represent the lowest level within the consolidated entity at which goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to the following cash generating unit:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Star Plug Pty Limited	419	419

The impairment testing was based on its value-in-use which was determined by discounting future cash flows generated from continuing operation of the business unit and was based on the following assumptions:

a) cash flows were projected based on actual operating results and the five year forecast as approved by senior management. Cash flows were extrapolated in perpetuity beyond the five year forecast period using 3% growth rate; and

b) pre-tax discount rates of 16% (2013: 19%) was applied in determining the recoverable amount of the above business unit, which was based on the consolidated entity's weighted average cost of capital plus an allowance for additional risk of 0% (2013: 5%).

Sensitivity analysis
Management estimates that no reasonable change in the key assumptions would impair goodwill.

Note 17. Current liabilities - trade and other payables

	Consolidated 2014 $'000	Consolidated 2013 $'000
Trade payables	2,347	2,712
Goods and services tax payable	244	185
Other payables	453	693
	3,044	3,590

Refer to note 27 for further information on financial instruments.

Note 18. Current liabilities - borrowings

	Consolidated 2014 $'000	2013 $'000
Loan from related party	550	-
Debtor finance facility	2,763	2,566
Lease liability	77	102
	3,390	2,668

Refer to note 21 for further information on assets pledged as security and financing arrangements.

Refer to note 27 for further information on financial instruments.

Note 19. Current liabilities - employee benefits

	Consolidated 2014 $'000	2013 $'000
Annual leave	410	402
Long service leave	438	492
Employee benefits	531	443
	1,379	1,337

Note 20. Current liabilities - liabilities directly associated with assets classified as held for sale

	Consolidated 2014 $'000	2013 $'000
Provisions - employee benefits	-	55

Note 21. Non-current liabilities - borrowings

	Consolidated 2014 $'000	2013 $'000
Lease liability	-	77

Refer to note 27 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2014 $'000	2013 $'000
Loan from related party	550	-
Debtor finance facility	2,763	2,566
Lease liability	77	179
	3,390	2,745

Note 21. Non-current liabilities - borrowings (continued)

Assets pledged as security
The debtor finance facility is such that legal ownership of the consolidated entity's trade receivables resides with the financier, until paid or 90 days elapses.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2014 $'000	2013 $'000
Total facilities		
Loan from related party	1,000	-
Lease liability	77	179
Debtor finance facility	2,763	2,600
	3,840	2,779
Used at the reporting date		
Loan from related party	550	-
Lease liability	77	179
Debtor finance facility	2,763	2,566
	3,390	2,745
Unused at the reporting date		
Loan from related party	450	-
Lease liability	-	-
Debtor finance facility	-	34
	450	34

Note 22. Non-current liabilities - employee benefits

	Consolidated	
	2014 $'000	2013 $'000
Long service leave	106	67

Note 23. Non-current liabilities - other

	Consolidated	
	2014 $'000	2013 $'000
Government grants	-	11

Note 24. Equity - issued capital

	Consolidated			
	2014 Shares	2013 Shares	2014 $'000	2013 $'000
Ordinary shares - fully paid	67,018,039	67,018,039	20,561	20,561

Note 24. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2012	44,678,673		19,513
Issue of shares	28 September 2012	22,339,366	$0.05	1,117
Transaction cost		-	$0.00	(69)
Balance	30 June 2013	67,018,039		20,561
Balance	30 June 2014	67,018,039		20,561

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2013 Annual Report.

Share buy-back
There is no current on-market share buy-back.

Note 25. Equity - accumulated losses

	Consolidated	
	2014 $'000	2013 $'000
Accumulated losses at the beginning of the financial year	(11,121)	(7,837)
Loss after income tax benefit for the year	(2,205)	(3,284)
Accumulated losses at the end of the financial year	(13,326)	(11,121)

Note 26. Equity - dividends

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated	
	2014 $'000	2013 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	5,812	5,812

Note 26. Equity - dividends (continued)

