# Flat Glass Industries Limited

**ABN 84 003 173 242**

## Annual Report - 30 June 2015

| | |
|---|---|
| Directors | James Schwarz (Chairman)<br>Nicholas O'Connor<br>Frank D'Urso<br>Lawrence Case |
| 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:<br>Flat Glass Industries Limited<br>3 Moorebank Avenue<br>Moorebank, NSW 2170<br>Tuesday 10 November 2015 at 10am |
| Registered office | 3 Moorebank Avenue<br>Moorebank, NSW 2170<br>Telephone: +61 2 9824 0999<br>Facsimile: +61 2 9824 2111 |
| Share register | Boardroom Pty Limited<br>Level 12<br>225 George Street<br>Sydney, NSW 2000<br>Tel: +61 2 9290 9600 |
| Auditor | Nexia Court & Co<br>Level 16<br>1 Market Street<br>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 |
| Corporate Governance Statement | The Corporate governance statement which was approved at the same time as the annual report can be found at http://www.flatglass.com.au/corporate-home/corporate-governance/ |

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 2015.

## 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
Nicholas O'Connor
Frank D'Urso
Lawrence Case (appointed 28 May 2015)
Richard Palonis (resigned 4 December 2014)
Lindsay Phillips (resigned 28 May 2015)

## 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 $641,000 (30 June 2014: $2,205,000).

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

| | Consolidated | |
|---|---|---|
| | 2015<br>$'000 | 2014<br>$'000 |
| Revenue | 30,802 | 27,068 |
| EBITDA | 1,277 | (368) |
| Less: Depreciation | (1,071) | (1,107) |
| Less: Interest expense | (388) | (332) |
| Impairment of assets | (148) | - |
| Loss before income tax expense and share of losses from associates | (330) | (1,807) |
| Share of losses from associate accounted for using the equity method | (311) | (398) |
| Loss after income tax expense for the year attributable to the owners of Flat Glass Industries Limited | (641) | (2,205) |

Key features of adjusted EBITDA were:

- Revenue increased by 14%, outpacing the increase in expenses;
- Overheads increased by 9%, all due to increased labour;
- Finance costs increased by 17%; and
- Inventories increased by 3%, reflecting the higher activity level.

The consolidated entity's Victorian operation continued to perform better than New South Wales reflecting the prescribed use of double-glazing in the cooler climate. The consolidated entity is installing new equipment and re-commissioning dormant equipment to take advantage of high demand for double-glazing and laminated toughened glass.

The lowering Australian currency has seen some reversion to local sourcing of products which have been imported over the last five years, however it is still not at a level that adequately insulates the glass industry from foreign standard products. Accordingly, the consolidated entity continues to operate in a difficult market.

The plastics division was not able to increase sales during the financial year and suffered an 18% reduction in earnings. This division is also suffering at the hands of imports including blatant copying of the iconic bullet shaped spiral design.

Net cash outflow of $374,000 from operating activities was a slight improvement on than the previous year. The consolidated entity raised $705,000 from a rights issue during the year enabling it to retire some unstructured debt and invest in new plant. Investment in plant continues in the glass division.

At year end, the consolidated entity had unbooked deferred tax assets of $3,442,000 and franking credits of $5,800,000 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 2015.

## 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 2015 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: | 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: | 4,333,334 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: | Chair of Audit, Finance and Risk Committee |
| Interests in shares: | 2,100,000 ordinary shares |
| Interests in options: | None |

| | |
|---|---|
| Name: | Lawrence Case |
| Title: | Non-Executive Director appointed 28 May 2015 |
| Qualifications: | MBA, BSc |
| Experience and expertise: | 35 years' experience in the management of small listed and unlisted companies. |
| Other current directorships: | Stream Group Limited |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Member of Audit, Finance and Risk Committee and Member of Remuneration Committee |
| Interests in shares: | 433,717 ordinary shares |
| 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 more than thirty 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 2015, and the number of meetings attended by each director were:

| | Full Board | | Audit, Finance and Risk Committee | |
|---|---|---|---|---|
| | Attended | Held | Attended | Held |
| James Schwarz | 11 | 11 | - | - |
| Nicholas O'Connor | 9 | 11 | 2 | 2 |
| Frank D'Urso | 10 | 11 | 2 | 2 |
| Lawrence Case | 1 | 1 | - | - |
| Richard Palonis | 5 | 5 | - | - |
| Lindsay Phillips | 9 | 9 | 2 | 2 |

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 2015, the company did not engage the use of remuneration consultants.

