25 May 2017

Metro Performance Glass Limited (NZX: MPG, ASX: MPP) – full year results announcement for the year ended 31 March 2017

Please find attached the financial information required by NZX Listing Rules 10.3 and 10.4 together with a copy of Metro Glass' full year results presentation and Annual Report for the year ended 31 March 2017.

Documents attached:

1. Market announcement in relation to the full year results;
2. Full year results presentation;
3. Metro Glass' Annual Report including group financial statements for the year ended 31 March 2017;
4. NZX Appendix 1;
5. NZX Appendix 7 detailing the FY17 final dividend of 4.0 cents (New Zealand currency) per ordinary share to be paid on 24 July 2017 to those shareholders on the company's share register as at 5pm on 7 July 2017;
6. ASX Compliance Confirmation under ASX Listing Rule 1.15.3; and
7. Notice to shareholders under section 209 of the New Zealand Companies Act 1993.

Yours sincerely

Andrew Paterson
Company Secretary
Metro Performance Glass Limited

NZX, ASX and Media Release 25 May 2017

RESULTS FOR THE TWELVE MONTHS TO 31 MARCH 2017

Metro Performance Glass delivers strong revenue growth and completes integration of Australian Glass Group

FY17 highlights versus the prior comparable period (FY16)[1]:

- Group revenue of $244.3 million, up 30% and New Zealand revenue of $213.8 million, up 14%
- Normalised EBITDA[2] rose 20% to $44.9 million, reported EBITDA was $43.9 million
- Normalised NPAT[3] rose 11% to $21.3 million, reported NPAT was $19.4 million
- Completed the acquisition and integration of Australian Glass Group
- RetroFit double glazing revenue grew 23% to $17.2 million
- Declared a fully-imputed final dividend of 4.0 cents per share

Metro Performance Glass (NZX.MPG, ASX.MPP, Metro Glass) today reports strong growth in revenue and EBITDA for the year to 31 March 2017 as it continues to reinforce its leadership of the Australasian glass processing industry.

The company also reports positive early results from Australian Glass Group (AGG). AGG was acquired in September 2016 in line with Metro Glass' strategic objective to leverage its glass procurement and manufacturing expertise and its distribution capabilities in high-opportunity Australian markets.

Group revenue for the year to 31 March 2017, including the seven-month contribution from AGG, rose 30% to $244.3 million from $188.0 million in the same period 12 months ago. Excluding AGG, Metro Glass' New Zealand revenue rose 14% to $213.8 million.

Normalised EBITDA for the year rose 20% to $44.9 million from $37.5 million in the prior year. Normalised net profit after tax (NPAT) rose 11% to $21.3 million from $19.3 million last year. Reflecting the impact of one-off expenses related to the acquisition of AGG and adjustments to tax expense for charges incurred in prior years, reported NPAT fell 6% to $19.4 million from $20.5 million last year.

Chairman Sir John Goulter said: "Metro Glass continues to benefit from supportive markets in New Zealand. Residential housing activity in Christchurch declined this year as the post-earthquake residential rebuild tapered off, while growth in Wellington also paused temporarily following the November 2016 earthquake.

"Nevertheless, low interest rates, strong net migration, a robust economy and the persistent housing shortage in the upper North Island, are fuelling one of the larger surges in residential and commercial construction activity the country has seen.

"In addition to delivering top-line revenue growth, the company continued to expand its presence in the strategically-important retrofit double glazing and commercial markets. It has also worked to improve and

[1] All prior period comparisons are to the full year ended 31 March 2016 (FY16) unless otherwise stated.

[2] Earnings before interest tax, depreciation and amortisation (EBITDA), normalised to exclude $1.0m of one-off expenses related to the acquisition of Australian Glass Group, which are not tax deductible ("FY17 AGG Acquisition Expenses"). This is a non-Generally Accepted Accounting Principles (GAAP) financial measure that is reconciled to GAAP measure of net profit on page 5 of this release.

[3] Net profit after tax (NPAT), normalised to exclude FY17 AGG Acquisition Expenses and tax adjustments relating to IPO expenses and the finalisation of prior year tax positions. These tax adjustments decreased FY16 reported NPAT by $1.0m and increased FY17 reported NPAT by $1.0m. This is a non-Generally Accepted Accounting Principles (GAAP) financial measure that is reconciled to GAAP measure of net profit on page 5 of this release.

develop its manufacturing capabilities as it adapts to and leads the significant technological shift towards larger, more complex and higher-performance glass products.

"In order to ensure Metro Glass retains its industry leadership position, it continues to invest in new technologies and markets. These investments for the future come with some initial cost and will provide improved returns over time. Importantly, they will also enable the company to build a business that can defend itself against import competition for the long term," Sir John said.

Following the acquisition of AGG, net debt grew to $94.5 million at 31 March 2017 from $43.6 million a year ago. Gearing, as measured by net debt to net debt plus equity, increased to 38% but remains well within the company's banking covenants.

Metro Glass' board has declared a fully imputed final dividend of 4.0 cents per share, taking total dividends for the year to 7.6 cents per share. This is consistent with last year's dividend and the company's dividend policy to pay out between 55% and 75% of NPATA[4]. The dividend will be fully imputed for New Zealand shareholders. The record date for dividend entitlements is 7 July 2017 and the payment date is 24 July 2017.

GROWING IN ALL MARKETS

Chief Executive Nigel Rigby said: "Metro Glass continues to build a strong position in Australasian glass markets. Through manufacturing excellence and a dedication to customer service, we are delivering a broad range of high-performance glass products at a cost that is competitive with both domestic and international manufacturers.

"The execution of this strategy has been made more challenging by the strong customer demand the company is experiencing and the dramatic changes we are seeing in glass products and glass processing technologies. Our ability to deliver a broad range of high-specification products to a short lead time remains a key competitive advantage, and provides a strategic defence throughout the building cycle.

"We are pleased with the progress we are making across the group's businesses. We processed a record volume of glass in the 2017 financial year and factory labour costs fell slightly as a percentage of sales versus last year.

"Trading performance in Canterbury was particularly challenging in the second half of the financial year with both slowing market activity and increased competitive pressures. The company has diversified its operations across the South Island which will partially offset the decline in the Canterbury market.

"While catering for strong growth in both volume and product complexity, we also need to further focus on automation, processes, and costs across the New Zealand business – from manufacturing to procurement, glazing and logistics. We are assessing the investment required to meet these challenges, and anticipate capital expenditure will increase in the 2018 financial year, with priority given to meeting our requirements in the upper North Island," Mr Rigby said.

DEVELOPMENT BUSINESSES

"Operating leverage in the core business has been impacted this year by a series of investments into what we broadly label our "development businesses", of which several are yet to contribute meaningfully to group earnings. We believe these investments will provide improved returns over time and help to consolidate Metro Glass' industry-leadership position.

"The development businesses include a number of our regional distribution businesses, our Auckland commercial glazing operations and our RetroFit double glazing business. Each business has a different maturity point, but, we remain confident they will all reward our shareholders over the longer term.

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[4] NPATA is defined as net profit after tax before the amortisation of acquisition related intangibles and its associated tax effect. This is a non-Generally Accepted Accounting Principles (GAAP) financial measure that is reconciled to GAAP measure of net profit on page 5 of this release.

“The commercial market is strategically important to Metro Glass, not least because it is the most advanced glass market in the country. A strong presence is essential if we wish to build on our leadership in high-performance glass. In the year to 31 March 2017 our Auckland commercial glazing business grew revenue by 35%.

“As anticipated, our forward commercial order book was steady at $28.8 million at year end, as our increased delivery of projects matched new contracts being won. The average contract size in the forward book was ~$100,000.

“In the year to 31 March 2017, RetroFit sales grew by 23% (following 39% growth in FY16), with the business continuing to develop well. While some years we will be ahead and some years behind, we maintain our target of growing RetroFit revenue by 30% per year over the long term.

“RetroFit will also benefit from the investments we have made in the company’s New Zealand network of regional distribution operations. These businesses expand the company’s channels to market and enable us to take full advantage of the significant opportunities we see in the new residential, retrofit and commercial markets nationwide.

AUSTRALIAN MARKET ENTRY

“While New Zealand remains our primary focus, we believe that Australia presents significant longer term opportunities for Metro Glass. In the short-to-medium term we see double glazing penetration gathering considerable momentum in cooler climates like Victoria. This trend is being hastened by building code changes, mirroring the New Zealand experience following code changes in 2007.

“While it is still early days for us, AGG has proved a sound investment to date, with both sales and EBITDA coming in ahead of our expectations for the seven months to 31 March 2017. The integration of the business has gone well and AGG has begun to benefit from Metro Glass’ procurement and manufacturing disciplines. We are now in the process of assessing AGG’s short-to-medium-term capital requirements to allow it to achieve its significant potential over the medium term,” Mr Rigby said.

FY18 OUTLOOK

Chairman Sir John Goulter said: “Metro Glass is striving to develop the capability and capacity to deliver strong growth in both volume and product complexity, and continues to target both a service and cost-leadership position through manufacturing excellence and customer focus.

“The company is continuing to optimise its business to make the most of the supportive market conditions. It anticipates that the strong residential and commercial construction markets, particularly in the upper North Island, as well as the growth opportunities available across the Tasman, will underpin improved results in the 2018 financial year,” Sir John said.

/ends

FULL YEAR RESULTS CONFERENCE CALL:

Metro Glass will host a conference call today to review the results for the 12 months to 31 March 2017. The conference call is scheduled to begin at 10:00am NZDT, 8:00am AEDT and will be webcast simultaneously over the Internet.

To view the webcast, access the company's website at http://www.metroglass.co.nz/investor-centre/. Please allow extra time prior to the webcast to visit the site and download streaming media software if required. An online archive of the event will be available approximately two hours after the webcast.

To join the conference call, participants will need to dial in to one of the numbers below at least 5 minutes prior to the scheduled call time and identify yourself to the operator. When prompted, please quote the conference code: **2352968**

New Zealand Toll Free	0800 423 970	International	+64 (0)9 9133 622
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United Kingdom Toll Free	0800 358 6377	US/Canada Toll Free	800 263 0877

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About Metro Performance Glass

Metro Performance Glass (NZX.MPG; ASX.MPP) Metro 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 four processing and sixteen distribution or retail sites across New Zealand. In addition, via our subsidiary Australian Glass Group, we operate two processing and distribution sites in Victoria and New South Wales. 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 facades. Our goal, in everything we do, is 'Performance without Compromise'.
Learn more: www.metroglass.co.nz

APPENDIX 1: GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) TO NON-GAAP RECONCILIATION

Metro Glass' standard profit measure prepared under New Zealand Generally Accepted Accounting Practice (GAAP) is profit for the period, or net profit after tax. Metro Glass has used non-GAAP measures which are not prepared in accordance with New Zealand International Financial Reporting Standards (NZ IFRS) when discussing financial performance in this document. The directors and management believe that these non-GAAP financial measures provide useful information to readers to assist in the understanding of the company's financial performance, financial position or returns, and are used internally to evaluate the performance of business units and to establish operational goals. These measures should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZIFRS. Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies.

Definitions of non-GAAP financial measures used in this report:

- **EBITDA**: Earnings before interest, tax, depreciation and amortisation.
- **EBIT**: Earnings before interest and tax.
- **Normalised EBITDA**: EBITDA, normalised to exclude $1.0m of one-off expenses related to the acquisition of Australian Glass Group, which are not tax deductible ("FY17 AGG Acquisition Expenses").
- **Normalised EBIT**: EBIT, normalised to exclude the FY17 AGG Acquisition Expenses.
- **Normalised net profit after tax**, normalised to exclude FY17 AGG Acquisition Expenses and tax adjustments relating to IPO expenses and the finalisation of prior year tax positions.
- **NPATA** is defined as net profit after tax before the amortisation of acquisition-related intangibles and its associated tax effect.

Full Year to 31 March (NZ$ million)	FY17	FY16
Normalised net profit after tax	**21.3**	**19.3**
Less: Tax adjustments relating to prior periods	1.0	(1.2)
Less: FY17 AGG Acquisition Expenses	1.0	-
Net profit after tax (or Profit for the period) (GAAP)[5]	**19.4**	**20.5**
Add back: taxation expense[5]	9.6	6.5
Add back: net finance expense[5]	4.0	3.2
EBIT	32.9	30.1
Add back: depreciation & amortisation[5]	11.0	7.4
EBITDA	43.9	37.5
EBIT	32.9	30.1
Add back: FY17 AGG Acquisition Expenses	1.0	-
Normalised EBIT	**33.9**	**30.1**
EBITDA	43.9	37.5
Add back: FY17 AGG Acquisition Expenses	1.0	-
Normalised EBITDA	**44.9**	**37.5**
Net profit after tax (or Profit for the period) (GAAP)[\5]	19.4	20.5
Add back: amortisation of acquisition-related intangibles and its associated tax effect	1.7	1.5
NPATA	**21.1**	**21.9**

[5] Extracted from audited financial statements.

Metro Performance Glass

FY17 Full-Year Result Presentation

25 May 2017

METRO
PERFORMANCE GLASS

Disclaimer

This presentation (“**Presentation**”) has been prepared by Metro Performance Glass Limited (Company Number 5267882) (“**Metro Performance Glass**”).

Please do not read this Presentation in isolation

This presentation contains some forward looking statements about Metro Performance Glass and the environment in which the company operates. Forward looking statements can generally be identified by the use of forward looking words such as “anticipate”, “expect”, “likely”, “intend”, “should”, “could”, “may”, “propose”. “will”, “believe”, “forecast”, “estimate”, “outlook”, “target”, “guidance” and other similar expressions. Forward looking statements, opinions and estimates provided in this Presentation are inherently uncertain and are based on assumptions and estimates which are subject to certain risks, uncertainties and change without notice. Because these statements are forward looking, Metro Performance Glass’ actual results could differ materially. Any past performance information in this Presentation should not be relied upon as (and is not) an indication of future performance.

Media releases, management commentary and analysts presentations are all available on the company’s website. Please read this presentation in the wider context of material previously published by Metro Performance Glass.

There is no offer or investment advice in this Presentation

This presentation is not an offer of securities, or a proposal or invitation to make any such offer. It is not investment advice or a securities recommendation, and does not take into account any person’s individual circumstances or objectives. Every investor should make an independent assessment of Metro Performance Glass on the basis of independent expert financial advice.

All information in this Presentation is current at the date of this Presentation, and all currency amounts are in NZ dollars, unless otherwise stated. Metro Performance Glass is under no obligation to, and does not undertake to, update the information in this Presentation, including any assumptions.

Disclaimer

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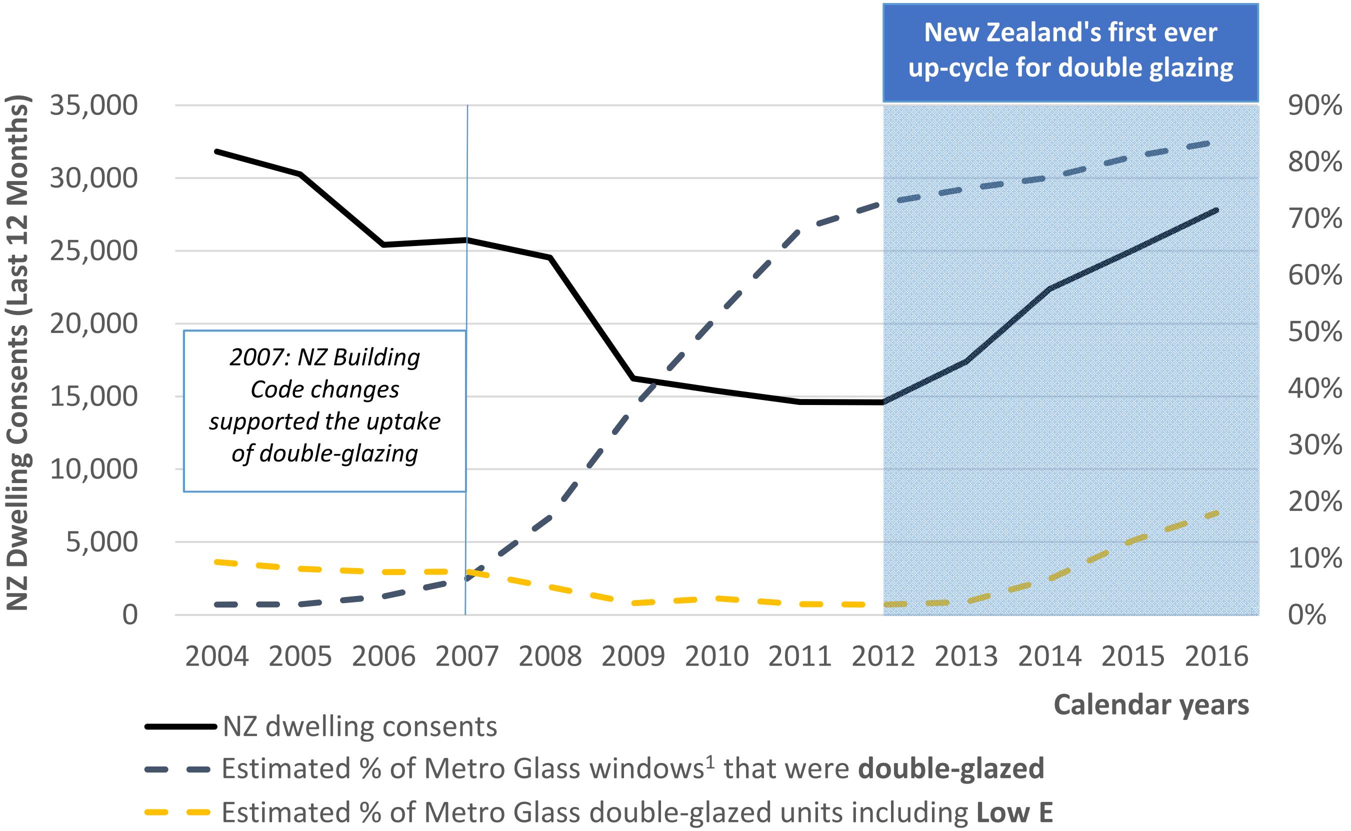
Agenda

1. **Market update and results overview** – *Nigel Rigby, CEO*
2. **Financial results** – *John Fraser-Mackenzie, CFO*
3. **Market trends** – *Nigel Rigby*
4. **Update on growth initiatives** – *Nigel Rigby*
5. **Strategy and outlook** – *Nigel Rigby*

A longer-term view: transformation of Metro Glass' production



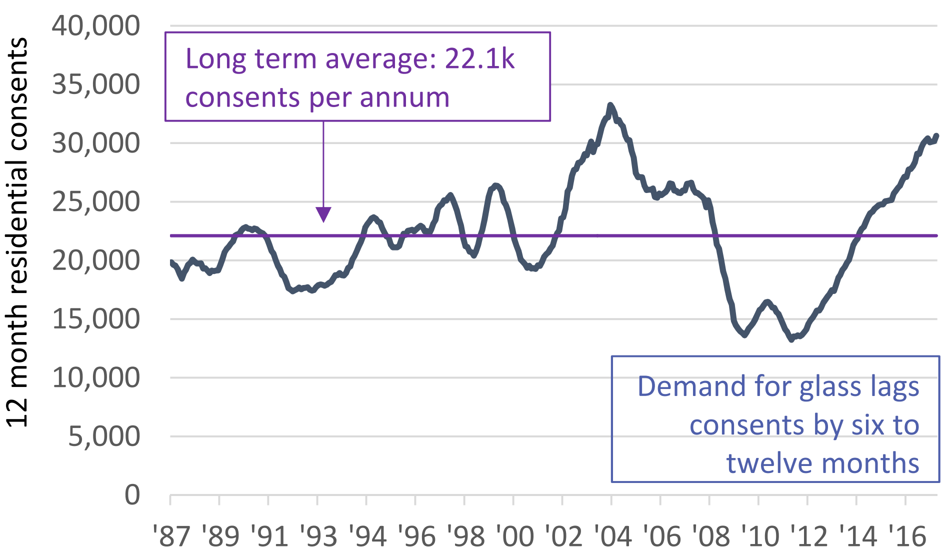
- Before the Building Code changes in 2007, circa. 90%+ of Metro Glass' window manufacturing were single panes of glass, with double-glazed units being < 10%
- Today, double-glazed units generate more than half of our revenue and account for more than 80% of all window glass we process
- The use of more complex products like digital printing, screen printing, lamination and low emissivity glass (Low E) is also rapidly increasing. Low E is now utilised in c. 20% of all of double-glazed units produced

[1] *Includes residential, commercial & RetroFit window manufacturer sales.*
Source: Statistics NZ (March 2005 – March 2017), Company information.

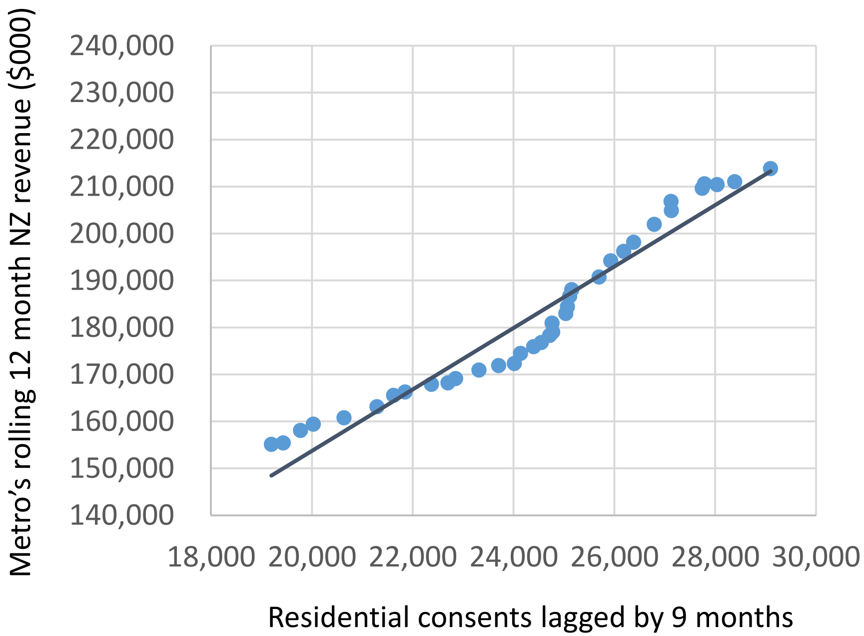
Macro conditions in New Zealand

- Low interest rates, strong net migration, a robust economy and the persistent housing shortage in the upper North Island are continuing to fuel a supportive market backdrop. Activity in Canterbury is expected to continue its decline

New Zealand residential new build consents - previous peak was 33,281 units in June 2004



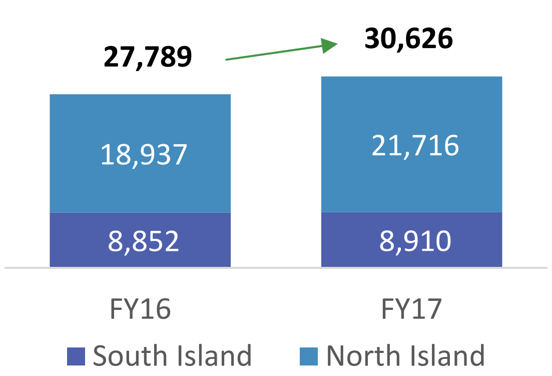
Total New Zealand revenue remains aligned to 9 month lagged NZ housing



Source: Company information, Statistics NZ (April 1987 – March 2017)

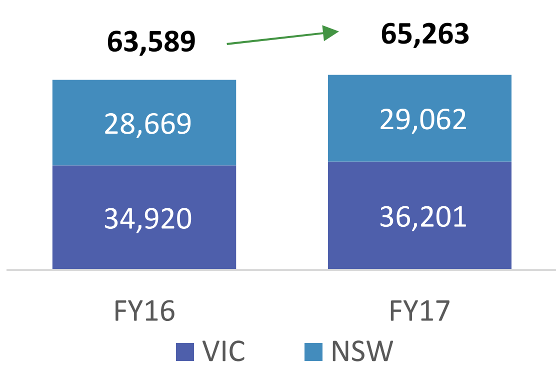
Residential and non-residential backdrops remain supportive

New Zealand – # of residential consents[1]



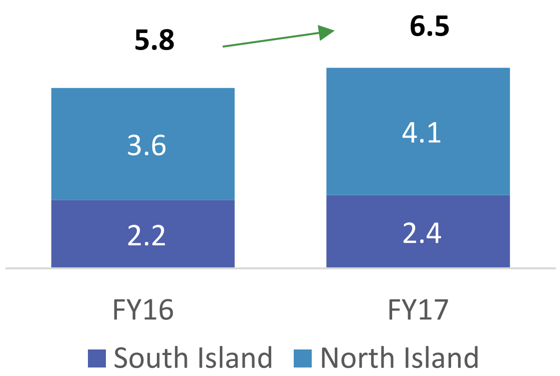
- Residential dwelling consents for the 12 months to 31 March 2017 rose +10%
- North Island + 15%
- South Island + 1% (Canterbury -8%)

Victoria & New South Wales – # of detached dwelling approvals[3]



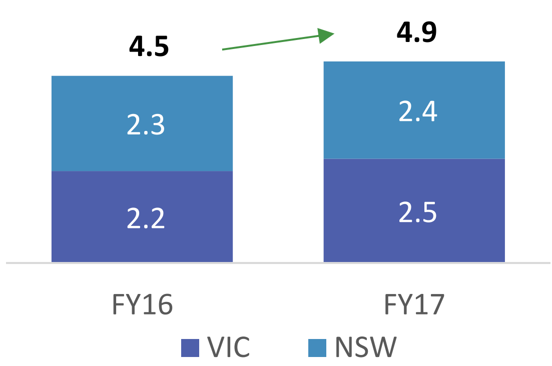
- Detached dwelling (house) approvals for the 12 months to 31 March 2017 in VIC/NSW rose +3%
- Victoria + 4%
- New South Wales + 1%

New Zealand – value of non-residential consents ($bn)[2]



- The value of non-residential dwelling consents for the 12 months to 31 March 2017 rose +11%
- North Island + 14%
- South Island + 7%

Victoria & New South Wales – value of A&A (A$bn)[4]



- The value of alterations and additions for the 12 months to 31 March 2017 in VIC/NSW rose +8%
- Victoria + 13%
- New South Wales + 2%

1. *Source: Statistics NZ, number of residential dwelling consents (12 months to 31 March 2017).*
2. *Source: Statistics NZ, value of non-residential consents (new plus altered; 12 months to 31 March 2017).*
3. *Source: Australian Bureau of Statistics, 8731.0 Building Approvals, Australia, tables 22 and 23 (12 months to 31 March 2017).*
4. *Source: Australian Bureau of Statistics, 8731.0 Building Approvals, Australia, tables 43 and 44 (12 months to 31 March 2017).*

FY17: Full year result highlights

1. Group revenue rose 30% to $244.3m[1] including seven months of trading from Australian Glass Group (AGG)[2]. Excluding AGG, NZ revenue rose 14% to $213.8m
2. Normalised EBITDA[3] rose 20% to $44.9m; Normalised NPAT[3] rose 11% to $21.3m
3. Completed the acquisition and integration of AGG
4. Commercial glazing revenue grew 20% to $39.4m
5. RetroFit double glazing revenue grew 23% to $17.2m
6. Declared a fully-imputed final dividend of 4.0 cents per share, taking total FY17 dividends to 7.6 cents per share

[1] All prior period comparisons are to the full year ended 31 March 2016 (FY16) unless otherwise stated.

