INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020

METRO PERFORMANCE GLASS

Front cover: Backlit wall, New Zealand | This page: LowE double glazing, Australia

The Metroglass Group displayed resilience through the first 6 months of FY21, supported by the strength and dedication of its people.

Metroglass had a solid first half in New Zealand, although the COVID-19 shutdown impacts overshadowed underlying performance.

The Australian turnaround progressed well with good operational performance and an EBIT positive result.

Metroglass continues to significantly reduce its debt through strong operating cash flows and targeted capital expenditure.

CHAIR LETTER


Peter Griffiths
CHAIR

Firstly, I would like to acknowledge the resilience of our people during a period of significant uncertainty. Their commitment has helped shape a stronger and focused Metro Performance Glass Group.

Our operations in New Zealand were completely shut down for 32 days during COVID-19 Alert Level 4 from late March to late April 2020. However, thanks to our dedicated and motivated teams, we were able to quickly resume safe operations through Alert Levels 3 and 2. Immediately post shutdown, demand was solid in all our segments, and everyone was focused on prompt delivery to our customers. Pleasingly, we still have strong forward order books for the near term, but in line with many economic forecasters, we expect activity may begin to soften in the new calendar year.

Considering the challenges of the pandemic and an intensely competitive market, the New Zealand business achieved a solid financial performance in the first half of the year.

Australian Glass Group (AGG) continued to operate throughout the first half of the financial year without significant disruption and successfully managed the increasing COVID-19 restrictions and safety requirements with compassion and efficiency. Demand held up well, and encouragingly, our range of high-performance double-glazing products continued to penetrate the residential market in the south east of Australia.

AGG continued its improving trajectory and delivered a positive EBIT for the first half, driven in part by the restructure of our NSW business late last calendar year. Pleasingly, the turnaround plan continues to be executed well with its improved performance helping to offset some of the weakness in the New Zealand business relative to the same period last financial year due to the April shutdown.

It is still very uncertain how long COVID-19 will be with us and what impacts we'll see in our markets. However, as we advised at last year end, we will continue to monitor events and plan for a range of scenarios. This process has provided us with a useful frame of reference when making key decisions and assessing evolving information from inside and outside the business.

It is widely promoted that the construction sector has an important part to play in the future economic recovery of New Zealand

and Australia. When this occurs, it should provide the Group with a greater set of opportunities, and we will ensure that we have a capable team and robust operations in order to deliver market-leading products and services for our customers.

The disruptions of the first half of this financial year resulted in the Group achieving revenue of $117.0 million and EBIT of $12.8 million.[1] The improved Australian financial result and New Zealand Government wage subsidy helped the Group performance but were not sufficient to offset the significant financial impacts that resulted from the 5-week shutdown in New Zealand.

Strong operating cash flows, including effective inventory and debtor management, and the sale and leaseback of approximately two-thirds of the New Zealand vehicle fleet had allowed us to further strengthen the balance sheet by lowering debt. Net bank debt was reduced from $66.9 million at 31 March 2020 to $47.7 million[2] as at 30 September 2020, down $19.2 million in the 6 months since the first impacts of COVID-19. Year-on-year net bank debt has been reduced by $25.7 million from 30 September 2019.

The Board remains committed to reducing the company's leverage ratio to below 1.5x net debt to EBITDA (pre IFRS-16)[3], and is pleased with the progress being made. Once this is achieved on a sustainable basis, the Board will review the Group's capital management position and consider the possibility of resuming dividends to shareholders, taking into account the prevailing economic environment and the Board's view for the Group's future financial performance.

Despite the immediate challenges posed by the COVID-19 pandemic, the Board's longer-term focus remains on ensuring that the company is a successful glass processor that delivers value to its stakeholders. In service of this, our key near-term goals continue to be:

- to defend our leadership position in an increasingly competitive New Zealand market
- to grow and improve the profitability of our Australian business
- to ensure our balance sheet is strong and sufficient to cope with future risks and opportunities

I believe we have made progress on all three of these goals during the period in review.

Reflecting the significant level of uncertainty the Group is facing, we now anticipate providing guidance on expected results for the 2021 financial year alongside a trading update in February 2021.

On behalf of the Board, I would like to thank Metroglass employees for their dedication and commitment during a very challenging year to date.

PETER GRIFFITHS
Chair

1. Earnings before interest, tax, and significant items (being a $1.0 million gain on sale of vehicles).
2. Net debt includes net bank debt of $47.7 million and other interest-bearing liabilities of $3.3 million which arose primarily through the sale and leaseback of vehicles.
3. The leverage ratio was 1.53x at 30 September 2020, down from 1.95x last year.

CHIEF EXECUTIVE OFFICER REVIEW

Simon Mander
CEO

INFLUENCE OF COVID-19 ON METROGLASS

A prominent feature of the first 6 months of FY21 has been the evolving environment that the COVID-19 pandemic has presented in New Zealand and Australia.

Metroglass started the first 4 weeks of FY21 in an Alert Level 4 shutdown in New Zealand and operating under various levels of restrictions in Australia. At that time, the Group had already moved swiftly and safely to shut down our four New Zealand manufacturing plants, established the continuity of business operations that could be continued remotely (head office functions, sales and customer service, engineering specification and design) and committed to supporting our people with 100% of their contracted wages and salaries for the 5-week period of Alert Level 4.

