Rules 4.1, 4.3

FLAT GLASS INDUSTRIES LIMITED

30 JUNE 2010

PRELIMINARY FINAL REPORT
APPENDIX 4E

ASX Code: FGI

DIRECTORS' REVIEW

Preliminary Final Report for the year ended 30 June 2010

Your directors submit their preliminary final report for the year ended 30 June 2010 for Flat Glass Industries Limited and its controlled entities.

DIRECTORS

The names of the company's directors in office during the financial year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Director	
L J Phillips	Chairman & Non-Executive Director
W R Carpenter	Chief Executive Officer
N J O'Connor	Finance Director
K R Palonis	Non-Executive Director
P A White	Non-Executive Director
J Jacovou	Non-Executive Director (Appointed 22nd February 2010)

OPERATING AND FINANCIAL REVIEW

Review of financial Condition

The Group for the second year in succession incurred a Net Loss after Taxation. Whilst the loss (before impairment charges) was lower than that incurred in the year ended 30 June 2009, the Board had hoped to return to profitability and is disappointed with this result. Net cash flows from operations remained positive at $1.3 million, though were down from $1.8 million in the prior year. This enabled the Group to reduce net indebtedness by $0.7 million during the year to $16.6 million at 30 June 2010.

Net Tangible Assets of the Group were $13.5 million at 30 June 2010, $1.9 million down from 30 June 2009.

Review of principal business

The results of the Group during the year ending 30 June 2010 continued to be negatively affected by the Global Financial Crisis ("GFC") and the ongoing downturn in commercial and residential construction. The Federal Government's economic stimulus to the building sector via the Building the Education Revolution "schools program" did not derive any significant benefit to the glass sector given the low value share of glazing in school halls and the nature of low cost glass used in many school buildings.

The Group's new glass factory at Dandenong, which will focus on energy efficient glass products, is now fully operational. Following year end, the Dandenong factory introduced a second shift to capitalise on growing demand from customers for double glazed units and laminated toughened glass. Our Moorebank operation commissioned its third tempering furnace focused on toughening Low E glass, added laminating capacity and installed glass painting facilities. Burnbridge Glass commissioned its first tempering furnace, improving its ability to service the Newcastle market efficiently.

A sign of how competitive the market has become is that whilst sales revenues have fallen over the past two years, the volumes of glass sold by the Group have remained relatively stable. The decline in glass revenue has resulted almost entirely by price reductions caused by intense competition in the industry. The inconsistent nature of demand has also made it difficult to ensure that our operations are staffed efficiently whilst still being able to meet the short lead times demanded by the sector.

RTK Industries sales stabilized following a fall from $5.6 million to $3.7 million for the year ending 30 June 2009. Sales for the year ending 30 June 2010 amounted to $3.8 million. Demand from customers was patchy and the business continues to seek to broaden its customer base to improve stability of its revenues. Efforts to improve efficiency saw head count reduced 16% over the course of the year without negatively impacting production capabilities due to increased utilisation of robotic welding and the addition of new laser cutting machinery.

Reclassification of Borrowings

This Preliminary Final Report is presented on the basis that $5.0 million of borrowings which the directors believe were, as at 30 June 2010, in substance non-current are included in current liabilities. This treatment is as a result of a strict application of the relevant provisions of AASB 101 *Presentation of financial statements* ("AASB 101"). This accounting standard requires the Company to classify liabilities as current if the Company does not have an unconditional right to defer payment for twelve months after balance date.

The directors identified two breaches of covenants in respect of loans and facilities during the year ending 30 June 2010. The loan facilities remain in place and all principal and interest commitments have been met on time by the Company.

If the loans had been classified as non-current, the current portion of borrowings presented on the balance sheet would be $9.722 million and the non-current portion of borrowing would be $5.926 million.

Impairment of Assets

Impairment testing has been carried out on each business unit within the Group. The directors have determined that the carrying value of the real properties owned by the Group has been impaired and consequently an impairment charge of $0.9 million has been made against these properties.

The Group is currently engaged in marketing its real properties for sale and has classified the properties as Non Current Assets Held For Sale as at 30 June 2010.

Matters Subsequent to the End of The Financial Year

There are no matters subsequent to the end of the financial year.

Future

The Board, in the coming financial year, will continue to focus on building sales revenues across the Group, strengthening the balance sheet, reducing our debt and improving efficiencies to ensure we remain competitive.

The Directors are pleased to note that the group's sales revenues for the first two months of 2010 - 2011 have increased more than 5% over the prior comparable period.