*Voting and comments made at the company's 2014 Annual General Meeting ('AGM')*
At the last AGM 100% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2014. 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 | |
|---|---|---|---|---|---|---|---|
| **2015** | Cash salary and fees $ | Bonus $ | Other $ | Super-annuation $ | Employee leave $ | Equity-settled $ | Total $ |
| *Non-Executive Directors:* | | | | | | | |
| J Schwarz (Chairman) | 30,000 | - | - | - | - | - | 30,000 |
| L Case | 5,000 | - | - | - | - | - | 5,000 |
| L Phillips * | 27,500 | - | - | - | - | - | 27,500 |
| *Executive Directors:* | | | | | | | |
| N O'Connor | 55,192 | - | - | 5,243 | - | - | 60,435 |
| F D'Urso | 101,279 | - | 582 | 9,677 | - | - | 111,538 |
| R Palonis ** | 49,231 | - | 6,290 | 5,326 | 21,426 | - | 82,273 |
| *Other Key Management Personnel:* | | | | | | | |
| J Buchan | 196,895 | - | 12,000 | 18,663 | - | - | 227,558 |
| B Crowley | 12,000 | - | - | - | - | - | 12,000 |
| | 477,097 | - | 18,872 | 38,909 | 21,426 | - | 556,304 |

* Ceased to be a director on 28 May 2015
** Ceased to be a director on 4 December 2014. The employee leave includes long service leave of $16,680 and termination leave of $4,746.

| 2014 | Short-term benefits Cash salary and fees $ | Bonus $ | Other $ | Post-employment benefits Super-annuation $ | Long-term benefits Long service leave $ | Share-based payments 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 |

### *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 2015.

*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 2015.

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 * | 17,704,231 | - | 8,654,638 | (26,358,869) | - |
| N O'Connor | 4,000,000 | - | 333,334 | - | 4,333,334 |
| F D'Urso | 2,100,000 | - | - | - | 2,100,000 |
| L Case | - | - | 433,717 | - | 433,717 |
| | 24,535,856 | - | 9,421,689 | (26,358,869) | 7,598,676 |

* Disposals/other - represents the holding at the time of ceasing to be a KMP within the consolidated entity.

***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 2015 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 26 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 26 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 partners of Nexia Court & Co

There are no officers of the company who are former 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

Nicholas O'Connor
Director

28 September 2015
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 2015, 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*

**Lester Wills**
*Partner*

Sydney

28 September 2015

**Sydney Office**
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## Contents



## General information

The financial statements cover Flat Glass Industries Limited as a consolidated entity consisting of Flat Glass Industries Limited and the entities it controlled at the end of, or during, the year. 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 28 September 2015. The directors have the power to amend and reissue the financial statements.

| | Note | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|---|
| **Revenue** | 4 | 30,802 | 27,068 |
| Other income | 5 | 292 | 47 |
| **Expenses** | | | |
| Raw materials and consumables used | | (12,953) | (11,722) |
| Occupancy costs | | (1,662) | (1,768) |
| Administration and overhead expenses | | (2,174) | (1,873) |
| Employee expenses | | (12,118) | (11,169) |
| Depreciation expense | 14 | (1,071) | (1,107) |
| Distribution expenses | | (903) | (935) |
| Impairment of assets | 14 | (148) | - |
| Share of losses of associate accounted for using the equity method | 32 | (311) | (398) |
| Other expenses | | (7) | (16) |
| Finance costs | 6 | (388) | (332) |
| **Loss before income tax expense** | | (641) | (2,205) |
| Income tax expense | 7 | - | - |
| **Loss after income tax expense for the year attributable to the owners of Flat Glass Industries Limited** | 22 | (641) | (2,205) |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive income for the year attributable to the owners of Flat Glass Industries Limited** | | (641) | (2,205) |
| | | **Cents** | **Cents** |
| Basic earnings per share | 36 | (0.86) | (3.19) |
| Diluted earnings per share | 36 | (0.86) | (3.19) |

*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 2015**

| | Note | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 8 | 234 | 205 |
| Trade and other receivables | 9 | 5,179 | 4,085 |
| Inventories | 10 | 4,487 | 4,347 |
| Prepayments | 11 | 318 | 147 |
| Total current assets | | 10,218 | 8,784 |
| **Non-current assets** | | | |
| Investments accounted for using the equity method | 12 | 577 | 888 |
| Other financial assets | 13 | 1 | 1 |
| Property, plant and equipment | 14 | 4,482 | 5,062 |
| Goodwill | 15 | 419 | 419 |
| Total non-current assets | | 5,479 | 6,370 |
| **Total assets** | | 15,697 | 15,154 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 16 | 3,249 | 3,044 |
| Borrowings | 17 | 3,617 | 3,390 |
| Employee benefits | 18 | 1,330 | 1,379 |
| Total current liabilities | | 8,196 | 7,813 |
| **Non-current liabilities** | | | |
| Borrowings | 19 | 111 | - |
| Employee benefits | 20 | 91 | 106 |
| Total non-current liabilities | | 202 | 106 |
| **Total liabilities** | | 8,398 | 7,919 |
| **Net assets** | | 7,299 | 7,235 |
| **Equity** | | | |
| Issued capital | 21 | 21,266 | 20,561 |
| Accumulated losses | 22 | (13,967) | (13,326) |
| **Total equity** | | 7,299 | 7,235 |