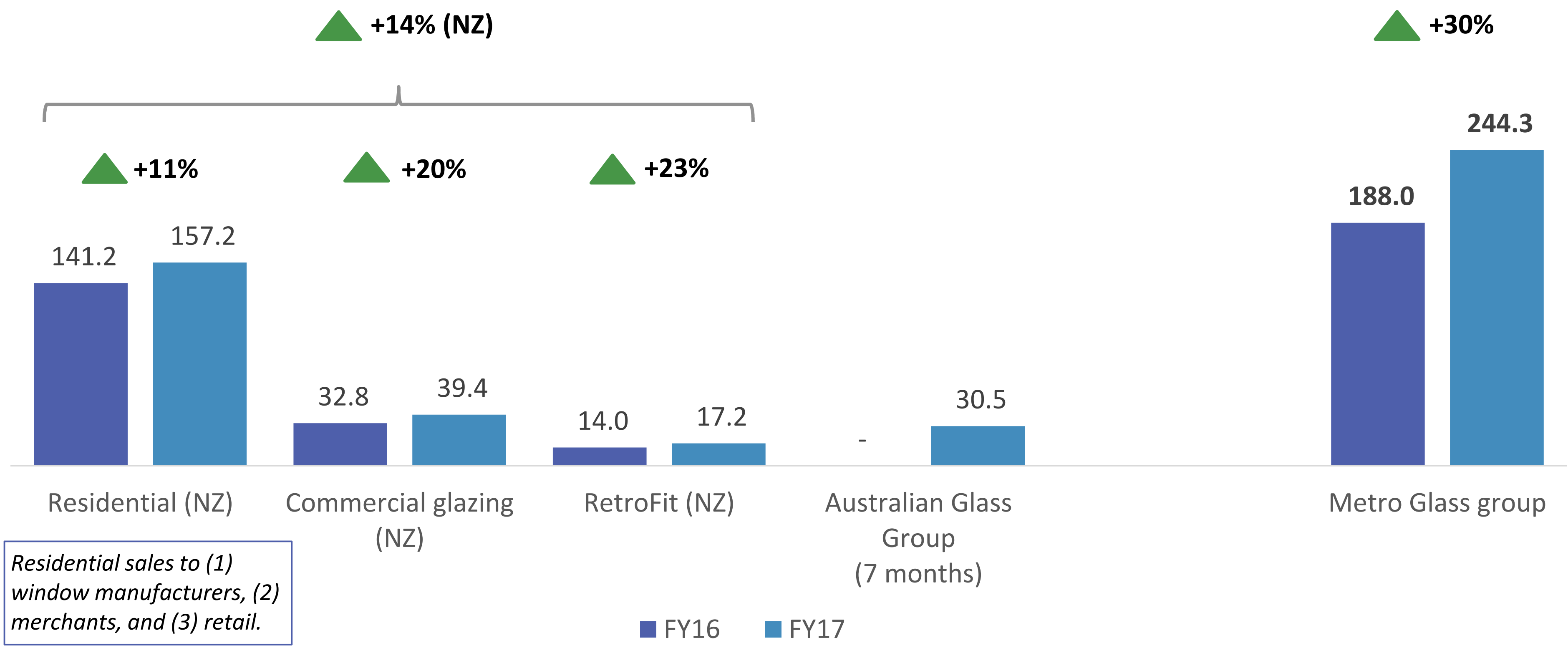
[2] Metro Glass acquired Australian Glass Group on 1 September 2016.

[3] Normalised EBITDA and normalised NPAT are non-GAAP measures of financial performance. Additional details are provided on slide 28 of this release.

Financial results

FY17: Group revenue

Metro Glass group revenue (NZ$ million)[1,2]



Residential sales to (1) window manufacturers, (2) merchants, and (3) retail.

Notes:

1. *The allocation of sales between residential and commercial application is difficult as Metro Glass doesn't always know the end use of a piece of glass. Commercial sales noted here are those that are those sales captured in Metro Glass' four commercial glazing entity P&Ls, and will include some residential glazing sales and services.*
2. *Residential revenues include sales to residential window manufacturers, merchants, and retail.*

FY17: Full year results summary

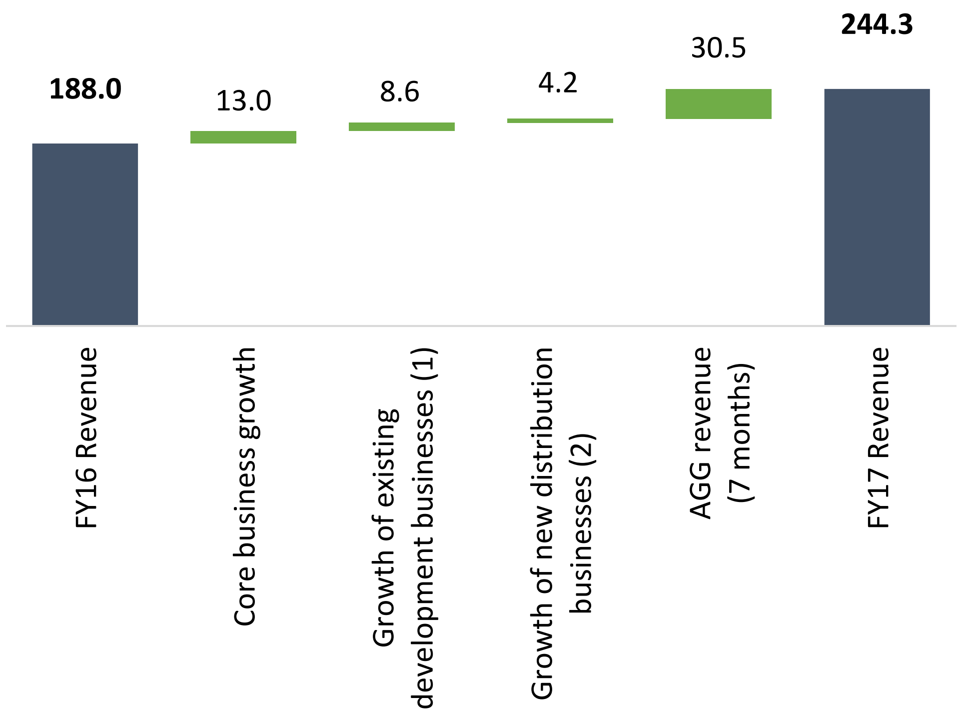
NZ$ million	FY17	FY16	% change
Revenue	**244.3**	188.0	29.9
Normalised EBITDA[1,2]	**44.9**	37.5	19.6
Depreciation & amortisation	11.0	7.4	48.3
Normalised EBIT[1,2]	**33.9**	30.1	12.5
Normalised NPAT[2]	**21.3**	19.3	10.8
Abnormal items	(2.0)	1.2	nm
Reported NPAT	**19.4**	20.5	(5.5)
Basic EPS (cents)	**10.5**	11.1	(5.5)
Total dividend (cps)	**7.6**	7.6	-

Notes:

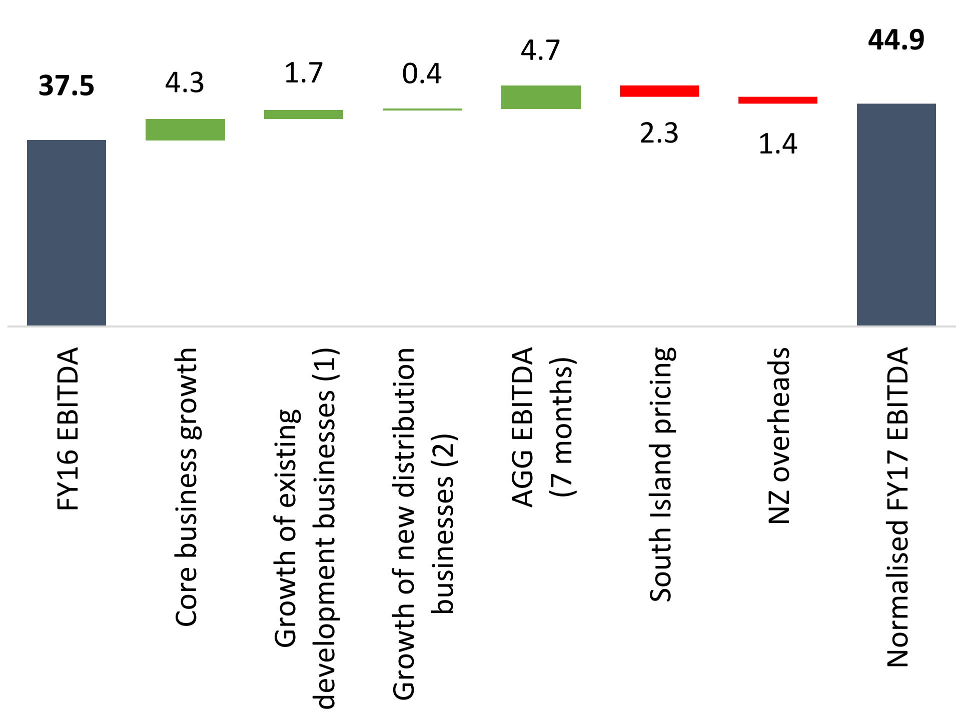
1. *EBIT and EBITDA are normalised to exclude $1.0m of one-off, non-deductible expenses related to the acquisition of Australian Glass Group ("FY17 AGG Acquisition Expenses").*
2. *Net profit after tax, normalised to exclude FY17 AGG Acquisition Expenses and tax adjustments relating to IPO expenses and the finalisation of prior year tax positions. Additional detail is provided on slide 28 of this release.*

FY17: Revenue and EBITDA summary

Revenue bridge: FY16 to FY17 ($m)



Normalised EBITDA bridge: FY16 to FY17 ($m)



Notes:

1. *Existing development businesses include Auckland RetroFit, Auckland commercial glazing and certain Metro Direct branches.*
2. *Metro Glass has acquired five distribution and glazing businesses in Auckland, Wellington, Christchurch and Invercargill since it became a publicly listed company in July 2014.*

FY17: Summary cash flow & balance sheet

Key cash flow items (NZ$m)	FY17	FY16
Normalised EBITDA[1,2]	44.9	37.5
Operating cash flows	17.6	27.6
Capital expenditure[3]	10.1	11.4
Dividends paid	14.1	13.3

Key balance sheet items (NZ$m)	FY17	FY16
Net working capital[4]	38.0	22.0
Property plant & equipment	57.0	48.0
Total assets	293.8	230.9
Net debt	94.5	43.6
Total shareholders equity	156.5	148.6

Notes:

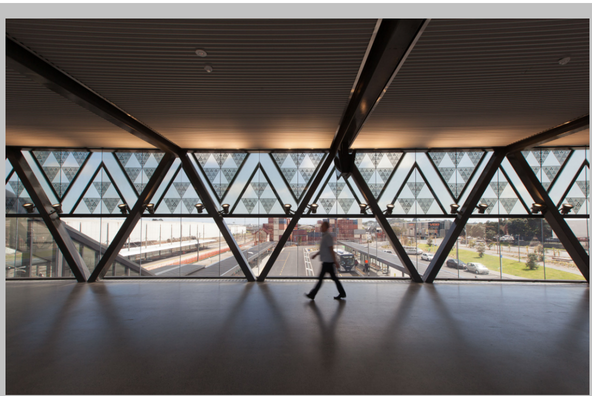
1. *All references are to Normalised financials that exclude the impact of one-off, non-deductible acquisition related expenses in the period totalling $1.0m.*
2. *EBIT and EBITDA are non-GAAP measures of financial performance. Additional detail is provided on slide 28 of this release.*
3. *Excluding the consideration paid when acquiring AGG.*
4. *Net working capital: trade & other receivables + inventory – trade & other payables.*
5. *Gearing: net interest bearing debt / (net interest bearing debt + equity).*

- Normalised EBITDA rose +20% to $44.9m in FY17
- Operating cash flow conversion adversely impacted by $6.1m due to timing of tax payments, AGG acquisition expenses of $1.0m, increased interest expense of $1.0m, and working capital increase of $10.1m
- Net working capital grew $16.0m in the year due to:
  - Working capital acquired with AGG $5.9m
  - Increased debtors as commercial sales grew, which are subject to retentions
  - Lower NZ accounts payable on timing of creditor payments
- Metro Glass refinanced its borrowing facilities for a three year term as part of the debt funded acquisition of AGG
  - The total purchase consideration for AGG was $47.5m
  - The group's gearing[5] increased from 22.7% at 31 March 2016 to 37.6% at 31 March 2017
- Total capital expenditure in FY18 is expected to be in the range of $22m - $25m, including:
  - ~$15m on processing equipment enhancements across the group's six plants (Auckland accounting for approximately half)
  - Installing a basic processing facility in Tasmania

FY17: final dividend

- The Board has declared an final dividend of 4.0 cents per share (in line with 2H16), to be paid on 24 July 2017 to all shareholders on the register at 7 July 2017. The dividend is fully imputed for New Zealand resident shareholders. This increases total dividends for the FY17 year to 7.6 cents per share
- This dividend brings the pay-out for FY17 to 67% of FY17 NPATA[1], consistent with the company's dividend policy of paying approximately 55% to 75% of NPATA

[1] *NPATA is defined as net profit after tax before the amortisation of acquisition related intangibles and its associated tax effect.*

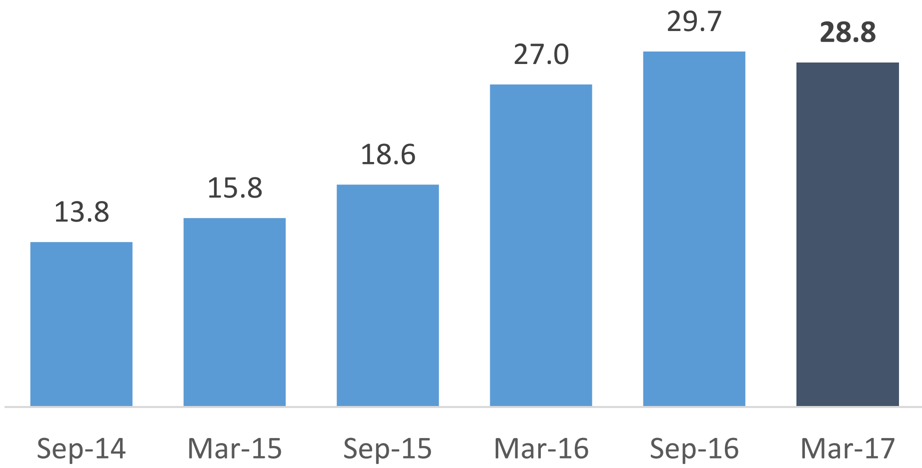


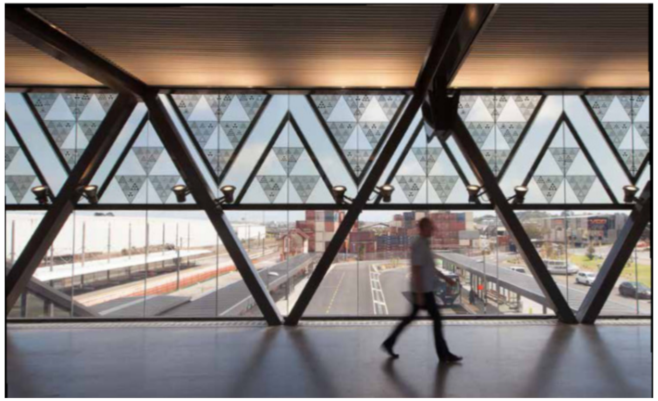
Update on growth initiatives

Commercial glazing

- Metro Glass participates in a wide variety of commercial glazing projects from internal fitout of retail shops to highly complex facades for office or apartment buildings
- Commercial glazing revenue +20% to $39.4m, with Auckland commercial glazing +35%
- Forward book remained steady at $28.8m, as our increased delivery of projects matched new contracts being won
  - The average size of a commercial contract in this forward book is approximately $100,000
  - Significant projects include the Acute Services building at Christchurch Hospital (c. 60% complete), Stage 1 of the Alexandra Park apartments in Auckland and the Kumutoto Precinct development in Wellington

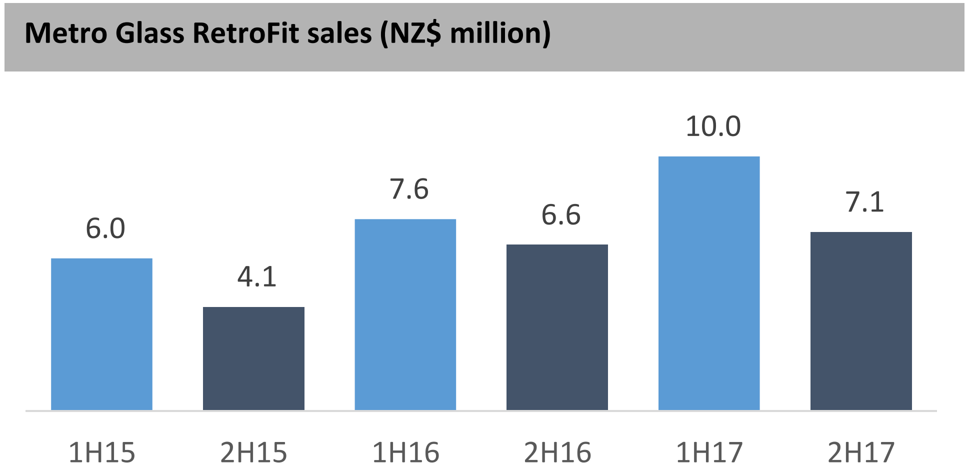
Metro Glass Commercial Forward Book (NZ; $m)





RetroFit double glazing

- RetroFit sales grew by 23% to $17.1m in FY17 (following 39% growth in FY16)
- 2H17 sales growth continued in the North Island, but slowed in the South Island
- We maintain our target of growing RetroFit revenue by 30% per year over the long term
  - The addressable market for Retrofit is large with no double glazing in approximately 1.4 million New Zealand homes that would benefit from the product
- We've recently launched new TV advertising featuring RetroFit's brand ambassador Peter Wolfkamp, the resident builder and site foreman of The Block television show
- Continuing to improve the customer experience and our efficiency by developing sales tools, and implementing better internal processes and systems
- RetroFit will also benefit from the investments we have made in the company's New Zealand network of regional distribution operations during the year



Development businesses

Operating leverage was impacted this year by investments into our “development businesses”, of which several are yet to contribute meaningfully to group earnings. We believe these investments will provide improved returns over time and help to consolidate Metro Glass’ industry-leadership position.

Development businesses	Background	Progress in FY17
1 **Auckland commercial glazing**	• Strategically important; the largest NZ commercial market, utilising high specification glass products • Leverage strong commercial glazing businesses in Christchurch and Wellington	• Revenue +35% • Invested significantly in technical expertise • Implementing improved systems and tools
2 **Auckland RetroFit**	• Auckland’s population and demographics support a strong retrofit business, despite its relatively temperate climate • Currently subscale but we are growing both revenue and profitability over time	• Revenue growth rate ahead of group • Hired additional sales, management and admin staff • Implementing improved systems and tools
3 **Certain Metro Direct branches**	• As regional cycles change, a subset of eight Metro Direct branches will improve or decline in a given year • In FY17, two branches were considered development businesses	• Revenue at the two branches grew by +45%
4 **New distribution businesses**	• Acquired four new distribution and glazing businesses in FY16 and FY17 in Auckland, Wellington, Christchurch and Invercargill, expanding Metro Glass’ channels to market • Will benefit from Metro Glass’ scale advantage	• Contributed $4.2m of incremental revenue at an 8% EBITDA margin • Acquired Southland Glass

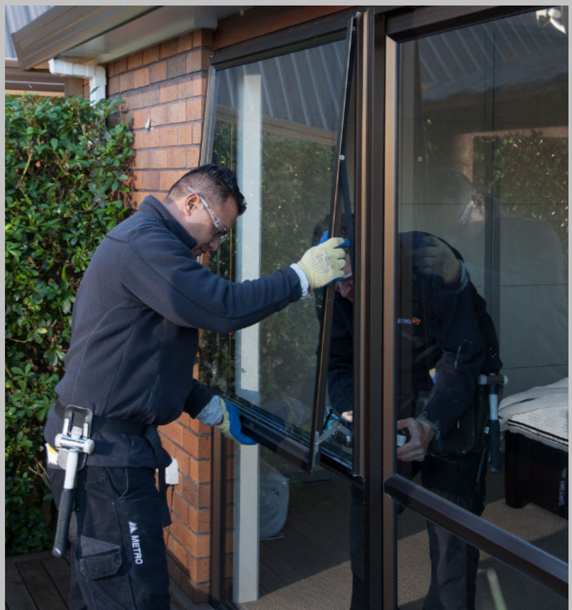
Australian Glass Group (AGG)

- Acquired on 1 September 2016 for NZ$47.5m. The initial integration process went smoothly and is now complete
- Australia presents significant opportunities for Metro Glass
  - We see double glazing penetration gathering momentum in cooler climates like Victoria, with this trend being hastened by building code changes
  - Metro Glass will bring experience in production efficiency & throughput, procurement, interfacing with customers and product development
- AGG performed well during the first seven months of Metro Glass ownership, with both sales and EBITDA ahead of our initial expectations
  - Seven months AGG contributed revenue of $30.5m and EBITDA of $4.7m
  - Estimate that the equivalent full year impact would have been FY17 revenue of NZ$52 and EBITDA of NZ$9m (17% EBITDA margin)
- Currently assessing AGG's short-to-medium-term capital requirements, relative to our acquisition assumptions, to allow it to achieve its significant potential. Near term this will include installing a basic processing facility in Tasmania

Key Australian acquisition criteria:

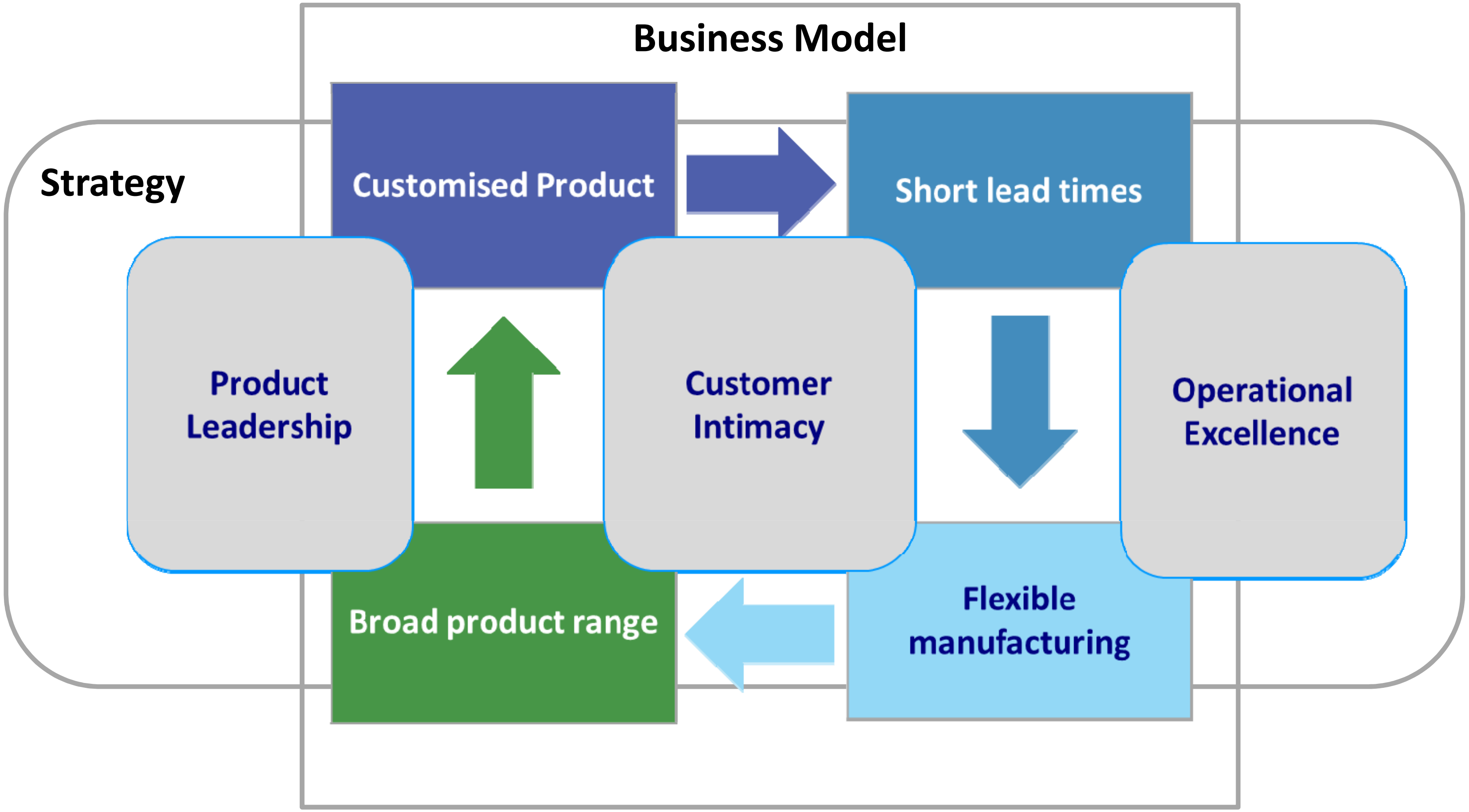
1. Leading player with a scale position
2. Quality glass processing business, in which Metro Glass can add significant value
3. Strong and committed management team, ensuring NZ management can remain focussed on NZ
4. Geographically positioned in high opportunity markets (South eastern Australia)
5. Transaction within Metro Glass' financial capability

Strategy update and outlook



METRO
PERFORMANCE GLASS

Metro Glass' three pillar strategy supports its market position, with customer intimacy providing strong protection against import-based competition



Review of 2017 strategic priorities and achievements

1	**Drive top line growth**	• Group revenue +30% to $244.3 million, NZ revenue +14% to $213.8 million vs. FY16 • Continued product range expansion, including digital printing in Auckland
2	**Deliver manufacturing excellence**	• Processed record glass volumes with a higher mix of high-performance, complex glass • Factory labour costs continued to reduce as a percentage of revenue • Maintaining customer service levels was a challenge at peak points in the year
3	**Increase our presence in commercial projects**	• Commercial glazing revenue +20% to $39.4m, with Auckland commercial glazing +35% • Commercial forward order book remained fairly flat at $28.8 million • Strengthened our commercial technical team and glass systems capability
4	**Expand our Retrofit double glazing business**	• Revenue grew by 23% over the prior year, led by the North Island • Implemented a series of internal process and systems improvement • Invested resources in the Auckland business as a key to future growth
5	**Support and integrate Australian Glass Group**	• Completed the acquisition of Australian Glass Group on 1 September 2016 • Pleased with the company's early progress and encouraged by the market opportunity

Key focus areas for FY18

1. Drive top line growth and glass category share, by ensuring that customers continue to see Metro Performance Glass as the glass supplier of choice

2. Focus on improving manufacturing efficiency (including automation, processes and costs) to achieve our desired service and cost leadership position

3. Capture an increasing share of the commercial market

4. Continue to develop the infrastructure of Retrofit double glazing replacement business

5. Focus on optimising operating performance of all business segments

6. Upgrade key processing capabilities to support growth and meet market demands
   - The majority of new equipment will be installed over the 2017 Christmas shut down
   - These investments will deliver improvements in capacity, capability, quality, reliability and cost from the start of FY19
   - Ensures that Metro Glass' product offering remains at the forefront of the industry

Outlook for FY18

- The market backdrop is expected to remain supportive, although challenges exist within certain markets (Canterbury)
- We continue to see significant growth opportunities ahead, and as such are continuing to invest in operating capacity and capability improvements across the group
- New Zealand – strategic initiatives being implemented to deliver continued organic growth and improved operating efficiency
- Australia – overall market activity may soften, however we believe that the penetration of double glazing will increase. AGG has significant growth opportunities ahead of it as it builds increased capacity and capability
- Group net debt is expected to remain broadly flat, with increased operating cash flow supporting the capital expenditure planned for the year

Q&A / Appendix

METRO Direct
PERFORMANCE GLASS
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2H17: Summary financial performance

Key P&L items (NZ$ million)	2H17	2H16	% change
Revenue	**128.0**	93.2	37.4
Normalised EBITDA[1,2]	**20.8**	18.4	13.2
Depreciation & amortisation	6.1	4.2	47.0
Normalised EBIT[1,2]	**14.7**	14.2	3.3
Normalised NPAT[2]	**7.8**	9.5	(18.1)
Abnormal items	-	-	-
Reported NPAT	**7.8**	9.5	(18.1)
Basic EPS (cents)	**4.2**	5.2	(18.1)
Total dividend (cps)	**4.0**	4.0	-

Key cash flow items (NZ$ million)	2H17	2H16	% change
Normalised EBITDA[1,2]	20.8	18.4	13.2
Operating cash flows	12.6	18.8	(33.1)
Capital expenditure	5.7	4.4	28.9
Dividends paid	6.7	6.6	0.6

- 2H17 financial results include the contribution of Australian Glass Group from 1 September 2016.

