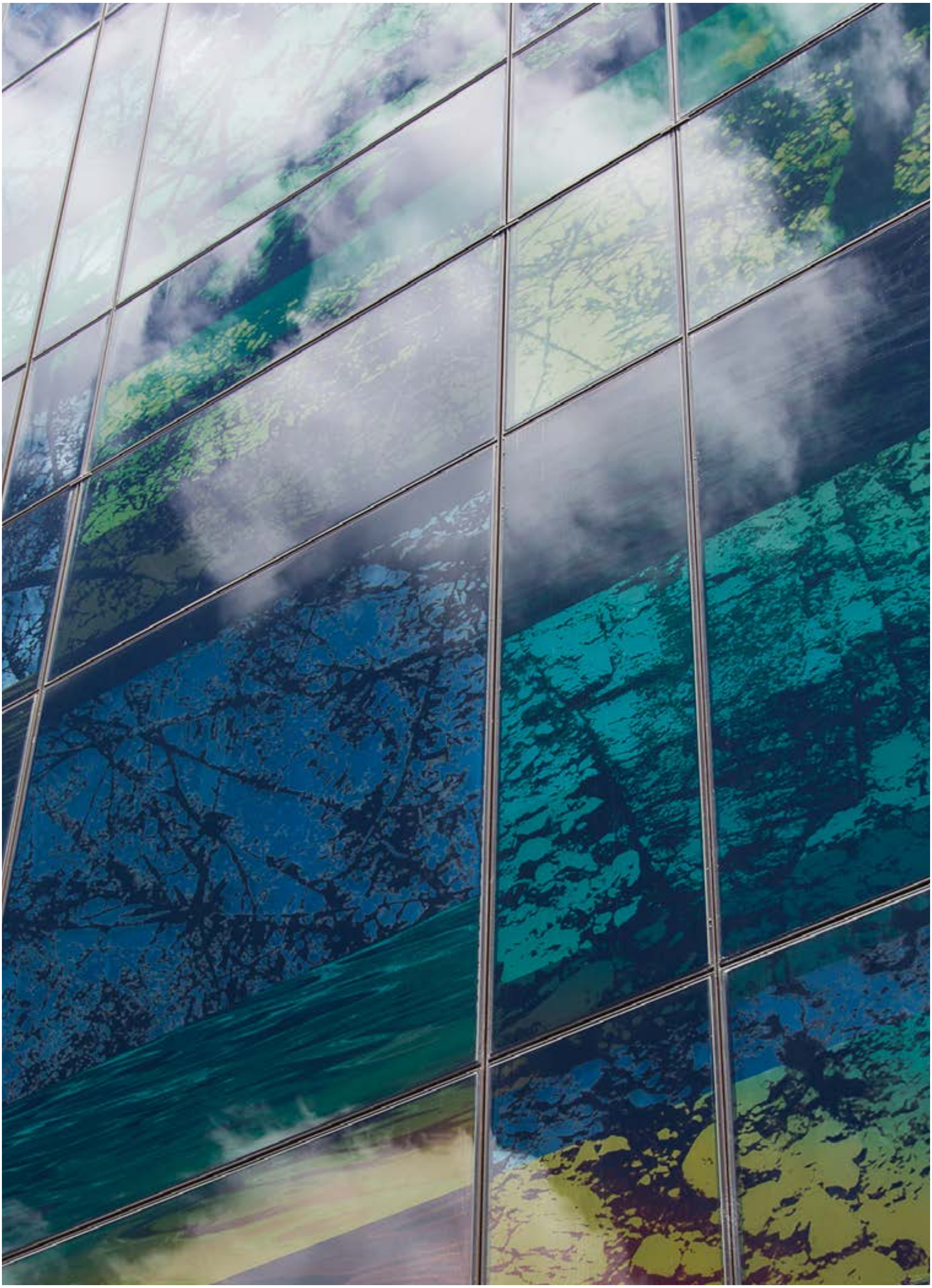


INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

METRO
PERFORMANCE GLASS

Laminated glass canopy
Hastings St, Napier.

Metro Performance Glass is at the forefront of providing high-performance glass and industry-leading service to Australasian residential and commercial construction markets. We have an extensive network of seven Australasian processing plants and thirteen distribution or retail sites across New Zealand.

We are Australasia's leading manufacturer and installer of double-glazed windows for both new residential and retrofit markets. We also process annealed, toughened, laminated, painted and digitally-printed glass products for applications ranging from mirrors, showers, balustrades and kitchen splashbacks to commercial façades. Our goal, in everything we do, is 'Performance without Compromise'.

Cover image: digitally printed double glazed façade Maurie Wilson Ave, Manukau.

CHAIR'S REVIEW

During the first six months of the 2019 financial year Metroglass has been focused on establishing a solid foundation on which to build future business performance.

We have made a number of personnel changes. We appointed a new director, Rhys Jones, and recruited a number of new senior leaders, including Simon Mander as the new Group CEO, Steve Hamer the Acting CEO of Australian Glass Group and four regional General Managers across the Metroglass Group.

We are reorganising our Canterbury business to reflect softer market conditions there, and we have also made a number of other changes to the management and operating structure of the Australian business.

DELIVERING ON THE REFRESHED STRATEGY

In May, we presented our updated strategy to improve execution, deliver financial performance from the investments we have made in additional production capacity and leverage our strong market position. Our delivery centres around four key initiatives:

1. Delivering market leading service to our customers
2. Developing our organisational capabilities
3. Maintaining our scale position via product and channel leadership
4. Leveraging our scale and assets to deliver lowest total delivered cost

"At the heart of our strategy is an absolute dedication to excellent service for our customers, including quality, delivery accuracy, product range, technical support, distribution capabilities and strong relationships."

We intend to make significant ground on all of these objectives over the next 12-24 months. At the heart of our strategy is an absolute dedication to excellent service for our customers. This covers many important factors including quality, delivery accuracy, product range, technical support, distribution capabilities, and strong relationships.