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

| **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 expense 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 |

| **Consolidated** | **Issued capital $'000** | **Accumulated losses $'000** | **Total equity $'000** |
|---|---|---|---|
| Balance at 1 July 2014 | 20,561 | (13,326) | 7,235 |
| Loss after income tax expense for the year | - | (641) | (641) |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | (641) | (641) |
| *Transactions with owners in their capacity as owners:* | | | |
| Contributions of equity, net of transaction costs (note 21) | 705 | - | 705 |
| Balance at 30 June 2015 | 21,266 | (13,967) | 7,299 |

| | Note | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 32,746 | 29,887 |
| Payments to suppliers and employees (inclusive of GST) | | (33,059) | (30,187) |
| | | (313) | (300) |
| Other revenue | | 327 | - |
| Interest and other finance costs paid | | (388) | (332) |
| Net cash used in operating activities | 34 | (374) | (632) |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | (515) | (240) |
| Proceeds from disposal of property, plant and equipment | | 18 | 175 |
| Net cash used in investing activities | | (497) | (65) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 21 | 705 | - |
| Net proceeds from debtor finance | | 473 | 197 |
| Proceeds from borrowings - related party | | - | 550 |
| Repayment of borrowings - related party | | (200) | - |
| Payment for hire purchase liabilities | | (78) | (102) |
| Repayment of government grants | | - | (11) |
| Net cash from financing activities | | 900 | 634 |
| Net increase/(decrease) in cash and cash equivalents | | 29 | (63) |
| Cash and cash equivalents at the beginning of the financial year | | 205 | 268 |
| Cash and cash equivalents at the end of the financial year | 8 | 234 | 205 |

*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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

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

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
- AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
- Interpretation 21 Levies

### 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.

### 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 30.

### 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 2015 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.

## Note 1. Significant accounting policies (continued)

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.

### 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 the 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 be applied 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.

## Note 1. Significant accounting policies (continued)

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 at 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.

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.

### 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 classified as current when: it is either 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 classified as current when: it is either 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.

## Note 1. Significant accounting policies (continued)

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.

### 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 of 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.

### Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates 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 associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### 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 the 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 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.

### Employee benefits

*Short-term employee benefits*
Liabilities for wages and salaries and other employee benefits 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*
Employee benefits not expected to be settled within 12 months of the reporting date are 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 corporate 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 interests. 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.

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.

## Note 1. Significant accounting policies (continued)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the 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.

### 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 2015. 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.

## Note 1. Significant accounting policies (continued)

*AASB 9 Financial Instruments*
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed which is not considered material for the consolidated entity. The consolidated entity is yet to assess the impact of the standard.

*AASB 15 Revenue from Contracts with Customers*
This standard is currently applicable to annual reporting periods beginning on or after 1 January 2017 (however Exposure Draft 263 'Effective Date of AASB 15' proposes to defer the application date by one year to 1 January 2018). 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). It is expected that the consolidated entity will adopt this standard from 1 July 2018 (presuming ED 263 is passed) but the impact of its adoption is yet to be assessed. The consolidated entity is yet to assess the impact of the standard.

Other amending accounting standards issued are not considered to have a significant impact on the financial statements of the consolidated entity as their amendments provide either clarification of existing accounting treatment or editorial amendments. These standards (and their operative dates) include:
- AASB 14 Regulatory Deferral Accounts (from 1 January 2016)
- AASB 2014-1 Amendments to Australian Accounting Standards (Part D from 1 January 2016 and Part E from 1 January 2018)
- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (from 1 January 2016)
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (from 1 January 2016)
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (from 1 January 2017)
- AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants (from 1 January 2016)
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (from 1 January 2018)
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (from 1 January 2015)
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (from 1 January 2016)
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (from 1 January 2016)
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle (from 1 January 2016)
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (from 1 January 2016)
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (from 1 July 2015)
- 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent (from 1 July 2015)
- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception (from 1 January 2016).
- AASB 1057- Application of Australian Accounting Standards (from 1 January 2016).

## 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 for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation 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.

## Note 3. Operating segments (continued)

While the CODM receives separate reports for the glass processing plants in Sydney and Melbourne, the plants have been aggregated into one operating segment as they have similar average gross margins and similar expected growth rates.