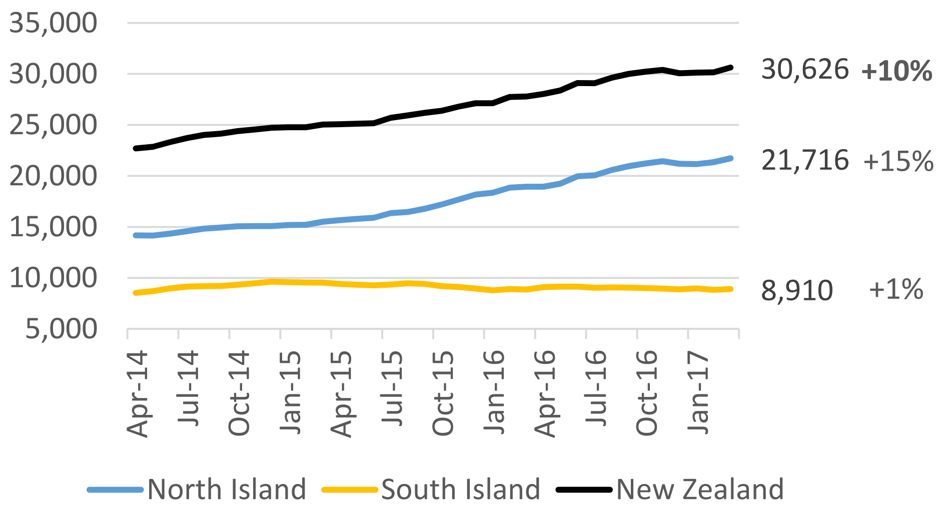
Notes:

1. *EBIT and EBITDA are normalised to exclude $1.0m of one-off, non-deductible expenses related to the acquisition of Australian Glass Group ("FY17 AGG Acquisition Expenses"). These were expensed during 1H17.*
2. *Net profit after tax, normalised to exclude FY17 AGG Acquisition Expenses and tax adjustments relating to IPO expenses and the finalisation of prior year tax positions. Additional detail is provided on slide 28 of this release.*

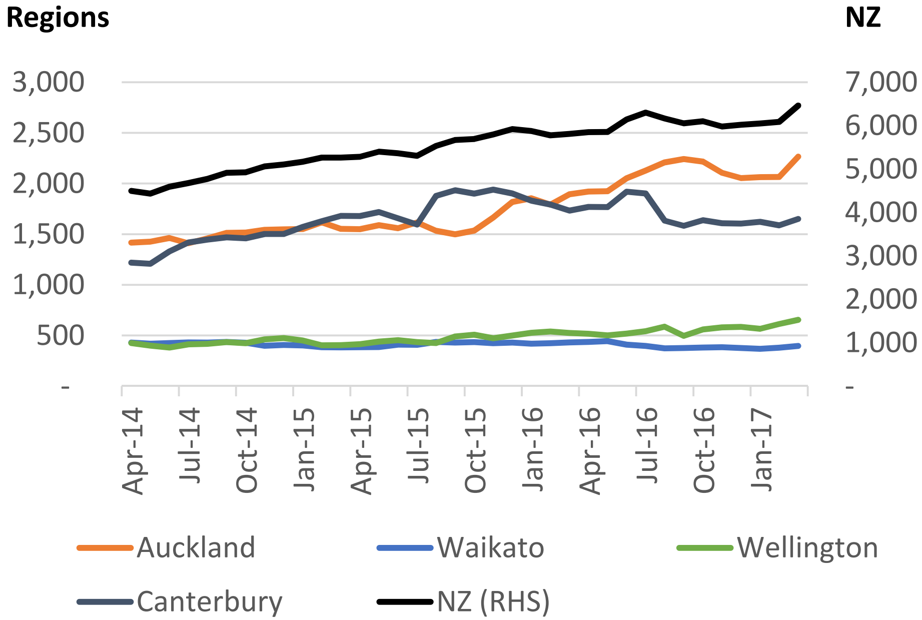
Market conditions: regional trends in New Zealand

- Residential building consent issuance grew 10% year on year to ~30,600 for the twelve months to March, with 71% of those consents in the North Island (Auckland +7%, Waikato +11%, Bay of Plenty +22%, Wellington +29%)
- While activity in Canterbury continues to decline post the earthquake residential rebuild (-8%), South Island consents excl. Canterbury, led by Otago are up +21%
- Commercial construction activity continues to be lumpy but is on an upward trajectory with a significant pipeline

NZ residential dwelling consents (last 12m, not lagged)



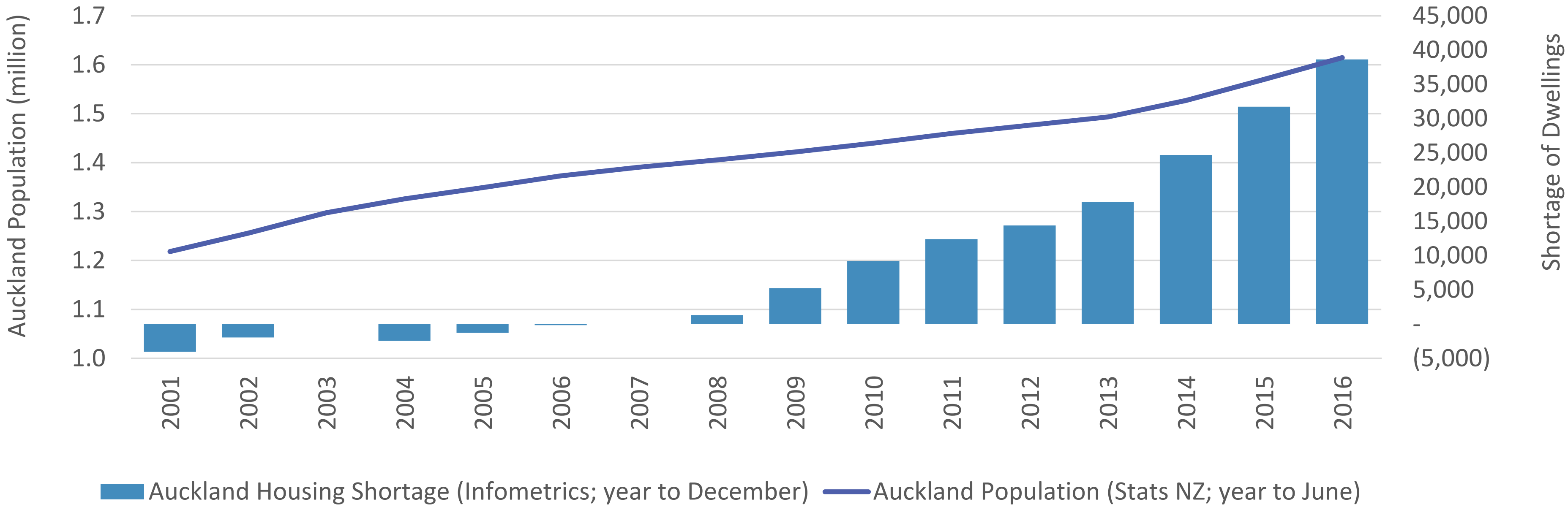
NZ non-residential consent value (Last 12m, $m)



Source: Company information, Statistics NZ (October 2013 – September 2016)

Market conditions: Increasing scale of Auckland's housing shortage

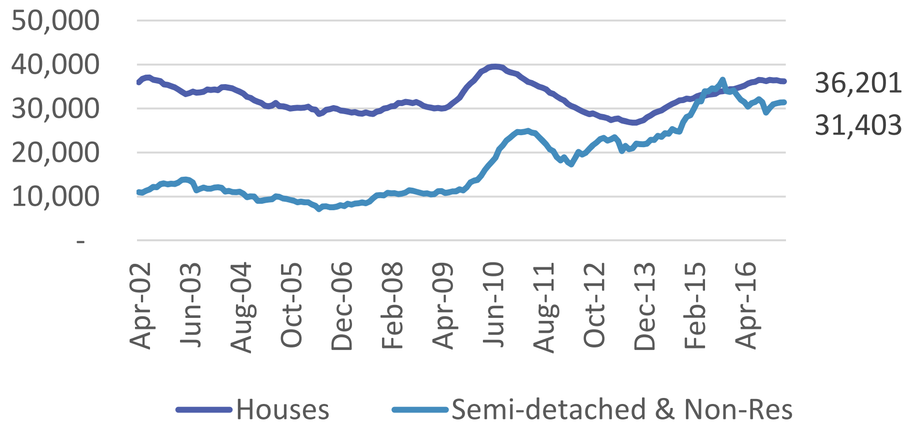
Estimated shortage of houses built in Auckland



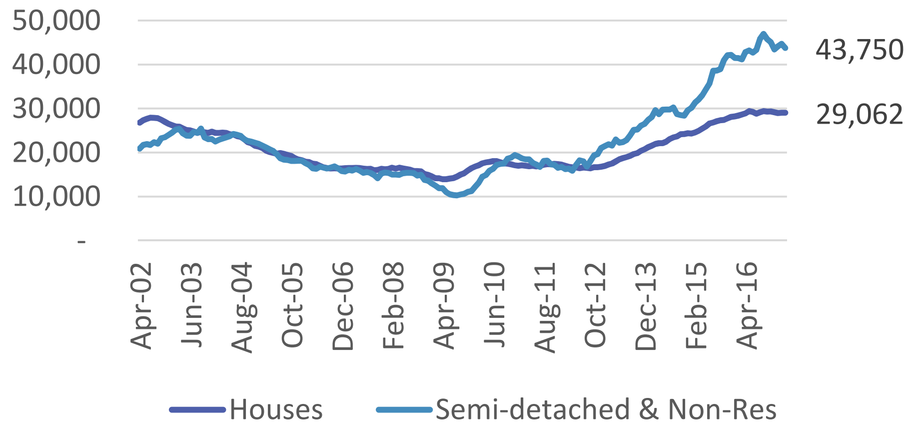
Market conditions: Australia

- Australian Glass Group primarily targets the detached dwellings (houses) and alterations & additions (A&A) markets in Victoria and New South Wales with limited direct exposure to the more volatile multi dwelling units market
- In the 12 months ended 31 March 2017, the housing and A&A markets in southeast Australia remained solid:
  - The value of A&A work undertaken grew in Victoria by +13% and in New South Wales by +2%
  - Housing approvals in Victoria grew by +4% and in New South Wales by +1%
- Overall market activity is expected to soften somewhat in the coming 12 months

Victoria Residential Approvals
12 months rolling to 31 March 2017



New South Wales Residential Approvals
12 months rolling to 31 March 2017



Source: Australian Bureau of Statistics, 8731.0 - Building Approvals, Australia, March 2017

Explanation of non-GAAP profit measures

Non-GAAP financial measures

- Group results are reported under NZ IFRS. This presentation includes non-GAAP financial measures which are not prepared in accordance with NZ IFRS, being:
  - Normalised EBITDA: calculated by adding back (or deducting) finance expense / (income), taxation expense, depreciation, and amortisation, to net profit after tax. Then normalised to exclude $1.0m of one-off, non-deductible expenses related to the acquisition of Australian Glass Group (“FY17 AGG Acquisition Expenses”)
  - Normalised EBIT: calculated by adding back (or deducting) finance expense / (income), and taxation expense to net profit after tax. Then normalised to exclude FY17 AGG Acquisition Expenses
  - Normalised net profit after tax, normalised to exclude FY17 AGG Acquisition Expenses and tax adjustments relating to IPO expenses and the finalisation of prior year tax positions
  - NPATA is defined as net profit after tax before the amortisation of acquisition-related intangibles and its associated tax effect
- We believe that these non-GAAP financial measures provide useful information to readers to assist in the understanding of our financial performance, financial position or returns, but that they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZIFRS
- Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies

Full Year to 31 March; $M	FY17	FY16
Normalised net profit after tax	**21.3**	**19.3**
Less: Tax adjustments relating to prior periods	1.0	(1.2)
Less: FY17 AGG Acquisition Expenses	1.0	-
Net profit after tax (or Profit for the period)	19.4	20.5
Add: taxation expense	9.6	6.5
Add: net finance expense	4.0	3.2
EBIT (or Operating Profit)	32.9	30.1
Add: depreciation & amortisation	11.0	7.4
EBITDA	43.9	37.5
EBIT (or Operating Profit)	32.9	30.1
Add: FY17 AGG Acquisition Expenses	1.0	-
Normalised EBIT	**33.9**	**30.1**
EBITDA	43.9	37.5
Add: FY17 AGG Acquisition Expenses	1.0	-
Normalised EBITDA	**44.9**	**37.5**
Net profit after tax (or Profit for the period) (GAAP)	19.4	20.5
Add back: amortisation of acquisition-related intangibles and its associated tax effect	1.7	1.5
NPATA	**21.1**	**21.9**

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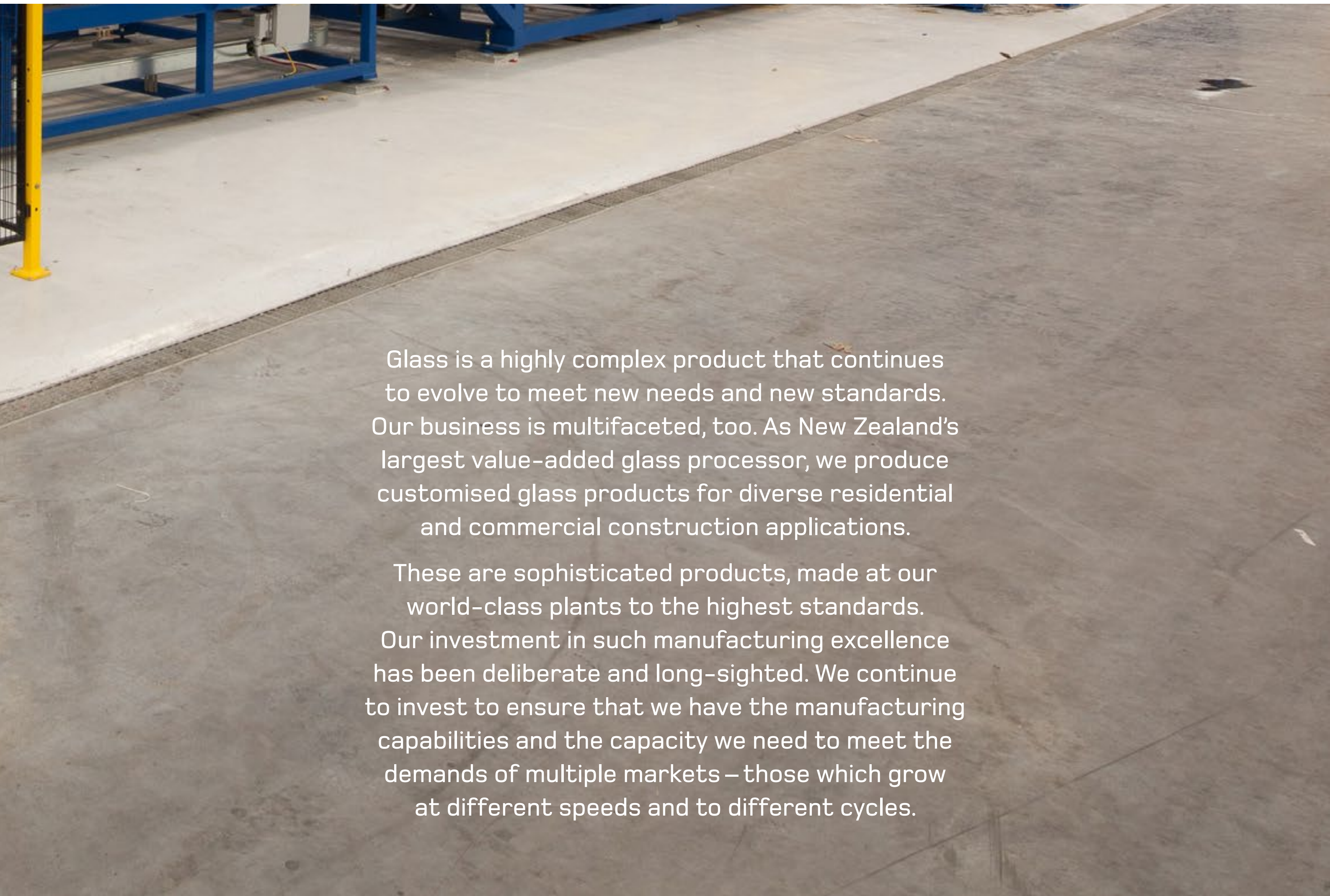
A LONGER–TERM VIEW

ANNUAL REPORT 2017

METRO
PERFORMANCE GLASS

IT MAY ALL LOOK THE SAME.

IT ISN'T.



Glass is a highly complex product that continues to evolve to meet new needs and new standards. Our business is multifaceted, too. As New Zealand's largest value-added glass processor, we produce customised glass products for diverse residential and commercial construction applications.

These are sophisticated products, made at our world-class plants to the highest standards. Our investment in such manufacturing excellence has been deliberate and long-sighted. We continue to invest to ensure that we have the manufacturing capabilities and the capacity we need to meet the demands of multiple markets – those which grow at different speeds and to different cycles.

Investing for the future: RetroFit is growing rapidly in a market that is still in its infancy.

WHERE DO WE SEE OUR FUTURE?

Building on our leadership position in high-performance glass through an expanded presence in the technologically advanced commercial project market.

The penetration of double-glazed windows is increasing quickly in Australia presenting a great longer term opportunity for Metro Glass.

WE SEE SIGNIFICANT OPPORTUNITY.

We have a clear plan for success based on discipline, excellence, innovation and scale. We'll use our market presence and experience to drive up revenues in key markets where we see opportunities.

So, for example, we are expanding into the commercial sector and looking to grow the interest in the retrofit double glazing market. We'll continue to make the most of the first-ever up-cycle in residential and commercial construction markets where double-glazing has been a key product. It's all about balancing timeframes and demand to achieve steady revenues and profits, while growing our footprint into Australia.

CHAIRMAN'S REVIEW

LEADERSHIP IN AUSTRALASIAN GLASS MARKETS

Metro Performance Glass is growing strongly and investing to reinforce the leading position it holds in the Australasian glass processing industry.

The company continues to benefit from supportive markets in New Zealand. Low interest rates, strong net migration, a robust economy and the persistent housing shortage in the upper North Island are fuelling one of the larger surges in residential and commercial construction activity the country has seen.

Residential housing activity in Christchurch declined this year as the post-earthquake residential rebuild tapered off, while growth in Wellington also paused temporarily following the November 2016 earthquake.

Nevertheless, the Group's revenue for the year to 31 March 2017 rose by 30% to $244.3 million from $188.0 million in the same period 12 months ago. The group result includes a seven-month contribution from the company's new subsidiary, Australian Glass Group (AGG). Excluding AGG, Metro Glass' New Zealand revenue rose 14% to $213.8 million.

STRATEGIC PRIORITIES

In addition to delivering top-line revenue growth, the company continued to expand its presence in the strategically-important retrofit double glazing and commercial markets.

The company also worked to improve and develop its manufacturing capabilities as it adapts to and leads the significant technological shift towards larger, more complex and higher-performance glass products.

AGG has performed well during the first seven months of Metro Glass ownership. The integration has gone smoothly, and a number of business improvement initiatives are under way in line with the strategic objective to leverage Metro Glass' glass procurement and manufacturing expertise and its distribution capabilities in high-opportunity Australian markets.

Additional details on Metro Glass' performance against its strategic priorities are provided on pages 10 and 11.

INVESTING FOR THE FUTURE

Metro Glass is working to develop the capability and capacity to deliver strong growth in both volume and product complexity, and continues to target both a service and cost-leadership position through manufacturing excellence and customer focus.

It is clear that we also need to further focus on automation, process and cost savings across manufacturing, logistics and glazing is needed in future periods. Such focus will involve some additional costs and capital expenditure, but over the medium-to-long term we are confident it will deliver significant value to the business.

As a growth business, Metro Glass is also continuing to invest in a number of opportunities. These include the Auckland commercial glazing and RetroFit businesses, and a number of regional operations that have considerable potential and are developing well but did not contribute significantly to earnings in the 2017 financial year.

In order to ensure Metro Glass retains its industry leadership position, it continues to invest in new technologies and markets. These investments for the future come with some initial costs and will provide improved returns over time. Importantly, they will also enable the company to build a business that can defend itself against import competition for the long term.

Normalised earnings before interest, tax, depreciation and amortisation (EBITDA)[1] for the year rose 20% to $44.9 million from $37.5 million in the prior year. Reported EBITDA rose 17% to $43.9 million.

Normalised net profit after tax (NPAT)[2] rose 11% to $21.3 million from $19.3 million last year. Reflecting the impact of one-off expenses related to the acquisition of AGG and adjustments to tax expense for charges incurred in prior years, reported NPAT fell 6% to $19.4 million from $20.5 million last year.

$244.3M
GROUP REVENUE.

$21.3M
NORMALISED NET PROFIT AFTER TAX.

7.6 CENTS PER SHARE
DIVIDEND.

"Metro Glass made good progress on its strategic priorities during the year, and while the company's growth has resulted in some growing pains, we remain confident of the future benefits our business strategy will deliver."

FY17 FINAL DIVIDEND AND FY18 OUTLOOK

Following the acquisition of AGG, net debt grew to $94.5 million at 31 March 2017 from $50.0 million a year ago. Gearing, as measured by net debt to net debt plus equity, increased to 38% but remains well within the company's banking covenants.

Reflecting the increased gearing level and the significant opportunities that the group has in front of it , the board has declared a fully imputed final dividend of 4.0 cents per share, taking total dividends for the year to 7.6 cents per share. This is consistent with last year's dividend and the company's dividend policy to pay between 55% and 75% of NPATA[3]. The dividend will be fully imputed for New Zealand shareholders. The record date for dividend entitlements is 7 July 2017 and the payment date is 24 July 2017.

In summary, Metro Glass achieved significant growth in the 2017 financial year and is continuing to optimise its business to make the most of the supportive market conditions.

The company anticipates that the strong residential and commercial construction markets, particularly in the upper North Island, as well as the growth opportunities available across the Tasman, will underpin improved results in the 2018 financial year.

Metro Glass is committed to maintaining and enhancing its leadership in Australasian glass processing and it is supported in that vision by a highly-committed team. The board, on behalf of shareholders, thanks the entire Metro Glass team for their efforts.

On behalf of the board.

SIR JOHN GOULTER KNZM, JP
Chairman

25 May 2017

1 Earnings before interest tax, depreciation and amortisation (EBITDA), normalised to exclude $1.0m of one-off expenses related to the acquisition of Australian Glass Group, which are not tax deductible ("FY17 AGG Acquisition Expenses").

2 Net profit after tax (NPAT), normalised to exclude FY17 AGG Acquisition Expenses and tax adjustments relating to IPO expenses and the finalisation of prior year tax positions. These tax adjustments decrease FY16 NPAT by $1.0m and increase FY17 NPAT by $1.0m.

3 NPATA is defined as net profit after tax before the amortisation of acquisition-related intangibles and its associated tax effect.

CHIEF EXECUTIVE OFFICER'S REVIEW

BUILDING A STRONG AND ENDURING POSITION

Metro Glass' continues to build a strong position in Australasian glass markets. Through manufacturing excellence and a dedication to customer service, we are delivering a broad range of high-performance glass products at a cost that is competitive with both domestic and international manufacturers.

The execution of this strategy has been made more challenging by the strong customer demand the company is experiencing and the dramatic changes we are seeing in glass products and glass processing technologies.

In late 2007, the New Zealand Building Code was changed to introduce minimum heat retention standards in homes, with double glazing and insulation being key ways to achieve this. Before this Code change, more than 90% of the windows Metro Glass produced were single panes of glass, with double-glazed units accounting for less than 10%. The windows that were double-glazed at that time also typically used basic clear glass.

Today, double glazing generates more than half of our revenue and accounts for more than 80% of the window glass we process in both residential and commercial markets.

Meanwhile, over the past five years we have also begun to incorporate low emissivity (Low E) glass into windows. This technology delivers significantly reduced heat loss in winter and prevents heat build-up in the summer thanks to a microscopically thin and transparent coating.

Low E use is growing and is now utilised in approximately 20% of all of the windows we produce. Such high-performance glass – and other technologies recently introduced into Metro Glass' offering, such as digital printing, screen printing and lamination – add significant production complexity.

Our ability to deliver a broad range of high-specification products to a short lead time remains a key competitive advantage, and provides a strategic defence against local and offshore manufacturers throughout the building cycle.

In addition, it makes sound strategic sense to invest in developing our capabilities in high-performance glass now, when markets are strong, rather than later, when the cycle has begun to turn and long-term growth opportunities can often be given a lower priority.

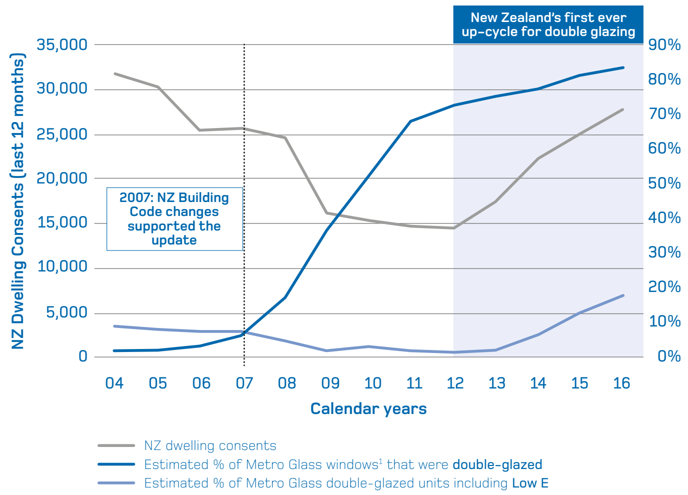
GROWING IN ALL MARKETS

We are pleased with the progress we are making across the Group's businesses, with total revenue increasing considerably over the past two years.