Additionally, we are continuing to foster a best-practise production culture to deliver sustained and consistent manufacturing performance.

Metroglass has built a strong asset base across New Zealand and Australia. We see the most meaningful near-term gains coming from supporting, training and engaging our people, and seeking continual incremental improvements in our processes.

We have made significant investment in our people, by recruiting new management talent and capability across the Group, increasing the leadership and supervision within our plants, improving sales systems and aligning our wage rates with an increasingly competitive labour market.

At this stage, the delivery of our strategy has differed across New Zealand and Australia.

Our top priority in the half year has been the New Zealand operations, where pleasingly we have achieved sustained improvements in customer experience and operating performance. We also believe we are making progress in developing our business culture. By way of an example, New Zealand's 'delivery-in-full-on-time' performance for our customers in the first half was the highest it has been for over 2 years. We have actively engaged our customers through a recent survey and based on their feedback we are now focused on their next priority areas for improvement.

The Australian business, AGG, remains challenging. The market remains supportive and the recent capital investment programme is showing promise on lifting production capacity and improving manufacturing efficiency. However, it is taking longer than originally planned to reset AGG's operations, people and culture. This has impacted its year to date financial performance and highlighted further capability gaps we are working to address.

In spite of the current challenges, we believe in the longer-term opportunities that this business offers. The market, while very competitive, is significantly larger than New Zealand and we're seeing continued regulatory moves supporting the uptake of double glazing, which is at the core of our product offer.

The recent capital programme upgrades are now completed, and we have recently made a number of changes to the leadership team. We are confident the performance improvement initiatives that have delivered such strong results in New Zealand can be successfully exported across the Tasman. We also expect that AGG will benefit from increasing penetration of double glazing alongside supportive regulatory changes in our target markets. We are focused on stabilising AGG's performance in the second half of the year and returning the business to profitable growth in FY20.

CHANGES IN METROGLASS' COMPETITIVE LANDSCAPE

The broader industry in which we operate is continuing to evolve, presenting us with both opportunities and risks. Market penetration of advanced glass products continues to increase, our largest glass processing competitor is currently undergoing a sale process and additional glass processing capacity is being added in New Zealand and Australia alongside continuing strong levels of construction activity.

On the 19th of November, we announced that we had become aware that a large aluminium extruding business is planning to enter the New Zealand glass processing market. We understand that they intend to build a plant near Hamilton which will gradually come on stream from mid-2020. This new entrant already has relationships with a network of affiliated window manufacturing businesses across New Zealand through aluminium supply. Metroglass currently supplies glass to the majority of these window manufacturers, who are predominantly independently owned and run, and will continue to choose their glass suppliers based on quality, delivery accuracy, product range, technical support and distribution capabilities.

Metroglass has a 30 year history of adapting to and benefiting from significant changes to our products, customer demands, manufacturing technology, building regulations and volatile building cycles. Change has been constant throughout Metroglass' history, and the company stands today as the clear market leader.

To meet these future challenges and deliver for our shareholders, we must continue to have a clear focus on what matters to our customers. And we must leverage our scale and our ability to efficiently and quickly manufacture and deliver high-specification glass products and services to ensure we meet those demands.

MARKET CONDITIONS

Elevated levels of residential and non-residential construction in New Zealand, and residential activity in South East Australia provide a generally supportive market environment, with the one exception being the continuing slowdown in Canterbury. As has been broadly the case for some time now, strong economic fundamentals continue to support strong activity, but supply-side constraints are limiting growth.

We note the softening of leading indicators of Australian residential construction activity, and multi-residential approvals in particular. AGG is primarily involved with new detached houses and alterations and additions, in the South East of Australia. These segments have been less impacted to date, however are also expected to soften in the coming 12-24 months.

CAPITAL MANAGEMENT AND DIVIDENDS

The board has reviewed the group's leverage and dividend policy against its current operating performance, its long-term strategy, the uncertain future competitive landscape, and expectations of how the Australasian building cycles could evolve in the coming years.

Following this review, and after considering a range of options, the board believes it is in the best interests of the group to prioritise debt reduction, and to declare no further dividends until the group's leverage ratio (as measured by net debt to rolling 12-month EBITDA) is reduced to approximately 1.5 times. At 30 September 2018, this ratio was 2.3 times.

Metroglass refinanced its syndicated debt facilities in September 2018 for a further three years, with no changes to the covenant structure and headroom of more than $30 million as at 30 September 2018.

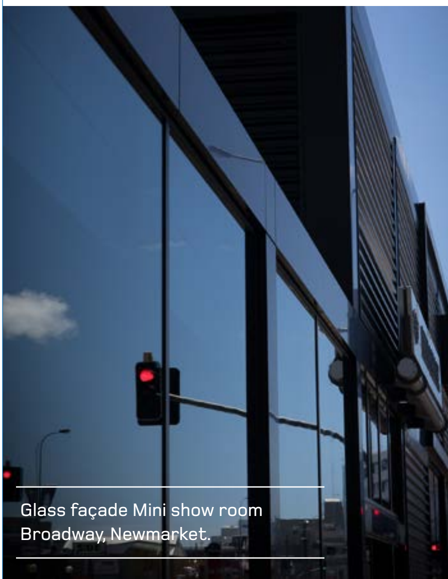
OUTLOOK FOR FY19

Future market conditions are always difficult to predict, and industry commentators are currently predicting a broad range of potential market trajectories. Leading indicators point to steady levels of activity in the near term, and we are not expecting any major changes to market demand over the remainder of the year.