Simultaneously, we moved to preserve cash and ensure sufficient balance sheet liquidity. We transparently negotiated payment terms with our critical suppliers, engaged with our banking syndicate on covenant relief, sought rent relief from our landlords, cut all non-essential capital expenditure and discretionary spend and applied for the first round of the New Zealand Government wage subsidy.

Once COVID-19 restrictions eased in New Zealand, we resumed production, implementing safety and sanitation procedures, and gradually introduced more of our team back onto our sites. In July and August, when the second waves emerged in Victoria followed by New Zealand, we were prepared and efficiently reverted to our COVID-19 response protocols. Our teams worked incredibly hard to achieve the desired level of service performance and communication our customers expect, and I thank them for their efforts.

PEOPLE PRIORITIES

Our people have displayed a tremendous amount of resilience to keep Metroglass operating and delivering to our customers amongst challenging work and personal circumstances as a result of the pandemic. Over the past 6 months, we have ensured that our people remain connected with their teams and the organisation, supported through regular check-ins, and established relevant COVID-19 procedures to keep them safe at work.

We continue to focus on building our long-term capabilities through a series of online and on-the-job training initiatives. In the half we launched a Brighter Minds programme supporting emerging leaders

Our people have displayed a tremendous amount of resilience to keep Metroglass operating and delivering to our customers.

to develop the knowledge and skills to be successful in their roles and to work towards a New Zealand Certificate in Business (Introduction to Team Leadership). Our apprenticeship programme currently has more than 80 apprentices enrolled and working towards a formal qualification. This scheme is now supported by the New Zealand Government's Targeted Training and Apprenticeship Fund (TTAF). We have been pleased to see our apprentices being recognised for their hard work externally, with Metroglass glaziers winning the Window & Glass Association's Glass and Glazing Most Promising Apprentice of the Year Award in both 2019 and 2020.

In addition to delivering improved financial results, our Australian team has also made great progress on its culture and people engagement, with year-on-year reductions in serious safety incidents, staff turnover and staff absenteeism.

CUSTOMER FEEDBACK

The first 6 months has underlined the importance of our strong customer relationships. Throughout that time, we worked closely with our customers on COVID-19 safety practices, ensured widespread awareness on the various support packages available from the government agencies and the banking sector and were in regular communication.

In June, we conducted the third of our 6-monthly customer surveys. The results of this survey are unique, reflecting the views of our customers during the post-shutdown ramp-up period and post the emergence of COVID-19.

The ratings received in both New Zealand and Australia were consistent with our two prior survey results, with our customers complimentary of our people and pleased with the improvements made in our communications and our ability to be responsive to their needs. Inconsistencies in service performance and extended lead times during the post-shutdown ramp-up period were noted, and we worked hard to resolve these quickly alongside the wider supply chain.

FINANCIAL HIGHLIGHTS

Overall, the Group delivered a solid performance in the 6 months to 30 September, despite the COVID-related shutdown in New Zealand in April hampering our ability to generate revenue. As restrictions lifted, we ramped up production quickly. Pleasingly, sustained improvements in operating and financial performance from AGG has resulted in a return to a positive EBIT.

Group revenue of $117.0 million was 14% lower than the same 6-month period last year, and Group EBIT[1] declined 12% to $12.8 million. Reported net profit after tax (NPAT) for the first half of FY21 declined 2% to $7.6 million.

In New Zealand, the rebound in trading from June onwards to levels that were largely in line with the prior year and receipt of the New Zealand Government wage subsidy were not enough to offset the almost nil revenue achieved in April and reduced revenue in May. Revenue of $89.2 million was 19% lower than last year, and EBIT declined 26% to $12.8 million.

AGG was able to continue operating throughout the half with fewer significant disruptions. AGG's revenue was 3% ahead of last year supported by a significant shift in sales mix towards double-glazed units. Following a 2-year turnaround programme AGG delivered a positive EBIT of $0.4 million in the half, an improvement of $2.7 million on the same period last year. The business is not yet achieving acceptable financial returns but is on a good trajectory and is well placed to benefit from the increased use of double glazing in south east Australia.

Digital print partitions, school, New Zealand

GROUP REVENUE

$117.0M

-14%

GROUP EBIT[1]