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 associate |

*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 - 2015 | Glass $'000 | Plastic $'000 | Other $'000 | Intersegment eliminations/ unallocated $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Sales to external customers | 29,764 | 1,000 | - | - | 30,764 |
| Intersegment sales | 819 | - | - | (819) | - |
| Total sales revenue | 30,583 | 1,000 | - | (819) | 30,764 |
| Other revenue | 30 | - | 508 | (500) | 38 |
| **Total revenue** | 30,613 | 1,000 | 508 | (1,319) | 30,802 |
| | | | | | |
| **Adjusted EBITDA** | 1,015 | 223 | 539 | (500) | 1,277 |
| Depreciation | | | | | (1,071) |
| Impairment of assets | | | | | (148) |
| Finance costs | | | | | (388) |
| Share of losses of associate accounted for using the equity method | | | | | (311) |
| **Loss before income tax expense** | | | | | (641) |
| Income tax expense | | | | | - |
| **Loss after income tax expense** | | | | | (641) |
| | | | | | |
| **Assets** | | | | | |
| Segment assets | 19,136 | 824 | 27,141 | (31,404) | 15,697 |
| **Total assets** | | | | | 15,697 |
| *Total assets includes:* | | | | | |
| Acquisition of non-current assets | 657 | 1 | - | - | 658 |
| | | | | | |
| **Liabilities** | | | | | |
| Segment liabilities | 21,751 | 222 | 10,066 | (23,641) | 8,398 |
| **Total liabilities** | | | | | 8,398 |

## Note 3. Operating segments (continued)

| 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 associate 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 4. Revenue

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| *Sales revenue* | | |
| Sale of goods | 30,764 | 26,948 |
| *Other revenue* | | |
| Other revenue | 38 | 120 |
| Revenue | 30,802 | 27,068 |

## Note 5. Other income

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Net gain on disposal of property, plant and equipment | 3 | 47 |
| Insurance recoveries | 289 | - |
| Other income | 292 | 47 |

## Note 6. Expenses

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Loss before income tax includes the following specific expenses: | | |
| *Depreciation* | | |
| Leasehold improvements | 1 | 14 |
| Plant and equipment | 966 | 990 |
| Motor vehicles | 104 | 103 |
| Total depreciation | 1,071 | 1,107 |
| *Finance costs* | | |
| Interest and finance charges paid/payable | 388 | 332 |
| *Net foreign exchange loss/gain* | | |
| Net foreign exchange loss/(gain) | 20 | 44 |
| *Rental expense relating to operating leases* | | |
| Minimum lease payments | 1,046 | 1,042 |
| *Superannuation expense* | | |
| Defined contribution superannuation expense | 852 | 781 |

## Note 7. Income tax expense

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| *Numerical reconciliation of income tax expense and tax at the statutory rate* | | |
| Loss before income tax expense | (641) | (2,205) |
| Tax at the statutory tax rate of 30% | (192) | (662) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Non-deductible expenses | 93 | (3) |
| | (99) | (665) |
| Tax losses and temporary differences written off or not recognised | 112 | 665 |
| Utilisation of unused tax losses | (13) | - |
| Income tax expense | - | - |

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| *Tax losses not recognised* | | |
| Unused tax losses for which no deferred tax asset has been recognised | 11,473 | 11,518 |
| Potential tax benefit @ 30% | 3,442 | 3,455 |

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.

## Note 7. Income tax expense (continued)

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| *Deferred tax assets not recognised* | | |
| Deferred tax assets not recognised comprises temporary differences attributable to: | | |
| Impairment of receivables | 62 | 62 |
| Employee benefits | 287 | 293 |
| Accrued expenses | 44 | 28 |
| Plant and equipment | (74) | (165) |
| Total deferred tax assets not recognised | 319 | 218 |

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 8. Current assets - cash and cash equivalents

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Cash at bank and in hand | 234 | 205 |

## Note 9. Current assets - trade and other receivables

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Trade receivables | 5,086 | 4,292 |
| Less: Provision for impairment of receivables | (206) | (207) |
| | 4,880 | 4,085 |
| Other receivables | 299 | - |
| | 5,179 | 4,085 |

*Impairment of receivables*
The consolidated entity has recognised a net loss of $64,000 (30 June 2014: loss of $96,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2015.

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

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Over 2 months overdue | 206 | 207 |

## Note 9. Current assets - trade and other receivables (continued)

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

| | Consolidated | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Opening balance | 207 | 225 |
| Additional provisions recognised | 77 | 96 |
| Receivables written off during the year as uncollectable | (78) | (114) |
| Closing balance | 206 | 207 |

*Past due but not impaired*
Customers with balances past due but without provision for impairment of receivables amount to $1,370,000 as at 30 June 2015 ($1,812,000 as at 30 June 2014).

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 | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| 1 month overdue | 1,259 | 1,699 |
| 2 months overdue | 72 | 76 |
| Over 2 months overdue | 39 | 37 |
| | 1,370 | 1,812 |

## Note 10. Current assets - inventories

| | Consolidated | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Raw materials | 3,464 | 3,388 |
| Work in progress | 234 | 186 |
| Finished goods | 543 | 588 |
| Stock in transit | 246 | 185 |
| | 4,487 | 4,347 |

No provision was held in respect of inventories at 30 June 2015 (2014: $nil).