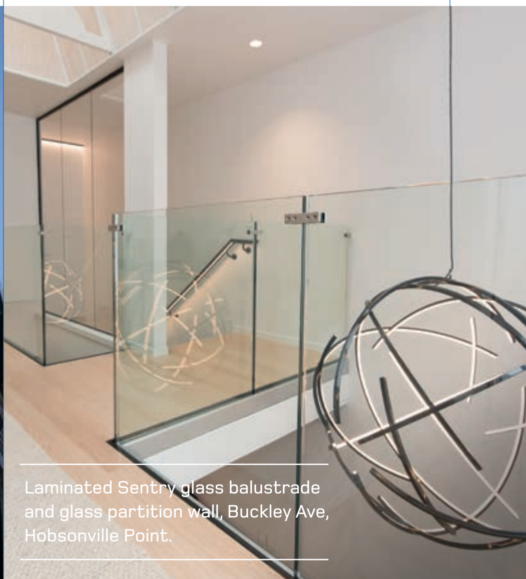
The financial performance of New Zealand is on target and ahead of the same period last year. However, as indicated at the Annual Shareholders' Meeting, Australia has not performed to expectations. Consequently, we now expect FY19 Group EBIT of circa. $28 million.

We expect capital expenditure for the year to be approximately $8 million and debt reduction of approximately $7m. This debt repayment level doesn't reflect the full impact of the temporary dividend suspension noted above due to the lag in dividend payments.

PETER GRIFFITHS
Chair



Glass façade Mini show room Broadway, Newmarket.



Laminated Sentry glass balustrade and glass partition wall, Buckley Ave, Hobsonville Point.

1H19 RESULT: MANAGEMENT REVIEW

SUMMARY

Group revenue of $140.5 million for the six months to 30 September 2018 (1H19) was in line with the prior comparable period (1H18). New Zealand revenue rose 1% to $113.0 million while Australian revenue fell 7% to $27.5 million. Earnings before interest and tax (EBIT) for the half year was $15.5 million, down from $18.8 million in 1H18. Net profit after tax (NPAT) for 1H19 was $9.1 million, 22% lower than last year.

Metroglass' New Zealand operations delivered improved customer service results and achieved sustained operational and organisational improvements. We have launched a number of people-focused initiatives in recent months and have pleasingly seen a meaningful decline in voluntary staff turnover.

Our New Zealand glass category market share for the six month period was 55%, impacted modestly in the period by our inventory reduction programme.

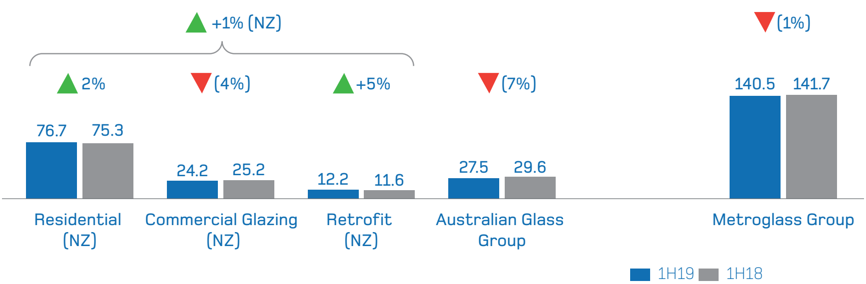
These results were supported by additional investments in our people, including the on boarding of new management talent and capability, increasing the leadership and supervision within our plants, and aligning wage rates with the market.

New Zealand delivered EBIT of $17.0 million, consistent with the prior period. Within this result, underlying profit improvement was impacted by a significant decline in Canterbury commercial glazing activity, increased costs relating to distribution and logistics costs, notably including the rise in fuel costs, labour costs and depreciation following the FY18 capital programme.

Meanwhile, the Australian business faced a number of significant operational challenges in the half year which impacted its financial results. Sales in 1H19 declined 7% to $27.5 million and EBIT fell from a profit of $2.6 million in 1H18 to an EBIT loss of $1.3 million in 1H19. We have made a number of changes to the business' leadership team, and they are firmly focused on stabilising performance in the second half of the year.

GROUP REVENUE BY SEGMENT

$140.5 million, -$1.2 million



New Zealand $113.0 million (+1%)

Total revenue in New Zealand grew by $0.9 million or 1%. North Island sales grew by 7%, while the South Island fell by 9% as a result of significantly lower activity in the Canterbury region, especially in commercial glazing projects.

Residential sales grew by 2% on a national basis, driven predominantly by an increase in sales to residential window fabricators in the North Island.

Commercial Glazing revenue fell 4% in H19 to $24.2 million, with double digit growth in the North Island more than offset by an almost halving of South Island commercial glazing revenue following the completion of a number of significant projects in the region. The business is also continuing to focus on selecting projects that are within its core competencies and that it can deliver on-time and profitably.

Revenue from the RetroFit double-glazing channel grew 5% to $12.2 million in 1H19, impacted by softer than anticipated leads in the period.

Australia $27.5 million (-7%)

Australian Glass Group (AGG) revenue declined by $2.1 million or 7% to $27.5 million in 1H19. Most of this decline occurred in New South Wales where revenue fell by $1.5 million.

The Victoria and New South Wales operations had a challenging six months. Both plants struggled to achieve efficiency targets and had equipment commissioning issues post the capital programme's completion and a refocus of the business on double glazing. There was also increased competitor activity, particularly in Victoria.

These changes have highlighted several organisational gaps. To address these issues the business has recently appointed an acting Chief Executive and new General Managers for each of the mainland states. The new leadership team brings considerable manufacturing experience and focus to the business as it works to stabilise performance in the second half of the year.