In October 2016, we moved our Auckland factory to a new seven-day shift structure to meet the demands of the upper North

4 The proportion of orders Delivered In-Full and On-Time.

NEW ZEALAND RESIDENTIAL DWELLING CONSENTS — LAST 15 YEARS



1 Includes residential, commercial & RetroFit window manufacturer sales.

Source: Statistics New Zealand (March 2005 – March 2017), company information.

Island market, and in some cases to enable the Auckland facility to supplement production for other sites. The move, which was made during one of the busiest times of the year, will deliver real benefits over the long term, but resulted in some short-term inefficiencies.

We processed a record volume of glass this year, and factory labour costs fell slightly as a percentage of sales versus last year. Our primary service quality measure (DIFOT)[4] was impacted by our growth and often fell below target, particularly at peak points of the year.

Trading performance in Canterbury was particularly challenging in the second half of the financial year with both slowing market activity and increased competitive pressures. The company has diversified its operations across the South Island which will partially offset the decline in the Canterbury market.

While catering for strong growth in both volume and product complexity, we also need to further focus on automation, processes and costs across the New Zealand business – from manufacturing to procurement, glazing and logistics. We are assessing the investment required to meet these challenges, and anticipate that capital expenditure will increase in the 2018 financial year, with priority given to meeting our requirements in the upper North Island.

Finally, we are determined to continually reduce the health and safety risks that our people face and have therefore implemented a number of process improvement and awareness-building initiatives. We have been pleased to see a marked reduction in the frequency of both total reported incidents and lost-time injuries per person in the year to 31 March 2017. Further, the company was awarded tertiary-level Workplace Safety Management Practices accreditation from the Accident Compensation Commission during the year. This has resulted in a 20% reduction in ACC levies for the next two years.

DEVELOPMENT BUSINESSES

Operational leverage in the core business has been impacted this year by a series of investments into what we broadly label our "development businesses", of which several are yet to contribute meaningfully to group earnings. We believe these investments will provide improved returns over time and help to

$44.9M

+20% NORMALISED EBITDA.

+30%

GROUP REVENUE.

+14%

NEW ZEALAND REVENUE.

"We're working hard to build a great Australasian business for the long term – to achieve this it is vital we develop and invest in our capabilities now when we have the benefit of a supportive market backdrop."

consolidate Metro Glass' industry-leadership position.

The development businesses include: a number of our regional distribution businesses, our Auckland commercial glazing operations and our RetroFit double glazing business.

Each one has a different maturity point, but, we remain confident they will all reward our shareholders over the longer term.

The commercial market is strategically important to Metro Glass, not least because it is the most advanced glass market in the country. A strong presence is essential if we wish to build on our leadership in high-performance glass.

In the year to 31 March 2017 our Auckland commercial glazing business grew revenue by more than 35%. As anticipated, our national forward order book was steady at $28.8 million at year end, as our increased delivery of projects matched new contracts being won. The average contract size in the forward book was ~$100,000. Owing to the inevitable delays faced in executing such projects, we have often had to weather wide fluctuations in production volumes. This has put pressure on many aspects of our business including manufacturing and logistics.

In the year to 31 March 2017, RetroFit sales grew by 23% to $17.3 million (following 39% growth in FY16). While in some years we will be ahead and some years behind, we maintain our target of growing RetroFit revenue by 30% per year over the long term.

This is a goal that is more than achievable with retrofitted windows currently installed in only a small fraction of the estimated 1.4 million New Zealand homes that would benefit from the product.

A focus on improving internal processes and systems, combined with the recruitment of additional technical, sales and marketing staff, is helping us to grow our presence in commercial markets. These markets have the potential to deliver strong growth for several years to come, particularly in the upper North Island.

RetroFit will also benefit from the investments we have made in the company's New Zealand network of regional distribution operations during the year. These comprise the acquisitions of Calv Glass in Christchurch and Southland Glass in Invercargill, and the development of a new site for Metro Direct Nelson.
The company now has eight Metro Directs and six branded businesses (e.g. Mainland Glass, Mintglass) spread throughout the country.

These new distribution and glazing businesses expand the company's channels to market in these areas, and enable us to take full-scale advantage of the significant opportunities we see in the new residential, retrofit and commercial markets nationwide.

AUSTRALIAN MARKET ENTRY

Following a detailed study of the Australian glass processing market, and an assessment of local processors against our investment criteria, we acquired Australian Glass Group (AGG) in September 2016 for NZ$47.5m. While New Zealand remains our primary focus, we believe that Australia presents significant opportunities for Metro Glass. In the short-to-medium term we see double glazing penetration gathering considerable momentum in cooler climates like Victoria. This trend is being hastened by building code changes, similar to what happened in New Zealand post 2007.

Metro Glass produces significantly more double-glazed units weekly than any other processor in Australia or New Zealand. We have developed considerable manufacturing and distribution competencies, which combined with our expertise in processing high-performance glass will benefit the AGG business and its customers.

While it is still early days for us, AGG has proved a sound investment to date, with both sales and EBITDA coming in ahead of our expectations for the seven months to 31 March 2017.

The integration of the business has gone well and AGG has begun to benefit from Metro Glass' procurement and manufacturing disciplines. We are now in the process of assessing AGG's short-to-medium-term capital requirements to allow it to achieve its significant potential over the medium term.

SUMMARY

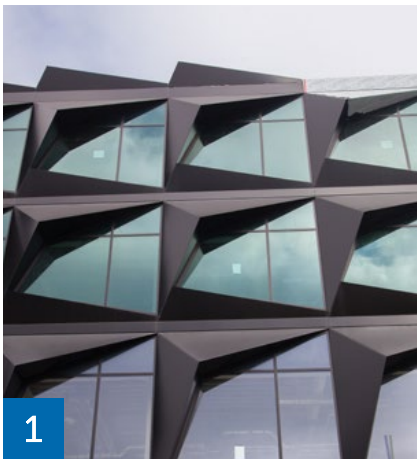
Metro Glass is in good shape and continues to generate good financial results versus its peers in the building materials industry. While the company is still undergoing a steep learning curve, we are confident that our strategy is the right one for the long term. We expect construction markets to be supportive for several years to come and coupled with the investment we are making in manufacturing capability and in our development businesses, which position the company well for the future.

NIGEL RIGBY
Chief Executive Officer

STRATEGIC FOCUS

SNAPSHOT

Performance without Compromise – it's a way of life. It is what our customers expect and Metro Glass is determined to deliver the same for our business with a focus on five strategic areas:

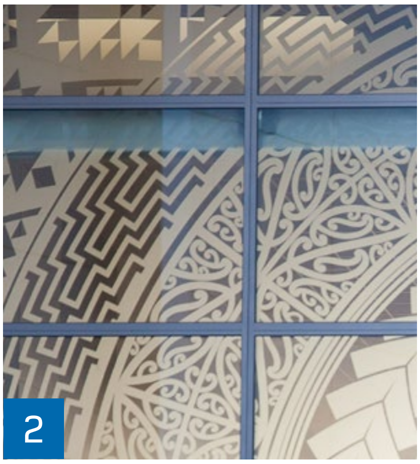


DRIVE TOP-LINE GROWTH

Increase revenue and market share through product, supply chain and logistics initiatives ensuring customers' expectations are exceeded

FULL-YEAR PROGRESS:

- Group annual revenue growth +30% to $244.3 million (including seven months of trading from Australian Glass Group); New Zealand annual revenue growth +14% to $213.8 million
- Continued the expansion of the product range including the introduction of digital printing at the Highbrook factory in Auckland



DELIVER MANUFACTURING EXCELLENCE

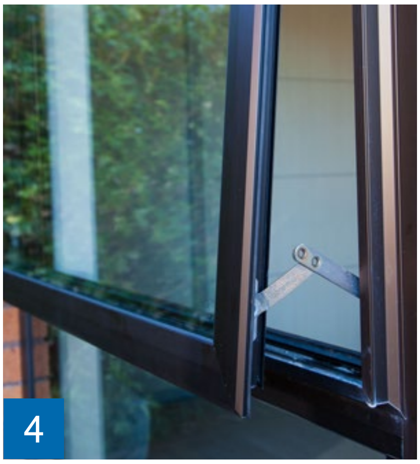
Continually push to achieve our desired service and cost-leadership position through manufacturing excellence

FULL-YEAR PROGRESS:

- Processed record glass volumes with a higher mix of high-performance and complex glass products
- Factory costs continued to reduce as a percentage of revenue
- Maintaining customer service metrics was a challenge at peak points in the year

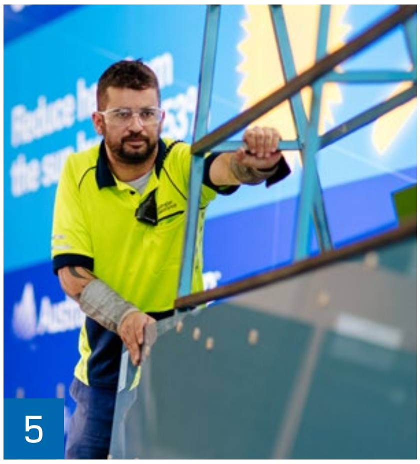
INCREASE OUR PRESENCE IN COMMERCIAL PROJECTS

Capture an increasing share of the growing commercial construction market and execute well on the existing forward book of committed projects



EXPAND OUR RETROFIT DOUBLE GLAZING BUSINESS

Drive the growth and profitability of the RetroFit double glazing replacement business



LEVERAGE KEY COMPETENCIES IN HIGH OPPORTUNITY AUSTRALIAN MARKETS

Support and integrate Australian Glass Group

FULL-YEAR PROGRESS:

- Commercial glazing revenue +20% to $39.4m, with Auckland commercial glazing +35%
- Commercial forward order book remained fairly flat year on year at $28.8 million, with new business offset by an increased execution rate of projects
- Well advanced in processing and installing glass on our biggest-ever commercial project, the Acute Services Building at Christchurch Hospital
- Strengthened our commercial technical team with world-class resources

FULL-YEAR PROGRESS:

- Revenue grew by 23% over the prior year (following 39% growth in FY16)
- Broad based growth across New Zealand
- Implemented a series of internal process and systems improvements
- Invested resources in the Auckland business as a key to future growth

FULL-YEAR PROGRESS:

- Completed the acquisition of Australian Glass Group on 1 September 2016
- The existing strong Australian management team remain in place
- Pleased with the early progress the company has made and are encouraged by the opportunity this market offers

A CLOSER VIEW

DELIVERING MANUFACTURING EXCELLENCE

Servicing New Zealand's first ever residential and commercial up-cycle with double glazing.

The transformation currently under way in the New Zealand glass industry is the most significant change that Metro Glass' National Operations Manager Geoff Rasmussen has seen in his 30-year career.

"The surge we are seeing in construction activity in New Zealand over the past five years, coupled with a revolution in glass technology, is a great opportunity for Metro Glass and our manufacturing team to develop our capabilities – but this is not without its challenges.

"The industry has very quickly become highly complex, which has resulted in our need to expand the range of products we produce and increase the number of processes required to finish each glass panel.

"We are processing record volumes and at the same time grappling with technological advances such as Low E coated glass, digital printing, glass painting and high-performance glass lamination. On top of this, most of the windows we are making are double glazed and they are continually getting larger and larger in size.

"Double-glazed windows now generate more than half of our revenue and accounts for more than 80% of all the windows we manufacture in both the residential and commercial markets. As much as a fifth of those also utilise high-performance Low E glass or other advanced technologies. Two years ago, high-performance glass represented just a fraction of total volumes," Mr Rasmussen says.

"We have become highly efficient at producing simple double-glazed products, with all four New Zealand plants running these well. However, the more complex product lines can be challenging. Wastage on these products has been higher than we would have liked while our plants learn to process these technologies and we have not yet achieved the level of production efficiencies we are targeting," he adds.

These challenges have been particularly acute in Auckland, where Metro Glass has been investing to replicate the company's success in the Wellington and Christchurch commercial markets.

Metro Glass' Auckland factory has had to manage a rapid step up in highly-complex commercial work. Since 2014 we have invested in a range of other technologies at the plant, including: a new edge-working machine that allows us to make products with sophisticated glass components at high speed; a digital printer that prints ceramic ink on glass; and glass lamination technology. We have also hired people adept at using these technologies and grown our headcount as we have extended the factory's operating hours and output capacity.

"It has been a steep learning curve, but we are making good progress. We are committed to mastering these technological advances, because over the longer term, they will ensure Metro Glass retains our domestic industry leadership, and protect us from the long-term threat of imports," Mr Rasmussen says.

"We are committed to mastering these technological advances because, over the longer term, they will ensure Metro Glass retains our domestic industry leadership position, and protect us from the long-term threat of imports."

GEOFF RASMUSSEN
GENERAL MANAGER OPERATIONS

NEW GLASS TECHNOLOGIES

Metro Glass manufactures a raft of specialty glass products with unique thermal, decorative and safety properties. Key technologies include:

- **Low E** (or low emissivity) glass is coated with an almost invisible metal coating that reduces heat loss in the winter, prevents heat gain in the summer and reduces glare.
- **Double-glazing** is a window pane made from two pieces of glass sealed together with an air space or gas in between. It reduces the amount of energy required to maintain a comfortable temperature from winter through to summer.
- **Digitally printed glass** uses GlassJet™ technology for industrial direct on-glass printing with ceramic inks that are fused with the glass through a toughening process.
- **Laminated glass** uses a special polymer inter-layer between two glass sheets, giving panels high strength and advanced thermal and noise-reduction properties.

A CLOSER VIEW

DEVELOPING BUSINESSES FOR THE FUTURE

Metro Glass is using our experience, market presence and strong cash flow to drive up revenues in key markets where we see opportunities.

Metro Glass has acquired five new distribution and glazing businesses in Auckland, Wellington, Christchurch and Invercargill since it became a publicly listed company in July 2014. It has also invested in people, equipment, marketing and systems across parts of the group that are not yet realising their full growth potential, but will add value to Metro Glass' broadening portfolio of complementary glass businesses in the medium-to-long term.

This approach to what we broadly call our 'development businesses' is in line with our strategy to grow revenue while we are supported by a positive market backdrop.

"Our development businesses are laying the foundation for future growth, ensuring we remain at the forefront of innovation in the sector and are able to stand up to the competition, particularly from offshore," says Chief Executive Officer Nigel Rigby.

The new distribution and glazing businesses in Auckland, Wellington, Christchurch and Invercargill expand the company's channels to market in these areas, and enable us to take full-scale advantage of the significant opportunities we see in the new residential, retrofit and commercial markets nationwide. Whilst these businesses will take time to match the profitability of the overall Metro Glass group, they are showing promise and will provide a valuable contribution in time. In the 2017 financial year, these acquired businesses contributed an additional $4.2 million of revenue.

The two key examples that have benefited from people, equipment, marketing or systems are the Auckland commercial glazing business and the Auckland RetroFit double glazing window business.

Historically, Metro Glass has not had a strong commercial glazing business in Auckland and we have been focused on growing this to a scale at which we can be competitive. In the 2017 financial year, thanks to this investment, the Auckland glazing business saw a 35% growth in revenue. Total commercial glazing revenue in New Zealand grew 20% to $39.4 million.

"If we are to be at the forefront of technological innovation in New Zealand, we need to succeed in the Auckland commercial market. Commercial developers are usually early adopters of technical advances and more likely to make innovative use of glass," says Chief Executive Officer Nigel Rigby.

"In addition, in larger metropolitan markets, such as Auckland, the distinction between residential and commercial markets is reducing as housing density rises.

"The completion of the new factory at Highbrook in 2015 gave us the capacity to grow our Auckland commercial business. But to replicate the success we had achieved in Wellington and Christchurch we needed to make a significant investment in people and process, which impacts profitability in the short term."

Meanwhile, to take full advantage of the great opportunity we see for the Auckland RetroFit business, we have moved to a new property, appointed new management, administration and sales staff, and developed new systems. Despite having grown revenue by 23% in the 2017 financial year, this business is still subscale and needs to grow both revenue and profitability over time.

"Our development businesses are laying the foundation for future growth, ensuring we remain at the forefront of innovation in the sector and are able to stand up to the competition, particularly from offshore."

NIGEL RIGBY
CHIEF EXECUTIVE OFFICER

AN AWARD-WINNING COMBINATION

Metro Glass' Auckland commercial team worked closely with architects, artists and window fabricators for more than a year to deliver high-performance glass panels for Auckland Transport's award-winning Otahuhu bus and train interchange. We produced 260, 230kg laminated panels made up of toughened Low E glass bonded to another toughened panel digitally printed with artist George Tipene's representation of the local iwi and maunga (mountains). The commercial glazing team also installed the panels at the station, which has been designed in the shape of a waka to reflect the site's significance to mana whenua as a portage between the Manukau and Waitemata harbours. Other flagship commercial developments have included the Devonport and Birkenhead libraries and the Auckland headquarters for property developer Manson TCLM.

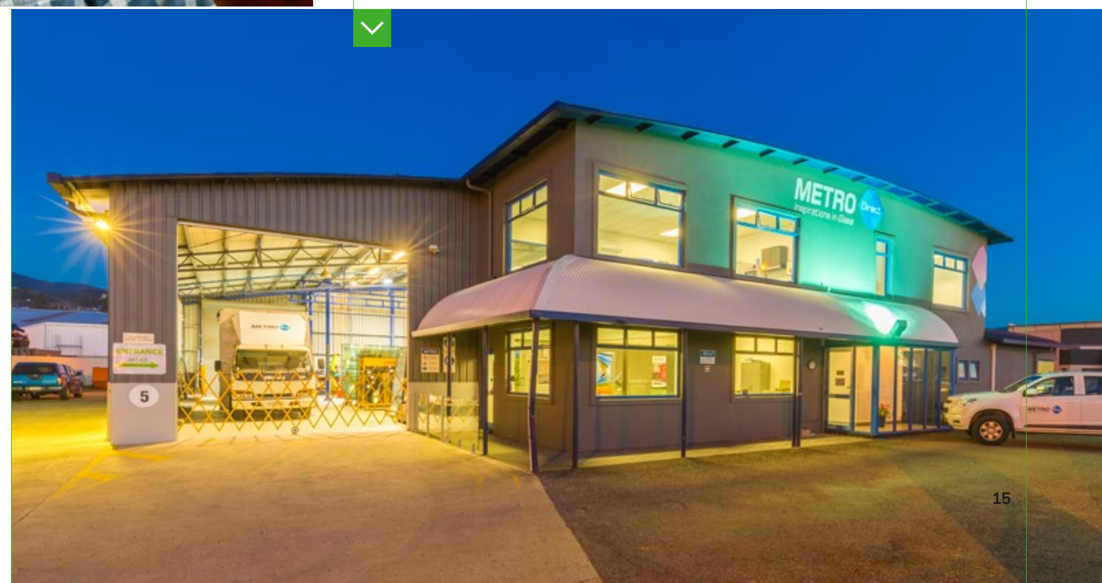
BUILDING REGIONAL CHANNELS TO MARKET

Metro Glass has continued to invest in the company's network of regional distribution operations across New Zealand. These businesses expand the company's channels to market and enable us to take full advantage of the significant opportunities we see in the new residential, retrofit and commercial markets nationwide.

An example of this is the new Metro Direct site in Nelson that was opened in 2016. The new site is better located and better equipped to benefit from the positive construction markets in the region.

THE RUGGED FACE OF RETROFIT

Metro Glass has engaged Peter Wolfkamp, the highly-credible site foreman of *The Block* television show, as our company's brand ambassador. The relationship, which started in early 2015, has helped to increase the awareness of the RetroFit double-glazing business significantly and regularly filled the RetroFit sales pipeline to capacity.



A CLOSER VIEW

GROWING IN HIGH-OPPORTUNITY AUSTRALIAN MARKETS

After only seven months under Metro Glass' ownership, Australian Glass Group (AGG) is already beginning to show its potential.

Daily production of double-glazed window units at AGG's plant in Knoxfield, Melbourne, has seen a meaningful uplift over the past seven months, thanks to the efforts of the strong Australian team.

AGG is also receiving better input prices from float glass suppliers as it takes advantage of the New Zealand company's buying power and reputation among glass importers.

AGG Chief Executive Officer Brendan Simpson sees these wins as just the beginning. Supported by Metro Glass, he believes AGG can: improve its sales and marketing disciplines; take a greater lead in glass innovation in Australia; drive automation across its manufacturing facilities; and go beyond its core market of high-end residential construction and renovation.

"Metro Glass, being a glass-focussed owner, has given us a new way of thinking about manufacturing process and control. This expertise, our committed people and new ideas on the deployment of people to support production, is lifting capacity and driving down unit production costs," Mr Simpson says.

"The collaborative relationship is working very well and has been received positively in the business. Metro Glass provides us with an example of how we can not only be a leader in AGG's core market, but also how, over time, we can grow to lead a much broader range of complementary segments in Australia."

Metro Glass acquired AGG for NZ$47.5 million in September 2016. Even before the acquisition, Metro Glass was likely the largest manufacturer of double-glazed windows in Australasia. It saw an immediate and strong opportunity to leverage this expertise, particularly in the cooler areas of Victoria, New South Wales, Australian Capital Territory, Tasmania and South Australia, where demand for double glazing continues to grow.

AGG's largest plant, based in Melbourne, is an ideal beachhead to supply the buoyant markets in the southeast of Australia. The company has a strong reputation for industry-leading service and product quality, especially in the highly-demanding and bespoke residential double glazing markets. While already a strong business, it also stood to benefit immediately from Metro Glass' manufacturing expertise, and, in the longer term, its command of a broader range of market segments.

Mr Simpson shares Metro Glass' optimism: "In Australia, glass manufacturing is still, on the whole, a cottage industry. If someone invests in manufacturing, lifts capacity and delivers great service, while keeping a lid on costs, they will stand out from the crowd. There is a real opportunity here and the AGG team and I are very excited about the path ahead."

AUSTRALIAN GLASS GROUP

HEADQUARTERS

KNOXFIELD, MELBOURNE.

PROCESSING SITES

KNOXFIELD, MELBOURNE;
GIRAWEEN, SYDNEY.

A$49.3M

FY17 SALES (BASED ON OWNING AGG FOR THE FULL 12-MONTH PERIOD).

220

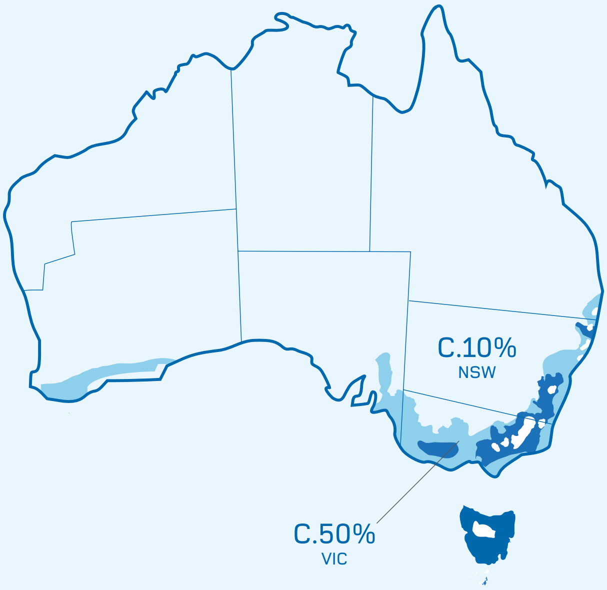
EMPLOYEES

KEY PRODUCTS

DOUBLE-GLAZED WINDOWS; CUSTOM LAMINATES; TOUGHENED GLASS FOR RESIDENTIAL AND COMMERCIAL PROJECTS.

DOUBLE-GLAZED WINDOW PENETRATION IN KEY AUSTRALIAN MARKETS

AGG and Metro Glass see the primary opportunity for double glazing in the cooler states of southeast Australia. Penetration of double glazing in new buildings in these markets – which are home to a population of more than 14 million people – are between 30% and 50%, well short of the 90%+ Metro Glass sees in New Zealand.



KEY
- ■ — CLIMATE ZONE MILD TEMPERATE
- ■ — CLIMATE ZONE COOL TEMPERATE
- □ — CLIMATE ZONE ALPINE

NOTE: ZONES CLASSIFIED BY THE AUSTRALIAN BUILDING CODES BOARD (ABCB) WITH MILD TO COLD CLIMATES. IN THESE AREAS HOMES DERIVE THE MOST BENEFIT FROM DOUBLE GLAZING IN WINTER.

"Metro Glass provides us with an example of how we can not only be a leader in AGG's core market but also how, over time, we can grow to lead a much broader range of complementary segments in Australia."

BRENDAN SIMPSON
CHIEF EXECUTIVE OFFICER, AUSTRALIAN GLASS GROUP

ABOUT METRO PERFORMANCE GLASS

Metro 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 four processing and sixteen distribution or retail sites across New Zealand. In addition, via our subsidiary Australian Glass Group, we operate two processing and distribution sites in Melbourne and Sydney.

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 facades. Our goal, in everything we do, is 'Performance without Compromise'.

NEW ZEALAND BUSINESSES

Metro Performance Glass is the primary New Zealand brand and is used by our manufacturing sites in Auckland, Mount Maunganui, Wellington and Christchurch. From these sites, we supply products and services directly to larger customers as well as to our Metro Direct and RetroFit businesses.

Metro Direct sells glass direct to customers through its eight sites located throughout the country, from Cromwell in the south to Whangarei in the north. These sites all have basic processing facilities and offer a wide range of glass-related products and services for their local markets, including cut-to-size glass, mirrors, splashbacks and glazing.

RetroFit sells and installs double glazed windows to homes with single-glazed windows, using the existing joinery. It is a fast-growing business that is capitalising on the growing demand from consumers for environmentally-efficient products.

NEW ZEALAND DISTRIBUTION

Following a series of acquisitions aimed at enhancing our distribution capabilities, Metro Glass has several other outlets operating under different brands across New Zealand. These include: Christchurch Glass, Calv Glass and Mainland Glass in Christchurch; Mintglass in Auckland and Christchurch; Capital Glass in Wellington; and Southland Glass in Invercargill.

AUSTRALIA

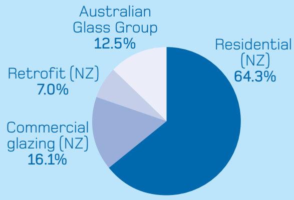
Australian Glass Group is the third-largest glass processor in Victoria and New South Wales and supplies double-glazed units, custom laminates, and toughened safety glass for residential and commercial markets across south-east Australia. It has glass processing and distribution facilities in Sydney and Melbourne.

METRO GLASS – QUICK FACTS

$244.3M

FY17 GROUP REVENUE.

NOTE: FY17 INCLUDED 7 MONTHS OF OWNERSHIP OF AUSTRALIAN GLASS GROUP.



KEY CUSTOMERS

WINDOW MANUFACTURERS, COMMERCIAL CONTRACTORS, MERCHANTS, GLAZIERS AND RETAIL CUSTOMERS.

1,100

EMPLOYEES (880 NEW ZEALAND, 220 AUSTRALIA).