Despite what has been an extremely challenging two years, the Board believes that its capital investment program, coupled with the focus on efficient operations, will ultimately see FGI emerge from this downturn successfully.

We thank shareholders for your ongoing commitment.

Lindsay Phillips

Chairman

Walter Carpenter

Chief Executive Officer

Appendix 4E

Preliminary final report

Introduced 30/6/2002.

Name of entity

FLAT GLASS INDUSTRIES LIMITED

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Financial year ended ('current period')
84 003 173 242		X	30 June 2010

Results for announcement to the market
Extracts from this report for announcement to the market (see note 1).

Revenues from ordinary activities	down	**7.0%**	**to**	**$44,103,823**
Profit from ordinary activities after tax attributable to members	up	**77%**	**to**	**($1,173,215)**
Net profit (loss) for the period attributable to members	up	**77%**	**to**	**($1,173,215)**

Dividends	Amount per security	Franked amount per security
Final dividend Interim dividend	- -	- -
Previous corresponding period	-	-

+Record date for determining entitlements to the dividend, (in the case of a trust, distribution)

N/A

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Refer to additional commentary in the Directors Report at the beginning of this document.

Consolidated income statement

In thousands of AUD	Current period 2010	Previous corresponding period
CONTINUING OPERATIONS		
Revenues	**44,104**	**47,572**
Expenses	**(43,418)**	**(47,245)**
Net finance costs	**(1,474)**	**(1,490)**
Profit / (loss) from continuing operations before tax	**(788)**	**(1,163)**
Impairment losses – continuing operations	**-**	**(4,288)**
Impairment losses – real property held for re-sale	**(890)**	**-**
(Loss)/Profit before tax	**(1,678)**	**(5,451)**
Income tax (expense) / benefit	**505**	**361**
Net profit / (loss) for the period attributable to members	**(1,173)**	**(5,090)**

Tax Reconciliation – continuing operations	Current period 2010	Previous corresponding period
Prima facie tax (expense) / benefit on profit from continuing operations	**503**	**1,635**
Non-assessable income	**-**	**-**
Non-deductible expenses	**(9)**	**(1,295)**
Under (over) provisions in prior years	**11**	**21**
Income tax credit / (expense)	**505**	**361**

Earnings per security (EPS)	Current period	Previous corresponding Period
Basic EPS	**(3.29)c**	**(16.71)c**
Diluted EPS	**(3.29)c**	**(16.71)c**
Weighted no. of ordinary shares	**35,651,746**	**30,464,782**

Revenue and expenses from continuing operations

In thousands of AUD	Current period 2010	Previous corresponding period
Revenue and other income from continuing operations		
Revenue	**44,104**	**47,424**
Interest revenue	**6**	**35**
Other income	**503**	**148**
Total Revenue and other income	**44,613**	**47,607**
Expenses from continuing operations		
Details of relevant expenses (including borrowing costs) :		
Costs of Goods Sold	**(18,726)**	**(21,782)**
Employee Costs	**(16,460)**	**(17,089)**
Administration and Overheads	**(3,836)**	**(3,609)**
Finance Costs	**(1,480)**	**(1,525)**
Occupancy	**(1,495)**	**(1,425)**
Travel and delivery expenses	**(1,161)**	**(1,322)**
Depreciation	**(2,229)**	**(1,998)**
Other expenses	**(14)**	**(20)**
Write-down or impairment of intangible assets	**-**	**(4,288)**
Write-down or impairment of real property	**(890)**	**-**
Total Expenses from continuing operations	**(46,291)**	**(53,058)**

Consolidated retained earnings

	Current period	Previous corresponding period
Retained profits at the beginning of the financial period	**4,701**	**10,798**
Net profit (loss) attributable to members	**(1,678)**	**(5,451)**
Income tax benefit (expense)	**505**	**361**
Dividends paid	**-**	**(1,006)**
Retained Profits at end of financial period	**3,528**	**4,701**