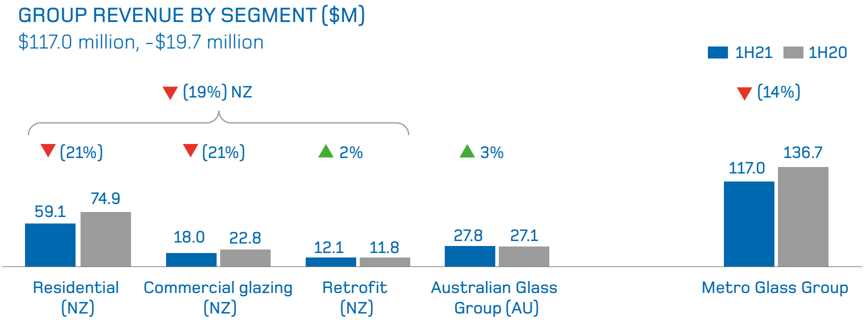
$12.8M

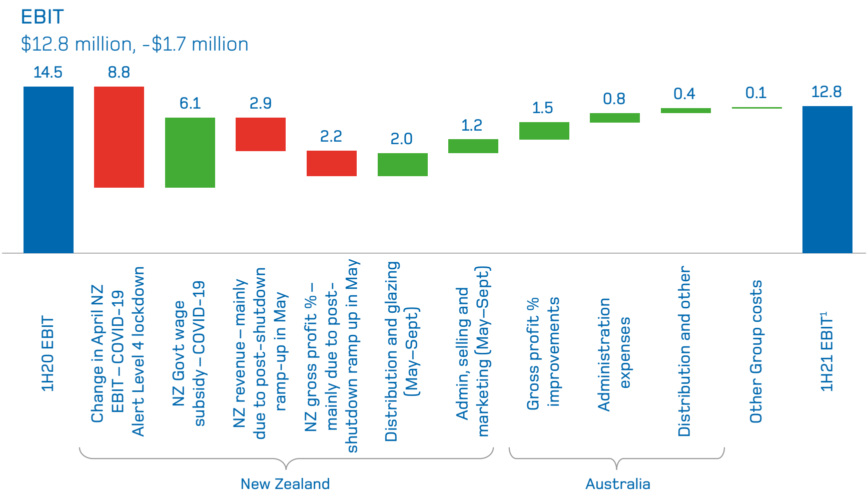
-12%

Our strong operating cash flows, including effective working capital management, and the sale and leaseback of approximately two-thirds of the New Zealand vehicle fleet have allowed us to reduce net bank debt by $19.2 million since March 2020 or $25.7 million since September 2019.

SUMMARY OF RESULTS FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2020 (1H21)

$M	New Zealand		Australia		Group	
	1H21	1H20	1H21	1H20	1H21	1H20
Revenue	**89.2**	**109.6**	**27.8**	**27.1**	**117.0**	**136.7**
Segmental EBIT[1]	**12.8**	**17.2**	**0.4**	**(2.3)**		
Group EBIT[1]					**12.8**	**14.5**
NPAT					**7.6**	**7.7**





NEW ZEALAND REVIEW

REVENUE

$89.2M

-19%

EBIT

$12.8M

-26%

Digital print canopy, New Zealand

New Zealand's underlying performance over a very challenging 6-month period demonstrates the resilience of the business. Metroglass responded well to numerous COVID-19-driven issues including significant levels of demand uncertainty and volatility, supply chain disruptions and operating restrictions, in addition to increased levels of competition across the country.

Glass products are typically installed in the latter stages of the building process, and it was positive to observe steady demand from June to September as customers worked to catch up on disrupted work schedules. The stimulus and support packages provided by the New Zealand Government and the banks offering record low interest rates have underpinned the confidence in the construction sector.

Total revenue in New Zealand was 19%, or $20.4 million, lower than the prior year primarily as a result of the shutdown period. From June to September, on a daily sales basis, revenue was 4% lower than the same period in the prior year, with growth in our Retrofit and commercial segments offset by softness in the window manufacturer and merchant segments.

Nationally, revenue from the residential segment declined by 21% to $59.1 million, as the COVID-19 shutdown and subsequent restrictions impacted new residential construction activity. Metroglass continues to operate in a highly competitive market and is focused on building a strong value proposition and relationships with new and existing customers.

In our commercial glazing segment, revenue declined by 21% to $18.0 million, driven by the shutdown period. Positively, Metroglass has experienced no significant project cancellations with the forward book ending the half 29% higher than it was at 30 September 2019. This increase is in part due to the shutdown period, but also reflects our improved performance and acceptance rates.

Revenue from the Retrofit double-glazing channel increased 2% to 12.1 million despite the shutdown period, with enquiry levels (as measured by the number of leads received) greater than the prior year as well as an increase in the percentage of acceptances. In a time of limited international travel, many customers are electing to invest and upgrade their properties having spent more time working remotely and seeking a warmer, drier and healthier home. Pleasingly, this is reflected in our forward book of work, which ended the half 76% higher than it was at 30 September 2019.

New Zealand's EBIT of $12.8 million was 26% below last year. The impact of the 5-week Alert Level 4 shutdown in New Zealand was significant and resulted in an EBIT loss in April 2020 that was $8.8 million lower than April 2019. While we were able to resume operations in May 2020, the progressive ramp-up of production and sales impacted both revenue and the gross profit margin in the month. The impacts in April and May were only partly offset by the government wage subsidy of $6.5 million, which applied for 12 weeks from April to June ($0.4 million of this subsidy was recognised in the 2020 financial year).

It was pleasing that Metroglass revenue and gross profit percentage from June to September remained broadly in line with the same 4-month period last year. This is a good result in a competitive environment and was supported by a continued shift towards higher-value products including toughened, laminated and low-emissivity (LowE) glass products. The business also focused on closely managing costs and achieved savings across distribution and glazing, sales and marketing and administration.

Metroglass operates in a highly competitive market that has seen the introduction of new glass processing capacity over several years, most recently in April this year. We are well accustomed to this environment, and our product and service offering and deep customer relationships have remained at the centre of our value proposition, enabling us to retain our market-leading position.

Metroglass responded well to numerous COVID-19-driven issues ... in addition to increased levels of competition across the country.