330

METRO GLASS FLEET (300 NEW ZEALAND, 30 AUSTRALIA).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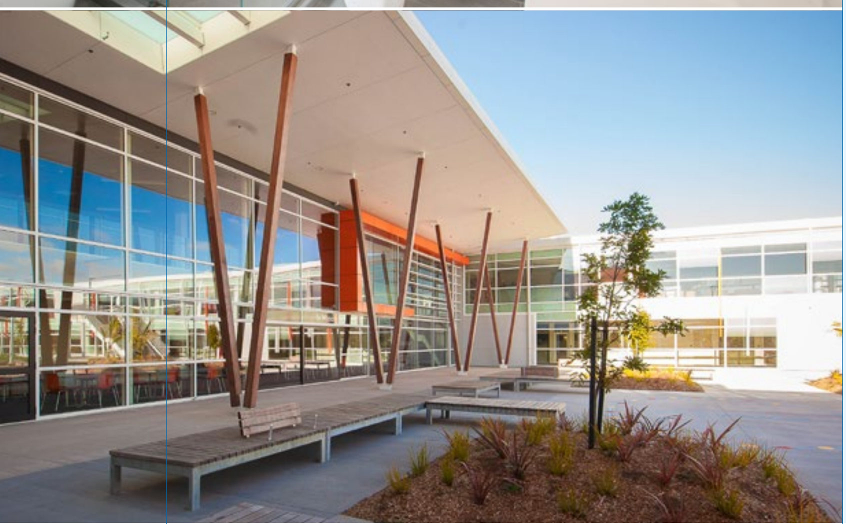
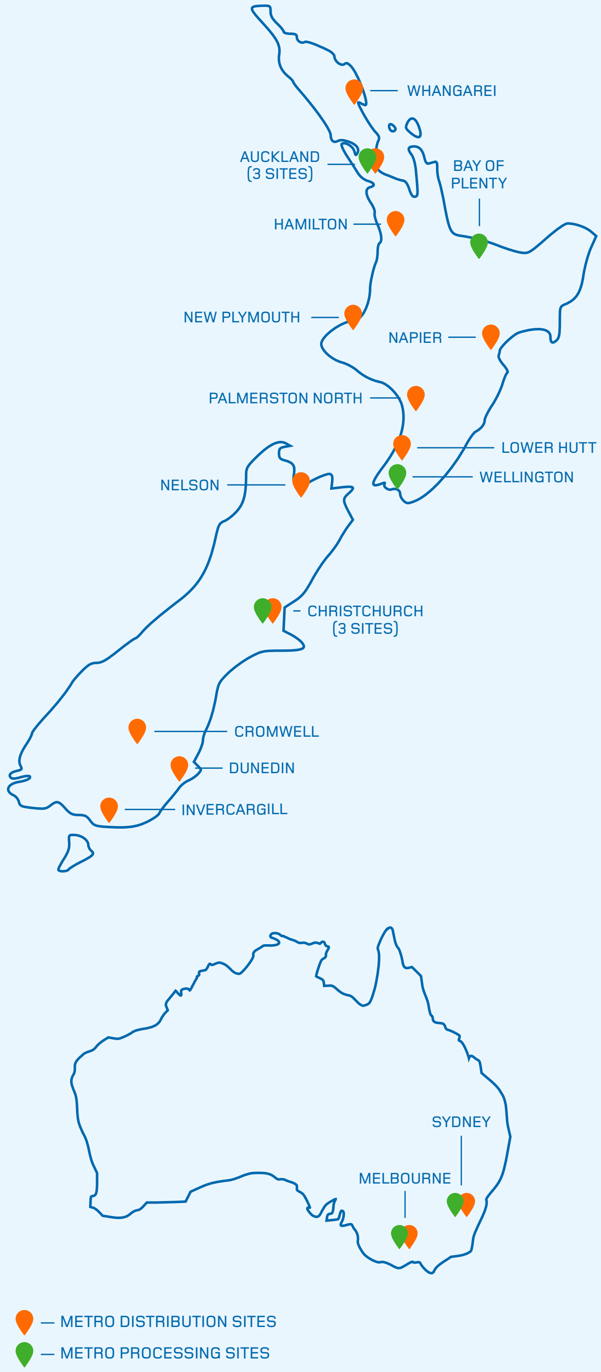


LOCATIONS


WHANGAREI
AUCKLAND
(3 SITES)
BAY OF
PLENTY
HAMILTON
NEW PLYMOUTH
NAPIER
PALMERSTON NORTH
LOWER HUTT
WELLINGTON
NELSON
CHRISTCHURCH
(3 SITES)
CROMWELL
DUNEDIN
INVERCARGILL
SYDNEY
MELBOURNE
— METRO DISTRIBUTION SITES
— METRO PROCESSING SITES

BOARD OF DIRECTORS

SIR JOHN GOULTER KNZM, JP

INDEPENDENT, NON-EXECUTIVE CHAIRMAN, MEMBER OF AUDIT AND RISK COMMITTEE AND CHAIRMAN OF NOMINATIONS COMMITTEE

Sir John has long-standing experience in both the public and private sectors in New Zealand. He currently acts as Chairman of Marsden Maritime Holdings Limited and Northport Limited. He is a former Chair of the New Zealand Business and Parliament Trust, NZ Lotteries Commission and United Carriers Group, a former director of the Reserve Bank of New Zealand, Television NZ Limited and Vector Limited, and was the inaugural Managing Director of Auckland International Airport Limited.

In 1999, Sir John was recognised as the New Zealand Herald Business Leader of the Year and in 2003 was appointed a Distinguished Companion of the New Zealand Order of Merit (DCNZM), for services to business and the community. This honour was re-designated as Knight Companion of the New Zealand Order of Merit (KNZM) in 2009.

Sir John is a graduate of Harvard Business School (Advanced Management Program), a Justice of the Peace and a Fellow of the New Zealand Institute of Management. He was inducted as a Laureate into the New Zealand Business Hall of Fame in 2003.

NIGEL RIGBY

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Nigel was appointed as Chief Executive Officer of Metro Glass in 2012. He has over 20 years of experience working in the building products sector in New Zealand, Australia, Asia and the United States.

Prior to joining Metro Glass, Nigel was with the James Hardie group for 13 years, including Executive General Manager – USA for James Hardie. In this role he led James Hardie's largest international business division, which included managing large and complex capital projects as well as the day-to-day management and responsibility for the performance of this division.

ANGELA BULL

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Angela is currently the Chief Executive Officer of Tramco Group Limited, a large New Zealand property investment company, and a director of the New Zealand Institute of Economic Research. She joined Tramco in February 2016.

Prior to leading Tramco Group, Angela held a number of senior positions over a 10-year period with Foodstuffs, most recently being General Manager Property Development for Foodstuffs North Island. This was preceded by a legal career, including roles with Chapman Tripp, the Crown Law Office and Simpson Grierson.

Angela holds a Bachelor of Arts and a Bachelor of Laws degree from the University of Auckland.

GORDON BUSWELL

INDEPENDENT, NON-EXECUTIVE DIRECTOR AND MEMBER OF REMUNERATION COMMITTEE

Gordon has more than 25 years' experience in the building and construction industry. He currently holds a number of industry-associated directorships, including the Building Industry Federation, Platinum Homes Limited, Construction Strategy Group and the Registered Master Builders Association of New Zealand. He is also a member of the New Zealand Institute of Directors.

Prior to moving into governance roles, Gordon was the Chief Executive Officer of Independent Timber Merchants (ITM) for 13 years and also spent 12 years with Carter Holt Harvey.

Gordon holds a Bachelor of Commerce from the University of Auckland.

RUSSELL CHENU

INDEPENDENT, NON-EXECUTIVE DIRECTOR AND CHAIRMAN OF AUDIT AND RISK COMMITTEE

Russell has significant experience in the corporate sector with more than 22 years in senior management roles. He has considerable expertise in senior finance related roles, including with building products companies.

Russell is currently an independent director and the Chairman of the Audit and Risk Committee of ASX-listed businesses CIMIC Group Limited and Reliance Worldwide Corporation Limited. He is also a director of James Hardie Industries plc, following a 23-year career with the company, holding various management and executive positions in a number of countries, including most recently serving as group Chief Financial Officer from 2004 to 2013.

Russell has a Bachelor of Commerce from The University of Melbourne, an MBA from Macquarie Graduate School of Management and is a Member of the Society of Certified Practising Accountants (Australia).

PETER GRIFFITHS

INDEPENDENT, NON-EXECUTIVE DIRECTOR AND CHAIRMAN OF REMUNERATION COMMITTEE

After a career in the energy industry Peter has become a professional director. His prior position was as Chief Executive Officer and Managing Director of BP Oil New Zealand for 10 years, retiring in 2009. Peter is also Chairman of Z Energy and a director of Marsden Maritime Holdings, having previously served on the boards of The New Zealand Refining Company, New Zealand Oil and Gas, and Energy Direct New Zealand.

He is a trustee of the New Zealand Business and Parliament Trust and a member and Deputy Chairman of the Civil Aviation Authority and has private interests in marine contracting and general aviation.

WILLEM (BILL) ROEST

INDEPENDENT, NON-EXECUTIVE DIRECTOR, MEMBER OF AUDIT AND RISK COMMITTEE

Bill has extensive experience in the New Zealand corporate sector, both in executive and non-executive functions, in particular in the domains of finance and corporate governance.

He is currently on the boards of Synlait Milk (where he chairs the Audit and Risk Committee), Fisher & Paykel Appliances (where he chairs the Audit Committee) and New Zealand Housing Foundation.

Prior to his non-executive roles, Bill held the position of Chief Financial Officer at Fletcher Building for 12 years. Before this, he held several leadership roles within the Fletcher Group, including as Managing Director of Fletcher Residential and Fletcher Aluminium.

Bill is a Fellow of the Association of Chartered Certified Accountants (United Kingdom) and an Associate Member of the Chartered Accountants Australia and New Zealand.

EXECUTIVE TEAM

JOHN FRASER-MACKENZIE
CHIEF FINANCIAL OFFICER

John was appointed as Chief Financial Officer in May 2015. Before his appointment, he worked for Goodman Fielder for eight years, initially as Finance Director of the Dairy Division and latterly as New Zealand Finance Director. Prior to Goodman Fielder he held a number of business development and finance roles for Heinz in Europe.

John is a chartered accountant and holds a Bachelor of Business Science in Finance from the University of Cape Town.

GEOFF RASMUSSEN
GENERAL MANAGER OPERATIONS

Geoff has more than 20 years' experience in various senior management roles at Metro Glass and was appointed as General Manager Operations in April 2011.

Geoff has 30 years of experience in the glass industry, combining a trade background with experience including sales, production and operations management.

DEAN BROWN
GENERAL MANAGER NORTH ISLAND

Dean joined Metro Glass as North Island General Manager in July 2015. He has held a number of senior roles in the manufacturing and processing industries, most recently being the Upper North Island General Manager for Waste Management.

Dean has an MBA from the University of Auckland.

BARRY PATERSON

GENERAL MANAGER SOUTH ISLAND

Barry has 15 years of experience across the New Zealand and Australian glass industries. He has held a diverse range of commercial and management finance roles in the arable and manufacturing industries, and was a director on the board of Westland Milk Products from 2010 to 2016.

Barry holds a Bachelor of Commerce and Management and a Postgraduate Diploma in Marketing.

BRENDAN SIMPSON

CHIEF EXECUTIVE OFFICER, AUSTRALIAN GLASS GROUP

Brendan was appointed as Chief Executive Officer of the Australian Glass Group (AGG) in October 2012. Brendan has more than 16 years' experience in senior executive roles within the Australian building products sector.

Prior to AGG, Brendan was the Regional General Manager of Boral's Clay & Concrete products division, running the Bricks, Roof Tiles and Concrete Masonry businesses. He also spent six years with Jeld Wen Australia as a General Manager of the Stegbar NSW and Airlite Window businesses.

Brendan has a Bachelor of Business Management (Marketing major) from the Queensland University of Technology and an (Executive) MBA from the Australian Graduate School of Management (AGSM).

NON–GAAP FINANCIAL INFORMATION

Metro Glass' standard profit measure prepared under New Zealand Generally Accepted Accounting Practice (GAAP) is profit for the period, or net profit after tax. Metro Glass has used non-GAAP measures which are not prepared in accordance with New Zealand International Financial Reporting Standards (NZ IFRS) when discussing financial performance in this document. The directors and management believe that these non-GAAP financial measures provide useful information to readers to assist in the understanding of the company's financial performance, financial position or returns, and are used internally to evaluate the performance of business units and to establish operational goals. These measures should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZIFRS. Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies.

Definitions of non-GAAP financial measures used in this report:

- **EBITDA:** Earnings before interest, tax, depreciation and amortisation.
- **EBIT:** Earnings before interest and tax.
- **Normalised EBITDA:** EBITDA, normalised to exclude $1.0m of one-off expenses related to the acquisition of Australian Glass Group, which are not tax deductible ("FY17 AGG Acquisition Expenses").
- **Normalised EBIT:** EBIT, normalised to exclude the FY17 AGG Acquisition Expenses.
- **Normalised net profit after tax**, normalised to exclude FY17 AGG Acquisition Expenses and tax adjustments relating to IPO expenses and the finalisation of prior year tax positions.
- **NPATA** is defined as net profit after tax before the amortisation of acquisition-related intangibles and its associated tax effect.

GAAP TO NON–GAAP RECONCILIATION

FULL YEAR TO 31 MARCH	FY17 ($M)	FY16 ($M)
Normalised net profit after tax	21.3	19.3
Less: Tax adjustments relating to prior periods	1.0	(1.2)
Less: FY17 AGG Acquisition Expenses	1.0	–
Net profit after tax (or Profit for the period) (GAAP)[1]	**19.4**	**20.5**
Add back: taxation expense[1]	9.6	6.5
Add back: net finance expense[1]	4.0	3.2
EBIT	32.9	30.1
Add back: depreciation & amortisation[1]	11.0	7.4
EBITDA	43.9	37.5
EBIT	32.9	30.1
Add back: FY17 AGG Acquisition Expenses	1.0	–
Normalised EBIT	**33.9**	**30.1**
EBITDA	43.9	37.5
Add back: FY17 AGG Acquisition Expenses	1.0	–
Normalised EBITDA	**44.9**	**37.5**
Net profit after tax (or Profit for the period) (GAAP)[1]	19.4	20.5
Add back: amortisation of acquisition-related intangibles and its associated tax effect	1.7	1.5
NPATA	**21.1**	**21.9**

[1] Extracted from audited financial statements.

OUR RESULTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH

	Notes	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
Sales revenue		244,318	188,037
Cost of sales	2.3	(129,135)	(90,724)
Gross Profit		**115,183**	**97,313**
Distribution and glazing related expenses	2.3	(41,086)	(35,329)
Selling and marketing expenses	2.3	(10,277)	(8,774)
Administration expenses	2.3	(30,927)	(23,086)
Operating profit		**32,893**	**30,124**
Interest expense		(4,071)	(3,380)
Interest income		105	210
Profit before income taxation		**28,927**	**26,954**
Income taxation expense	6.1	(9,560)	(6,459)
Profit for the period		**19,367**	**20,495**
Other Comprehensive Income			
Exchange differences on translation of foreign operations		787	–
Cash flow hedges		1,075	(2,324)
Total comprehensive income for the period attributable to shareholders		**21,229**	**18,171**
Earnings per share			
Basic Earnings per share (cents per share)		10.5	11.1
Diluted Earnings per share (cents per share)		10.3	11.1

The Board of Directors authorised these financial statements for issue on 25 May 2017
For and on behalf of the Board:

Sir John Goulter, KNZM, JP
Chairman

Nigel Rigby
Chief Executive Officer

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH

	Notes	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
Assets			
Current assets			
Cash and cash equivalents		248	6,404
Trade and other receivables	3.1	42,442	25,858
Inventories	3.2	22,416	17,655
Derivative financial instruments	3.4	–	–
Current income tax asset		–	–
Other current assets		4,484	2,538
Total current assets		**69,590**	**52,455**
Non-current assets			
Property, plant and equipment	4.1	57,042	47,997
Deferred tax assets	6.2	3,495	2,715
Intangible assets	4.2	163,703	127,743
Total non-current assets		**224,240**	**178,455**
Total assets		**293,830**	**230,910**
Liabilities			
Current liabilities			
Trade and other payables	3.3	26,814	21,543
Income tax liability		3,181	2,365
Derivative financial instruments	3.4	1,381	2,875
Provisions		4,541	240
Total current liabilities		**35,917**	**27,023**
Non-current liabilities			
Deferred tax liabilities	6.2	4,194	2,998
Interest bearing liabilities	5.1	94,736	50,000
Lease incentive		2,488	2,255
Total non-current liabilities		**101,418**	**55,253**
Total liabilities		**137,335**	**82,276**
Net assets		**156,495**	**148,634**
Equity			
Contributed equity	5.2	304,950	304,587
Retained earnings		22,037	16,732
Group reorganisation reserve		(170,665)	(170,665)
Share based payments reserve		381	50
Foreign currency translation reserve		787	–
Cash flow hedge reserve		(995)	(2,070)
Total equity		**156,495**	**148,634**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH

		CONSOLIDATED			
		2017			
	Notes	Contributed Equity $'000	Reserves $'000	Contributed Equity $'000	Total $'000
Opening balance as at 1 April 2016		**304,587**	**(172,685)**	**16,732**	**148,634**
Profit for the period		–	–	19,367	19,367
Other comprehensive income for the period		–	1,075	–	1,075
Total comprehensive income for the period		**–**	**1,075**	**19,367**	**20,442**
Dividends Paid		–	–	(14,062)	(14,062)
Payments received on management incentive plan shares	5.2	363	–	–	363
Transfer share based payments reserve to equity		–	–	–	–
Movement in foreign currency translation reserve		–	787	–	787
Movement in share based payments reserve		–	331	–	331
Total transactions with owners, recognised directly in equity		**363**	**1,118**	**(14,062)**	**(12,581)**
Balance at 31 March 2017		**304,950**	**(170,492)**	**22,037**	**156,495**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH

		CONSOLIDATED			
		2016			
	Notes	Contributed Equity $'000	Reserves $'000	Contributed Equity $'000	Total $'000
Opening balance as at 1 April 2015		**302,746**	**(169,626)**	**9,559**	**142,679**
Profit for the year		–	–	20,495	20,495
Other comprehensive income (loss) for the year		–	(2,324)	–	(2,324)
Total comprehensive income (loss) for the year		**–**	**(2,324)**	**20,495**	**18,171**
Dividends Paid		–	–	(13,322)	(13,322)
Payrments received on management incentive plan shares	5.2	944			944
Transfer share based payments reserve to equity	5.2	897	(897)	–	–
Movement in share based payments reserve		–	162	–	162
Total transactions with owners, recognised directly in equity		**1,841**	**(735)**	**(13,332)**	**(12,216)**
Balance at 31 March 2016		**304,587**	**(172,685)**	**16,732**	**148,634**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	**2016 $'000**
Cash flows from operating activities		
Receipts from customers	236,417	187,530
Payments to suppliers and employees	(205,752)	(154,048)
Interest received	105	210
Interest paid	(4,183)	(3,215)
Income taxes paid	(9,035)	(2,872)
Net cash inflow from operating activities	**17,552**	**27,605**
Cash flows from investing activities		
Payments for property, plant & equipment	(7,119)	(9,589)
Payments for intangible assets	(2,985)	(1,843)
Acquisition of subsidiaries (net of cash acquired)	(45,428)	–
Net cash outflow from investing activities	**(55,532)**	**(11,432)**
Cash flows from financing activities		
Repayment of borrowings	–	(5,000)
Drawdown of borrowings	44,736	–
Payments received on management incentive plan shares	363	944
Dividend paid	(14,062)	(13,322)
Net cash inflow/outflow from financing activities	**31,037**	**(17,378)**
Net increase in cash and cash equivalents	**(6,943)**	**(1,205)**
Cash and cash equivalents at the beginning of the period	6,404	7,609
Effects of exchange rate changes on cash and cash equivalents	787	–
Cash and cash equivalents at end of the period	**248**	**6,404**

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	2016 $'000
Reconciliation of profit after income tax to net inflow from operating activities		
Profit for the period	**19,367**	**20,495**
Items not involving cash flows		
Depreciation expense	7,860	5,176
Amortisation of intangible assets	3,143	2,245
Share based payments expense	331	162
Movement in deferred tax	(292)	795
Movement in doubtful debt provision	(676)	(640)
	10,366	**7,738**
Impact of changes in working capital items		
Accounts receivable and prepayments	(15,908)	(618)
Inventory	(4,762)	(6,224)
Trade creditors & employee entitlements	3,079	3,386
Interest accruals	(112)	165
Working capital on acquisition of business assets	(129)	–
General Provisions	4,301	(300)
Onerous lease provision	–	(504)
Lease incentive provision	235	235
Goods & Services tax (GST) payable	356	314
Income tax liability	816	3,005
	(12,124)	**(541)**
Items classified as investing or financing activities		
Surplus on disposal of assets	(58)	(87)
	(58)	**(87)**
Net cash flow from operating activities	**17,552**	**27,605**

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

NOTES TO THE FINANCIAL STATEMENTS

1. 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 profit oriented entity for financial reporting purposes and has operations and sales in New Zealand & 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.

Basis of preparation

These consolidated financial statements have been approved for issue by the Board of Directors on 25 May 2017.

The consolidated financial statements of the group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The group is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

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 31 March 2017 and the results of all subsidiaries for the period then ended.

Subsidiaries are all entities over which the Group has control. 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.

Monetary assets and liabilities arising from transactions or overseas borrowings that remain at balance date are translated at closing rates at 31 March 2017.

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

There are no significant impacts from the adoption of any new standards or amendments by the Group during the period.

The adoption of NZ IFRS 15 'Revenue' and NZ IFRS 9 'Financial Instruments' will be mandatory from periods beginning on or after 01 January 2018. The adoption of NZ IFRS 16 'Leases' will be mandatory from periods beginning on or after 01 January 2019. There are no other amendments material to the Group. As the Group has significant property lease commitments (Note 6.6) we anticipate a material change on implementation of NZ IFRS16. The impact of these standards on the Group's financial statements is currently being reviewed.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in each accounting note as appropriate.

BUSINESS COMBINATION

On 01 September 2016 the Group acquired 100% of the shares of Australian Glass Group (AGG), a glass processing company with operations in Melbourne and Sydney with the acquisition price being debt funded. The AGG processing market offers significant opportunities for Metro Glass and AGG is a strong fit, providing the ability to leverage key competencies across both New Zealand and Australia.

Additional expenses within the statement of comprehensive income arising from due diligence and legal costs amount to $1m. The following table summarises the consideration paid for AGG and the assets and liabilities assumed recognised at the acquisition date.

Purchase Consideration

	$'000
Cash consideration	46,823
Deferred consideration	686
Total purchase consideration	**47,509**

The assets and liabilities recognised as a result of the acquisition are as follows

	Fair value $'000
Cash	1,395
Trade Receivables	8,421
Inventories	1,389
Plant and Equipment	9,729
Intangible assets: internally developed software	2,891
Intangible assets: customer relationships	2,102
Other current assets	259
Deferred tax liability	(289)
Trade payables	(3,926)
Other current liabilities	(551)
Provision for leasehold make good	(2,983)
Employee benefit obligations	(2,053)
Net identifiable assets acquired	**16,384**
Add goodwill	31,125
Net assets acquired	**47,509**

The goodwill is attributable to the anticipated future profitability of the acquired business, reductions in the value of goodwill will not be deductible for tax purposes.

Revenue and profit contribution

The acquired business contributed sales revenue of $30.4m to the Group for the period from 01 September to 31 March 2017. If the acquisition had occurred on 01 April 2016, consolidated sales revenue for the period ended 31 March 2017 would have been an estimated $266m and EBITDA $48m.

Purchase consideration – cash outflow

	$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	46,823
Less: cash balance acquired	(1,395)
Net outflow of cash – investing activities	**45,428**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. FINANCIAL PERFORMANCE

2.1 SEGMENT INFORMATION

Operating segments of the Group at 31 March 2017 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. Following the acquisition of AGG, on 01 September 2016 the Group now operates in two geographic segments.

	CONSOLIDATED 2017			
	New Zealand $'000	**Australia $'000**	**Eliminations & Other $'000**	**Group $'000**
Revenue	213,830	30,488	–	244,318
Segmental EBITDA	41,150	4,688	–	45,838
Group Costs			(1,941)	(1,941)
Group EBITDA				43,897
Depreciation and amortisation	8,067	1,486	1,450	11,003
Segment Assets	263,321	61,240	(30,731)	293,830
Segment Liabilities	29,749	44,403	63,183	137,335

	CONSOLIDATED 2016			
	New Zealand $'000	**Australia $'000**	**Eliminations & Other $'000**	**Group $'000**
Revenue	188,037	–	–	188,037
Segmental EBITDA	38,388	–	–	38,388
Group Costs	–	–	(894)	(894)
Group EBITDA	–	–	–	37,495
Depreciation and amortisation	5,971	–	1,450	7,421
Segment Assets	258,448	–	(27,538)	230,910
Segment Liabilities	29,086	–	53,190	82,276

Group costs consist of insurance, professional services, director fees and expenses, listing fees, share incentive scheme costs & abnormals in relation to the purchase of AGG.

2.2 REVENUE

Accounting Policy

Revenue comprises the value of the consideration received for the sale of goods and services, net of Goods and Services Tax, rebates and discounts and after eliminating sales within the Group.

Sales of goods

The Group operates a network of processing and retail branches for the provision and assembly of customised glass products. Sales of goods are recognised when a Group entity has delivered glass products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Sales of services

The Group provides glazing services throughout the Metro Performance Glass branch network. For sales of glazing services, revenue is recognised in the accounting period in which the services are rendered, 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.

2.3 OPERATING EXPENDITURE

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	2016 $'000
Raw materials and consumables used	69,616	48,689
Employee benefit expense	81,173	61,589
Subcontractor cost	6,618	6,433
Depreciation and amortisation	10,945	7,334
Transportation and logistics	9,338	7,857
Operating lease payments	8,437	6,832
Advertising	1,894	2,123
Other expenses	23,404	17,056
Total cost of sales, distribution and glazing related expenses, selling and marketing expenses, and administration expenses	**211,425**	**157,913**

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	2016 $'000
Audit and review of financial statements		
Audit and review of financial statements - PwC	326	206
Other services performed by PwC		
Tax compliance and advice	30	11
Other compliance	5	–
Share Scheme advice	11	–
Executive reward services	52	50
	424	**267**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.4 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit after tax of the Group by the weighted average number of ordinary shares outstanding during the period.

	CONSOLIDATED	CONSOLIDATED
	2017	**2016**
Profit after tax ($'000)	19,367	20,495
Weighted average number of ordinary shares outstanding ('000s)	185,066	185,030
Basic Earnings per share (cents per share)	10.5	11.1

Diluted

Diluted Earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	CONSOLIDATED	CONSOLIDATED
	2017	**2016**
Weighted average number of ordinary shares outstanding ('000s)	185,066	185,030
Adjusted for share options ('000s)	2,323	311
Weighted average number of ordinary shares for diluted earnings per share ('000s)	187,389	185,852
Diluted Earnings per share (cents per share)	10.3	11.1

Net Tangible Assets

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	**2016 $'000**
Net Tangible assets	(7,208)	20,891
Shares on issue at end of period (in thousands)	185,066	185,030
Net tangible assets per share (cents per share)	(0.04)	0.11

3. WORKING CAPITAL

3.1 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	**2016 $'000**
Trade receivables	43,420	27,512
Provision for doubtful trade receivables	(978)	(1,654)
	42,442	**25,858**

Bad and doubtful trade receivables

The Group extends credit to its customers based on an assessment of credit worthiness. Terms differ by customer and may extend to 60 days past invoice date. A portion of the Group's receivables are also subject to contractual retentions which can last up to and exceed 12 months. At balance date, a portion of trade receivables are past due as defined by the applicable credit terms.