Consolidated Balance Sheet

In thousands of AUD	30th June 2010	30th June 2009
Current assets		
Cash and cash equivalents	**527**	**1,254**
Receivables	**8,510**	**8,106**
Inventories	**8,012**	**7,611**
Non-current asset held for sale	**5,167**	**-**
Prepayments	**603**	**234**
Current tax assets	**44**	**446**
Total current assets	**22,863**	**17,651**
Non-current assets		
Property, plant and equipment	**13,957**	**21,364**
Intangibles	**6,507**	**6,507**
Investments	**-**	**-**
Deferred tax assets	**1,293**	**794**
Total non-current assets	**21,757**	**28,665**
Total assets	**44,620**	**46,316**
Current liabilities		
Bank overdraft	**904**	**-**
Payables	**5,009**	**4,143**
Income tax payable	**-**	**-**
Employee provisions	**1,115**	**1,537**
Loans and borrowings	**14,723**	**3,582**
Total current liabilities	**21,751**	**9,262**
Non-current liabilities		
Loans and borrowings	**927**	**13,649**
Deferred tax liabilities	**373**	**482**
Employee provisions	**294**	**226**
Total non-current liabilities	**1,594**	**14,357**
Total liabilities	**23,345**	**23,619**
Net assets	**21,275**	**22,697**
Equity		
Capital/contributed equity	**17,707**	**17,707**
Reserves	**40**	**288**
Retained profits	**3,528**	**4,702**
Total equity	**21,275**	**22,697**

Consolidated statement of changes in equity

AUD ‘000s	Issued Capital	Retained Earnings	Other Reserves	Minority Interests	Total
As at 1 July 2009	**15,169**	**10,797**	**263**	**Nil**	**26,230**
Profit/(loss) for the period		(5,090)			(5,090)
Shares issued:					
- reinvested dividends	220				220
- rights issue	2,341				2,341
Costs of share issue	(23)				(23)
Dividends paid		(1,006)			(1,006)
Share based payments reserve			25		25
Balance as at 30 June 2009	**17,707**	**4,701**	**288**	**Nil**	**22,672**
Profit/(loss) for the period		(1,173)			(1,173)
ARR write-back			(263)		(263)
Share based payments reserve			15		15
Balance as at 30 June 2010	**17,707**	**3,528**	**40**	**Nil**	**21,275**

Consolidated cash flow statement

In thousands of AUD	Current period	Previous corresponding period
Cash flows related to operating activities		
Receipts from customers	**50,160**	**54,194**
Payments to suppliers and employees	**(47,788)**	**(50,423)**
Interest and other costs of finance paid	**(1,458)**	**(1,455)**
Income taxes (paid)/refunded	**412**	**(545)**
Net operating cash flows	**1,326**	**1,771**
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	**(1,697)**	**(4,480)**
Interest received	**6**	**35**
Acquisition of subsidiary, net of cash acquired	**-**	**(5)**
Proceeds from sale of plant and equipment	**316**	**806**
Net investing cash flows	**(1,375)**	**(3,644)**
Cash flows related to financing activities		
Proceeds from issues of shares	**-**	**2,538**
Proceeds from borrowing	**-**	**4,000**
Repayment of borrowings	**(1,000)**	**(3,000)**
Payment for hire purchase liabilities	**(582)**	**(464)**
Dividends paid	**-**	**(1,006)**
Net financing cash flows	**(1,582)**	**2,068**
Net increase / (decrease) in cash and cash equivalents	**(1,631)**	**194**
Cash and cash equivalents at beginning of period *(see Reconciliation of cash)*	**1,254**	**1,060**
Cash and cash equivalents at end of period *(see Reconciliation of cash)*	**(377)**	**1,254**

Non-cash financing and investing activities
Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. *(If an amount is quantified, show comparative amount.)*

None

Reconciliation of cash and cash equivalents

Reconciliation of cash and cash equivalents at the end of the period (as shown in the consolidated cash flow statement) to the related items in the accounts is as follows:	Current period	Previous corresponding period
Cash on hand and at bank	527	1,254
Bank overdraft	(904)	-
Cash and cash equivalents at end of period per balance sheet	**(377)**	**1,254**

Other notes to the consolidated financial statements

Ratios	Current period	Previous corresponding Period
Profit before tax / revenue Consolidated profit / (loss) from continuing operations before tax as a percentage of revenue	**(1.8)%**	**(11.5)%**
Profit after tax / equity interests Consolidated net profit / (loss) after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	**(5.5)%**	**(22.4)%**

NTA backing	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	**38 cents**	**43 cents**

Dividends

	Cents per share	Total Amount $'000s	Franked / unfranked	Date of payment
Declared and paid during the year 2010:				
No dividend declared				
Declared since the end of the financial year		nil		

Dividend Reinvestment Plan Summary.