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 27. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity may use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell Australian dollars		Average exchange rates	
	2014 $'000	2013 $'000	2014	2013
Buy US dollars				
Maturity:				
0 - 6 months	590	704	0.9063	1.0114
6 - 12 months	114	-	0.9210	-
Buy Euros				
Maturity:				
0 - 6 months	166	51	0.6580	0.7652
6 - 12 months	9	-	0.6802	-

Note 27. Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
Consolidated	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**
US dollars	-	-	-	371
Euros	-	-	75	176
	-	-	75	547

The consolidated entity had net liabilities denominated in foreign currencies of $75,000 (30 June 2013: $547,000). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 10% (30 June 2013: weakened by 10% / strengthened by 10%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for and equity the year would have been $7,500 lower / $7,500 higher (30 June 2013: $55,000 lower / $55,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management’s assessment of reasonable possible fluctuations taking into consideration movements over the year and the spot rate at each reporting date.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's main interest rate risk arises from borrowings. Borrowings issued at variable rates expose the consolidated entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk.

As at the reporting date, the consolidated entity had the following variable rate borrowings and cash at bank:

	2014		2013	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Debtor finance facility	8.67%	(2,763)	9.23%	(2,566)
Cash at bank and restricted cash	0.01%	205	0.01%	268
Net exposure to cash flow interest rate risk		(2,558)		(2,298)

An analysis by 'remaining contractual maturities' is shown in the table below.

An official increase/decrease in interest rates of 100 (2013: 100) basis points would have an adverse/favourable effect on profit before tax of $26,000 (30 June 2013: $23,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Note 27. Financial instruments (continued)

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2014 $'000	**2013 $'000**
Loan from related party	450	-
Debtor finance facility	-	34
	450	34

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2014	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	2,347	-	-	-	2,347
Other payables	-%	453	-	-	-	453
Interest-bearing - variable						
Loan from related party	12.00%	583	-	-	-	583
Debtor finance facility	8.67%	2,883	-	-	-	2,883
Interest-bearing - fixed rate						
Lease liability	6.00%	79	-	-	-	79
Total non-derivatives		6,345	-	-	-	6,345

Note 27. Financial instruments (continued)

Consolidated - 2013	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	2,712	-	-	-	2,712
Other payables	-%	693	-	-	-	693
Interest-bearing - variable						
Debtor finance facility	9.23%	2,684	-	-	-	2,684
Interest-bearing - fixed rate						
Lease liability	6.00%	118	81	-	-	199
Total non-derivatives		6,207	81	-	-	6,288

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 28. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2014 $	Consolidated 2013 $
Short-term employee benefits	568,882	631,623
Post-employment benefits	45,869	60,375
Long-term benefits	5,000	-
	619,751	691,998

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Court & Co, the auditor of the company:

	Consolidated	
	2014 $	2013 $
Audit services - Nexia Court & Co		
Audit or review of the financial statements	101,475	98,000
Other services - Nexia Court & Co		
Taxation services	7,500	7,500
	108,975	105,500

Note 30. Contingencies

There are no contingent liabilities as at 30 June 2014 and 30 June 2013.

Note 31. Commitments

	Consolidated	
	2014 $'000	2013 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	51	19
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,061	964
One to five years	1,452	2,014
	2,513	2,978
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	79	110
One to five years	-	79
Total commitment	79	189
Less: Future finance charges	(2)	(10)
Net commitment recognised as liabilities	77	179
Representing:		
Lease liability - current (note 18)	77	102
Lease liability - non-current (note 21)	-	77
	77	179

Operating lease commitments includes contracted amounts for various warehouses, offices and plant and equipment under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 31. Commitments (continued)

Finance lease commitments include contracted amounts for various plant and equipment with a written down value of $232,000 (2013: $246,000).

Note 32. Related party transactions

Parent entity
Flat Glass Industries Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Joint ventures
Interests in joint ventures are set out in note 35.