Laminated and digital print canopy, New Zealand

AUSTRALIAN GLASS GROUP REVIEW

REVENUE

$27.8M

+3%

EBIT

$0.4M

($2.3M loss in prior period)

LowE double glazing, Australia

The impacts of COVID-19 have been far reaching in the residential construction sector. Pleasingly, each of our manufacturing plants (Melbourne, Sydney and Hobart) have operated well in spite of varying restrictions and safety protocols. In a highly fragmented market and as a smaller, regionally focused business, there has been limited impact on our operations from government restrictions in metropolitan Melbourne.

While AGG has not received Australian Government support directly, these initiatives and stimulus packages continue to support construction activity more broadly and sustain on-going works, thus recognising the contribution and on-going level of employment provided by the sector.

AGG has continued to successfully execute against its turnaround plan. The business is now delivering strong and consistent operational performance, which is being recognised in the market and is flowing through to improved financial results.

AGG's revenue grew 3% to 27.8 million, with sustained operational performance, positive customer feedback and marketing programmes continuing to support growth in new and existing customers. AGG's sales of double-glazed units grew 18% versus the same 6-month period last year, despite declines in Australian new housing construction. This growth was offset in the half by a 38% decline in the sales of other glass products, which was principally driven by the restructuring of our New South Wales business in December 2019.

Our Hobart plant continues to strengthen its position in the Tasmanian market, improving manufacturing efficiency as volumes have increased from its start-up in 2018. Our Melbourne plant, which accounts for a significant proportion of AGG's revenue, has performed consistently in difficult circumstances. In New South Wales, the structural changes made in December 2019 to reorientate the business solely towards the supply of double-glazed windows has resulted in stable and improved service performance.

AGG achieved a significant improvement in EBIT in the half year moving from a $2.3 million loss in the prior period to a $0.4 million profit this half, supported by reductions in overheads primarily as a result of the restructure of the New South Wales business in December 2019. AGG's continued success in growing its double-glazed unit sales illustrates the opportunity the increasing penetration of these products presents. We believe the business is on a strong footing with a positive long-term outlook.

AGG has continued to successfully execute against its turnaround plan. The business is now delivering strong and consistent operational performance.

BALANCE SHEET AND CASH FLOWS

In October, Metroglass announced the refinancing of its syndicated banking facilities extending the expiry date from August 2021 to October 2023 and reducing the total facility size from $120 million to $85 million, inclusive of a $10 million standby facility, which will expire in October 2021. This change reflects the company's success in reducing debt over the past 24 months and strikes an appropriate balance between minimising funding costs and maintaining appropriate financing flexibility.

Over the last 12 months, Metroglass has reduced net bank debt[2] by $25.7 million, supported by a reduction in working capital of $4.6 million and the sale and leaseback of two-thirds of our vehicle fleet, which provided a one-off cash benefit and will see an increase in lease costs going forward.

Metroglass continues to prudently manage costs across the business including capital expenditure, which reduced to $2.1 million from $4.3 million in the first half last year. Planned capital investments will increase in the second half of the year to a level similar to the same 6 months last year.

MARKET CONDITIONS AND OUTLOOK

Future market conditions remain uncertain and given that the impacts of COVID-19 and heightened market competition are likely to be with us for some time, it is critical that the Group remains vigilant and adaptable.

Consenting activity in New Zealand has been stronger than we had anticipated in recent months. However, there is some risk that building activity begins to soften early next year as a result of broader macro-economic factors as well as local issues such as extended border restrictions and further weakness in business confidence and labour markets.

Balancing this we've been pleased with the solid results in New Zealand in recent months, and our customers are typically citing good forward books of work through into the new calendar year.

The industry is currently experiencing significant disruptions and delays in international shipping, resulting from a surge in sea freight demand and backlogs at key ports. We are monitoring this situation closely and are increasing our safety stock levels as appropriate. However, we are anticipating an increase in shipping-related costs in the second half of the financial year.

In Australia, we remain confident that the improvements in AGG's EBIT results achieved in the first half will be sustained through FY21, although weighted towards the first half given the Christmas and new year shutdown period. This assumes no material change to COVID-19 restrictions.

Net debt reduction in the second half will be impacted by the above factors as well as capital expenditure returning to a level similar to the second half last year.

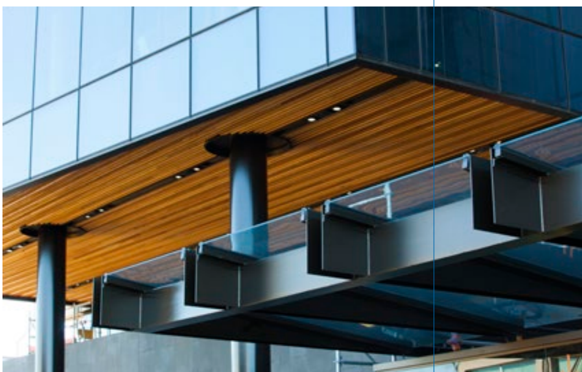
Reflecting the significant level of uncertainty the Group is facing, we now anticipate providing guidance on expected results for the 2021 financial year alongside a trading update in February 2021.

Our key goals remain unchanged. We will defend our strong position in the competitive New Zealand market, grow our Australian business and continue to improve its profitability and reduce debt to provide us with increased optionality for the future.

We're focused on building a resilient organisation that provides excellent operational performance, maintains strong customer connections and invests in and supports its people.

Finally, I would like to take the opportunity to thank all our shareholders, customers, suppliers and staff for their support and patience over the last 6 months.