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	**2016 $'000**
The ageing profile of debtors follows:		
Current	27,159	18,606
30 - 59 days	8,096	3,448
60 - 89 days	1,225	611
90 days and later	6,940	4,847
	43,420	**27,512**

The ageing profile 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.

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	**2016 $'000**
Movements in the provision for impairment of receivables are as follows:		
Opening balance	1,654	2,294
Provision for impairment recognised during the year	(110)	169
Receivables written off during the year as uncollectible	(566)	(809)
Balance at end of year	**978**	**1,654**

Amounts are generally written off when there is no expectation of recovering additional cash or consideration.

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	**2016 $'000**
The ageing profile of debtors 'past due but not impaired' is as follows:		
Current	–	–
30 - 59 days	3,317	–
60 - 89 days	1,085	478
90 days and later	3,358	3,326
	7,760	**3,804**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Estimates and judgements:

Allowance for doubtful debts

Receivables are reduced by an allowance for amounts that may become uncollectible in the future. Collections and payments from our customers are continuously monitored and a provision for doubtful debts is maintained based upon our historical experience and any specific customer collection issues that we have identified.

Accounting Policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for estimated uncollectible amounts. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "Administration expenses'. Individual debtor accounts are reviewed for impairment and a provision is raised based on management's best estimate of recoverability.

Credit Risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions and is managed at Group level.

3.2 INVENTORIES

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	2016 $'000
Raw materials, primarily flat glass stock-sheets	19,639	15,308
Work in progress	2,777	2,347
	22,416	**17,655**

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to $74.3m.

Accounting Policy

Raw materials and stock, work in progress and finished goods are stated at the lower of costs and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.3 TRADE AND OTHER PAYABLES

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	2016 $'000
Trade accounts payable	17,696	15,071
Employee entitlements	6,526	3,856
Goods and services tax payable	1,387	1,032
Other interest accruals	284	396
Management incentive accrual	921	1,188
	26,814	**21,543**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The carrying amount represents fair value due to their short term nature.

Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and lieu leave are recognised in 'Trade and other payables' in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The Group recognises a liability and an expense for bonuses on a formula that takes into consideration the profit attributable to the Group's shareholders. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.4 FINANCIAL INSTRUMENTS

"The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management is carried out by a central finance function (the head office finance team) under policies approved by the board of directors. The head office finance team focuses on the unpredictability of financial markets and identifies, evaluates and seeks to hedge financial risks in close co-operation with the Group's operating units to minimise potential adverse effects on the financial performance of the Group.

The board approves policies covering foreign exchange risk, interest rate risk and credit risk. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The Group uses different methods including sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk to measure risk."

Derivatives

The Group holds derivative financial instruments to hedge its foreign currency. The Group has designated forward exchange contracts as cash flow hedge instruments.

Cash flow hedges - forward exchange contracts and interest rate swaps

Cash flow hedge instruments hedge the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and (ii) could affect profit or loss.

The fair value of financial instruments traded in active markets by the Group is based on the current bid price and for financial liabilities is the current ask price.

At 31 March 2017 all financial instruments measured at fair value (interest rate swaps and forward exchange contracts) were valued using valuation techniques where all significant inputs were based on observable market data. Accordingly they are categorised as level 2.

Specific valuation techniques used to value the Group's financial instruments are as follows:

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- The fair value of interest rate swap contracts is determined using forward interest rates at the balance sheet date, with the resulting value discounted back to present value.

These fair values are based on valuations provided by the ANZ Banking Group as at 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial Instruments by category

	CONSOLIDATED		
	Loans and receivables $'000	Derivatives used for hedging $'000	Total $'000
Assets as per statement of financial position			
31 March 2017			
Cash and cash equivalents	248	–	248
Derivatives - foreign exchange contracts	–	–	–
Derivatives - interest rate swaps	–	–	–
Trade and other receivables	42,442	–	42,442
Balance at 31 March 2017	**42,690**	**–**	**42,690**
Assets as per statement of financial position			
31 March 2016			
Cash and cash equivalents	6,404	–	6,404
Derivatives - foreign exchange contracts	–	–	–
Derivatives - interest rate swaps	–	–	–
Trade and other receivables	25,858	–	25,858
Balance at 31 March 2016	**32,262**	**–**	**32,262**

	CONSOLIDATED		
	Liabilities at amortised cost $'000	Derivatives used for hedging $'000	Total $'000
Liabilities as per statement of financial position			
31 March 2017			
Trade and other payables excluding non-financial liabilities	28,994	–	28,994
Derivatives - foreign exchange contracts	–	481	481
Derivatives - interest rate swaps	–	900	900
Interest bearing liabilities	94,736	–	94,736
Balance at 31 March 2017	**123,730**	**1,381**	**125,111**
Liabilities as per statement of financial position			
31 March 2016			
Trade and other payables excluding non-financial liabilities	20,008	–	20,008
Derivatives - foreign exchange contracts	–	1,575	1,575
Derivatives - interest rate swaps	–	1,300	1,300
Interest bearing liabilities	50,000	–	50,000
Balance at 31 March 2016	**70,008**	**2,875**	**72,883**

Accounting policy

On initial designation of a derivative as a cash flow hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction. Documentation includes the nature of the risk being hedged, together with the methods that will be used to assess the hedging instrument's effectiveness. The Group also documents its assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in cash flows of the respective hedged items.

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges, is recognised in other comprehensive income and presented in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss section of the statement of comprehensive income.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and purchases of recognised assets are denominated in a currency that is not NZD which is the company's functional currency. Approximately 95% of annual flat sheet glass raw materials are purchased in foreign currencies, being United States Dollar (USD), Euro (EUR) and Australian Dollar (AUD). In accordance with the Company Treasury policy, foreign exchange risk is managed prospectively out over a period to a maximum period of 12 months with allowable limits of coverage up to 100% over the 6 month term, reducing to 50% up to the 12 month term. Where deemed acceptable by the directors, coverage can be extended out over a longer period.

Exposure to foreign exchange risk

	CONSOLIDATED		
	AUD NZ$'000	USD NZ$'000	EUR NZ$'000
31 March 2017			
Cash and cash equivalents	1,620	–	–
Trade receivables	9,452	–	–
Trade accounts payable	(4,934)	(2,474)	(756)
Balance at 31 March 2017	**6,138**	**(2,474)**	**(756)**
31 March 2016			
Cash and cash equivalents	64	–	–
Trade receivables	21	–	–
Trade accounts payable	(137)	(3,181)	(985)
Balance at 31 March 2016	**(52)**	**(3,181)**	**(985)**

Cash flow hedge reserve movement shown in the statement of comprehensive income reflects the tax affected change in fair value of forward foreign exchange currency contracts during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Sensitivity analysis

The following table details the Group's sensitivity to a 10% strengthening/weakening of the New Zealand dollar (NZ$) against the following currencies at the reporting date. The table shows the (decrease)/increase in profit or loss and equity as a result of the 10% movements. The analysis assumes that all other variables, in particular interest rates, remain constant. The same basis has been applied for all periods presented.

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	2016 $'000
Profit or loss		
10% strengthening of the NZ$ against:		
AUD	(558)	5
USD	225	289
EUR	69	90
10% weakening of the NZ$ against:		
AUD	682	(6)
USD	(275)	(353)
EUR	(84)	(109)
Equity		
10% strengthening of the NZ$ against:		
USD	(2,042)	(3,168)
EUR	(367)	(613)
10% weakening of the NZ$ against:		
USD	2,495	3,872
EUR	449	750

Profit or loss movements are mainly attributable to the exposure outstanding on USD trade payables at the end of the reporting period. Equity movements are the result of changes in fair value of derivative instruments designated as hedging instruments in cash flow hedges.

Commodity cost risk

The primary raw material used by the Group is flat glass which is imported from suppliers around the world. While there are numerous manufacturers of flat sheet glass, the Group is exposed to commodity price risk and therefore manages access to supply through close relationships with suppliers. Cost is an important variable in the determination of supply, and the Group is clearly exposed to changes in the cost of glass.

4. LONG TERM ASSETS

4.1 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2017			
	Plant & equipment $'000	Furniture, fittings & equipment $'000	Motor Vehicles $'000	Total $'000
Opening balance				
Cost	46,864	2,193	8,058	57,115
Accumulated depreciation	(6,701)	(702)	(1,715)	(9,118)
Net book value at 1 April 2016	**40,163**	**1,491**	**6,343**	**47,997**
Additions	12,880	648	3,543	17,071
Disposals	(54)	–	(81)	(135)
Depreciation expense	(5,666)	(537)	(1,657)	(7,860)
Foreign exchange impact	(27)	–	(4)	(31)
Closing net book value at 31 March 2017	**47,296**	**1,602**	**8,144**	**57,042**
Represented by:				
Cost	59,681	2,833	11,482	73,996
Accumulated depreciation	(12,385)	(1,231)	(3,338)	(16,954)
Net book value at 31 March 2017	**47,296**	**1,602**	**8,144**	**57,042**

	CONSOLIDATED 2016			
	Plant & equipment $'000	Furniture, fittings & equipment $'000	Motor Vehicles $'000	Total $'000
Opening balance				
Cost	38,411	1,676	6,041	46,128
Accumulated depreciation	(1,880)	(189)	(563)	(2,632)
Net book value at 1 April 2015	**36,531**	**1,487**	**5,478**	**43,496**
Additions	7,332	434	1,967	9,733
Disposals	–	(7)	(49)	(56)
Depreciation expense	(3,700)	(423)	(1,053)	(5,176)
Closing net book value at 31 March 2016	**40,163**	**1,491**	**6,343**	**47,997**
Represented by:				
Cost	46,864	2,193	8,058	57,115
Accumulated depreciation	(6,701)	(702)	(1,715)	(9,118)
Net book value at 31 March 2016	**40,163**	**1,491**	**6,343**	**47,997**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Estimates and Judgements

Economic lives of intangible assets and property, plant and equipment

Property, plant and equipment are long-lived assets that are amortised / depreciated over their useful lives.

Accounting Policy

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land is not depreciated. Depreciation of property, plant and equipment is calculated using the straight line value method to allocate the cost of the assets over their expected useful lives. The rates are as follows:

	Depreciation Rate	Depreciation Basis
Leasehold Improvements	7.5-15%	SL
Plant and equipment	7.5-15%	SL
Motor Vehicles	12-20%	SL
Furniture, fixtures and fittings	20-25%	SL

4.2 INTANGIBLE ASSETS

	CONSOLIDATED 2017			
	Customer relationships $'000	Goodwill on acquisitions $'000	Computer software $'000	Total $'000
Opening balance				
Cost	10,875	116,389	3,868	131,132
Accumulated amortisation	(2,417)	–	(972)	(3,389)
Net book value at 1 April 2016	**8,458**	**116,389**	**2,896**	**127,743**
Additions	2,188	32,809	4,127	39,124
Disposals	–	–	–	–
Amortisation expense	(1,695)	–	(1,448)	(3,143)
Foreign exchange impact	(10)	–	(11)	(21)
Closing net book value at 31 March 2017	**8,941**	**149,198**	**5,564**	**163,703**
Represented by:				
Cost	13,063	149,198	7,995	170,256
Accumulated amortisation	(4,122)	–	(2,431)	(6,553)
Net book value at 31 March 2017	**8,941**	**149,198**	**5,564**	**163,703**

	CONSOLIDATED 2016			
	Customer relationships $'000	Goodwill on acquisitions $'000	Computer software $'000	Total $'000
Opening balance				
Cost	10,875	115,489	2,900	129,264
Accumulated amortisation	(967)	–	(152)	(1,119)
Net book value at 1 April 2015	**9,908**	**115,489**	**2,748**	**128,145**
Additions	–	900	945	1,845
Disposals	–	–	(2)	(2)
Amortisation expense	(1,450)	–	(794)	(2,245)
Closing net book value at 31 March 2016	**8,458**	**116,389**	**2,896**	**127,743**
Represented by:				
Cost	10,875	116,389	3,868	131,132
Accumulated amortisation	(2,417)	–	(972)	(3,389)
Net book value at 31 March 2016	**8,458**	**116,389**	**2,896**	**127,743**

Estimates and judgements: Goodwill

The Group tests at least annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Impairment tests for goodwill

Previously goodwill was allocated to three cash generating units being upper North Island, lower North Island and the South Island. Post the acquisition of AGG segments have been reclassified as being New Zealand and Australia aligning with the way our business is reviewed. Goodwill is allocated as follows:

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	2016 $'000
New Zealand	116,798	116,389
Australia	32,400	–
	149,198	**116,389**

This calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated long term growth rates. Key assumptions used based on management's knowledge of the market are as follows:

	CONSOLIDATED	CONSOLIDATED
	2017	2016
Compound annual volume growth - 5 years	7.9%	4.0%
Long term growth rate	2.8%	2.2%
Discount rate	9.0%	9.5%

Sensitivity analyses performed by management indicate no impairment through reasonable changes to the above assumptions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Accounting Policy

Goodwill

Goodwill represents the excess of the consideration paid for an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Any goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units that is expected to benefit from the synergies of the combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group are recognised as intangible assets when management intends to use the software and anticipate it will generate probable future economic benefits.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Amortisation of computer software is calculated on a straight line basis over a useful life of 4 years.

Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations acquired are estimated to have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on a straight-line method over the expected life, being 10 years of the customer relationship in New Zealand and 5 years in Australia.

5. DEBT & EQUITY

5.1 INTEREST BEARING LIABILITIES

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	**2016 $'000**
Bank borrowings	94,736	50,000
	94,736	**50,000**

Bank borrowings are secured by a first-ranking composite general security deed. The Group's bank borrowing facilities comprise a syndicated term loan facility of $125m negotiated on 31 August 2016 for a 3 year term as well as overdraft and bank guarantees totalling $16.565m. The Group complied with all covenants throughout the year.

(A) Assets pledged as security

The bank loans are secured under both a General Security Deed and Specific Security Deed which results in registered charges over assets of the Group. In addition there are positive and negative pledge undertakings by the Company.

(B) Fair value

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.

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is expensed in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.

In addition to cash reserves, the Group negotiated a syndicated credit facility with banking partners in August 2016. As at 31 March 2017 the Group had cash of $248k. Information in respect of negotiated credit facilities is shown below.

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	**2016 $'000**
Committed credit facilities pursuant to syndicated facility	141,565	75,000
Drawdown at balance date	(99,376)	(54,540)
Available credit facilities	**42,189**	**20,460**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The table below analyses both of the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of cash flows.

	CONSOLIDATED 2017				
	Less than 1 year $'000	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**> 5 years $'000**	**Total $'000**
Bank borrowings and interest owing	284	–	94,736	–	95,020
Interest rate swap	257	257	387	–	901
Foreign exchange contracts	481	–	–	–	481
Trade accounts payable	17,696	–	–	–	17,696
Total at 31 March 2017	**18,718**	**257**	**95,123**	**–**	**114,098**

	CONSOLIDATED 2016				
	Less than 1 year $'000	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**> 5 years $'000**	**Total $'000**
Bank borrowings and interest owing	396	50,000	–	–	50,396
Interest rate swap	389	911	–	–	1,300
Foreign exchange contracts	1,538	37	–	–	1,575
Trade accounts payable	15,071	–	–	–	15,071
Total at 31 March 2016	**17,394**	**50,948**	**–**	**–**	**68,342**

Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During the period the Group's borrowings at variable rates were denominated in both New Zealand and Australian dollars. If interest rates in New Zealand and Australia increased by 10% the impact would be additional cost of $275k and a subsequent decrease of $275k if rates decreased by 10%. (2016 interest rate increase of 10% would have resulted in additional costs of $183k and a subsequent decrease of $183k if rates decreased by 10%).

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis by entering into interest rate swaps.

5.2 CONTRIBUTED EQUITY

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
Opening balance	304,587	302,746
Share based payments reserve transferred to equity	–	897
Payments received on management incentive plans	363	944
Closing balance	**304,950**	**304,587**

On 29 July 2014, Metro Performance Glass Limited received gross proceeds of $244.2 million from the allotment of 143,668,486 ordinary shares at an issue price of $1.70 per share, offered under the Investment Statement and Prospectus dated 7 July 2014 (amended 15 July 2014) for the Initial Public Offering (IPO) of ordinary shares in Metro Performance Glass Limited. Additionally 36,646,730 ordinary shares were issued in exchange for 113,811,147 shares in Metroglass Holdings Limited at an issue price of $1.70 per share. As part of the then long term incentive plan 4,714,784 ordinary shares were issued with no value in contributed equity until they vested on 29 July 2015.

Additional movements to contributed equity include a decrease of $7.0 million from IPO expenses and an increase of $3.3 million from contributions to shares issued to key management employees of cash and share based payments reserves.

Payments received on management incentive plan shares relates to net proceeds received on the sale of shares forfeited by a key management employee on leaving the business.

Contributions to shares issued to key management employees relate to long term incentive plans and the employee share scheme.

On 21 February 2017, Metroglass launched an employee share purchase scheme for New Zealand employees. This Scheme enabled participants to purchase either $1,000 or $2,000 worth of Metroglass shares at a 50% discount to market value. Shares are held in trust on behalf of the participants for a minimum three year holding period until the vesting date of 21 February 2020. Vesting conditions include ongoing employment with the Company as at the vesting date. The Company has provided participants with interest free loans to fund the participant contribution (being 50%) towards the acquisition of the shares, which is to be repaid over the three year holding period. In aggregate, 348,086 shares were issued under this Scheme on 21 February 2017 at an issue price of $1.54.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Long Term Incentive Plans

The Group currently has a long term incentive plan for selected employees. The plan participants are members of the senior leadership team and other selected senior managers.

The plan is designed to secure those employees' retention in Metro Glass and to reward performance that underpins the achievement of Metro Glass' business strategy and long term shareholder wealth creation. Participants are offered an annual award of a specified number of both performance rights and share options in Metro Glass (in accordance with the plan rules).

The performance rights enable participants to acquire shares in Metro Glass with no consideration payable, subject to Metro Glass achieving set performance hurdles and meeting certain vesting conditions.

The share options enable participants to acquire shares in Metro Glass at a market based exercise price, subject to Metro Glass achieving set performance hurdles and meeting certain vesting conditions.

In the event that the respective performance hurdles are not met on the vesting date, retesting will be permitted after a further six and twelve months from the measurement date.

The below share options and performance share rights have been issued.

Date Issued	Number of Options	Number of PSR	Options Exercise Price	Vesting Date
7-Dec-15	822,159	120,791	$1.60	7-Dec-17
10-Jun-16	1,396,781	275,670	$1.73	10-Jun-19

Accounting policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or acquiring its own shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

Dividend distribution to the Group shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared by the Board.

CAPITAL RISK MANAGEMENT

The Group and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. The Group gearing ratio at 31 March 2017 was as follows:

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	2016 $'000
Bank borrowings	94,736	50,000
Less: cash and cash equivalents	248	6,404
Net debt	**94,488**	**43,596**
Equity	**156,495**	**148,634**
Gearing ratio	**37.6%**	**22.7%**

6.0 OTHER

6.1 INCOME TAXATION

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	**2016 $'000**
Profit before income taxation	28,927	26,954
Income taxation expense at the Company's effective tax rate	8,152	7,547
Tax effect of non-deductible items	429	149
Non assessable income	(2)	(2)
Prior year adjustment	981	(1,237)
Income tax expense	**9,560**	**6,459**
Represented by:		
Current taxation	9,149	5,274
Deferred taxation	411	1,185
	9,560	**6,459**

The prior year adjustment relates to finalisation of the treatment of IPO tax expenses (shown as a credit in the prior year) and other tax adjustments.

Imputation Credit Account

The amount of imputation credits at balance date available for future distributions is $5.7m at March 2017, $2.8m at March 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.2 DEFERRED TAXATION

Consolidated deferred tax assets and liabilities are attributable to the following;

	CONSOLIDATED		
	2017		
	Assets $'000	Liabilities $'000	Net $'000
Property, plant & equipment	–	(973)	(973)
Inventory and receivables	64	–	64
Cash flow hedge	387	–	387
Intangibles	77	(3,212)	(3,135)
Provisions and accruals	2,967	(9)	2,958
	3,495	**(4,194)**	**(699)**

	CONSOLIDATED		
	2016		
	Assets $'000	Liabilities $'000	Net $'000
Property, plant & equipment	–	(388)	(388)
Inventory and receivables	84	–	84
Cash flow hedge	805	–	805
Intangibles	–	(2,610)	(2,610)
Provisions and accruals	1,826	–	1,826
	2,715	**(2,998)**	**(283)**

Movement in temporary differences during the year;

	CONSOLIDATED 2017				
	Opening Balance $'000	**Arising on acquisition $'000**	**Recognised in profit or loss $'000**	**Recognised in OCI $'000**	**Balance 31 Mar 2017 $'000**
Property, plant & equipment	(388)	(339)	(246)	–	(973)
Inventory and receivables	84	22	(42)	–	64
Cash flow hedge	805	–	–	(418)	387
Intangibles	(2,610)	(942)	417	–	(3,135)
Provisions and accruals	1,826	1,672	(540)	–	2,958
	(283)	**413**	**(411)**	**(418)**	**(699)**

	CONSOLIDATED 2016				
	Opening Balance $'000	**Arising on acquisition $'000**	**Recognised in profit or loss $'000**	**Recognised in OCI $'000**	**Balance 31 Mar 2016 $'000**
Property, plant & equipment	154	–	(542)	–	(388)
Inventory and receivables	1,060	–	(976)	–	84
Cash flow hedge	(99)	–	–	904	805
Intangibles	(2,821)	–	211	–	(2,610)
Provisions and accruals	1,705	–	121	–	1,826
	(1)	**–**	**(1,186)**	**904**	**(283)**

Accounting Policy

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3 GROUP RESERVES

Reorganisation Reserve

Upon acquisition of Metroglass Holdings Limited in July 2014, the assets and liabilities acquired were measured at their pre-combination carrying amounts without fair value uplift. The difference between the consideration transferred and the carrying value of the assets and liabilities acquired was recorded in the group reorganisation reserve.

Accounting Policy

Where an acquisition occurs through group reorganisation, the identifiable assets and liabilities acquired are measured at their pre-combination carrying amounts without fair value uplift. No new goodwill is recorded. Any difference between the consideration transferred and the carrying value of the assets and liabilities acquired is recorded in equity.

Share Based Payments Reserve

The Group currently has a long term incentive plan for selected employees. The reserve is used to record the accumulated value of the plan which has been recognised in the statement of comprehensive income.

Accounting Policy

The long term incentive plan is an equity settled share based payment which provides eligible employees with the opportunity to acquire shares in the Group. The fair value of shares granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period. The fair value of the plan has been assessed by an independent valuer.

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	2016 $'000
Share based payments reserve		
Balance at beginning of period	50	785
Transfer to capital	–	(897)
Movement in share based payments reserve	331	162
Closing Balance	**381**	**50**

6.4 RELATED PARTY TRANSACTIONS

Directors

The names of persons who were directors of the Company at any time during the financial period are as follows: Sir John Goulter, Michael Alscher, Russell Chenu, Nigel Rigby, Willem Roest, Gordon Buswell and Peter Griffiths.

Peter Griffiths was appointed on 2 September 2016. Michael Alscher and Michael Baster (an alternate director to Michael Alscher) both resigned on 10 June 2016.

Key management and Board of Directors compensation

Key management are members of the Executive Team. The compensation paid to key management for employee service is shown below:

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	**2016 $'000**
Salaries and other short-term employee benefits	2,090	2,010
Management incentive	457	–
Share based payments	262	162
	2,809	**2,172**

Board of Directors' compensation

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	**2016 $'000**
Directors fees	505	469
	505	**469**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.5 CONTINGENCIES

As at 31 March 2017 the Group had no contingent liabilities or assets.

6.6 COMMITMENTS

Lease commitments; as lessee.

Operating leases

The Group leases all premises. The lease terms for operating leases held over property are between 3 and 15 years, and give the Group the right to renew the leases subject to a mutual redetermination of the lease rental by the lessee and lessor based on an independent third party market rent review. There are no options to purchase in respect of plant and equipment held under operating leases.

	CONSOLIDATED	CONSOLIDATED
	2017 $'000	**2016 $'000**
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	8,930	5,989
One to two years	8,211	5,042
Two to five years	16,855	14,321
Beyond five years	20,396	24,299
Commitments not recognised in the financial statements	**54,392**	**49,651**

Accounting Policy

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the period of the lease.

Independent auditor's report

To the shareholders of Metro Performance Glass Limited

The consolidated financial statements comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended;
- the statement of cash flows for the period then ended; and
- the notes to the financial statements, which include significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements of Metro Performance Glass Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2017, its financial performance and its cash flows for the period then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditors and providers of specified procedures at interim and over the annual report and executive remuneration benchmarking, we have no relationship with, or interests in, the Group. These services have not impaired our independence as auditors of the Group.

Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall group materiality: $1.4 million, which represents 5% of profit before tax.

We applied this benchmark because, in our view, this is the metric against which the performance of the Group is most commonly measured.

We agreed with the Audit and risk committee that we would report to them misstatements identified during our audit above $0.1 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Our only key audit matter is the accounting for the Australian Glass Group acquisition

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We perform audits of the significant subsidiaries of the Group as well as the holding company to appropriately address the risk of misstatement and to obtain sufficient audit coverage and evidence. These audits were undertaken by PwC New Zealand and performed at a materiality level calculated with reference to a proportion of the Group materiality appropriate to the relative financial scale of the subsidiary concerned.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Australian Glass Group Acquisition
As described in Note 1 (business combinations), the Group acquired Australian Glass Group (AGG) effective from 01 September 2016.
Management determined that the transaction was a business combination in nature and that a fair value adjustment of $0.4 million be applied to plant and equipment and intangible assets be recognised for software acquired of $2.9 million, customer relationships of $2.1 million and goodwill of $31.1 million.
In accounting for the acquisition Management:

Assessed the nature of the acquisition and associated accounting treatment and determined the appropriate level of disclosure required in the financial statements;
Identified the assets and liabilities acquired including intangibles and goodwill;
Calculated the fair values of those assets and liabilities including the use of an expert to fair value plant and equipment and software; and
Assessed the differences between AGG and Group accounting policies and determined the impact of those differences.

