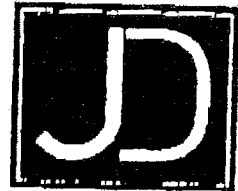


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Our Ref: JJ:TS:41811



JORDAN DJUNDJA
LAWYERS

8 September 2006

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SDNEY NSW 2000

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Dear Sir,

RE: IMPACT OF THE COMMONWEALTH WORKCHOICES LEGISLATION

Thank you for your phone call of 8 September, 2006.

We refer to your letter of 18 August 2006.

Our client absolutely denies the completely scurrilous claim made by Ms Mallia.

Our client instructs us that the CFMEU is using Mr Majstrovic as a pawn in its attempt to run its own social agenda as against the Federal government's industrial relations legislation.

Our instructions relative to Mr Majstrovic are as follows:

Firstly, our client categorically denies that Mr Majstrovic was terminated due to his workers compensation claim.

Mr Majstrovic was employed by our company since 1 June, 1998.

During the month of July 2006 Formbracc Pty Limited retrenched forty-two staff as a result of lack of work due to the downturn in the building and construction industry in Sydney. Mr Majstrovic was one of those forty-two. A further five staff members were made redundant in August 2006.

In fact Formbracc Pty Limited still has nine employees who either have current workers compensation claims or have in the past had workers compensation claims as against the company.

The work that Mr Majstrovic was working for the company at a job site at 101 George Street Parramatta.

As the formwork component of that job site finished, Formbrace Pty Limited did not have any other job sites to transfer the workers to.

Of the 42 men made redundant in the month of July 2006, 20 were carpenters, 20 were labourers and 2 were site co-ordinators. The decision to terminate the employees due to redundancies was based on an assessment process taking into account the following:

- Length and service with the company;
- Flexibility with areas of work;
- Absences from work;
- Past conduct and adhering to company policy.

The fact that an employee had or did not have a current workers compensation claim is completely irrelevant.

All of the allegations about pressure being applied to the employee to withdraw his workers compensation claim is completely denied.

As a result of the allegations made against our client, our client has reluctantly decided to commence defamation proceedings against the worker, the CFMEU, Andrew Ferguson, Peter McClelland and John Fairfax Limited. A Statement of Claim has been prepared and will be filed shortly claiming damages.

A letter was forwarded to each of the above named defendants on or about 18 August 2006 requesting an apology and that an undertaking that defamation of our client cease. None of the offers were accepted and our client reluctantly must take action to protect its reputation.

Further, Mr Andrew Daoud, Manager of our client company was contacted by Mr Omir Majstrovic after the letter of 18 August, 2006 was forwarded. Mr Majstrovic said to Mr Daoud words to the effect of:

"I am sorry for doing this but it was not me. The union made me do it."

What in fact Mr Majstrovic did was hand out defamatory pamphlets defaming Formbrace Pty Limited and Andrew Daoud outside the Parramatta job site where our client company maintained a diminishing presence right up until the end of August 2006.

Mr Daoud first commenced working in the industry and under the company of Formbrace Pty Limited some fourteen years ago. During that period of time Mr Daoud and his company have been excellent corporate citizens. There has only ever been one Workcover prosecution as against Mr Daoud, even though he has been involved in an inherently dangerous and accident prone industry.

Our client employs a full time Occupational Health and Safety officer and has a specialist consultant Occupational Health and Safety company assisting to audit and formulate his policies and procedures.

Our client also pays a local doctor to provide medical assistance for all of his workforce, such medical assistance not being limited to workplace injury.

Our client has a large formwork construction practice with a large number of major customers. The company reputation is what allows our client to obtain major contracts.

We are instructed that this defamatory activity as against our client (now having been raised in Federal Parliament as well), is causing damage to our client.

It must be stated that Mr Majstrovic is entitled to be paid a sum of in excess of \$20,000.00 from ACIRT payments as a result of his redundancy. All ACIRT contribution payments were made by our client.

We repeat again our client's instructions and belief that this is merely an attempt by the CFMEU to run its own social agenda without looking at the real facts of the situation.

Yours faithfully
JORDAN DJUNDIA

JAMES JORDAN

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