SIMON MANDER
Chief Executive Officer



Top: Digital print mural, New Zealand

Bottom: Canopy and façade, New Zealand

Independent review report

To the shareholders of Metro Performance Glass Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements of Metro Performance Glass Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated interim statement of financial position as at 30 September 2020, 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 other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2020, and its financial performance and cash flows for the half year then ended, 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).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group in the areas of other related assurance services related to covenant certificates. The provision of these other services has not impaired our independence.

Directors' responsibility for the consolidated interim financial statements

The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the consolidated interim financial statements

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) 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. A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform 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 and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

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.

The engagement partner on the review resulting in this independent auditor's review report is Troy Florence.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
23 November 2020

Auckland

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	NOTES	CONSOLIDATED	CONSOLIDATED
		Sep–20 $'000	Sep–19 $'000
Sales revenue		116,952	136,691
Cost of sales		(66,224)	(72,910)
Gross profit		**50,728**	**63,781**
Distribution and glazing-related expenses		(21,510)	(24,253)
Selling and marketing expenses		(6,962)	(7,736)
Administration expenses		(15,640)	(17,298)
Other income	8	6,141	-
Profit before significant items, interest and tax		**12,757**	**14,494**
Significant items	10	951	-
Profit before interest and tax		**13,708**	**14,494**
Finance expense		(3,126)	(3,751)
Finance income		100	101
Profit before income taxation		**10,682**	**10,844**
Income taxation expense		(3,120)	(3,128)
Profit for the period		**7,562**	**7,716**
Other comprehensive income			
Items that may be reclassified to profit or loss in the future:			
Exchange differences on translation of foreign operations		160	(231)
Cash flow hedges (net of tax)		(1,558)	645
Total comprehensive income for the period attributable to shareholders		**6,164**	**8,130**
Earnings per share			
Basic and diluted earnings per share (cents per share)		4.1	4.2

The Board of Directors authorised these financial statements for issue on 23 November 2020.
For and on behalf of the Board:

Peter Griffiths
Chair

Graham Stuart
Director

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

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020 (UNAUDITED)

	CONSOLIDATED	CONSOLIDATED (AUDITED) RESTATED	CONSOLIDATED
	Sep-20 $'000	Mar-20 $'000	Sep-19 $'000
Assets			
Current assets			
Cash and cash equivalents	8,645	14,742	3,063
Trade and other receivables	34,548	33,294	38,416
Inventories	19,659	20,276	22,471
Derivative financial instruments	70	1,982	1,570
Other current assets	5,331	12,711	5,337
Total current assets	**68,253**	**83,005**	**70,857**
Non-current assets			
Property, plant and equipment	54,283	59,645	63,758
Right-of-use assets	52,463	50,363	54,819
Deferred tax	10,134	7,908	5,747
Intangible assets	57,605	57,499	146,288
Total non-current assets	**174,485**	**175,415**	**270,612**
Total assets	**242,738**	**258,420**	**341,469**
Liabilities			
Current liabilities			
Trade and other payables	27,531	24,601	29,657
Deferred income	1,975	7,366	1,249
Income tax liability	2,046	2,766	2,459
Derivative financial instruments	399	200	255
Interest-bearing liabilities	56,788	–	–
Lease liabilities	6,274	5,552	6,173
Provisions	1,308	1,992	1,065
Total current liabilities	**96,321**	**42,477**	**40,858**

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONT.)

AT 30 SEPTEMBER 2020 (UNAUDITED)

	CONSOLIDATED	CONSOLIDATED (AUDITED) RESTATED	CONSOLIDATED
	Sep-20 $'000	Mar-20 $'000	Sep-19 $'000
Non-current liabilities			
Interest-bearing liabilities	2,897	81,630	76,441
Derivative financial instruments	2,053	1,986	1,981
Lease liabilities	55,772	53,933	56,907
Provisions	3,645	2,551	3,902
Total non-current liabilities	**64,367**	**140,100**	**139,231**
Total liabilities	**160,688**	**182,577**	**180,089**
Net assets	**82,050**	**75,843**	**161,380**
Equity			
Contributed equity	307,198	307,198	306,837
Retained earnings	(53,907)	(61,469)	25,108
Group reorganisation reserve	(170,665)	(170,665)	(170,665)
Share-based payments reserve	974	931	805
Foreign currency translation reserve	145	(15)	(235)
Cash flow hedge reserve	(1,695)	(137)	(470)
Total equity	**82,050**	**75,843**	**161,380**

The above consolidated interim 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 2020 (UNAUDITED)

	CONSOLIDATED			
	CONTRIBUTED EQUITY	RESERVES	RETAINED EARNINGS	TOTAL
	$'000	$'000	$'000	$'000
Opening balance at 1 April 2019	306,693	(171,059)	21,329	156,963
Change in accounting policy (adoption of NZ IFRS 16)	–	–	(3,937)	(3,937)
Restated total equity at 1 April 2019	306,693	(171,059)	17,392	153,026
Profit for the period	–	–	7,716	7,716
Movement in foreign currency translation reserve	–	(231)	–	(231)
Other comprehensive income for the period	–	645	–	645
Total comprehensive income for the period	**–**	**414**	**7,716**	**8,130**
Payments received on management incentive plan shares	144	–	–	144
Movement in share-based payments reserve	–	80	–	80
Total transactions with owners, recognised directly in equity	144	80	–	224
Unaudited closing balance at 30 September 2019	**306,837**	**(170,565)**	**25,108**	**161,380**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONT.)