Calculating the fair value of assets and liabilities acquired including the recognition of previously unrecorded intangible assets involved the application of significant judgment and estimation. Accordingly this was an area of key audit focus.
</td><td>
Our audit of the acquisition transactions included:

Performing our own independent assessment of the nature of the acquisition as a business combination by reading the sale and purchase agreement to understand the key terms and conditions and discussing the transaction with management and the Directors to understand the legal and commercial substance of the arrangements entered into.
Assessing the completeness and existence of unrecorded intangibles assets and liabilities acquired based on our understanding of the transaction, reviewing managements' expert's assessment and engaging an auditor's expert to challenge this assessment by considering the competitive environment, the nature of the business and the ongoing customer relationships against their cumulative knowledge of similar transactions.
Evaluating the cash flow forecasts used in the measurement of the identifiable intangible assets and calculation of goodwill as the residual. We engaged an auditor's expert who evaluated the valuation techniques and assumptions used. This included assessing the forecasted growth in revenue and margins, average life of customers and the discount rate against historical company information and the auditor's expert's cumulative knowledge.
Assessed the independence, competence, and objectivity of managements' expert and operational management used in determining the fair value of plant and equipment and software. Our auditor's expert evaluated the valuation techniques used and challenged assumptions used against market values, historical company information and the auditor's expert's cumulative knowledge.

From the procedures performed we have no matters to report.
</td></tr>
</table>

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Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jonathan Skilton.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants — Auckland
25 May 2017

CORPORATE GOVERNANCE AND STATUTORY INFORMATION

CORPORATE GOVERNANCE

The Board and the Senior Management Team of Metro Performance Glass (Metroglass, the Company) recognise the importance of sound corporate governance and consider it is core to ensuring the creation, protection and enhancement of shareholder value. Together they are committed to ensuring that the Company applies and adheres to practices and principles that ensure good governance and the highest ethical standards are maintained to protect the interests of shareholders and all stakeholders.

The Board recognises the need for the highest standards of corporate behaviour and accountability. The Board is committed to optimising shareholder returns within a framework of ethical business practices.

For the reporting period to 31 March 2017, the Company considers its corporate governance practices and policies comply with the New Zealand Stock Exchange (NZX) Listing Rules relating to corporate governance, the NZX Corporate Governance Best Practice Code and the New Zealand Financial Markets Authority Corporate Governance in New Zealand – Principles and Guidelines.

This statement reflects a summary of the Company's corporate governance framework, policies and procedures that have been in place since the Company's listing on the NZX and ASX on 29 July 2014.

The following corporate governance documents are referred to in this Statement and are available on the Corporate Governance section of the Company's website: http://www.metroglass.co.nz/investor-centre/governance/

- Constitution
- Board Charter
- Audit and Risk Committee Charter
- Nominations Committee Charter
- Remuneration Committee Charter
- Market Disclosure Policy
- Code of Ethics
- Share Trading Policy
- Diversity & Inclusion Policy Statement

Metroglass and its operating divisions and subsidiaries are referred to in this Statement as the Company or Group.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT BY BOARD

THE BOARD:

The Board has ultimate responsibility for the strategic direction of Metroglass and for overseeing Metroglass' management for the benefit of its shareholders. The Board's responsibilities include setting and overseeing the execution of the Company's strategy, and overseeing management in the operation of Metroglass' business.

The Board has adopted a Board Charter (the Charter) recording its commitment to best corporate governance practices. The Charter describes the specific responsibilities, values, principles and practices that underpin the role of Directors on the Board. The Charter does not attempt to provide a complete record of all of the formal and informal rules associated with the role of the Board and should be read in conjunction with the Constitution and relevant laws, regulations, codes and guidelines. The Charter is available on the Governance section of the Company's website.

In performing its responsibilities, the Board should act at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed on them by Metroglass' constitution and by law.

BOARD COMMITTEES:

The Board has three standing committees, being the Audit and Risk Management Committee (the Audit and Risk Committee), the Nominations Committee and the Remuneration Committee. Each committee operates under charters approved by the Board, and any recommendations they make are recommendations to the Board. The terms of reference for each committee are reviewed on a biennial basis.

AUDIT AND RISK COMMITTEE:

Details for this Committee are set out in section 4 below.

NOMINATIONS COMMITTEE:

The purpose of the Nominations Committee is to identify and recommend individuals to the Board for nomination as members of the Board and its committees and to confirm the terms, thereof, of such membership. The following are the duties and responsibilities of the Committee:

(a) make recommendations to the Board as to changes to the Board composition;

(b) identify individuals believed to be qualified to become Board members, and to recommend to the Board the nominees to stand for election as Directors at the Annual Shareholders' Meeting;

(c) review nominations from shareholders and to provide recommendations to the Board in respect of such nominations;

(d) identify Board members qualified to fill vacancies on any Committee of the Board;

(e) review and recommend to the Board for shareholder approval appropriate remuneration of non-executive Directors; and

(f) make recommendations, and ensure that adequate procedures are in place for the review of the performance of the Board as a whole, its Committees and the contribution of Directors.

The Committee shall be appointed by the Board from amongst the independent Directors of the Company and shall consist of not less than two members. The Chairman of the Board shall be the Chairman of the Committee.

The Nominations Committee's Charter is available on the Corporate Governance section of the Company's website.

REMUNERATION COMMITTEE:

The purpose of the Remuneration Committee is to assist the Board in ensuring the elements of people and culture support Metroglass' strategy and business plan, in particular considering the:

(a) capability of the organisation at the senior levels and in any identified key roles;

(b) remuneration strategy required to secure the desired level of organisational capability; and

(c) company policies that relate to people.

The following are the duties and responsibilities of the Committee:

Capability

(a) review the organisation design, to assure it is sufficient to support the Company strategy;

(b) receive assurance that recruitment activities are effectively attracting the required capability to deliver the Company strategy;

(c) receive assurance that training and development programs are effectively providing the required capability to deliver the Company strategy; and

(d) monitor the organisation's succession plan for senior leadership roles and any key positions identified.

Remuneration

(a) review and recommend to the board the Company's annual salary pool;

(b) review all components of the CEO's remuneration and terms of employment and recommend to the board any changes that may be required;

(c) review and recommend to the board annual incentive plans, including share and option schemes; and

(d) approve the remuneration packages and employment terms of all senior executives as recommended by the CEO.

Company Policies

(a) establish a review cycle to consider all Company people policies on a biennial basis and recommend changes to the board for approval;

(b) monitor the board's statutory and contractual compliance obligations as an employer;

(c) act as the employer in the event of any personal disputes that involve the CEO and any member of the senior leadership team; and

(d) consider such other matters relating to people as may be referred to it by the board.

The board shall annually agree the membership of the Committee which shall be comprised of at least two, but not more than four, independent directors, one of which shall be appointed as Chairman of the committee.

The Remuneration Committee's Charter is available on the Corporate Governance section of the Company's website.

DELEGATIONS:

The Board Charter describes the Board's role and responsibilities and Board procedures. The Board has delegated some of its powers to committees and to the CEO. This framework also establishes the authority levels for decision making within the management team.

EXECUTIVE TEAM EVALUATION:

Formal performance reviews are conducted for all staff on an annual basis. The Executive Team's performance reviews for the financial year ended 31 March 2017 will be completed by July 2017. The evaluation is based on role descriptions and agreed key performance metrics. The CEO reviews the performance of the Senior Executives and provides feedback to the Board including making recommendations regarding payment of short term performance incentives. A similar process is followed by the Chairman for evaluating the CEO's performance on behalf of the Board.

INDUCTION:

New Directors are appropriately introduced to management and the business so that all Directors are acquainted with relevant industry knowledge and receive copies of appropriate Company documents to enable them to perform their role. This induction covers topics such as: the Company's financial position, strategies, operations and risk management policies. It also covers the responsibilities of key people, policies and procedures, as well as the respective rights, duties, responsibilities and roles of the Board, individual Directors and senior executives.

All new managers receive an induction programme based on similar elements including health and safety training but without financial documents or other sensitive information that is not relevant to their role.

All other employees undertake training that covers Company policies, health and safety, ethics and other operational matters.

CORPORATE GOVERNANCE (CONTINUED)

2. STRUCTURE THE BOARD TO ADD VALUE

COMPOSITION OF THE BOARD:

Metroglass' Constitution provides for a minimum of four Directors and subject to this limitation the number of Directors to hold office shall be fixed from time to time by the Board. The Charter contains requirements relating to New Zealand residency and the number of independent Directors.

At 31 March 2017 the Board comprised of six Directors:

- Sir John Goulter (Chairman of the Board and Nominations Committee)
- Nigel Rigby (Chief Executive)
- Gordon Buswell
- Russell Chenu (Chairman of the Audit and Risk Committee)
- Peter Griffiths (appointed on 2 September 2016; Chairman of the Remuneration Committee)
- Bill Roest

Angela Bull was subsequently appointed as the Board's seventh Director on 5 May 2017.

The Directors bring a wide range of skills to the Board including corporate strategy, business and financial management nationally and internationally, sales and marketing, mergers and acquisitions, legal, capital markets and corporate governance.

SELECTION OF CHAIRMAN:

The Constitution provides that one of the Directors may be appointed as Chair of the Company and also determine the period for which the chairperson is to hold office. Sir John Goulter, an independent Director, is currently the appointed Chairman.

DIRECTOR INDEPENDENCE:

Directors are considered to be independent if they are non-executive and do not have an interest or relationship that could or could be perceived to unreasonably influence their decisions relating to the Company or interfere with their ability to act in the Company's best interests. Disqualifying relationships are defined in the Board Charter. The Board will review any determination it makes as to a Director's independence on becoming aware of any information that may have an impact on the independence of the Director. For this purpose, Directors are required to ensure that they immediately advise the Board of any relevant new or changed relationships to enable the Board to consider and determine the materiality of the relationships.

As at 25 May 2017, six of the seven Directors are considered by the Board to be independent Directors in accordance with the NZX listing rules. These were Sir John Goulter, Angela Bull, Gordon Buswell, Russell Chenu, Peter Griffiths and Bill Roest. Nigel Rigby, the Company's CEO, is not considered by the Board to be an Independent Director.

CONFLICTS OF INTEREST:

The Board Charter outlines the Board's policy on conflicts of interest. Where conflicts of interest arise, Directors must ensure that the nature of the conflict is adequately disclosed and excuse themselves from discussions in respect of the relevant matter and, in accordance with the NZX listing rules, not exercise their right to vote in respect of such matters.

DIRECTOR APPOINTMENTS:

The provisions regarding the election and retirement of Directors are contained in the Constitution. Taking recommendations from the Nominations Committee, the Board will review from time to time the composition of the Board and will identify and evaluate suitable individuals for appointment as a Director as and when an appointment is to be made. In evaluating a candidate for appointment as a Director, the Nominations Committee and Board will consider criteria including the particular skill sets identified by the Board as being required at the time as well as the individual's experience, professional qualifications, ability to exercise sound business judgment, integrity and moral reputation, any potential conflicts of interest or legal impediments to serving as a Director, and their willingness and availability to commit the time required to serve as an effective Director of the Company. Background checks will be conducted.

An individual being appointed as an independent Director must be independent according to NZX definitions and not have any disqualifying relationships as defined in the Board Charter.

The Company's Constitution and NZX and ASX listing rules require a newly appointed Director to stand for election at the next Annual Shareholders Meeting (ASM). Gordon Buswell (having been appointed by the Board during the year) and Russell Chenu (having retired by rotation) were elected as Directors of Metro Performance Glass Limited at the Company's Annual Shareholders' Meeting on 24 August 2016.

New Directors provide the Company with a written consent to act as a Director and receive a formal Letter of Appointment that sets out the Terms and Conditions of Appointment and Remuneration Schedule. It also sets out the expectations of the Company, the Director's duties, responsibilities and powers, insurance and indemnity arrangements, and rights of access to information.

All new Board members are provided with an extensive briefing on the Company and industry related matters within a thorough induction process.

RETIREMENT AND RE-ELECTION:

Peter Griffiths and Angela Bull were both recently appointed to the Board and must stand for election at the 2017 Annual Shareholders Meeting (ASM). Additionally, the Directors who will retire by rotation and stand for re-election at the ASM will be Bill Roest and Sir John Goulter.

Profiles for each Director up for election will be contained in the Notice of Meeting mailed to shareholders before the ASM and will also be available on the Investors section of the Company's website.

DIRECTOR REMUNERATION:

Non-executive Directors are paid a fixed fee in accordance with the determination of the Board. Full disclosure of Director remuneration is included in the remuneration section of this Annual Report.

EXTERNAL ADVICE:

An individual Director or a committee may, with the approval of the chairperson of the Board, retain and consult with external advisers (including legal) at Metroglass' expense where the committee or individual deems it necessary to carry out its, his or her functions.

BOARD, COMMITTEE AND DIRECTOR EVALUATION:

In accordance with the Board and Committee Charters, the Board annually reviews its performance, policies and practices and reviews the performance of its Committees and each Director. This review is carried out both formally and informally. The Board completed its last formal Performance Evaluation in May 2017.

The performance of the Audit and Risk Committee is assessed annually against its Charter and other relevant criteria as determined by the Board. The last assessment was carried out in May 2017.

The Nominations and Remuneration Committees also assess their performance annually against their respective charters, but having only been formed in late 2016 are yet to undertake their first performance reviews.

DIRECTOR EDUCATION:

The Company encourages Directors to continue to develop their knowledge and skills as a Director. With the prior approval from the Chairman, Directors may attend appropriate courses or seminars for continuing education at the Company's cost.

DIRECTOR SHARE OWNERSHIP:

There is no requirement for Directors to own shares in the Company or to reinvest a portion of Director remuneration in Company shares. However, non-executive Directors are encouraged to own shares. All Directors and employees are required to comply with the Company's Securities Trading policy in undertaking any trading in the Company's shares. The table of Directors' shareholdings is included in the Disclosures section of this Annual Report.

INDEMNITIES AND INSURANCE:

In accordance with Section 162 of the Companies Act 1993 and the Company's Constitution, the Company indemnifies Directors in relation to potential liabilities and costs they may incur for acts or omissions in their capacity as Directors. The Directors' and Officers' Liability Insurance covers risks normally covered by such policies arising out of acts or omissions of Directors and employees in their capacity as such. Details are recorded in the interests register.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

CODE OF ETHICS:

The Company has a Code of Ethics that establishes a framework of standards by which the Directors, employees, contractors and advisors of Metroglass and its related companies are expected to carry out their responsibilities. It is not an exhaustive list of acceptable behaviour; rather it facilitates decision making that is consistent with Metroglass' values, business goals and legal and policy obligations. Metroglass Directors and managers are committed to leading in accordance with these standards of ethical and professional conduct and ensuring that such standards are communicated to the people who report to them. The Company's Code of Ethics is available on the Corporate Governance section of the Company's website.

DIVERSITY AND INCLUSION:

Metroglass and its Board believe that an equal opportunity workplace in which differences in gender, age, colour, race, nationality, religion, sexual orientation, physical ability, marital status, experience and perspective are well represented, results in competitive advantage and helps the company to better connect with its diverse set of customers and other stakeholders. The Company believes that an ability to attract and retain a diverse and inclusive workforce broadens the recruitment pool of high calibre candidates, enhances innovation, and improves business performance. Accordingly, Metroglass' commitment to diversity means ensuring that every individual has the chance to perform to their full potential and that no individual faces barriers or is excluded from a position, for which he or she is skilled and qualified, by inappropriate systems, practices or attitudes.

A copy of the Company's Diversity and Inclusion Policy is available on the Corporate Governance section of the Company's website.

Metroglass is committed to providing an inclusive and diverse environment throughout the Company. The Company's current Diversity and Inclusion objectives are:

1) ensure that our workforce reflects the diversity of our stakeholder community;
2) increase the understanding and acceptance of difference; and
3) ensure female candidates are identified for all board and senior management vacancies.

The Board has approved the following measurable actions for the 2018 financial year:

1) survey our current workforce to collect baseline diversity and inclusiveness data;
2) develop a diversity and inclusiveness training program and roll this out incrementally to all senior managers and staff; and
3) record and report details of candidate diversity in the recruitment process for board and senior management positions, endeavouring to ensure female candidates are identified for these positions.

CORPORATE GOVERNANCE (CONTINUED)

Progress in achieving these objectives will be reported on in the 2018 Annual Report.

SHARE TRADING:

The Company's Share Trading Policy governs trading in the Company's securities by:

- all Directors
- all Officers
- all members of the Senior Leadership Team (SLT)
- any employee who reports directly to a member of the SLT
- any employee who reports to the Group Financial Controller
- any employee who the CEO deems this policy should apply to

The Policy complies with the NZX and ASX Listing Rules. A copy is available on the Corporate Governance section of the Company's website.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

AUDIT AND RISK MANAGEMENT COMMITTEE:

The Board has an Audit and Risk Committee that has been established to:

(a) assist the Board in fulfilling its responsibilities for Metroglass' financial statements and external financial reporting;

(b assist the Board in ensuring that the ability and independence of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired; and

(c) assist the Board in ensuring appropriate accounting policies and internal controls are established and maintained and assist the Board in ensuring the effective and efficient management of all business risks. The Audit and Risk Committee's Charter is available from the Corporate Governance section of the Company's website.

Membership:

The Audit and Risk Committee comprises three independent, non-executive Directors: Russell Chenu, Bill Roest and Sir John Goulter. Russell Chenu, the Chairman of the Audit and Risk Committee, is a qualified accountant and is not the Chairman of the Board. Details of the relevant qualifications and experience of all Audit and Risk Committee members are disclosed in their biographies on pages 20 and 21 of this Annual Report.

MEETINGS:

The Audit and Risk Committee meets at least three times each year and has direct access to Metroglass' external and internal auditors and senior management. On at least one occasion each year, the Audit and Risk Committee meets with the external auditors without management present.

5. MAKE TIMELY AND BALANCED DISCLOSURE

Metroglass is subject to the disclosure and reporting obligations imposed under the Listing Rules of NZX, ASX, the Companies Act and other relevant legislation. The Board has adopted a Market Disclosure Policy, available on the Corporate Governance section of the Company's website, which sets out how the Company will comply with the required disclosure and reporting obligations. Metroglass is committed to its obligation to inform shareholders (both current and prospective) and market participants of all information that might have a material effect on the price of its shares. The Company keeps stakeholders informed by lodging announcements issued to NZX and ASX on the Investor section of its website.

DISCLOSURE OFFICERS:

The Company's authorised spokespersons are:

(a) the Board Chair (or Chair of the Audit & Risk Committee in the Board Chair's absence);

(b) the Chief Executive Officer;

(c) the Chief Financial Officer; and

(d) the Company Secretary.

The CFO or delegate will co-ordinate the actual form of disclosure of the material information with the relevant members of management and make the disclosure to the NZX and ASX as required. Disclosure issues are discussed appropriately with, and to the greatest extent practicable in the circumstances, proposed releases are reviewed and approved by the Board. If necessary, external legal advice is obtained.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

Metroglass endeavours to keep its shareholders informed of all important developments concerning the Company and encourages them to follow announcements about the Company. Metroglass communicates with its shareholders using the following means:

- periodic market announcements, which are released first to NZX and ASX;
- periodic investor briefings, which are also released first to NZX and ASX;
- the Annual and Interim Reports;
- the Annual Shareholders' Meeting and the Notice of Meeting; and
- the Company's corporate website

ELECTRONIC COMMUNICATIONS:

Shareholders have the option to receive communications from, and send communications to, the Company and its security registry electronically.

ANNUAL SHAREHOLDERS' MEETING:

Shareholders have the opportunity to ask questions of the Board and of the external auditors, who attend the Annual Shareholder Meeting. The auditors are available to answer questions from shareholders in relation to the conduct of the audit, the independent audit report and the accounting policies adopted by Metroglass.

7. RECOGNISE AND MANAGE RISK

The identification and effective management of the Company's risks is a priority of the Board. It is responsible for:

(a) identifying the principal risks of Metroglass' business;

(b) reviewing and ratifying Metroglass' systems of internal compliance and control, risk management and legal compliance, to determine the integrity and effectiveness of those systems; and

(c) approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the NZX, the ASX and other stakeholders.

The Board makes use of the Audit and Risk Committee to ensure that effective risk management systems and internal controls are in place, including the review of material risk exposures and the steps Management has taken to monitor, control and report such exposures. The Board has made the CEO accountable for all operational and compliance risk across the Group. The CFO has management accountability for the implementation of the risk framework across all of the Company's businesses.

Metroglass' main risks and mitigation plans are reviewed semi-annually by the Audit and Risk Committee and the Board. As part of its risk management framework Metroglass continually assesses risks against all relevant areas of material business risk. A number of such risks were noted in the Prospectus issued in July 2014 which continue to remain relevant. The Prospectus and Investment Statement is available in the Investor section of the Company's website. See section 8 of the Investment Statement.

8. FOCUS ON HEALTH & SAFETY

The health and safety of the Company's staff, contractors and customers is of paramount concern to the Board. Accordingly all risk reviews have a component that specifically looks at health and safety matters.

In New Zealand, the Company's national Health and Safety Manager reports to the General Manager of Operations, and is supported by four regional Safety Advisors located at the Company's four major manufacturing facilities.

In Australia, the local operations in Sydney and Melbourne are supported with a site Safety Manager that reports to senior management. The company completes an annual external risk management review that directs a risk management plan that is reviewed regularly.

The Company maintains a risk register for both New Zealand and Australia that is reviewed annually and revised periodically against key risks.

9. REMUNERATE FAIRLY AND RESPONSIBLY

The Board's Remuneration Committee has a formal Charter. Its membership and role are set out under section 1 above.

Further details on remuneration are provided in the Remuneration section of this Report.

REMUNERATION

All remuneration packages are reviewed at least annually, taking into account individual and Company performance, market movements and independent advice. The objective of the Company's remuneration policy is to ensure that the remuneration of Directors and all staff properly reflects each person's accountabilities, duties, responsibilities and their level of performance, to ensure that remuneration is competitive in attracting, motivating and retaining staff of the highest calibre.

DIRECTOR REMUNERATION:

The Company distinguishes the structure of non-executive Director's remuneration from that of executive Directors. Non-executive Directors are paid a fixed fee in accordance with the determination of the Board.

The total amount of remuneration and other benefits received by each Director during the year ended 31 March 2017 are provided below.

Director	Responsibility	2017 Directors' Fees
Sir John Goulter	Chairman of the Board, Chairman of the Nominations Committee, Member of the Audit and Risk Committee	$170,000
Russell Chenu	Director, Chairman of the Audit and Risk Committee	$100,000
Willem (Bill) Roest	Director, Member of the Audit and Risk Committee and the Nominations Committee	$90,000
Gordon Buswell	Director, Member of the Remuneration Committee	$81,249
Peter Griffiths	Director, Chairman of the Remuneration Committee	$47,917
Michael Alscher	Director	$15,598*
Angela Bull	Director	–
Nigel Rigby	Executive Director and Chief Executive Officer	–**
Total		**$504,765**

* Michael Alscher resigned from the Board on 8 June 2016.

** The Executive Director (CEO) Nigel Rigby does not receive additional remuneration in his capacity as a Director. The CEO's remuneration is detailed separately in the Executive Remuneration section below.

In addition to the amounts above, the Company meets the expenses incurred by Directors in relation to Company matters, which are incidental to the performance of their duties, including travel and accommodation.

As at 31 March 2017, Director remuneration remains at the level advised by an independent Board consultant at the time the Board was being established prior to the July 2014 IPO, with the exception of the fees related to the recently formed Nominations and Remuneration Committees.

The Chairman of the Board receives $160,000 per annum. The non-executive Directors receive $80,000 per annum. The chairman of the Audit and Risk Committee, receives an additional $20,000 per annum. Other members of the Audit and Risk Committee, receive an additional $10,000 per annum. The Chairman and members of the Remuneration Committee receive an additional $5,000 per annum. The Chairman and members of the Nominations Committee do not receive an additional set fee. Directors may also seek the Board's approval for special remuneration should the specific circumstances justify this.

The Board reviews its fees on a periodic basis. The maximum aggregate amount of remuneration payable by Metroglass to Directors (in their capacity as Directors) was set at $600,000 for the non-executive Directors in the 2014 Prospectus.

The appointment of Angela Bull as a non-Executive Director on 5 May 2017 increased the total number of Directors to seven. Under NZX Listing Rule 3.5.1, the Directors are entitled without the requirement to put an Ordinary Resolution to shareholders, to increase the total remuneration pool by such amount as is necessary to enable the Company to pay the additional Director (remuneration not to exceed the average amount then being paid to each of the other non-Executive Directors, excluding the Chairperson). This Director appointment increased annualised Directors' fees to $615,000, inclusive of additional remuneration for Committee Chairs and Members, and accordingly the Board deemed the total fee pool to have increased to $615,000 on 5 May 2017.

The Board intends to propose to shareholders that the maximum aggregate amount of remuneration payable by Metroglass to Directors (in their capacity as Directors) is increased at the Annual Shareholders' Meeting in August 2017. The increase in the fee pool is necessary to allow for additional fees for any future appointments to Committees, or for any additional

Committees of the Board that are established in the future, and to allow for additional fees for specific project work from time to time.

Directors' fees exclude GST, where appropriate. No retirement or termination benefits are paid to non-executive Directors, however Directors are entitled to be refunded for reasonable travel and other expenses incurred by them in connection with their attendance at Board or Shareholder meetings, or otherwise in connection with the Metroglass Group's business. The Company does not offer an equity-based remuneration scheme for Directors. The Board considers that Director and executive remuneration is appropriate and is not excessive.

Directors and Officers also have the benefit of Directors' and Officers' liability insurance. This covers risks normally covered by such policies arising out of acts or omissions of Directors and employees in their capacity as such. The insurance cover is supplemented by the provision of Director and Officer indemnities from the Company but this does not extend to criminal acts.

EXECUTIVE REMUNERATION:

The remuneration of members of the executive team (CEO and certain direct reports) is designed to promote a higher-performance culture, to secure the participants retention in Metro Glass and to reward performance that underpins the achievement of Metro Glass' business strategy and long term shareholder wealth creation.

The Board is assisted in delivering its responsibilities and objectives for executive remuneration by the Remuneration Committee. The role and membership of this Committee is set out in section 1 of the Statement of Corporate Governance.

The CEO's performance is reviewed annually by the Board. The CEO reviews the performance of the executive team and makes recommendations to the Board for approval in relation to the team's remuneration and achievement of key performance indicators (KPIs).

The Board completed a full review of the compensation structures of the CEO and Senior Management in 2015. The resulting remuneration structure is made up of three elements:

- A fixed base salary
- A short term incentive (STI)
- A long term incentive (LTI)

SHORT-TERM INCENTIVES (NEW ZEALAND):

Short-term incentives (STI) are at-risk payments designed to motivate and reward for performance, typically in that financial year. The target value of an STI payment is set annually, usually as a percentage of the participant's base salary. For the 2017 financial year, the relevant percentages varied from 10% to 50%.

The STI plans relate to achievement of annual performance metrics which aim to align executives to a shared set of key performance indicators (KPIs) based on business priorities for the next 12 months and that participants are able to influence. Target measurements are set on either a regional or a national basis depending on the participant's position and role. Target areas for the shared KPIs for 2017 are outlined below:

Target	Weighting
Earnings before interest and tax (EBIT) performance	75.0%
Orders Delivered-In-Full-On-Time (DIFOT)	12.5%
Retrofit revenue	12.5%

The payable rewards for each STI KPI target are determined by the level of performance achieved, and are calculated on a linear scale increasing from the 'Minimum performance target' and receiving 80% of the specified reward, up to the 'Maximum performance target' and receiving 120% of the specified reward. The maximum performance levels (of 120%) allow employees to be rewarded for performance above target levels.

All STI payments are contingent on there being no death or permanent material disability of any worker (exceptions may be made for a motor accident and acts of God as beyond management control). Should this occur, the Board retains discretion to determine the appropriate actions based on the specific circumstances.

