

# **Notice of Annual General Meeting and Explanatory Statement**

**Flat Glass Industries Limited**

**ACN 003 173 242**

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Date: Tuesday 11 November 2014

Time: 10 am (AEDT)

Place: 3 Moorebank Avenue, Moorebank NSW

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FLAT GLASS INDUSTRIES

8 October 2014

Dear Shareholder,

I am pleased to invite you to the Annual General Meeting of Flat Glass Industries Limited to be held on Tuesday 11 November 2014. The Meeting will be held at the Company's premises at 3 Moorebank Avenue, Moorebank, NSW. The Meeting will begin at 10am (AEDT).

I enclose your Notice of Meeting, Explanatory Statement and Proxy Form.

### **Items of business at the Meeting**

The Notice of Meeting (including the Explanatory Statement) sets out the items of business for the Meeting. Please take time to carefully read the whole document.

### **Voting on items of business at the Meeting**

If you would like to vote on items of business outlined in the Notice of Meeting, you may attend the Meeting or appoint a proxy to vote for you at the Meeting. If appointing a proxy, the enclosed Proxy Form should be completed and returned (see Proxy Form for details) as soon as possible and in any event no later than 10am (AEDT) on 9 November 2014.

If you have any queries in relation to the Meeting, please contact Mr Brett Crowley on 0411 713 555.

Yours sincerely

Jamie Schwarz  
Chairman

## Notice of Annual General Meeting

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NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Flat Glass Industries Limited will be held at 3 Moorebank Avenue, Moorebank, NSW, on Tuesday 11 November 2014 at 10am (AEDT). The Explanatory Statement accompanying this Notice of Meeting forms part of this Notice of Meeting.

### **ORDINARY BUSINESS**

The accompanying Explanatory Notes describe the proposed resolutions in detail.

**1. Financial Statements and Reports for the year ended 30 June 2014**

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the Company and its controlled entities for the year ended 30 June 2014.

**2. Resolution 1 - Adoption of Remuneration Report**

To consider and, if thought fit, to pass the following as an ordinary resolution:

'That the Remuneration Report contained in the Flat Glass Industries Limited 2014 Annual Report be adopted.'

**3. Resolution 2 - Re-election of Mr Nicholas O'Connor**

To consider and, if thought fit, to pass the following as an ordinary resolution:

'That Nicholas O'Connor, who retires in accordance with the Company's constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.'

**4. Resolution 3 - Re-election of Mr Richard Palonis**

To consider and, if thought fit, to pass the following as an ordinary resolution:

'That Richard Palonis, who retires in accordance with the Company's constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.'

**5. Resolution 4 - Approval of Employee Share Plan and Loan Share Plan**

To consider and, if thought fit, to pass the following as an ordinary resolution:

'That, for the purpose of Listing Rule 7.2 exception 9, section 259B of the Corporations Act, section 260C of the Corporations Act and for all other purposes the Company's Loan Share Plan described in the Explanatory Statement is approved.'

Brett Crowley - Company Secretary  
8 October 2014

## **Explanatory Statement**

This Explanatory Statement has been prepared for the information of Shareholders in Flat Glass Industries Limited (the "Company") in connection with the business to be considered at the Annual General Meeting to be held on Tuesday 11 November 2014.

The Explanatory Statement forms part of the accompanying Notice of Annual General Meeting. Details of the business to be considered at this Meeting are set out below.

## **Financial Statements and Reports**

The Corporations Act 2001 (Cth) ("**Corporations Act**") requires the Financial Report, the Directors' Report and the Auditor's Report to be laid before the Annual General Meeting. There is no requirement in the Corporations Act or the Company's constitution for Shareholders to approve or adopt these reports.

Shareholders will be given a reasonable opportunity at the AGM to ask questions and make comments on these Reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions in relation to the conduct of the audit and the preparation and content of the Auditor's Report.

## **Resolution 1 - Adoption of Remuneration Report**

The Directors' Report for the year ended 30 June 2014 contains a Remuneration Report which sets out the policies of the Company for and applicable to the remuneration of its officers and senior employees and details the remuneration paid to its officers and senior employees in the financial year ended 30 June 2014.