## Note 11. Current assets - prepayments

| | Consolidated | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Prepayments | 318 | 147 |

## Note 12. Non-current assets - investments accounted for using the equity method

| | Consolidated 2015 $'000 | 2014 $'000 |
|---|---|---|
| Investment in associate - Rayson RTK | 577 | 888 |

Refer to note 32 for further information on interests in associates.

## Note 13. Non-current assets - other financial assets

| | Consolidated 2015 $'000 | 2014 $'000 |
|---|---|---|
| Other investments | 7 | 7 |
| Less: Provision for impairment | (6) | (6) |
| | 1 | 1 |

## Note 14. Non-current assets - property, plant and equipment

| | Consolidated 2015 $'000 | 2014 $'000 |
|---|---|---|
| Leasehold improvements - at cost | 76 | 76 |
| Less: Accumulated depreciation | (26) | (25) |
| Less: Impairment | (50) | (50) |
| | - | 1 |
| Plant and equipment - at cost | 16,220 | 16,077 |
| Less: Accumulated depreciation | (10,868) | (10,291) |
| Less: Impairment | (1,198) | (1,050) |
| | 4,154 | 4,736 |
| Motor vehicles - at cost | 1,274 | 1,266 |
| Less: Accumulated depreciation | (946) | (941) |
| | 328 | 325 |
| | 4,482 | 5,062 |

## Note 14. Non-current assets - property, plant and equipment (continued)

*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 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 |
| Additions | - | 536 | 122 | 658 |
| Disposals | - | - | (15) | (15) |
| Impairment of assets | - | (148) | - | (148) |
| Write off of assets | - | (4) | - | (4) |
| Depreciation expense | (1) | (966) | (104) | (1,071) |
| | | | | |
| Balance at 30 June 2015 | - | 4,154 | 328 | 4,482 |

*Property, plant and equipment secured under finance leases*
Refer to note 28 for further information on property, plant and equipment secured under finance leases.

## Note 15. Non-current assets - goodwill

| | Consolidated 2015 $'000 | Consolidated 2014 $'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 have been allocated to the following cash generating unit:

| | Consolidated 2015 $'000 | Consolidated 2014 $'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% (2014: 3%) growth rate; and

## Note 15. Non-current assets - goodwill (continued)

b) a pre-tax discount rates of 16% (2014: 16%) 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% (2014: 0%).

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

## Note 16. Current liabilities - trade and other payables

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Trade payables | 2,304 | 2,347 |
| Goods and services tax payable | 255 | 244 |
| Other payables | 690 | 453 |
| | 3,249 | 3,044 |

Refer to note 24 for further information on financial instruments.

## Note 17. Current liabilities - borrowings

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Loan from related party | 350 | 550 |
| Debtor finance facility | 3,236 | 2,763 |
| Lease liability | 31 | 77 |
| | 3,617 | 3,390 |

Refer to note 19 for further information on assets pledged as security and financing arrangements.

Refer to note 24 for further information on financial instruments.

## Note 18. Current liabilities - employee benefits

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Annual leave | 453 | 410 |
| Long service leave | 393 | 438 |
| Employee benefits | 484 | 531 |
| | 1,330 | 1,379 |

## Note 19. Non-current liabilities - borrowings

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Lease liability | 111 | - |

## Note 19. Non-current liabilities - borrowings (continued)

Refer to note 24 for further information on financial instruments.

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

| | Consolidated | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Loan from related party | 350 | 550 |
| Debtor finance facility | 3,236 | 2,763 |
| Lease liability | 142 | 77 |
| | 3,728 | 3,390 |

*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 | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Total facilities | | |
| Loan from related party | 350 | 1,000 |
| Lease liability | 142 | 77 |
| Debtor finance facility | 3,236 | 2,763 |
| | 3,728 | 3,840 |
| Used at the reporting date | | |
| Loan from related party | 350 | 550 |
| Lease liability | 142 | 77 |
| Debtor finance facility | 3,236 | 2,763 |
| | 3,728 | 3,390 |
| Unused at the reporting date | | |
| Loan from related party | - | 450 |
| Lease liability | - | - |
| Debtor finance facility | - | - |
| | - | 450 |

## Note 20. Non-current liabilities - employee benefits

| | Consolidated | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Long service leave | 91 | 106 |

## Note 21. Equity - issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | 2015 Shares | 2014 Shares | 2015 $'000 | 2014 $'000 |
| Ordinary shares - fully paid | 81,118,560 | 67,018,039 | 21,266 | 20,561 |

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $'000 |
|---|---|---|---|---|
| Balance | 1 July 2013 | 67,018,039 | | 20,561 |
| Balance | 30 June 2014 | 67,018,039 | | 20,561 |
| Pro rata rights issue | 20 January 2015 | 14,100,521 | $0.05 | 705 |
| Balance | 30 June 2015 | 81,118,560 | | 21,266 |

*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 2014 Annual Report.