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	CONTRIBUTED EQUITY	RESERVES	RETAINED EARNINGS RESTATED	TOTAL
	$'000	$'000	$'000	$'000
Opening balance at 1 October 2019	306,837	(170,565)	25,108	161,380
Restated loss for the period (Note 9)	–	–	(86,577)	(86,577)
Movement in foreign currency translation reserve	–	220	–	220
Other comprehensive income for the period	–	333	–	333
Total comprehensive income/(loss) for the period	**–**	**553**	**(86,577)**	**(86,024)**
Payments received on management incentive plan shares	–	–	–	–
Vesting of employee share purchase scheme	361	(181)	–	180
Movement in share-based payments reserve	–	307	–	307
Total transactions with owners, recognised directly in equity	361	126	–	487
Audited closing balance at 31 March 2020	**307,198**	**(169,886)**	**(61,469)**	**75,843**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONT.)

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	CONTRIBUTED EQUITY	RESERVES	RETAINED EARNINGS	TOTAL
	$'000	$'000	$'000	$'000
Opening balance at 1 April 2020	307,198	(169,886)	(61,469)	75,843
Profit for the period	–	–	7,562	7,562
Movement in foreign currency translation reserve	–	160	–	160
Other comprehensive income/(loss) for the period	–	(1,558)	–	(1,558)
Total comprehensive income/(loss) for the period	**–**	**(1,398)**	**7,562**	**6,164**
Payments received on management incentive plan shares	–	–	–	–
Movement in share-based payments reserve	–	43	–	43
Total transactions with owners, recognised directly in equity	–	43	–	43
Unaudited closing balance at 30 September 2020	**307,198**	**(171,241)**	**(53,907)**	**82,050**

The above consolidated interim 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 2020 (UNAUDITED)

	CONSOLIDATED	CONSOLIDATED
	2020 $'000	2019 $'000
Cash flows from operating activities		
Receipts from customers	117,398	137,520
Payments to suppliers and employees	(96,191)	(110,561)
Government grants received	6,510	–
Interest received	100	101
Interest paid	(1,534)	(2,079)
Interest paid on leases	(1,544)	(1,653)
Income taxes paid	(5,155)	(4,412)
Net cash inflow from operating activities	**19,584**	**18,916**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	3,147	–
Payments for property, plant and equipment	(1,928)	(3,889)
Payments for intangible assets	(167)	(407)
Net cash inflow/(outflow) from investing activities	**1,052**	**(4,296)**
Cash flows from financing activities		
Lease liabilities principal payments	(2,575)	(3,172)
Repayment of bank borrowings	(27,438)	(15,500)
Drawdown of borrowings	–	1,565
Drawdown of other financing	3,334	–
Payments received on management incentive plan shares	–	144
Dividend paid	–	–
Net cash outflow from financing activities	**(26,679)**	**(16,963)**
Net decrease in cash and cash equivalents	**(6,043)**	**(2,343)**
Cash and cash equivalents at the beginning of the period	14,742	5,488
Effects of exchange rate changes on cash and cash equivalents	(54)	(82)
Cash and cash equivalents at end of the period	**8,645**	**3,063**

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1 BASIS OF PREPARATION

Reporting entity

These consolidated interim 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 1 April 2019 to 30 September 2019.

Basis of preparation

These consolidated interim financial statements have been approved for issue by the Board of Directors on 23 November 2020.

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 to International Accounting Standard NZ IAS 34 *Interim Financial Reporting* and International Accounting Standard IAS 34 *Interim Financial Reporting*.

These consolidated interim 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 year ended 31 March 2020. The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Group's audited financial statements for the year ended 31 March 2020.

Metro Performance Glass Limited is a limited liability company registered under the New Zealand Companies Act 1993 and is a Financial Markets 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 the NZX Main Board Listing Rules.

The Group's revenue and profitability follow a seasonal pattern with lower sales and net profits typically achieved in the second half of the financial year as a result of lower sales generated during the Christmas shutdown period.

Historical cost convention

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

Principles of consolidation

The consolidated interim 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 2020 and the results of all subsidiaries for the period then ended.

1 BASIS OF PREPARATION (CONT.)

Subsidiaries are all entities over which the Group has control. A subsidiary 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 deconsolidated 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 interim 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 consolidated interim statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the consolidated interim statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

2 FINANCIAL PERFORMANCE

Segment information

Operating segments of the Group at 30 September 2020 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.