While the Corporations Act (section 250R(2)) requires a listed company to put a resolution to its members at its Annual General Meeting that its Remuneration Report be adopted, the Corporations Act expressly provides that the vote on any such resolution is advisory only and does not bind the Directors or the Company. However, under recent changes to the Corporations Act if at least 25% of the votes cast on the resolution at the 2013 Annual General Meeting are against adoption of the Remuneration Report, then:

- If comments are made on the Remuneration Report at the 2014 Annual General Meeting, the Company's Remuneration Report for the financial year ending 30 June 2015 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- If subsequently, at the Company's 2015 Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the Remuneration Report for the relevant financial year are against its adoption, the Company will be required to put to shareholders a resolution proposing that a General Meeting (Spill Meeting) be called to consider the election of Directors of the Company (Spill Resolution). The Spill Meeting must be held within 90 days of the date of the 2015 Annual General Meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the Directors (other than any Managing Director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

The Remuneration Report forms part of the Directors' Report for the year ended 30 June 2014 and is made in accordance with a unanimous resolution of the Directors. While noting that each Director has a personal interest in their remuneration, as described in the Remuneration Report, the Board unanimously recommends that the shareholders vote in favour of adopting the Remuneration Report.

Resolution 1 is put to the shareholders at the Annual General Meeting in fulfilment of the obligations of the Company under section 250R(2) of the Corporations Act. Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

## ***Voting Exclusion***

In accordance with section 250R(4) of the Corporations Act, the Company will disregard any votes cast in respect of Resolution 1 by:

- A member of Key Management Personnel (“KMP”), details of whose remuneration are included in the Remuneration Report; and
- A Closely Related Party of such a member.

However, the Company will not disregard a vote cast in respect of Resolution 1 if it is cast by a person as proxy appointed in writing that directs the proxy how to vote on Resolution 1, and the vote is not cast on behalf of a member of KMP, details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member.

If you are a member of the KMP or a Closely Related Party of a member of the KMP (or are acting on behalf of any such person) and purport to cast a vote on Resolution 1 that vote will be disregarded by the Company (as indicated above). Please read the information in the Proxy Form which deals with the Chairman’s voting of proxies on Resolution 1 to adopt the Remuneration Report.

## **Resolution 2 - Re-election of Director – Nicholas O'Connor**

The ASX Listing Rules and the constitution of the Company require each Director to be re-elected every three years and also that an election of Directors be held each year. Nicholas O'Connor is a current Director of the Company who is retiring and, being eligible, seeks re-election in accordance with the Company’s Constitution.

## **Resolution 3 - Re-election of Director – Richard Palonis**

The ASX Listing Rules and the constitution of the Company require each Director to be re-elected every three years and also that an election of Directors be held each year. Richard Palonis is a current Director of the Company who is retiring and, being eligible, seeks re-election in accordance with the Company’s Constitution.

## **Resolution 4 – Employee Share Plan**

Resolution 4 seeks Shareholder approval for the purposes of Listing Rule 7.1, Section 259B of the Corporations Act and Section 260C(4) of the Corporations Act in respect of the issue Shares to the executives under the Company’s Employee Share Plan.

The potential issue of Shares to the executives of the company is intended to further align the executive’s interests with those of the Company and its Shareholders. The issue of the Shares will provide appropriate incentive to the executives to maximise the return to Shareholders over the long term.

### **(a) Purpose**

The Employee Share Plan is intended to attract and retain staff, motivate employees to improve Company performance and align the interests of employees with those of the Company and its Shareholders. The potential issue of the Shares will provide appropriate incentive to the executives to maximise the return to Shareholders over the long term. The Company may award Shares to participants as an incentive component of their remuneration package. The directors will determine the number of Shares to be issued to the participants Shares and any performance conditions or forfeiture conditions.

If Resolution 4 is passed, the Company will be able to issue shares under the Employee Share Plan to participants during the next three years without the need to seek further shareholder approval (subject to Chapter 10 of the Listing Rules).

Resolution 4 is not seeking approval for the issue of Shares to any Related Party. Any future issue to a Related Party will require a specific approval in accordance with the Listing Rules.