## Note 22. Equity - accumulated losses

| | Consolidated | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Accumulated losses at the beginning of the financial year | (13,326) | (11,121) |
| Loss after income tax expense for the year | (641) | (2,205) |
| Accumulated losses at the end of the financial year | (13,967) | (13,326) |

## Note 23. Equity - dividends

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

## Note 23. Equity - dividends (continued)

*Franking credits*

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Franking credits available for subsequent financial years based on a tax rate of 30% | 5,812 | 5,812 |

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 24. 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 were as follows:

| | Sell Australian dollars 2015 $'000 | Sell Australian dollars 2014 $'000 | Average exchange rates 2015 | Average exchange rates 2014 |
|---|---|---|---|---|
| **Buy US dollars** | | | | |
| Maturity: | | | | |
| 0 - 6 months | 585 | 590 | 0.7621 | 0.9063 |
| 6 - 12 months | - | 114 | - | 0.9210 |
| **Buy Euros** | | | | |
| Maturity: | | | | |
| 0 - 6 months | 794 | 166 | 0.6731 | 0.6580 |
| 6 - 12 months | - | 9 | - | 0.6802 |

## Note 24. Financial instruments (continued)

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

| | Assets | | Liabilities | |
|---|---|---|---|---|
| **Consolidated** | **2015 $'000** | **2014 $'000** | **2015 $'000** | **2014 $'000** |
| Euros | - | - | - | 75 |
| New Zealand dollars | - | - | 53 | - |
| | - | - | 53 | 75 |

The consolidated entity had net liabilities denominated in foreign currencies of $53,000 (30 June 2014: $75,000). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 10% (30 June 2014: 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 $5,300 lower / $5,300 higher (30 June 2014: $7,500 lower / $7,500 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:

| | 2015 | | 2014 | |
|---|---|---|---|---|
| **Consolidated** | **Weighted average interest rate %** | **Balance $'000** | **Weighted average interest rate %** | **Balance $'000** |
| Debtor finance facility | 8.52% | (3,236) | 8.67% | (2,763) |
| Cash at bank and in hand | -% | 234 | 0.01% | 205 |
| Net exposure to cash flow interest rate risk | | (3,002) | | (2,558) |

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

An official increase/decrease in interest rates of 100 (2014: 100) basis points would have an adverse/favourable effect on profit before tax of $30,000 (30 June 2014: $26,000) 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. The consolidated entity obtains guarantees where appropriate and has in place insurance coverage to mitigate credit risk.

## Note 24. 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 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Loan from related party | - | 450 |

*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 - 2015 | 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 | -% | 2,304 | - | - | - | 2,304 |
| Other payables | -% | 690 | - | - | - | 690 |
| *Interest-bearing - variable* | | | | | | |
| Debtor finance facility | 8.52% | 3,374 | - | - | - | 3,374 |
| *Interest-bearing - fixed rate* | | | | | | |
| Loan from related party | 12.00% | 371 | - | - | - | 371 |
| Lease liability | -% | 31 | 111 | - | - | 142 |
| Total non-derivatives | | 6,770 | 111 | - | - | 6,881 |

| 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* | | | | | | |
| Debtor finance facility | 8.67% | 2,883 | - | - | - | 2,883 |
| *Interest-bearing - fixed rate* | | | | | | |
| Loan from related party | 12.00% | 583 | - | - | - | 583 |
| Lease liability | 6.00% | 79 | - | - | - | 79 |
| Total non-derivatives | | 6,345 | - | - | - | 6,345 |

## Note 24. Financial instruments (continued)

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 25. 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 | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| Short-term employee benefits | 495,969 | 568,882 |
| Post-employment benefits | 38,909 | 45,869 |
| Long-term benefits | 21,426 | 5,000 |
| | 556,304 | 619,751 |

## Note 26. 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 | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| *Audit services - Nexia Court & Co* | | |
| Audit or review of the financial statements | 103,000 | 101,475 |
| *Other services - Nexia Court & Co* | | |
| Taxation services | 9,356 | 7,500 |
| | 112,356 | 108,975 |

## Note 27. Contingencies

There are no contingent liabilities as at 30 June 2015 and 30 June 2014.

## Note 28. Commitments

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| *Capital commitments* | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Property, plant and equipment | 205 | 51 |
| *Lease commitments - operating* | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | 1,079 | 1,061 |
| One to five years | 399 | 1,452 |
| | 1,478 | 2,513 |
| *Lease commitments - finance* | | |
| Committed at the reporting date and recognised as liabilities, payable: | | |
| Within one year | 31 | 79 |
| One to five years | 111 | - |
| Total commitment | 142 | 79 |
| Less: Future finance charges | - | (2) |
| Net commitment recognised as liabilities | 142 | 77 |
| Representing: | | |
| Lease liability - current (note 17) | 31 | 77 |
| Lease liability - non-current (note 19) | 111 | - |
| | 142 | 77 |
| *Finance leases - supplier payment* | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | 137 | - |
| One to five years | 356 | - |
| | 493 | - |

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.