The New South Wales business is transitioning from one that predominantly produces processed toughened glass to one focused on double glazed units, and this transition has impacted service levels and market share. Processing equipment transferred to New South Wales from Highbrook is now performing well and has positioned the business well to drive a more efficient production flow. We are confident organisational changes and cultural improvements will allow the business to grow its sales without adding proportional cost.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

$m	New Zealand		Australia		Group	
	1H19	1H18	1H19	1H18	1H19	1H18
Revenue	113.0	112.1	27.5	29.6	140.5	141.7
Segmental EBIT	17.0	16.9	(1.3)	2.6		
EBIT					15.5	18.8
Profit for the period					9.1	11.8

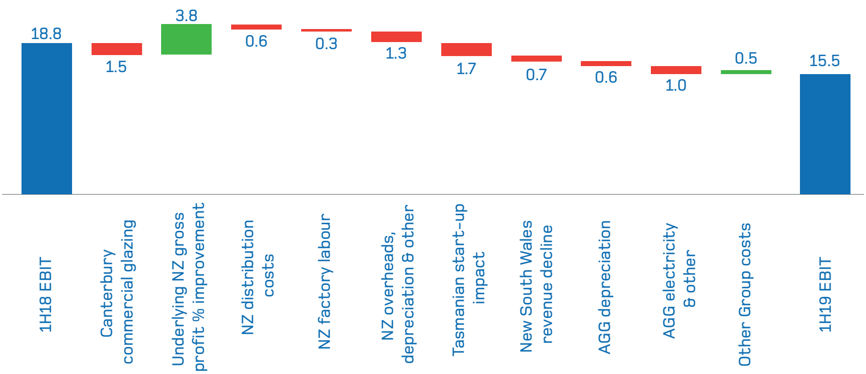
AGG opened its third Australian processing plant in Hobart, Tasmania in early 2018. This plant enables the company to offer better service to local customers and has freed up processing capacity in the Victorian plant which previously serviced the Tasmanian market. The operation did not start up as smoothly as we would have liked, and initially this weighed on service levels and ultimately on AGG's market share on the island. However, the plant is now performing well and is also delivering annualised sales well ahead of what AGG has historically achieved in Tasmania.

The Victorian plant is yet to fully utilise the capacity made available with the commissioning of the Tasmanian plant. We are confident that, post the capital programme, it has the right equipment to meet the market, but it is also clear that with investment in line management and the culture of the organisation it has strong potential to deliver service level improvements leading to higher sales and improved financial results.

AGG today holds a relatively small position in the large and fragmented South East Australian glass processing market. Despite current operational issues, we continue to see opportunity and long term value in this investment benefiting from anticipated changes in the market for double glazing and the performance improvement initiatives currently underway. Metroglass has considerable experience in operating and improving the performance of similar operations in New Zealand, but embedding sustained improvements in these businesses does take time.

EBIT VARIANCE ANALYSIS

$15.5 million, -$3.3 million



Group EBIT for the half year fell by $3.3 million to $15.5 million.

New Zealand

New Zealand's EBIT of $17.0 million was in line with the prior comparable period.

New Zealand's EBIT result included an improved underlying gross profit margin driven by improved pricing, product mix and savings in material costs following improved inventory management. Offsetting this improvement, Metroglass faced increased costs relating to labour, distribution costs (largely fuel), and depreciation following the FY18 capital programme.

In New Zealand the contribution margin (before overheads) increased by 6% and EBITDA increased by 4% compared to the prior comparable period. Overheads increased by $1.3 million on account of increased professional services relating to technical compliance, higher recruitment costs and staff costs relating to prior periods.

As noted earlier, Canterbury Commercial Glazing revenue almost halved in 1H19, resulting in a $1.5 million EBIT impact in the period. In line with the more muted outlook for the business and the new focus of the broader commercial operation, it is being restructured to deliver improved levels of profitability.

Australia

AGG's EBIT fell from a profit of $2.6 million in 1H18 to an EBIT loss of $1.3 million in 1H19. This result was due to the slow start-up of a new processing facility in Tasmania, and production difficulties in the Victoria and New South Wales operations. It also faced higher electricity costs of $0.4 million and additional depreciation of $0.5 million.

The transfer of Tasmanian customers from the Victorian plant to the new Tasmanian plant impacted on service delivery for our customers and which, combined with the diseconomies of scale associated with a greenfield startup, had a combined negative impact of $1.7 million on 1H19 EBIT results.

The Victoria and New South Wales plants each had extended periods of variable production performance following the introduction of new machinery and significant changes made to the site layouts in early 2018. The situation was compounded by higher than typical levels of staff turnover.

The Victorian plant is not yet utilising the capacity made available with the start-up of the Tasmanian operation and this has weighed on operating margins. Tasmania is now operating well and remains on track to operate at an EBIT break-even run rate by the end of FY19.

BALANCE SHEET AND CASH FLOWS

Total working capital improved on the prior year. The significant move was in inventory decreasing by $1.2 million with a focused inventory management program in New Zealand partially offset by the build-up of inventory in Australia for the new Tasmanian plant.

Net debt increased by $1.3 million in the half to $95.2 million. Operating cash flows reduced primarily due to the poor Australian trading result, which included increased working capital, as well as increased Group interest and tax payments.

Group gearing (net interest-bearing debt / (net interest-bearing debt + equity) increased slightly from 36.7% at 30 September 2017 to 36.9% at 30 September 2018. Debt reduction is a key focus in the second half of the year.

Capital expenditure of $2.3 million in the first half of the financial year represents a 76% reduction on the $9.7 million invested in the prior comparable period, however increased spending is anticipated in the second half of the year.

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Independent review report

To the shareholders of Metro Performance Glass Limited

Report on the consolidated interim financial statements

We have reviewed the accompanying consolidated interim financial statements of Metro Performance Glass Limited ("the Company") and its controlled entities ("the Group") on pages 12 to 28, which comprise the consolidated interim statement of financial position as at 30 September 2018, and the consolidated interim statement of comprehensive income, the consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the half year ended on that date, and notes to the consolidated financial statements.

Directors' responsibility for the consolidated interim financial statements

The Directors are responsible on behalf of the Group for the preparation and presentation of these consolidated interim financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and for such internal controls as the Directors determine are necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion on the accompanying consolidated interim financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34. As the auditors of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

We are independent of the Group. Our firm carries out other services for the Group in the areas of executive reward and other tax related services. The provision of these other services has not impaired our independence.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these consolidated interim financial statements of the Group are not prepared, in all material respects, in accordance with IAS 34 and NZ IAS 34.