Key management personnel
Disclosures relating to key management personnel are set out in note 28 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2014 $	2013 $
Sale of goods and services:		
Sale of glass and metal product to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director	1,104	-
Sale of Fixed Asset to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director	13,465	-
Sale of glass and metal products to F D'Urso	178	7,963
Sale of glass and metal products to J Buchan	-	427
Sale of glass and metal products to N O'Connor	109	-
Sale of glass and metal products to R Palonis	14,975	23,267
Payment for other expenses:		
Rent paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director	715,673	744,949
Electricity and water charges paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director	410,104	441,542
Printing fees to Mascot Printing, a company associated with L Phillips	658	4,721
Interest paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director	21,838	-
Borrowing cost paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director	5,390	-

Note 32. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2014 $	Consolidated 2013 $
Current receivables:		
Trade receivables for sale of glass to R Palonis	11	-
Current payables:		
Trade payables for rent paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director	-	178,852
Trade payables for electricity and water charges paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director	31,519	150,085
Trade payables for printing fees to Mascot Printing, a company associated with L Phillips	-	724
Trade payables for interest due on loan paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director	5,425	-

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2014 $	Consolidated 2013 $
Current borrowings:		
Loan payable to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director	550,000	-

Terms and conditions
All outstanding balances are settled in cash within 30-60 days. No guarantees are given or received on these balances.

Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2014 $'000	Parent 2013 $'000
Loss after income tax	(11)	(2,332)
Total comprehensive income	(11)	(2,332)

Note 33. Parent entity information (continued)

Statement of financial position

	Parent 2014 $'000	Parent 2013 $'000
Total current assets	(887)	(885)
Total assets	15,811	14,815
Total current liabilities	2,583	1,576
Total liabilities	2,583	1,576
Equity		
Issued capital	20,561	20,561
Accumulated losses	(7,333)	(7,322)
Total equity	13,228	13,239

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2014 and 30 June 2013.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2014 and 30 June 2013.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
Flat Glass Pty Limited	Australia	100.00%	100.00%
FGI Services Pty Limited	Australia	100.00%	100.00%
FGI Processing Pty Limited	Australia	100.00%	100.00%
Star Plug Pty Limited	Australia	100.00%	100.00%
DLCO Australia Architectural Glass Fittings Pty Limited *	Australia	-%	100.00%
Alternative Glass Supplies Pty Limited	Australia	100.00%	100.00%
Alternative Glass Supplies Services Pty Limited	Australia	100.00%	100.00%
Tufglas Australia Pty Limited	Australia	100.00%	100.00%
RTK Industries Pty Limited	Australia	100.00%	100.00%

* Deregistered during the year

Note 35. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
Rayson RTK Pty Ltd / Joint venture	Australia	37.00%	-%

Summarised financial information

	2014 $'000
Summarised statement of financial position	
Cash and cash equivalents	20
Other current assets	2,345
Non-current assets	1,897
Total assets	4,262
Other current liabilities	1,762
Non-current liabilities	100
Total liabilities	1,862
Net assets	2,400
Summarised statement of profit or loss and other comprehensive income	
Revenue	7,475
Expenses which includes depreciation of $362,000 and finance costs of $29,000	(8,551)
Loss before income tax	(1,076)
Other comprehensive income	-
Total comprehensive income	(1,076)
Reconciliation of the consolidated entity's carrying amount	
Opening carrying amount	-
Initial investment	1,286
Share of loss after income tax	(398)
Closing carrying amount	888

Note 36. Events after the reporting period

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 37. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated	
	2014 $'000	2013 $'000
Loss after income tax benefit for the year	(2,205)	(3,284)
Adjustments for:		
Depreciation and amortisation	1,107	1,357
Impairment of property, plant and equipment	-	568
Write off of property, plant and equipment	22	-
Net gain on disposal of property, plant and equipment	(47)	(32)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	24	165
Decrease in inventories	728	573
Increase in prepayments	(48)	-
Increase/(decrease) in trade and other payables	(239)	690
Increase in employee benefits	81	-
Decrease in other provisions	(55)	(5)
Net cash from/(used in) operating activities	(632)	32

Note 38. Earnings per share

	Consolidated	
	2014 $'000	2013 $'000
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Flat Glass Industries Limited	(2,205)	(2,756)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	67,018,039	61,570,906
Weighted average number of ordinary shares used in calculating diluted earnings per share	67,018,039	61,570,906
	Cents	**Cents**
Basic earnings per share	(3.29)	(4.48)
Diluted earnings per share	(3.29)	(4.48)