Finance lease commitments include contracted amounts for various plant and equipment with a written down value of $134,000 (2014: $232,000).

## Note 29. Related party transactions

*Parent entity*
Flat Glass Industries Limited is the parent entity.

*Subsidiaries*
Interests in subsidiaries are set out in note 31.

*Associates*
Interests in associates are set out in note 32.

## Note 29. Related party transactions (continued)

*Key management personnel*
Disclosures relating to key management personnel are set out in note 25 and the remuneration report in the directors' report.

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

| | Consolidated | |
|---|---|---|
| | 2015 $ | 2014 $ |
| 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 | 50 | 178 |
| Sale of glass and metal products to N O'Connor | 50 | 109 |
| Sale of glass and metal products to R Palonis | 20,488 | 14,975 |
| | | |
| Payment for other expenses: | | |
| Rent paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director | 736,428 | 715,673 |
| Electricity and water charges paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director | 328,679 | 410,104 |
| Printing fees to Mascot Printing, a company associated with L Phillips | - | 658 |
| Interest paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director | 52,013 | 21,838 |
| Borrowing cost paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director | - | 5,390 |

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

| | Consolidated | |
|---|---|---|
| | 2015 $ | 2014 $ |
| Current receivables: | | |
| Trade receivables for sale of glass to R Palonis | - | 11 |
| | | |
| Current payables: | | |
| Trade payables for electricity and water charges paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director | 29,593 | 31,519 |
| Trade payables for interest due on loan paid to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director | 3,452 | 5,425 |

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

| | Consolidated | |
|---|---|---|
| | 2015 $ | 2014 $ |
| Current borrowings: | | |
| Loan payable to Comserv (No. 1973) Pty Ltd, a company in which N O'Connor is a director | 350,000 | 550,000 |

## Note 29. Related party transactions (continued)

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

## Note 30. Parent entity information

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

*Statement of profit or loss and other comprehensive income*

| | Parent | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Profit/(loss) after income tax | 487 | (11) |
| Total comprehensive income | 487 | (11) |

*Statement of financial position*

| | Parent | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Total current assets | 28 | 33 |
| Total assets | 18,616 | 16,731 |
| Total current liabilities | 4,185 | 3,503 |
| Total liabilities | 4,196 | 3,503 |
| Equity | | |
| Issued capital | 21,266 | 20,561 |
| Accumulated losses | (6,846) | (7,333) |
| Total equity | 14,420 | 13,228 |

*Contingent liabilities*
The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2015 and 30 June 2014.

*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 31. 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 2015 % | 2014 % |
|---|---|---|---|
| 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% |
| Alternative Glass Supplies Pty Limited | Australia | 100.00% | 100.00% |
| Alternative Glass Supplies Services Pty Limited | Australia | 100.00% | 100.00% |
| Tuf Glas Australia Pty Limited | Australia | 100.00% | 100.00% |
| RTK Industries Pty Limited | Australia | 100.00% | 100.00% |

## Note 32. Interests in associates

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

| Name | Principal place of business / Country of incorporation | Ownership interest 2015 % | 2014 % |
|---|---|---|---|
| Rayson RTK Pty Ltd | Australia | 37.00% | 37.00% |

## Note 32. Interests in associates (continued)

*Summarised financial information*

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| *Summarised statement of financial position* | | |
| Cash and cash equivalents | - | 20 |
| Other current assets | 1,526 | 2,345 |
| Non-current assets | 1,576 | 1,897 |
| Total assets | 3,102 | 4,262 |
| Other current liabilities | 1,486 | 1,762 |
| Non-current liabilities | 62 | 100 |
| Total liabilities | 1,548 | 1,862 |
| Net assets | 1,554 | 2,400 |
| *Summarised statement of profit or loss and other comprehensive income* | | |
| Revenue | 6,602 | 7,475 |
| Expenses which includes depreciation of $285,000 (2014: $418,000) and finance costs of $54,000 (2014: $29,000) | (7,442) | (8,551) |
| Loss before income tax | (840) | (1,076) |
| Other comprehensive income | - | - |
| Total comprehensive income | (840) | (1,076) |
| *Reconciliation of the consolidated entity's carrying amount* | | |
| Opening carrying amount | 888 | - |
| Initial investment | - | 1,286 |
| Share of loss after income tax | (311) | (398) |
| Closing carrying amount | 577 | 888 |

