



## FLAT GLASS INDUSTRIES

**Flat Glass Pty Ltd.**  
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### TRADING UPDATE

- Continued difficult trading conditions in NSW
- Margin pressure resulting from market price reductions
- Sale of Newcastle property
- Bank Debt reduced by \$2.2 million

At a meeting of Directors of Flat Glass Industries Ltd on 23 December 2010, the Directors reviewed the Company's results for the year to date. The Directors anticipate a disappointing December half and advise their expectations of Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) for the six months ending 30 June 2010 of approximately \$800,000 to \$900,000.

EBITDA for the six months ended 31 December 2009 was \$2.1 million (and \$1.1 million for the six months ending 31 December 2008).

Results for the six months ending 31 December 2010 will be adversely affected by:

- Approximately \$60,000 in retrenchment and redundancy costs.
- Legal costs of approximately \$110,000 involved in defending the Company against litigation brought against the Company and several other parties for supply and installation of faulty glass. The Company was not the manufacturer of the glass. The parties have settled this matter.
- Bank fees of \$100,000 involved in renegotiating existing banking facilities.

Trading results have been impacted by significant industry price reductions as glass processors seek to generate and maintain order volumes. The Company continues to implement measures to improve productivity and will introduce new production management and inventory control software to its Melbourne operations in the June 2011 half year. This software is already operational in the Moorebank factory. Directors believe significant operational benefits will flow from the implementation of this software.

The Directors advise that the sale of the Company's property at 1A Pennant Street Cardiff NSW has been completed at \$2.2 million. Funds from the sale have been utilised to reduce bank borrowings.

Despite the anticipated disappointing results for the December half year, the Directors believe the Company is well placed to participate in any recovery in the building and construction sectors. The reasons are as follows:

- Efficiencies flowing through from the introduction of new production management software at the Company's factories in Victoria.
- Improved production efficiency of toughened laminate at the Moorebank factory with new plant being installed and expected to commence production in March 2011.

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- Centralised management of inventories enabled by the introduction of the new production management software at the Company's factories in Victoria.

The Directors continues to explore opportunities for rationalisation in the glass sector.

We will provide further guidance as circumstances permit.

For further information please contact:

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