#### **(b) Summary of Plan**

The terms of the Employee Share Plan to be adopted under this resolution are summarised below:

- All employees and Directors of the Company or its subsidiaries will be eligible to participate in the Employee Share Plan.
- The Company will extend an interest free limited recourse loan to a participating employee to the value of the Shares acquired under the Plan. Limited recourse means that if at the date that the loan is repayable, the value of the Shares is less than the loan, the Company cannot recover the difference from the participant.
- As security for the loan, each participating employee will pledge the Shares acquired under the plan to the Company and any future dividends, bonus shares or rights attaching to the shares shall be secured to the Company.
- Loans or other financial assistance will only be extended to a participant employee as permitted by the Corporations Act. Any dividend or other distributions on the Shares must be applied to repayment of the loan.
- Shares under the Employee Share Plan will only be issued by the Board with vesting dates and performance conditions attached, which if not achieved will result in forfeiture of the Shares. If the Shares are forfeited, the participant must, subject to compliance with the Corporations Act, deliver the shares to the Company upon which the Shares will be cancelled.
- There is no discretion to waive any performance conditions attaching to issued Shares, although the Board may, in its absolute discretion, bring forward the vesting date or performance period for the performance conditions in the event of a change of control of the Company.
- There is no discretion to allow the vesting of Shares issued under the Employee Share Plan due to the death or permanent disability of the participant.
- Shares issued under the Employee Share Plan and which have not vested will be forfeited in the event that a participant ceases as an employee of the Company or its subsidiaries or as a Director of the Company.
- The maximum number of Shares or rights to Shares that may be on issue at any one time under any Employee Share Plan must not exceed 5% of the total Shares of the Company. For the avoidance of doubt, the Shares the subject of Resolution 4 are included in the 5%.
- Shares issued under the Employee Share Plan will carry the same rights as the Company's listed Shares.
- Shares may be issued at a price determined by the Directors. Shares may also be acquired on market for the benefit of participants.
- Administrative costs and expenses of the Employee Share Plan will be borne by the Company.

#### **(c) ASX Listing rules**

ASX Listing Rule 7.1 restricts the Company from issuing more than 15% of its equity securities in any 12 month period without shareholder approval. Listing Rule 7.2, Exception 9(b) provides that Listing Rule 7.1 will not apply to an issue to a participant under an employee incentive scheme (e.g. Employee Share Plans), if within three years before the date of the issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to this rule.

There have been no plans in operation since listing.

#### **(d) Corporations Act Approvals**

Approval under this Resolution 4 will act as approval under Section 259B of the Corporations Act to permit the Company to take security under the Employee Share Plan over its own Shares. It will also provide approval under Section 260C(4) of the Corporations Act to permit the Company to provide financial assistance to participants to acquire Shares in the Company. The financial assistance includes,

but is not limited to, any loan, the administrative costs and expenses such as brokerage fees and any discount to the market price of Shares that may be received by participants.

**(e) Voting Exclusion:**

The Company will disregard any votes cast on Resolution 4 by:

- any Director;
- an associate of an Director; or,
- by a member of the Key Management as a proxy for a person who is entitled to vote; or
- by a closely related party (such as close family members and any controlled companies) of a member of Key Management as a proxy for a person who is entitled to vote.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides and expressly authorises them to exercise the proxy regardless of whether the resolution relates directly or indirectly to the remuneration of any Key Management.

## Voting and Proxies

### 1. Determination of membership and Voting Entitlement

In accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the shares of the Company that are quoted on the Australian Securities Exchange Limited as at 7.00pm Sydney time on 9 November 2014, will be taken for the purpose of the Meeting, to be held by the persons who held them at that time. Accordingly, those persons will be recognised as members of the Company and the holder of Shares and will be entitled to attend and vote at the Meeting.

### 2. Votes of Members

On a show of hands, each member present in person or by proxy or in the case of a body corporate by a representative at the Annual General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy or in the case of a body corporate by a representative, shall have one vote for each Share held by him.

### 3. Proxies

Please note that:

- (a) A member who is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on behalf of the member.
- (b) Where the member is entitled to cast two (2) or more votes, the member may appoint two (2) proxies and may specify the proportion or the number of votes each proxy is appointed to exercise.
- (c) If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
- (d) A proxy need not be a member of the Company.
- (e) Any instrument of proxy deposited or received at the registered office of the Company in which the name of the appointee is not filled in shall be deemed to be given in favour of the Chairman of the Meeting to which it relates.
- (f) Proxies given by corporate shareholders must be executed in accordance with their constitutions, or signed by a duly authorised officer or attorney.
- (g) A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.
- (h) If a shareholder appoints the Chairman on of the Meeting as the shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that shareholder, in favour of that item on a poll.
- (i) To be effective the instrument appointing a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of the power or authority) must be deposited not less than forty eight (48) hours prior to the Annual General Meeting, that is, by 10am Sydney time on 9 November 2014 by mail or by delivery at the Company's Office, being 3 Moorebank Av, Moorebank 2170 or PO Box 656, Moorebank, 1875 or by facsimile on (02) 9824 2111.