2 FINANCIAL PERFORMANCE (CONT.)

	SEP–20			
	New Zealand $'000	Australia $'000	Eliminations and other $'000	Group $'000
Commercial Glazing	17,999	–	–	17,999
Residential	59,138	27,755	–	86,893
Retrofit	12,060	–	–	12,060
Total revenue	**89,197**	**27,755**	**–**	**116,952**
Gross profit	43,428	7,300	–	50,728
Segmental EBITDA before significant items	**20,471**	**3,064**	**–**	**23,535**
Group costs	–	–	(433)	(433)
Group EBITDA before significant items				**23,102**
Depreciation and amortisation	(7,720)	(2,625)	–	(10,345)
EBIT before significant items	**12,751**	**439**	**(433)**	**12,757**
Significant items	**951**			**951**
EBIT	**13,702**	**439**	**(433)**	**13,708**
Segment assets	275,461	67,337	(100,060)	242,738
Segment non-current assets (excluding deferred tax assets)	136,434	47,667	(19,750)	164,351
Segment liabilities	80,374	65,878	14,436	160,688

2 FINANCIAL PERFORMANCE (CONT.)

	SEP-19			
	New Zealand $'000	Australia $'000	Eliminations and other $'000	Group $'000
Commercial glazing	22,834	–	–	22,834
Residential	74,938	27,077	–	102,015
Retrofit	11,842	–	–	11,842
Total revenue	**109,614**	**27,077**	**–**	**136,691**
Gross profit	57,955	5,826	–	63,781
Segmental EBITDA	**24,933**	**1,003**	**–**	**25,936**
Group costs	–	–	(484)	(484)
Group EBITDA				**25,452**
Depreciation and amortisation	(7,686)	(3,272)	–	(10,958)
EBIT	**17,247**	**(2,269)**	**(484)**	**14,494**
Segment assets	345,148	70,539	(74,218)	341,469
Segment non-current assets (excluding deferred tax assets)	228,196	50,919	(14,250)	264,865
Segment liabilities	79,988	69,836	30,265	180,089

3 PROPERTY, PLANT AND EQUIPMENT

During the 6 months ended 30 September 2020, the Group acquired assets with a total cost of $1.6 million (September 2019: $4.5 million) and disposed of assets with a total book value of $2.4 million (September 2019: $0.4 million). Included in the disposal value is the sale of vehicles under a sale and leaseback agreement the Group entered into for approximately two-thirds of the New Zealand vehicle fleet (refer Note 10). There have been no material changes in the estimated useful life of key items of plant and machinery. The depreciation expense for the 6 months ended 30 September 2020 was $5.57 million (September 2019: $5.63 million).

4 FINANCIAL INSTRUMENTS

Interest rate swaps and forward exchange contracts

These financial instruments were measured at fair value based on valuations provided by 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 $2.1 million liability (March 2020: $2.1 million liability) and the fair value of forward exchange contracts are $0.3 million liability (March 2020: $1.9 million asset).

The movements in fair value are disclosed in cash flow hedges (net of tax) through other comprehensive income, with a loss recognised on forward exchange contracts of $1.6 million (30 September 2019: $1.4 million gain) and income of $0.06 million (30 September 2019: $0.7 million loss) on interest rate swaps.

5 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 at each reporting date).

Impairment tests using value-in-use calculations of the Australian CGU and New Zealand CGU have been performed at 31 March 2020 as part of the annual tests. Goodwill and intangible assets have been reviewed at 30 September 2020, with no indicators of impairment noted and no changes made to the estimated recoverable amount of goodwill or the estimated useful life of other intangibles. The amortisation expense for the 6 months ended 30 September 2020 was $1.3 million (September 2019: $1.4 million).

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

6 INTEREST-BEARING LIABILITIES

	SEP-20	MAR-20	SEP-19
	$'000	$'000	$'000
Bank borrowings – current[1]	56,351	–	–
Bank borrowings – non-current	–	81,630	76,441
Less: cash and cash equivalents	(8,645)	(14,742)	(3,063)
Net bank debt	**47,706**	**66,888**	**73,378**
Other financing – current	437	–	–
Other financing – non-current	2,897	–	–
Net debt	**51,040**	**66,888**	**73,378**

1 Please refer to Note 11 for further details. Bank borrowings were classified as current at 30 September 2020 as these facilities were renegotiated for an extended term after the balance date.

7 RELATED-PARTY TRANSACTIONS

There have been no material changes in the nature or amount of related-party transactions since 31 March 2020.

8 COVID–19

The global pandemic in relation to COVID-19 was declared by the World Health Organization on 11 March 2020. The subsequent Alert Level 4 and 3 lockdowns imposed by the New Zealand Government had a significant impact on the Group's first-quarter performance, particularly as the New Zealand operations were deemed non-essential and as a result were closed for 5 weeks under Alert Level 4 until 27 April 2020. The New Zealand operations have been able to operate at the other alert levels. The Group's Australian business has continued to operate largely unaffected during the period. The Group was eligible for and received $6.5 million in relation to the New Zealand Government's wage subsidy. $6.1 million of this amount has been recognised in other income in the Consolidated Interim Statement of Comprehensive Income (31 March 2020: $0.4 million).

During the Alert Level 4 lockdown, the Group negotiated with its landlords to obtain rent relief on various properties. The Group adopted the NZ IFRS 16 *Leases* practical expedient in relation to rent concessions, and as such, the relief obtained from these is reflected through a reduction in lease liabilities with a corresponding expense reduction recognised in the Consolidated Interim Statement of Comprehensive Income of $0.3 million.

The calculation approach for expected credit losses is consistent with 31 March 2020, which reflected the estimated impact from COVID-19.

Reflecting improved aging of the Trade Receivables balance, the provision has reduced to $2.0 million at 30 September 2020 (31 March 2020: $2.5 million).