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 9 355 8000, F: +64 9 355 8001, pwc.co.nz

Who we report to

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
26 November 2018

Auckland

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 SEPTEMBER (UNAUDITED)

	CONSOLIDATED	CONSOLIDATED
	Sep-18 $'000	**Sep-17 $'000**
Sales revenue	140,520	141,706
Cost of sales	(77,566)	(77,954)
Gross Profit	**62,954**	**63,752**
Distribution and glazing related expenses	(22,355)	(21,589)
Selling and marketing expenses	(6,986)	(7,016)
Administration expenses	(18,123)	(16,315)
Operating profit	**15,490**	**18,832**
Interest expense	(2,655)	(2,347)
Interest income	5	94
Profit before income taxation	**12,840**	**16,579**
Income taxation expense	(3,710)	(4,808)
Profit for the period	**9,130**	**11,771**
Other Comprehensive Income		
Exchange differences on translation of foreign operations	513	(79)
Cash flow hedges	953	368
Total comprehensive income for the period attributable to shareholders	**10,596**	**12,060**
Earnings per share		
Basic Earnings per share (cents per share)	4.9	6.4
Diluted Earnings per share (cents per share)	4.9	6.2

The Board of Directors authorised these financial statements for issue on 26 November 2018.
For and on behalf of the Board:

Peter Griffiths
Chairman

Willem (Bill) Roest
Director

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER (UNAUDITED)

	CONSOLIDATED	CONSOLIDATED (AUDITED)	CONSOLIDATED
	Sep-18 $'000	Mar-18 $'000	Sep-17 $'000
Assets			
Current assets			
Cash and cash equivalents	2,709	360	–
Trade and other receivables	42,144	40,417	42,785
Inventories	24,023	23,531	25,233
Derivative financial instruments	1,104	–	–
Income tax asset	1,344	–	–
Other current assets	4,855	5,537	4,384
Total current assets	**76,179**	**69,845**	**72,402**
Non-current assets			
Property, plant and equipment	65,765	68,372	62,047
Deferred tax assets	3,207	3,083	3,692
Intangible assets	158,634	159,487	162,087
Total non-current assets	**227,606**	**230,942**	**227,826**
Total assets	**303,785**	**300,787**	**300,228**
Liabilities			
Current liabilities			
Bank overdraft	2,538	3,857	2,365
Trade and other payables	29,597	31,331	30,323
Contract liabilities	1,081	–	–
Income tax liability	1,534	2,776	3,502
Derivative financial instruments	321	315	871
Provisions	936	1,331	3,462
Total current liabilities	**36,007**	**39,610**	**40,523**

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONT.)

	CONSOLIDATED	CONSOLIDATED (AUDITED)	CONSOLIDATED
	Sep-18 $'000	Mar-18 $'000	Sep-17 $'000
Non-current liabilities			
Deferred tax liabilities	3,132	3,514	3,931
Interest bearing liabilities	95,402	90,818	91,547
Derivative financial instruments	689	919	–
Lease incentive	2,622	2,572	2,567
Provisions	3,098	3,018	–
Total non-current liabilities	**104,943**	**100,841**	**98,045**
Total liabilities	**140,950**	**140,451**	**138,568**
Net assets	**162,835**	**160,336**	**161,660**
Equity			
Contributed equity	306,653	306,653	305,165
Retained earnings	25,409	24,233	26,393
Group reorganisation reserve	(170,665)	(170,665)	(170,665)
Share based payments reserve	612	755	686
Foreign currency translation reserve	762	249	708
Cash flow hedge reserve	64	(889)	(627)
Total equity	**162,835**	**160,336**	**161,660**

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 SEPTEMBER (UNAUDITED)

	CONSOLIDATED			
	CONTRIBUTED EQUITY	RESERVES	RETAINED EARNINGS	TOTAL
	$'000	$'000	$'000	$'000
Opening balance as at 1 April 2017	304,950	(170,492)	22,037	156,495
Profit for the period	–	–	11,771	11,771
Movement in foreign currency translation reserve	–	(79)	–	(79)
Other comprehensive income for the period	–	368	–	368
Total comprehensive income (loss) for the period	**–**	**289**	**11,771**	**12,060**
Dividends Paid	–	–	(7,415)	(7,415)
Payments received on management incentive plan shares	215	–	–	215
Movement in share based payments reserve	–	305	–	305
Total transactions with owners, recognised directly in equity	215	305	(7,415)	(6,895)
Unaudited closing balance at 30 September 2017	**305,165**	**(169,898)**	**26,393**	**161,660**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONT.)

FOR THE HALF YEAR ENDED 30 SEPTEMBER (UNAUDITED)

	CONTRIBUTED EQUITY	RESERVES	RETAINED EARNINGS	TOTAL
	$'000	$'000	$'000	$'000
Opening balance as at 1 October 2017	305,165	(169,898)	26,393	161,660
Profit for the period	–	–	4,507	4,507
Movement in foreign currency translation reserve	–	(459)	–	(459)
Other comprehensive income (loss) for the period	–	(262)	–	(262)
Total comprehensive income (loss) for the period	**–**	**(721)**	**4,507**	**3,786**
Dividends Paid	–	–	(6,667)	(6,667)
Payments received on management incentive plan shares	1,488	–	–	1,488
Movement in share based payments reserve	–	69	–	69
Total transactions with owners, recognised directly in equity	1,488	69	(6,667)	(5,110)
Audited closing balance at 31 March 2018	**306,653**	**(170,550)**	**24,233**	**160,336**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONT.)