A form of proxy accompanies this Notice of Annual General Meeting.



Proxy Form - Flat Glass Industries Limited ACN 003 173 242

I/We.....

of .....

appoint .....

of .....

or in his/her absence .....

of .....

or, if no person is named above or if this proxy form contains conflicting directions, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 11 November 2014 at 10am (AEDT) and at any adjournment of that meeting. The Chairman of the Meeting intends voting in favour of the item of business in relation to undirected proxies.

**Note:** If appointing a second proxy, please state the number of shares OR the percentage of voting rights applicable to this Proxy Form.

Number of shares OR  %

I/We direct my/our proxy to vote in respect of the resolution to be considered as indicated with an "X" below, and to vote or abstain in respect of any procedural resolution as my/our proxy thinks fit.

RESOLUTION	FOR	AGAINST	ABSTAIN
<b>Financial Statements &amp; Reports</b>	<b>No voting required</b>		
<b>Resolution 1 - Remuneration report</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2 - Re-election of Mr O'Connor</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3 - Re-election of Mr Palonis</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4 – Establish employee loan scheme</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

☐ If the chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on the resolutions please tick this box. By marking this box you acknowledge that the chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of a Resolution. If you do not mark this box, and you have not directed your proxy how to vote, the chairman of the Meeting will not cast your votes on any Resolution and your votes will not be counted in computing the required majority if a poll is called on this Resolution. The chairman of the Meeting intends to vote undirected proxies for each of the Resolutions.

**Individual or Shareholder 1**

**Individual/Sole Director and Company Secretary**

**Shareholder 2**

**Director**

**Shareholder 3**

**Director/Company Secretary**

Instructions for completing this proxy form

### **Appointment of proxy**

Insert the name of your proxy if your proxy is someone other than the Chairman of the meeting. If you leave the appointment section of this Proxy Form blank or your named proxy is unable to attend, the Chairman of the meeting for the time being will be your proxy to vote your shares. Your proxy need not be a shareholder of the Company.

You may appoint one or two proxies to attend and vote at the Annual General Meeting on your behalf. If you appoint two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes in which case any fraction of votes will be disregarded. Where a shareholder appoints more than one proxy, neither proxy is entitled to vote on a show of hands. If you require an additional proxy form, the Company will supply it on request.

### **Voting directions to your proxy**

You may direct your proxy how to vote on the item of business by placing an "X" in one of the three boxes opposite the item. Your proxy may decide whether to vote on the item, except where proxies are required by law or the constitution of the Company to vote or abstain in their capacity as proxies. If your proxy votes on an item, all of your shares will be voted in accordance with your direction unless you indicate a proportion of voting rights on the item by inserting the number of shares or percentage you wish to vote in the appropriate box. If you do not mark any of the boxes on a given item and your proxy is entitled to vote, your proxy may decide how to vote on that item. If you mark more than one box, your vote may be invalid.

### **If not directing your proxy**

If the Chairman of the meeting is your proxy and you do not direct him how to vote on the item of business please mark the box to confirm that the Chairman should vote on your behalf. If you do not mark the box, the Chairman will not be able to vote on your behalf. **The Chairman intends to vote undirected proxies in favour of each item of business.**

### **Signature(s)**

You must sign this form in the spaces provided as follows:

- **Individual Holding:** The Shareholder must sign in the box.
- **Joint Holding:** If shares are held in joint names, all Shareholders must sign in the boxes.
- **Attorney:** If you are signing as an Attorney, the Power of Attorney must have already been lodged with the Company or, alternatively, a certified copy of it must accompany this proxy form.
- **Companies:** Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided which state the office held by the signatory, i.e. Director and Director, or Company Secretary and Director, or the Sole Director and Sole Company Secretary.

### **Lodgement of Proxy**

The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company at least 48 hours before the time for holding the Annual General Meeting. Documents may be sent to the Company by:

- posting or delivering them to 3 Moorebank Avenue, Moorebank, NSW 2170; or
- posting to PO Box 656, Moorebank, 1875; or
- faxing to the Company's office on (02) 9824 2111.