Complete details of the DRP are listed in the document “Dividend Reinvestment Plan – Plan Rules”. This document has been lodged with the ASX and a copy may be obtained from the web site www.flatglass.com.au. This document should be read in its entirety; however, a summary of the benefits follows:

- All Shareholders are entitled to participate (subject to foreign law requirements).
- Shares issued under the DRP will be issued at a discount of five (5) per cent (or as otherwise determined by the Board from time to time) to the weighted average market price of Ordinary Shares sold over the 5 ASX Business Days preceding the day on which the books are closed for determination of entitlement to the relevant dividend.
- Other than stamp duty or other duties (if any), no brokerage, commission or other transaction costs will be payable by any Participant in respect of the application for and allotment of Shares under the DRP.

The last date(s) for receipt of election notices for the +dividend or distribution plans	**N/A**

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

N/A

Issued and quoted securities at end of current period
(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of +securities	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
Preference +securities *(description)*	**Nil**	-	-	-
Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	**Nil**	-	-	-
+Ordinary securities	**35,651,746**	**35,651,746**	-	-
Changes during current period				
(a) Increases through issues - non renouncable rights issue	**Nil**			
(b) Increase through issue to employees	**Nil**			
(c) Increase under dividend reinvestment plan	**Nil**			

Options *(description and conversion factor)*		***Exercise price***	***Vesting date***	***Expiry date (if any)***
Issued during current period	400,000	$1.50	29 April 2009	29 Oct 2011
	400,000	$1.50	29 April 2010	29 Oct 2011
	500,000	$1.50	29 April 2011	29 Oct 2011
Exercised during current period	Nil			
Expired and/or cancelled during current period	Nil			
Expired and/or cancelled subsequent to year end	Nil			
Other securities	Nil	-	-	-

Segment reporting

The Group comprises two business segments in a single geographical segment being:

- the production and processing of glass and other products for the residential and commercial building industry; and
- non-glass, i.e. engineering services and other manufacturing and property ownership.

30 June 2010 In thousands of AUD	**Glass**	**Non-Glass**	**Elimination**	**Consolidated**
REVENUE				
External revenues	39,256	5,351	-	44,607
Inter-segment revenues	-	392	(392)	-
Segment revenue	39,256	5,743	(392)	44,607
RESULT				
Segment results	615	(130)	-	485
Unallocated expenses				(689)
				(204)
Results from continuing operating activities				(204)
Net finance costs				(1,474)
Income tax benefit on continuing operations				505
Profit for the year				(1,173)
ASSETS				
Segment assets	29,740	10,541	(21,762)	18,519
Unallocated assets				26,101
Total assets				44,620
LIABILITIES				
Segment liabilities	(20,943)	(15,016)	21,762	(14,197)
Unallocated liabilities				(9,148)
Total liabilities				23,345
Capital expenditure	1,100	597	-	1,697
Depreciation	1,842	387	-	2,229
Impairment loss	-	890	-	890

Comments by directors

Basis of financial report preparation

1. Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Please refer to the Directors' Review

2. A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Please refer to the Directors' Review

3. Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

It is expected no dividend will be paid.

4. Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For the year ended 30 June 2010

Basis of preparation of preliminary final report
The preliminary final report has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The preliminary final report has also been prepared on a historical cost basis.

The preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the last annual report and any public announcements to the market made by the Company during the reporting period in accordance with the continuous disclosure requirement of the *Corporations Act 2001* and the listing rules of the Australian Stock Exchange.

The accounting policies adopted are consistent with those of the previous year with the exception of.

The preliminary final report is presented in Australian dollars.

Comparative information is reclassified where appropriate to enhance comparability.

5. Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year.

None

6. Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report.

Both a contingent asset and liability exist for a potential claim against Alternative Glass Supplies for faulty glass. The contingent asset is raised against the manufacturer that supplied the glass to Alternative Glass Supplies.

Annual meeting

The annual meeting will be held as follows:

Place	L44, 1 Macquarie Place, Sydney
Date	21 October 2010
Time	10 am
Approximate date the +annual report will be available	21 September 2010

Compliance statement

1. This report is based on +accounts to which one of the following applies.
(Tick one)

☐	The +accounts have been audited.	☐	The +accounts have been subject to review.
☑	The +accounts are in the process of being audited or subject to review.	☐	The +accounts have *not* yet been audited or reviewed.

2. The entity has a formally constituted audit committee.

Signed:

W R Carpenter
Director

Date:

Appendix A – Option Exercise Periods and Expiry Dates for Unquoted Options

This table details the number of options outstanding as at 30 June 2010:

Number of options outstanding as at 30 June 10

Number	Exercise Price	Note	Exercise Periods	Expiry Dates
400,000	$1.50		29 April 2010 to 29 October 2011	29 Oct 2011
400,000	$1.50		29 April 2009 to 29 October 2011	29 Oct 2011
800,000				