	Consolidated	
	2014 $'000	2013 $'000
Earnings per share for loss from discontinued operations		
Loss after income tax attributable to the owners of Flat Glass Industries Limited	-	(528)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	67,018,039	61,570,906
Weighted average number of ordinary shares used in calculating diluted earnings per share	67,018,039	61,570,906

Note 38. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	-	(0.86)
Diluted earnings per share	-	(0.86)

	Consolidated	
	2014 $'000	2013 $'000
Earnings per share for loss		
Loss after income tax attributable to the owners of Flat Glass Industries Limited	(2,205)	(3,284)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	67,018,039	61,570,906
Weighted average number of ordinary shares used in calculating diluted earnings per share	67,018,039	61,570,906

	Cents	Cents
Basic earnings per share	(3.29)	(5.33)
Diluted earnings per share	(3.29)	(5.33)

Flat Glass Industries Limited
Directors' declaration
30 June 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

N. O'Connor

Nicholas O'Connor
Director

26 September 2014
Sydney

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLAT GLASS INDUSTRIES LIMITED

Report the Financial Report

We have audited the accompanying financial report of Flat Glass Industries Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors as at the time of this auditor's report.

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Opinion

In our opinion:

a) the financial report of Flat Glass Industries Limited is in accordance with the *Corporations Act 2001*, including;

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Flat Glass Industries Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Material uncertainty in relation to continuing as a going concern

Without qualifying our opinion, we draw attention to Note 1, to the financial statements, sub-heading "Going Concern" which indicates that the consolidated entity incurred operating losses after income tax of $2,205,000 (2013: loss $3,284,000 including $568,000 impairment charge) and a decline in cash flows from operating activities of $632,000 (2013: increase of $32,000). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Nexia Court & Co

Nexia Court & Co
Chartered Accountants

Andrew Hoffmann
Partner

Sydney

26 September 2014

Flat Glass Industries Limited
Shareholder information
30 June 2014

The shareholder information set out below was applicable as at 15 August 2014.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	10	-
1,001 to 5,000	26	-
5,001 to 10,000	8	-
10,001 to 100,000	78	-
100,001 and over	47	-
	169	-
Holding less than a marketable parcel	10	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MR BARRY ARTHUR WAUGH	14,683,398	21.91
PHOENIX DEVELOPMENT FUND LIMITED	14,189,396	21.17
BEST SAFETY GLASS AUSTRALIA (INTERNATIONAL) PTY LIMITED	6,120,000	9.13
MOOREBANK PROPERTY MANAGEMENT PTY LTD (K R PALONIS PROVIDENT A/C)	4,278,648	6.38
MADI MANAGEMENT PTY LTD	3,333,333	4.97
NIGHTINGALE PARTNERS PTY LTD	3,079,835	4.60
DIXSON TRUST PTY LIMITED	3,000,000	4.48
D'URSO HOLDINGS PTY LTD (D'URSO FAMILY A/C)	2,100,000	3.13
MR PETER AUGUSTUS WHITE	1,034,190	1.54
SAVASS INVESTMENTS PTY LTD	935,790	1.40
FLEXIPLAN MANAGEMENT PTY LTD (SUSAN THOMAS PSF A/C)	836,730	1.25
MS LORRAINE JOAN WHITE	750,000	1.12
JAMBER INVESTMENTS PTY LTD (AMBER SCHWARTZ FAMILY A/C)	731,625	1.09
FAIRSTONE INVESTMENTS PTY LTD	643,185	0.96
MR ROBERT COCKBURN (BURNBRIDGE RETIRE FUND A/C)	516,805	0.77
R T K LASER PTY LTD	500,000	0.75
DR STEPHANIE PHILLIPS	480,000	0.72
W R CARPENTER & SONS PTY LTD (CARPENTER FAMILY UNIT A/C)	434,286	0.65
IMAGE DATA (AUSTRALIA) PTY LTD (IMAGE DATA SUPER FUND A/C)	422,616	0.63
MRS TERRI-LEE O'CONNOR	333,333	0.50
	58,403,170	87.15

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
There are no substantial holders in the company.

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.