FOR THE HALF YEAR ENDED 30 SEPTEMBER (UNAUDITED)

	CONTRIBUTED EQUITY	RESERVES	RETAINED EARNINGS	TOTAL
	$'000	$'000	$'000	$'000
Balance at 31 March 2018	306,653	(170,550)	24,233	160,336
Change in accounting policy	–	–	(1,290)	(1,290)
Deferred tax impact on IFRS 9 adoption	–	–	378	378
Restated total equity at 1 April 2018	306,653	(170,550)	23,321	159,424
Profit for the period	–	–	9,130	9,130
Movement in foreign currency translation reserve	–	513	–	513
Other comprehensive income (loss) for the period	–	953	–	953
Total comprehensive income (loss) for the period	**–**	**1,466**	**9,130**	**10,596**
Dividends Paid	–	–	(7,042)	(7,042)
Payments received on management incentive plan shares	–	–	–	–
Movement in share based payments reserve	–	(143)	–	(143)
Total transactions with owners, recognised directly in equity	–	(143)	(7,042)	(7,185)
Unaudited closing balance at 30 September 2018	**306,653**	**(169,227)**	**25,409**	**162,835**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 SEPTEMBER (UNAUDITED)

	CONSOLIDATED	CONSOLIDATED
	SEP–18 $'000	SEP–17 $'000
Cash flows from operating activities		
Receipts from customers	138,813	141,923
Payments to suppliers and employees	(119,725)	(117,028)
Interest received	5	94
Interest paid	(2,910)	(2,332)
Income taxes paid	(6,808)	(5,091)
Net cash inflow from operating activities	**9,375**	**17,566**
Cash flows from investing activities		
Payments for property, plant & equipment	(2,237)	(9,464)
Payments for intangible assets	(110)	(247)
Net cash outflow from investing activities	**(2,347)**	**(9,711)**
Cash flows from financing activities		
Repayment of borrowings	(3,910)	(3,189)
Drawdown of borrowings	7,644	–
Payments received on management incentive plan shares	–	215
Dividend paid	(7,042)	(7,415)
Net cash inflow/(outflow) from financing activities	**(3,308)**	**(10,389)**
Net decrease in cash and cash equivalents	**3,720**	**(2,534)**
Cash and cash equivalents at the beginning of the period	(3,497)	248
Effects of exchange rate changes on cash and cash equivalents	(52)	(79)
Cash and cash equivalents at end of the period	**171**	**(2,365)**

The above statement of cash flows should be read in conjunction with the accompanying notes.

FINANCIAL PERFORMANCE

Segment Information

Operating segments of the Group at 30 September 2018 have been determined based on financial information that is regularly reviewed by the Board in conjunction with the Chief Executive Officer and Chief Financial Officer, collectively known as the Chief Operating Decision Maker for the purpose of allocating resources, assessing performance and making strategic decisions.

Substantially all of the Group's revenue is derived from the sale of glass and related products and services. This revenue is split by channel only at the revenue level into Commercial, Residential and Retrofit. Commercial revenue reflects sales through four specific commercial glazing operations in New Zealand. The allocation of sales between residential and commercial can be difficult as the Group does not always know the end use application. Following the acquisition of AGG on 1 September 2016 the Group operates in two geographic segments, New Zealand and Australia.

Group costs consist of insurance, professional services, director fees and expenses, listing fees and share incentive scheme costs.

	SEP–18			
	New Zealand $'000	**Australia $'000**	**Eliminations & Other $'000**	**Group $'000**
Commercial Glazing	24,194	–	–	24,194
Residential	76,661	27,485	–	104,146
Retrofit	12,180	–	–	12,180
Total revenue	113,035	27,485	–	140,520
Gross Profit	57,670	5,284	–	62,954
Segmental EBITDA	22,301	568	–	22,869
Group Costs	–	–	(130)	(130)
Group EBITDA	–	–	–	22,739
Depreciation and amortisation	5,334	1,915	–	7,249
EBIT	16,967	(1,347)	(130)	15,490
Segment Assets	275,121	71,640	(42,976)	303,785
Segment Non-current Assets (excluding Deferred tax assets)	185,064	53,585	(14,250)	224,399
Segment Liabilities	29,148	55,133	56,669	140,950

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

FINANCIAL PERFORMANCE (CONT.)

Segment Information (cont.)

	SEP-17			
	New Zealand $'000	**Australia $'000**	**Eliminations & Other $'000**	**Group $'000**
Commercial Glazing	25,166	–	–	25,166
Residential	75,306	29,596	–	104,902
Retrofit	11,638	–	–	11,638
Total revenue	112,110	29,596	–	141,706
Gross Profit	55,891	7,861	–	63,752
Segmental EBITDA	21,385	3,911	–	25,296
Group Costs	–	–	(614)	(614)
Group EBITDA	–	–	–	24,682
Depreciation and amortisation	4,527	1,323	–	5,850
EBIT	16,858	2,588	(614)	18,832
Segment Assets	272,304	61,964	(34,040)	300,228
Segment Non-current Assets (excluding Deferred tax assets)	189,060	49,324	(14,250)	224,134
Segment Liabilities	33,536	43,779	61,253	138,568

BASIS OF PREPARATION

Reporting Entity

These financial statements are for Metro Performance Glass Limited ('the Company') and its subsidiaries (together, 'the Group'). The Group supplies processed flat glass and related products primarily to the residential and commercial building sectors. The Company is a for-profit entity for financial reporting purposes and has operations and sales in New Zealand and Australia.

Statutory base

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 5 Lady Fisher Place, East Tamaki, Auckland.

The incorporation date for Metro Performance Glass Limited was 30 May 2014 and as part of a group reorganisation was listed on the New Zealand Securities Exchange (NZSX) on 29 July 2014.

The comparative trading results presented encompass the 6 month period from 01 April 2017 to 30 September 2017.

Basis of preparation

These consolidated financial statements have been approved for issue by the Board of Directors on 26 November 2018.

The Group's unaudited condensed consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalent International Financial Reporting Standards NZ IAS 34; Interim Financial Reporting and International Accounting Standard IAS 34: Interim Financial Reporting.

These financial statements are presented in New Zealand dollars and rounded to the nearest thousand. These financial statements do not include all the information required for full financial statements, and consequently should be read in conjunction with the full financial statements of the Group for the period ended 31 March 2018. The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's audited financial statements for the period ended 31 March 2018. The only exception is the adoption of new or amended standards as set out below.