9 RETROSPECTIVE RESTATEMENT OF ERROR

During the 6 months ended September 2020, the Group identified an integration error between the payroll time and attendance system and the accounting records, which resulted in the understatement of the annual leave provision by $1.39 million at 31 March 2020. The integration issue began from the implementation of a new payroll system in September 2019 and did not have a material impact on the results to 30 September 2019. The integration issue did not impact the entitlement of employees nor has it resulted in any errors in payments made to employees over the period. The consolidated financial statements for the year ended 31 March 2020 have been restated to correct this error, with the impacts set out on the following page.

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

9 RETROSPECTIVE RESTATEMENT OF ERROR (CONT.)

The impact of the restatement on the consolidated financial statements at 31 March 2020 is set out in the tables below:

Impact on the consolidated statement of comprehensive income for the year ended 31 March 2020

	CONSOLIDATED 2020 ANNUAL REPORT	ADJUSTMENT	CONSOLIDATED RESTATED
	$'000	$'000	$'000
Cost of sales	(139,037)	(640)	(139,677)
Gross profit	**115,871**	**(640)**	**115,231**
Distribution and glazing-related expenses	(45,350)	(718)	(46,068)
Selling and marketing expenses	(14,370)	(25)	(14,395)
Administration expenses	(33,571)	(2)	(33,573)
Profit before significant items, interest and tax	**23,162**	**(1,385)**	**21,777**
Income taxation expense	(2,908)	388	(2,520)
Loss for the year	**(77,864)**	**(997)**	**(78,861)**
Earnings per share	Cents	Cents	Cents
Basic and diluted earnings per share	**(42.0)**	**(0.5)**	**(42.5)**

Impact on the consolidated statement of financial position at 31 March 2020

	CONSOLIDATED 2020 ANNUAL REPORT	ADJUSTMENT	CONSOLIDATED RESTATED
	$'000	$'000	$'000
Deferred tax	7,520	388	7,908
Total assets	**258,032**	**388**	**258,420**
Trade and other payables	23,216	1,385	24,601
Total liabilities	**181,192**	**1,385**	**182,577**
Retained earnings	(60,472)	(997)	(61,469)
Total equity	**76,840**	**(997)**	**75,843**

10 SALE AND LEASEBACK

The Group entered into two sale and leaseback agreements relating to the Group's vehicle fleet during the 6 months ended 30 September 2020. The Group has determined that a number of these leases do not satisfy the requirements of NZ IFRS 15 to be accounted for as a sale of the asset, and has recognised a financial liability equal to the cash received. Where the transfer of control under NZ IFRS 15 has been satisfied, the vehicle has been disposed of with the gain recognised as a significant item in the consolidated interim statement of comprehensive income. Where the subsequent lease has a lease term of 12 months or less, the lease payments are recognised on a straight-line basis as an expense in profit or loss, otherwise a right-of-use asset and a corresponding lease liability have been recognised.

The impact of the sale and leaseback transaction on the consolidated interim financial statements is set out in the tables below.

Impact on the consolidated interim statement of comprehensive income for the half year ended 30 September 2020

	TOTAL
	$'000
Depreciation	(18)
Short-term and low-value leases	(25)
Interest on leases	(4)
Interest on other financing	(19)
Significant item – gain on disposal	951
Total	**885**

Impact on the consolidated interim statement of financial position at 30 September 2020

	TOTAL
	$'000
Property, plant and equipment	(1,964)
Right-of-use assets	1,165
Lease liabilities	(1,168)
Interest-bearing liabilities	(2,753)
Total	**(4,720)**

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

10 SALE AND LEASEBACK (CONT.)

Impact on the consolidated interim statement of cash flows for the half year ended 30 September 2020

	TOTAL
	$'000
Payments to suppliers and employees	(25)
Interest paid on leases	(4)
Proceeds from sale of property, plant and equipment	2,915
Lease liabilities payments	(16)
Drawdown of other financing	2,734
Total	**5,604**

11 EVENTS AFTER BALANCE DATE

On 14 October 2020, the Group completed negotiations of its bank borrowing facilities for a 3-year term. The facilities comprise a syndicated revolving loan facility of $75 million for a 3-year term expiring in October 2023, and a $10 million standby facility that will expire in October 2021. The facilities are subject to standard undertakings and compliance with financial covenants.

COMPANY DIRECTORY

BOARD OF DIRECTORS

Peter Griffiths – Chair and Member of the Audit and Risk Committee
Angela Bull – Non-Executive Director and Chair of the People and Culture Committee
Russell Chenu – Non-Executive Director and Member of the Audit and Risk Committee
Rhys Jones – Non-Executive Director and Member of the People and Culture Committee
Graham Stuart – Non-Executive Director and Chair of the Audit and Risk Committee
Mark Eglinton – Non-Executive Director and Member of the People and Culture Committee

SENIOR LEADERSHIP TEAM

Simon Mander – Chief Executive Officer
Brent Mealings – Chief Financial Officer
Robyn Gibbard – GM Upper North Island
Gareth Hamill – GM Lower North Island
Andrew Dallison – GM South Island
Nick Johnson – Chief Information Officer
Amandeep Kaur – Group Health and Safety Manager
Andrew Paterson – GM Strategy and Planning
Barry Paterson – GM Commercial Glazing and Technical
Dayna Saunders – Human Resources Director

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Westpac New Zealand Limited
Westpac Banking Corporation

SHARE REGISTRAR

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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:
www.metroglass.co.nz/investor-centre/

MPG020
insightcreative.co.nz