## Note 33. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 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 34. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Loss after income tax expense for the year | (641) | (2,205) |
| Adjustments for: | | |
| Depreciation and amortisation | 1,071 | 1,107 |
| Impairment of property, plant and equipment | 148 | - |
| Write off of property, plant and equipment | 4 | 22 |
| Net gain on disposal of property, plant and equipment | (3) | (47) |
| Share of loss - associates | 311 | 398 |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in trade and other receivables | (1,094) | 24 |
| Decrease/(increase) in inventories | (140) | 728 |
| Increase in prepayments | (171) | (48) |
| Increase/(decrease) in trade and other payables | 205 | (637) |
| Increase/(decrease) in employee benefits | (64) | 81 |
| Decrease in other provisions | - | (55) |
| Net cash used in operating activities | (374) | (632) |

## Note 35. Non-cash investing and financing activities

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Acquisition of plant and equipment by means of finance leases | 143 | - |

## Note 36. Earnings per share

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Loss after income tax attributable to the owners of Flat Glass Industries Limited | (641) | (2,205) |
| | **Number** | **Number** |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 74,388,407 | 69,017,547 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 74,388,407 | 69,017,547 |
| | **Cents** | **Cents** |
| Basic earnings per share | (0.86) | (3.19) |
| Diluted earnings per share | (0.86) | (3.19) |

The weighted average number of ordinary shares for 2014 has been restated for the effect of the rights issue (6 for every 10 shares) completed in January 2015, in accordance with AASB 133 'Earnings per share'.

## Note 36. Earnings per share (continued)

| | Number |
|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share (before restatement) | 67,018,039 |
| Adjustment required by AASB 133 'Earnings per share' | 1,999,508 |
| Weighted average number of ordinary shares used in calculating basic earnings per share (after restatement) | 69,017,547 |

In the directors' opinion:

- the attached financial statements and notes 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 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 give a true and fair view of the consolidated entity's financial position as at 30 June 2015 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

Nicholas O'Connor
Director

28 September 2015
Sydney

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# 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 2015, 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 2015 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 4 to 8 of the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Nexia Court & Co

**Nexia Court & Co**
*Chartered Accountants*

**Lester Wills**
*Partner*

Sydney

28 September 2015

The shareholder information set out below was applicable as at 15 September 2015.

## Distribution of equitable securities

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

| | Number of holders of ordinary shares |
|---|---|
| 1 to 1,000 | 10 |
| 1,001 to 5,000 | 25 |
| 5,001 to 10,000 | 7 |
| 10,001 to 100,000 | 71 |
| 100,001 and over | 49 |
| | 162 |
| Holding less than a marketable parcel | 46 |

## 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 |
| PHOENIX DEVELOPMENT FUND LIMITED | 22,703,034 | 27.99 |
| BURVALE DOWNS PTY LIMITED | 15,591,583 | 19.22 |
| BEST SAFETY GLASS AUSTRALIA (INTERNATIONAL) PTY LIMITED | 6,120,000 | 7.54 |
| NIGHTINGALE PARTNERS PTY LIMITED | 4,927,736 | 6.07 |
| DIXSON TRUST PTY LIMITED | 4,800,000 | 5.92 |
| MOOREBANK PROPERTY MANAGEMENT PTY LIMITED | 4,278,648 | 5.27 |
| MADI MANAGEMENT PTY LIMITED | 3,500,000 | 4.31 |
| D'URSO HOLDINGS PTY LIMITED | 2,100,000 | 2.59 |
| PETER AUGUSTUS WHITE | 1,034,190 | 1.27 |
| SAVASS INVESTMENTS PTY LIMITED | 935,790 | 1.15 |
| FLEXIPLAN MANAGEMENT PTY LIMITED | 836,730 | 1.03 |
| LORRAINE JOAN WHITE | 750,000 | 0.92 |
| JAMBER INVESTMENTS PTY LIMITED | 731,625 | 0.90 |
| DR STEPHANIE PHILLIPS | 720,000 | 0.89 |
| ROBERT ANDREW COCKBURN | 516,805 | 0.64 |
| SULEISA NOMINEES PTY LIMITED | 500,001 | 0.62 |
| R T K LASER PTY LIMITED | 500,000 | 0.62 |
| W R CARPENTER & SONS PTY LIMITED | 452,065 | 0.56 |
| NOTRON (NO 91) PTY LIMITED | 431,717 | 0.53 |
| IMAGE DATA (AUSTRALIA) PTY LIMITED | 422,616 | 0.52 |
| | 71,852,540 | 88.56 |

*Unquoted equity securities*
There are no unquoted equity securities.

## Substantial holders

Substantial holders in the company are set out below:

| | Ordinary shares | |
|---|---|---|
| | Number held | % of total shares issued |
| PHOENIX DEVELOPMENT FUND LIMITED | 27,630,770 | 34.06 |
| BURVALE DOWNS PTY LIMITED | 15,591,583 | 19.22 |
| K R PALONIS | 10,562,934 | 13.02 |
| DIXSON TRUST PTY LIMITED | 4,800,000 | 5.92 |
| N & T O'CONNOR | 4,333,334 | 5.34 |

## 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.