Metro Performance Glass Limited is a limited liability company registered under the New Zealand Companies Act 1993 and is a Financial Market Conduct reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

Principles of consolidation

The financial statements incorporate the assets and liabilities of all subsidiaries of Metro Performance Glass Limited ('the company' or 'the parent entity') as at 30 September 2018 and the results of all subsidiaries for the period then ended.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

BASIS OF PREPARATION (CONT.)

Principles of consolidation (cont.)

Subsidiaries are all entities over which the Group has control. It is a controlled entity of Metro Performance Glass if Metro Performance Glass is exposed and has a right to variable returns from the entity and is able to use its power over the entity to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided evidence of the impairment of the asset transferred.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars, which is Metro Performance Glass Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated 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 period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusively of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards adopted by the Group

A number of new standards become applicable for the current reporting period and the Group has had to change its accounting policies as a result of adopting the following standards:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*

The impact of the adoption of these new standards is disclosed below.

Impact of standards issued but not yet adopted by the Group

IFRS 16 *Leases* was issued in January 2016. It will result in almost all leases being recognised in the Statement of Financial Position, as the distinction between operating leases and finance leases is removed. The standard is mandatory for reporting periods beginning on or after 1 April 2019. The Group does not intend to adopt the standard before its mandatory effective date and is still to finalise its full impact.

Changes in accounting policies

This note explains the impact of the adoption of IFRS 15 and IFRS 9 on the Group's consolidated interim financial statements and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to those applied in prior periods.

IFRS 15 *Revenue from Contracts with Customers* – impact of adoption

The Group adopted IFRS 15 *Revenue from Contracts with Customers* for the first time from 1 April 2018. The Group applied NZ IFRS 15 retrospectively with the cumulative effect of applying the standard for the first time recognised at the date of initial application (1 April 2018).

The Group identified changes in the timing of revenue recognition as a result of the adoption of NZ IFRS 15 and accordingly there was a net $0.04m adjustment for the cumulative effect against retained earnings at 1 April 2018.

(a) Accounting Policies

Sales of goods

The Group derives revenue for the provision and assembly of customised glass products. Sales of goods are recognised at a point in time when a Group entity has delivered glass products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

Sales of supply and install services

The Group provides glazing services throughout the Metro Performance Glass branch network. For sales of supply and glazing services, revenue is recognised over time, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONT.)

IFRS 15 *Revenue from Contracts with Customers* – impact of adoption (cont.)

(b) Presentation of the consolidated interim financial statements related to contracts with customers

A contract liability is recognised where a deposit is received on acceptance of a quote, as the deposit is fully refundable if the contract does not go ahead. These were previously disclosed in Trade and other payables ($1.1m at 1 April 2018).

IFRS 15 requires the disaggregation of revenue to provide clear and meaningful information. For the Group, Management concluded that presentation of revenue in terms of the geographical region and channel was most appropriate. This has been presented in the Segment Information disclosure.

IFRS 9 *Financial Instruments* – impact of adoption

IFRS 9, as it relates to the Group, replaces the provisions of IAS 39 that relate to the recognition, classification, measurement and impairment of financial assets. The adoption of IFRS 9 from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated interim financial statements. The new accounting policies are set out in the sections below, along with the impact on the consolidated interim financial statements.

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policies.

Classification and measurement

From 1 April 2018, the Group classified its financial assets as being measured at amortised cost. These were previously classified as loans and receivables. There was no change in measurement as a result of the reclassification. At initial recognition, the group measures a financial asset at its fair value plus transactions costs that are directly attributable to the acquisition of the financial asset. Subsequently, they are measured at amortised cost.

The Group has one type of financial asset that is subject to IFRS 9's new expected credit loss model, that being Trade and other Receivables.

The Group was required to revise its impairment methodology under IFRS 9 for Trade and other Receivables. The impact of the change in impairment methodology on the group's retained earnings and equity is disclosed in the table below.

Trade and other Receivables

From 1 April 2018, the Group assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In assessing whether there has been a significant increase in credit risk, the Group considers both forward looking and financial history of counterparts to assess the probability of default or likelihood that full settlement is not received.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognised from initial recognition of the trade receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

To measure expected credit losses, trade receivables have been grouped and reviewed on the basis of the number of days past due. The expected credit loss allowance has been calculated by considering the impact of the following characteristics:

- The Baseline characteristic considers the write-off history of the Group as a predictor of future conditions and applies an increasing expected credit loss estimate as trade receivables age.
- The Market characteristic considers the relative risk related to any particular market segment and makes an assessment of the indirect exposure the Group has in respect to this market segment's conditions via our customer base. Of particular focus with respect to this characteristic in the current period is the vertical construction market segment.

The expected credit loss allowance as at 1 April was determined as follows for trade receivables

	CURRENT	30–59 DAYS	60–89 DAYS	90 DAYS AND LATER	TOTAL
1 APRIL 2018	**NZ$'000**	**NZ$'000**	**NZ$'000**	**NZ$'000**	**NZ$'000**
Gross carrying amount	24,786	8,100	1,187	7,339	41,412
Baseline	136	144	96	439	815
Market	191	93	5	230	519
Total expected credit loss rate	1.32%	2.92%	8.51%	9.12%	3.22%
Expected credit loss allowance	**327**	**237**	**101**	**669**	**1,334**

The ageing profile of the Gross carrying amount above does not necessarily reflect whether an amount is past due and impaired as customer credit terms vary and a significant amount of the aged receivable represents contractual retentions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONT.)

Trade and other Receivables (cont.)

The expected credit loss allowance for trade receivables as at 31 March 2018, as reported in the Annual Report, reconciles to the opening loss allowance on 1 April 2018 as follows:

	NZ$'000
Loss allowances for trade receivables	
At 31 March 2018 - calculated under IAS 39	995
Amounts restated through opening retained earnings	1,334
Opening loss allowance as at 1 April 2018 – calculated under IFRS 9	**2,329**

Over the period, the trade receivables position has improved resulting in a reduction in the expected credit loss allowance of $0.05m. This amount was recognised during the period within the Statement of Comprehensive Income in Administration Expenses.

FINANCIAL INSTRUMENTS

Management determines the classification of the Group's financial liabilities at initial recognition. The Group's financial liabilities for the periods covered by these consolidated interim financial statements consists of overdrafts, loans, trade and other payables, interest rate swaps and forward exchange contracts.

The Group measures all financial liabilities, with the exception of interest rate swaps and forward exchange contracts, at amortised cost in the periods covered by these consolidated interim financial statements. Interest rate swaps and forward exchange contracts are measured at fair value, recognised in other comprehensive income.

Financial liabilities measured at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Trade and other payables, bank overdrafts and loans are classified as financial liabilities measured at amortised cost.

Fair value measurement of financial assets and liabilities

The Group's financial assets and liabilities by category are summarised as follows:

Cash and cash equivalents

These are short term in nature and their carrying value is equivalent to their fair value.

Trade and other receivables

These assets are short term in nature and are reviewed for impairment; their carrying value approximates their fair value.

Trade payables and borrowings

Trade payables and borrowings are measured at amortised cost. The fair value of trade and other payables approximates carrying value due to their short term nature. The carrying value of the Group's bank borrowings also represents the fair value of the borrowings due to management's assessment that the interest rates approximate the market interest rate for a commercial loan of a comparable lending period.

Interest rate swaps and forward exchange contracts

These financial instruments were measured at fair value based on valuations provided by the ANZ Banking Group, Westpac Banking Corporation and Bank of New Zealand. All significant inputs were based on observable market data and accordingly have been categorised as level 2. At balance date, the fair value of interest rate swaps are -$1.0m (March 2018: -$0.9m) and the fair value of forward exchange contracts are $1.1m (March 2018: -$0.3m).

INTANGIBLE ASSETS

The Group tests intangible assets for impairment to ensure they are not carried at above their recoverable amounts:

- at least annually for goodwill with indefinite lives; and
- where there is an indication that the assets may be impaired (which is assessed at least each reporting date).

These tests for impairment are performed by assessing the recoverable amount of each individual asset through a value-in-use calculation.

During the six months ended 30 September 2018, the Australian cash generating unit (CGU) achieved lower revenue and earnings before interest and tax than the prior comparable period. Accordingly, the Group reviewed the recoverable amount of the Australian CGU goodwill. This review concluded that the recoverable amount of the Australian CGU is estimated to exceed the carrying value at 30 September 2018. The Group will reassess the value of goodwill again at year end.

The weaker Australian performance was due to the slow start-up of a new processing facility in Tasmania, and commissioning challenges in the Victoria and New South Wales operations. The two plants each had extended periods of variable operating performance following the introduction of new machinery and significant changes made to the site layouts in early 2018. The situation was compounded by higher than typical levels of staff turnover. To address these issues a new leadership team is now in place which brings considerable manufacturing experience and focus to the business as it works to stabilise performance in the second half of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

In determining the recoverable amount of goodwill, the Group has considered the Australian business performance during the period, the likely future impact of anticipated changes in the market for double glazing and the performance improvement initiatives which are currently underway. The impact of these changes are expected to be positive and support the existing carrying value. The discount rate applied in the value-in-use calculations increased from 9.5% to 9.9%.

Given the inherent uncertainty and judgement required in forecasting, there is a risk that the forecast cash flows may not be achieved over the modelled period.

There have been no changes to the estimated useful life of other intangible assets. The amortisation expense for the six months ended 30 September 2018 was $1.8m (September 2017: $1.86m).

PROPERTY, PLANT AND EQUIPMENT

There have been no material changes in the estimated useful life of key items of plant and machinery or any significant disposals. The depreciation expense for the six months ended 30 September 2018 was $5.35m (September 2017: $3.98m).

OTHER DISCLOSURES

Related Parties

There have been no material changes in the nature or amount of related party transactions since 31 March 2018.

COMPANY DIRECTORY

REGISTERED OFFICE

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New Zealand

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BOARD OF DIRECTORS

Peter Griffiths - Non-Executive Chair and Member of the Audit and Risk Committee

Angela Bull - Non-Executive Director and Chair of the People and Culture Committee

Gordon Buswell - Non-Executive Director and Member of the People and Culture Committee

Russell Chenu - Non-Executive Director and Member of the Audit and Risk Committee

Willem (Bill) Roest - Non-Executive Director and Chair of the Audit and Risk Committee

Rhys Jones - Non-Executive Director and Member of the People and Culture Committee

SENIOR LEADERSHIP

Simon Mander - Chief Executive Officer

John Fraser-MacKenzie - Chief Financial Officer

Geoff Rasmussen - General Manager Operations

Andrew Dallison - General Manager South Island

Barry Paterson - General Manager Commercial

Robyn Gibbard - Upper North Island Sales

Gareth Hamill - Metro Glass Commercial Glazing, Lower North Island

Alex McDonald - Metro Glass Operations

Dayna Saunders - Metro Glass Human Resources

AUDITOR

PricewaterhouseCoopers
22/188 Quay Street
Auckland 1142
New Zealand

LAWYERS

Bell Gully
Vero Centre
48 Shortland Street
Auckland 1140
New Zealand

BANKERS

ANZ Bank New Zealand Limited

Bank of New Zealand Limited

Westpac New Zealand Limited

SHARE REGISTRAR

Link Market Services
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80 Queen Street, Auckland 1010
PO Box 91976, Auckland 1142

FURTHER INFORMATION ONLINE

This Interim Report, all our core governance documents (our Constitution, some of our key Policies and Charters), our Investor relations policies and all our announcements can be viewed on our website: http://www.metroglass.co.nz/investor-centre/

insightcreative.co.nz MPG011

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