Short-term incentives (Australia):

Following the acquisition of Australian Glass Group (AGG) on 1 September 2016, the Board approved an STI program specifically for AGG under which eligible participants could earn up to a maximum of 30% of base salary. The target areas of this plan were:

Target	Weighting
Financial KPIs (EBITDA or EBITD performance)	70.0%
Personal KPIs	30.0%

Long-term incentives

The Company's LTI plan for the 2017 financial year was announced in two parts on 13 July 2016 and 11 October 2016, each covering separate groups of participants. The LTI plan is made up of both performance share rights and share options. The LTI is designed to secure those employees' retention in Metro Glass and to reward performance that underpins the achievement of Metro Glass' business strategy and long term shareholder wealth creation. The key features of the 2017 LTI plan are as follows:

- Participants will be offered an annual award of a specified number of both performance rights and share options in Metro Glass (in accordance with the LTI rules)
- The performance rights will enable participants to acquire shares in Metro Glass with no consideration payable, subject to Metro Glass achieving set performance hurdles and meeting certain vesting conditions
- The share options enable participants to acquire shares in Metro Glass at a market based exercise price, subject to Metro Glass achieving set performance hurdles and meeting certain vesting conditions

A total of 1,396,781 share options and 275,670 performance share rights remain outstanding pursuant to the 2017 LTI plan as at 31 March 2017. This excludes a small number of securities that lapsed due to a participant no longer being employed by the company.

REMUNERATION (CONTINUED)

2017 NZ Employee Share Purchase Scheme (Scheme)

On 21 February 2017, Metroglass launched an employee share purchase scheme for New Zealand based employees. This Scheme enabled participants to purchase either $1,000 or $2,000 worth of Metroglass shares at a 50% discount to market value. Shares are held in trust on behalf of the participants for a minimum three year holding period until the vesting date of 21 February 2020. Vesting conditions include ongoing employment with the Company as at the vesting date. The Company provided participants with interest free loans to fund the participant contribution (being 50%) towards the acquisition of the shares, which is to be repaid over the three year holding period. In aggregate, 348,086 shares were issued under this Scheme on 21 February at an issue price of $1.54.

CHIEF EXECUTIVE OFFICER REMUNERATION:

REMUNERATION FOR THE YEARS ENDED 31 MARCH 2017 AND 31 MARCH 2016

	FIXED REMUNERATION		
Financial year	**Salary**	**Other Benefits***	**Total Fixed Remuneration**
FY17	500,000	18,555	518,555
FY16	500,000	18,704	518,704

* Other benefits include medical insurance and Kiwisaver. The Executive Director was not eligible to participate in the 2017 New Zealand employee share purchase scheme.

DESCRIPTION OF CHIEF EXECUTIVE OFFICER PAY FOR PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2017

Plan	Description	Performance Measures	Percentage of Maximum Awarded
STI	Set at 50% of fixed remuneration for FY2017 on-plan performance, up to a maximum of 1.2 times (equal to 60% of fixed remuneration), where the highest levels of STI Targets are achieved.	75%: Metro Glass NZ EBIT against budget	10%
		12.5%: NZ DIFOT against target	
		12.5%: NZ Retrofit revenue against budget	
LTI	The first vesting date is 7 Dec 2017 and no instruments have yet had the chance to vest.	75% share options require Metro Glass' Total Shareholder Return (TSR) must exceed a compound annual pre-tax rate that is 1% above the companies cost of equity	N/A
		25% performance share rights measured against NSX 50 group TSR hurdle	N/A

	PAY FOR PERFORMANCE – SHORT TERM INCENTIVES		
Financial year of STI payment	**Relevant Performance Period**	**% STI Awarded Against Maximum**	**STI Paid**
FY18	FY17	10%	$28,563*
FY17	FY16	67%	$201,062
FY16	FY15	0	–

* The STI payment awarded for the 2017 financial year will be paid in the 2018 financial year.

	PAY FOR PERFORMANCE – LONG TERM INCENTIVES		
	LTI (initial grant values)*	**% LTI Vested Against Maximum**	**Span of LTI Performance Periods**
FY17	125,000	n/a**	10 Jun 16 – 10 Jun 19
FY16	125,000	n/a**	7 Dec 15 – 7 Dec 17

* These are LTI grant values (not payments), which require relevant hurdles to be met over specific performance periods. Performance with regard to the FY16 LTI scheme will be tested in the FY18 year, and the FY17 LTI scheme in FY20.

** None available for vesting.

REMUNERATION (CONTINUED)

CHIEF EXECUTIVE OFFICER LTI MOVEMENTS FOR THE YEAR ENDED 31 MARCH 2017 – PERFORMANCE RIGHTS

	FY16 Issue (March 2016)	FY17 Issue (July 2016)	Total
Balance 1 April 2016	31,888	0	31,888
Forfeited	0	0	0
Granted	0	30,048	30,048
Balance 31 March 2017	31,888	30,048	61,936
Vesting Date	7 Dec 2017	10 Jun 2019	

CHIEF EXECUTIVE OFFICER LTI MOVEMENTS FOR THE YEAR ENDED 31 MARCH 2017 – SHARE OPTIONS

	FY16 Issue (March 2016)	FY17 Issue (July 2016)	Total
Balance 1 April 2016	426,136	0	426,136
Forfeited	0	0	0
Granted	0	375,000	375,000
Balance 31 March 2017	426,136	375,000	801,136
Vesting Date	7 Dec 2017	10 Jun 2019	
Exercise Price	$1.60	$1.73	

EMPLOYEE REMUNERATION:

The number of employees or former employees (including employees holding office as Directors of subsidiaries), who received remuneration and other benefits in their capacity as employees, the value of which was at or in excess of $100,000 and was paid to those employees during the financial year ended 31 March 2017 are specified in the table below.

The remuneration figures shown in the "Remuneration" column includes all monetary payments actually paid during the course of the 2017 financial year. This includes salary, short term incentive payments that were paid during the year, and the value of performance share rights and share options (LTI) expensed during the financial year. Remuneration shown below includes settlement payments and payments in lieu of notice with respect to certain employees upon their departure from the Company, but does not include any amounts paid post 31 March 2017 that relate to the year ended 31 March 2017.

Remuneration	Number of Employees
100,000-110,000	9
110,000-120,000	8
120,000-130,000	8
130,000-140,000	8
140,000-150,000	6
150,000-160,000	5
160,000-170,000	7
170,000-180,000	3
180,000-190,000	4

Remuneration	Number of Employees
190,000-200,000	1
200,000-210,000	2
210,000-220,000	2
220,000-230,000	1
280,000-290,000	0
290,000-300,000	2
400,000-410,000	0
410,000-420,000	0
440,000-450,000	1
470,000-480,000	1
500,000-510,000	1
790,000-800,000	1

STATUTORY INFORMATION

STOCK EXCHANGE LISTING

Our shares are listed on the New Zealand Stock Exchange (NZX) and Australian Stock Exchange (ASX).

Shares on issue as at 5 May 2017:

Register	Security	Holders	Units
New Zealand	MPG (NZX)	2,802	154,631,883
Australia	MPP (ASX)	36	30,746,203
Total	**MPG (Dual)**	**2,838**	**185,378,086**

Securities issued, and still outstanding, under the 2016 and 2017 long term incentive plans:

Long Term Incentive Scheme	Security	Holders	Units
2016 Performance Share Rights	MPG (NZX)	4	120,791
2016 Share Options	MPG (NZX)	4	822,159
2017 Performance Share Rights	MPG (NZX)	19	275,670
2017 Share Options	MPG (NZX)	19	1,396,781

The table above excludes a small number of securities that lapsed due to a participant no longer being employed by the company.

TOP 20 SHAREHOLDERS

Our top 20 shareholders as at **5 May 2017** were as follows:

Rank	Investor Name	Footnote *	Shares at 5 May 2017	% of Shares
1	National Nominees New Zealand Limited	*	14,527,039	7.84%
2	New Zealand Superannuation Fund Nominees Limited	*	11,580,102	6.25%
3	Accident Compensation Corporation	*	10,120,669	5.46%
4	Cogent Nominees Limited	*	9,773,287	5.27%
5	HSBC Custody Nominees (Australia) Limited		8,667,539	4.68%
6	Bnp Paribas Noms Pty Ltd		7,938,955	4.28%
7	FNZ Custodians Limited		7,458,878	4.02%
8	JBWERE (Nz) Nominees Limited		7,315,362	3.95%
9	Forsyth Barr Custodians Ltd		6,975,970	3.76%
10	Premier Nominees Limited	*	6,340,975	3.42%
11	Bnp Paribas Nominees NZ Limited	*	6,170,269	3.33%
12	Nigel James Rigby		5,143,401	2.77%
13	J P Morgan Nominees Australia Limited		4,564,660	2.46%
14	Citibank Nominees (Nz) Ltd	*	4,212,859	2.27%
15	Citicorp Nominees Pty Limited		4,083,449	2.20%
16	Investment Custodial Services Limited		3,598,334	1.94%
17	Benjamin James Renshaw		2,539,360	1.37%
18	Guardian Nominees No 2 Ltd	*	2,413,197	1.30%
19	Masfen Securities Limited		2,100,000	1.13%
20	Pt Booster Investments Nominees Limited		1,938,610	1.05%
Totals: Top 20 holders of Ordinary Shares			**127,462,915**	**68.75%**
Totals: Remaining Holders Balance			**57,915,171**	**31.25%**

* Held through New Zealand Central Securities Depository Limited (NZCSD). NZCSD provides a custodial depository service which allows electronic trading of securities by its members and does not have a beneficial interest in these shares. As at 5 May 2017, 74,655,506 Metro Performance Glass Limited Shares (or 40.27% of the ordinary shares on issue) were held through NZCSD.

SUBSTANTIAL SHAREHOLDERS

According to the records kept by the Company under the Financial Markets Conduct Act 2013 the following were substantial holders in the Company as at 5 May 2017. Shareholders are required to disclose their holdings to us and to our share registrar by giving a "Substantial Shareholder Notice" when:

- They begin to have a substantial shareholding (5% or more of our shares).
- There is a subsequent movement of 1% or more in a substantial holding, or if they cease to be have a substantial holding.
- There is any change in the nature or interest in a substantial holding.

Investor name	Number of shares	%	Date of most recent notice
Investment Services Group Limited*	15,830,748	8.54%	3 April 2017
Milford Asset Management Limited	14,494,362	7.82%	7 June 2016
Schroder Investment Management (Australia) Limited	13,819,376	7.45%	2 March 2017
Henderson Global Investors (Australia) Limited	12,176,382	6.58%	16 February 2017
Devon Funds Management Limited*	11,779,748	6.35%	3 April 2017
New Zealand Superannuation Fund Nominees Limited	11,580,102	6.25%	24 April 2017
Accident Compensation Corporation	11,223,120	6.05%	4 April 2017

* The holdings of Investment Services Group Limited are inclusive of the holdings of its subsidiary Devon Funds Management Limited.

The following shareholders ceased to be substantial shareholders during the period 1 June 2016 to 5 May 2017: Crescent Capital Partners Management Pty Limited on 8 June 2016, Salt Funds Management Limited on 16 September 2016, ANZ New Zealand Investments Limited on 21 November 2016, Harbour Asset Management on 10 March 2017 and Fisher Funds Management Limited on 31 March 2017.

DISTRIBUTION OF SHAREHOLDERS

As at 5 May 2017:

Range	Number of holders	Number of shares	%
1-1000	203	145,949	0.08%
1001-5000	1,010	3,252,983	1.75%
5001-10000	738	5,834,365	3.15%
10001-50000	754	16,126,955	8.70%
50001-100000	70	4,891,184	2.64%
Greater than 100000	63	155,126,650	83.68%
Total	**2,838**	**185,378,086**	**100.00**

VOTING RIGHTS

Section 15 of our Constitution states that a shareholder may vote at any meeting of shareholders in person or through a representative. Where voting is by a show of hands or voice, every shareholder present (or through their representative) has one vote. In a poll, every shareholder present (or through their representative) has one vote per fully-paid up share they hold. Unless the Board determines otherwise, shareholders may not exercise the right to vote at a meeting by casting postal votes. More detail on voting can be found in our Constitution at the following link:

http://www.metroglass.co.nz/media/1964/metroglass-constitution-of-the-company-29-july-2014.pdf

STATUTORY INFORMATION (CONTINUED)

TRADING STATISTICS

Metro Performance Glass Limited is listed on both the NZX and ASX. The trading range for the period 1 April 2016 to 31 March 2017 are as follows:

	NZX	ASX
Minimum:	NZD$1.30 (30 March 2017)	AUD$1.27 (21 March 2017)
Maximum:	NZD$2.23 (7 September 2016)	AUD$2.05 (24 August 2016)
Range:	NZD$1.30 - NZD$2.23	AUD$1.27 - AUD$2.05
Total shares traded	**129,847,873**	**1,989,662**

DIVIDEND POLICY

Dividends and other distributions with respect to the shares are only made at the discretion of the Board of Metro Performance Glass. Any dividend can only be declared by the Board if the requirements of the Companies Act 1993 are also satisfied. The Board's decision to declare a dividend for shareholders in any financial year will depend on, amongst other things:

- all statutory or regulatory requirements;
- the financial performance of Metro Performance Glass;
- one-off or non-recurring events;
- Metro Performance Glass capital expenditure requirements;
- the availability of imputation credits;
- prevailing business and economic conditions;
- the outlook for all of the above; and
- any other factors deemed relevant by the Board.

Subject to the above, Metro Performance Glass intends to make dividend payments to shareholders semi-annually, in respect of half years ending 30 September and full years ending 31 March. The dividend is currently expected to be approximately 55% to 75% of NPATA. However, the actual ratio of the dividend paid to NPATA is expected to vary over time reflecting the above factors. Metro Performance Glass intends to weight dividends to the second half, with the first half targeting 40% to 50% of the total expected dividend for the year. However, the split will vary according to actual and forecast NPATA and the factors described above. It is the Board's intention to attach imputation credits to dividends to the extent they are available.

In respect of the 2017 financial year, Metro Performance Glass paid a full imputed interim dividend of 3.6 cents per share on 23 January 2017, and has declared a fully imputed final dividend of 4.0 cents per share which will be paid on 24 July 2017.

NZX AND ASX WAIVERS

Metro Performance Glass received confirmation of waivers from ASX that are standard for a New Zealand Company listed on the ASX (including confirmation that Metro Performance Glass may prepare and publish its financial information in accordance with New Zealand financial standards).

On 24 November 2015, Metro Performance Glass Limited changed its ASX admission category from an ASX Listing to an ASX Foreign Exempt Listing. This change followed amendments to the ASX Listing Rules announced on 10 September 2015 that allow an entity with its primary listing on the NZX Main Board to alleviate its compliance burden as a dual listed entity. The ASX Foreign Exempt Listing category is based on a principal of substituted compliance, recognising that for secondary listings, the primary regulatory role and oversight rest with the home exchange. Metro Performance Glass continues to have a full listing on the NZX Main Board.

STATUTORY INFORMATION (CONTINUED)

DIRECTOR ATTENDANCE

The individual attendances of Directors at Board and Committee meetings for the year to 31 March 2017 is as follows:

DIRECTOR	BOARD MEETINGS ATTENDED	AUDIT AND RISK COMMITTEE MEETINGS ATTENDED	REMUNERATION COMMITTEE MEETINGS ATTENDED	NOMINATION COMMITTEE MEETINGS ATTENDED	APPOINTED / RESIGNED
Meetings held	**17**	**6**	**2**	**2**	
Sir John Goulter	17/17 (c)	6/6		2/2 (c)	Appointed 5/07/14
Michael Alscher	1/1				Appointed 30/03/15, resigned 8/06/16
Michael Baster (alternate Director)	1/1				Appointed 24/02/16, resigned 8/06/16
Angela Bull	0/0				Appointed 5/05/17
Gordon Buswell	16/17		2/2		Appointed 7/10/15
Russell Chenu	16/17	6/6 (c)			Appointed 5/07/14
Peter Griffiths	9/9		2/2 (c)		Appointed 2/09/16
Nigel Rigby	17/17				Appointed 5/07/14
Willem (Bill) Roest	17/17	6/6		2/2	Appointed 5/07/14

(c) indicates Chairperson.

DIRECTORS' INTERESTS

Directors disclosed, under section 140(2) of the Companies Act 1993, the following interests as at 31 March 2017:

NATURE OF INTEREST

Sir John Goulter KNZM, JP	
Marsden Maritime Group Limited	Director
Marsden Maritime Holdings Limited	Chairman
New Zealand Business and Parliament Trust	Chairman
Northport Limited	Chairman
Opua Commercial Estate Limited	Director / Shareholder
Packard House Limited	Director / Shareholder
Gordon John Buswell	
About Direction Limited	Director / Shareholder
Building Industry Federation	Chairman
Construction Strategy Group	Deputy Chairman
Platinum Homes Limited	Chairman
Quad Concepts Limited	Strategic Advisor
Registered Master Builders Association	Director

STATUTORY INFORMATION (CONTINUED)

Russell Langtry Chenu	
5R Solutions Pty Limited	Director
CIMIC Group Limited	Director
James Hardie Industries plc	Director
Reliance Worldwide Corporation Limited	Director
Peter Ward Griffiths	
Challenge Petroleum Limited	Director
Civil Aviation Authority	Deputy Chairman
Island Leader Limited	Director / Shareholder
Marsden Maritime Holdings Limited	Director
New Zealand Business and Parliament Trust	Director
New Zealand Diving and Salvage Limited	Director / Shareholder
NZDS Properties (NO 2) Limited	Director / Shareholder
Shoman Limited	Director / Shareholder
Wings over Whales NZ Limited	Director / Shareholder
Z Energy Limited	Chairman
Z Energy 2015 Limited	Chairman
Nigel James Rigby	
Australian Glass Group (Holdings) Pty Limited	Director
Australian Glass Group Finance Company Pty Limited	Director
Australian Glass Group Investment Company Pty Limited	Director
Canterbury Glass & Glazing Limited	Director
Christchurch Glass & Glazing Limited	Director
Hawkes Bay Glass & Glazing Limited	Director
I G M Software Limited	Director
Metroglass Finance Limited	Director
Metroglass Holdings Limited	Director
Metropolitan Glass & Glazing Limited	Director
Taranaki Glass & Glazing Limited	Director
Willem Jan Roest	
Fisher & Paykel Appliances Holdings Limited	Director
Housing Foundation Limited	Director
Synlait Milk Limited	Director
Synlait Milk Finance Limited	Director

DIRECTORS' SHAREHOLDING IN METRO PERFORMANCE GLASS LIMITED

The Directors' respective shareholding in Metro Performance Glass Limited as at 31 March 2017 is as follows:

	Number of shares directly held	Consideration paid	Date of acquisition
Sir John Goulter KNZM, JP	20,000	$34,000	29 July 2014
Russell Chenu	25,000*	$42,500	29 July 2014
Peter Griffiths	25,000	$46,700	5,000 on each of 16 May 2016, 25 May 2016, and 27 June 2016, and 10,000 on 24 Nov 2016
Nigel Rigby	5,143,401	Shares were provided in consideration for 4,000,000 Class C shares in Metroglass Holdings Limited	29 July 2014
Willem (Bill) Roest	25,000**	$42,500	29 July 2014

* Held by Barratta Super Fund, of which Russell Chenu is the sole beneficiary.

** Willem Jan Roest is a legal owner of the securities as a trustee of the WJ and IJ Roest Family Trust, jointly with the other trustee, Ineke Joanna Henrietta Roest. Willem Jan Roest is also a beneficiary of the WJ and IJ Roest Family Trust.

Subsidiary Company Directors

The following Companies were subsidiaries of Metro Performance Glass Limited as at 31 March 2017:

Company	Directors
Australian Glass Group (Holdings) Pty Limited	Nigel Rigby, John Fraser-Mackenzie, Brendan Simpson
Australian Glass Group Finance Company Pty Limited	Nigel Rigby, John Fraser-Mackenzie, Brendan Simpson
Australian Glass Group Investment Company Pty Limited	Nigel Rigby, John Fraser-Mackenzie, Brendan Simpson
Canterbury Glass & Glazing Limited	Nigel Rigby, John Fraser-Mackenzie
Christchurch Glass & Glazing Limited	Nigel Rigby, John Fraser-Mackenzie
Hawkes Bay Glass & Glazing Limited	Nigel Rigby, John Fraser-Mackenzie
I G M Software Limited	Nigel Rigby, John Fraser-Mackenzie
Metroglass Finance Limited	Nigel Rigby, John Fraser-Mackenzie
Metroglass Holdings Limited	Nigel Rigby, John Fraser-Mackenzie
Metropolitan Glass & Glazing Limited	Nigel Rigby, John Fraser-Mackenzie
Taranaki Glass & Glazing Limited	Nigel Rigby, John Fraser-Mackenzie

Section 211(2) of the Companies Act 1993 requires the company to disclose, in relation to its subsidiaries, the total remuneration and value of other benefits received by directors and former directors, and particulars of entries in the interests registers made, during the year ended 31 March 2017. No subsidiary has directors who are not full-time employees of the Group. The remuneration and other benefits of such employees and former employees (received as employees) totalling NZ$100,000 or more during the year ended 31 March 2017 are included in the relevant bandings for remuneration disclosed on page 71 of this Annual Report. No Group employee appointed as a director of Metro Performance Glass Limited or its subsidiaries receives or retains any remuneration or other benefits in their capacity as a director.

No persons ceased to hold office as directors of subsidiary companies during the year ended 31 March 2017.

STATUTORY INFORMATION (CONTINUED)

DIVERSITY

As at 31 March 2017 (and 31 March 2016 for the prior comparative period), the mix of gender at the Company's senior leadership team and Board were:

	Female	Male	Total	% Female
31 March 2017				
Board*	0	6	6	0%
Senior Leadership Team	0	6	6	0%

* Following the appointment of Angela Bull as the Company's seventh director on 5 May 2017, the Board's '% female' statistic increased from 0% to 14%.

	Female	Male	Total	% Female
31 March 2016				
Board	0	6	6	0%
Senior Leadership Team	0	6	6	0%

CURRENCY

Within this Annual Report, all amounts are in New Zealand dollars unless otherwise specified.

CREDIT RATING

We have not requested a credit rating.

ANNUAL SHAREHOLDER MEETING

Our annual shareholder meeting will be held on 24 August 2017 in Auckland. We will confirm the time and place by notice to all our shareholders nearer to that date.

ANNUAL REPORT

Our Annual Report and Interim Reports are all available on our website at http://www.metroglass.co.nz/investor-centre/annual-interim-reports/. We will email our Annual Report to those shareholders who have opted for e-communication with us and our share registry. We prefer to communicate with our shareholders by email without using up valuable printing resources and postage costs, but any shareholder who does request a hard copy of our Annual Report will be sent one in the regular post.

COMPANY DIRECTORY

REGISTERED OFFICE

5 Lady Fisher Place
East Tamaki
Auckland 2013
New Zealand

Email: glass@metroglass.co.nz
Phone: +64 (09) 927 3000

BOARD OF DIRECTORS

Sir John Goulter - Chairman, Member of Audit and Risk Committee and Chairman of Nominations Committee

Angela Bull - Non-Executive Director (appointed on 5 May 2017)

Gordon Buswell - Non-Executive Director and Member of Remuneration Committee

Russell Chenu - Non-Executive Director and Chairman of Audit and Risk Committee

Peter Griffiths - Non-Executive Director and Chairman of Remuneration Committee

Nigel Rigby - Executive Director and Chief Executive Officer

Willem (Bill) Roest - Non-Executive Director, Member of Audit and Risk Committee and Nominations Committee

SENIOR LEADERSHIP

Nigel Rigby - Chief Executive Officer

Dean Brown - North Island Region Manager

John Fraser-Mackenzie - Chief Financial Officer

Barry Paterson – South Island Region Manager

Geoff Rasmussen - General Manager, Operations

Brendan Simpson - CEO, Australian Glass Group

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

Westpac New Zealand Limited

SHARE REGISTRAR

Link Market Services
Level 11, Deloitte Centre
80 Queen Street, Auckland 1010
PO Box 91976, Auckland 1142

FURTHER INFORMATION ONLINE

This Annual 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/

INVESTOR CALENDAR

2017 Final Dividend record date	7 July 2017
2017 Final Dividend payment date	24 July 2017
2017 Annual Shareholders' Meeting	24 August 2017
2018 Half Year balance date	30 September 2017
2018 Half Year results announcement	November 2017
2018 Full Year balance date	31 March 2018
2018 Full Year results announcement	May 2018

insightcreative.co.nz MPG001

NZX, ASX and Media Release 25 May 2017

Metro Performance Glass Limited: NZX Appendix 1
Results for announcement to the market

Full year reporting periods
Reporting period: 12 months to 31 March 2017
Previous reporting period: 12 months to 31 March 2016

	Amount (NZ$'000)	Percentage change %
Revenue from ordinary activities	244,318	29.9%
Profit (loss) from ordinary activities after tax attributable to security holder	19,367	(5.5%)
Net profit (loss) attributable to security holders	19,367	(5.5%)

Interim / Final Dividend	Amount per Security	Imputed Amount Per Security
Final dividend – per ordinary share	NZ$0.0400	NZ$0.01556
Record Date	7 July 2017	
Dividend Payment Date	24 July 2017	

There are currently no dividend or distribution reinvestment plans in operation.

	31-Mar-17	31-Mar-16
Net tangible assets per security (NZ$)	(0.04)	0.11

Accompanying this announcement are Metro Performance Glass Limited's audited financial statements for the year ended 31 March 2017. These financial statements and the financial commentary set out in the announcement and annual report provide additional information required in accordance with Listing Rule 10.3.2 and Appendix 1.

About Metro Performance Glass
Metro Performance Glass (NZX.MPG; ASX.MPP) Metro 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 four processing and sixteen distribution or retail sites across New Zealand. In addition, via our subsidiary Australian Glass Group, we operate two processing and distribution sites in Victoria and New South Wales. 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 facades. Our goal, in everything we do, is 'Performance without Compromise'.
Learn more: www.metroglass.co.nz

APPENDIX 7 – NZSX Listing Rules

EMAIL: announce@nzx.com

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one (Please provide any other relevant details on additional pages): 1

Full name of Issuer: Metro Performance Glass Limited

Name of officer authorised to make this notice: Andrew Paterson

Authority for event, e.g. Directors' resolution: Directors' Resolution

Contact phone number: 027 403 4323

Contact fax number:

Date: 25 / 5 / 2017

Nature of event
Tick as appropriate

Bonus Issue	☐
If ticked, state whether: Taxable	☐
/ Non Taxable	☐
Conversion	☐
Interest	☐
Rights Issue Renouncable	☐
Rights Issue non-renouncable	☐
Capital change	☐
Call	☐
Dividend	X
If ticked, state whether: Interim	☐
Full Year	X
Special	☐
DRP Applies	☐

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities: Ordinary Shares

ISIN: NZMPGE0001S5
If unknown, contact NZX

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities:

ISIN:
If unknown, contact NZX

Number of Securities to be issued following event:

Minimum Entitlement:

Ratio, e.g 1 for 2: for

Conversion, Maturity, Call Payable or Exercise Date:
Enter N/A if not applicable

Treatment of Fractions:

Tick if pari passu ☐ OR *provide an explanation of the ranking*:

Strike price per security for any issue in lieu or date Strike Price available.

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security (does not include any excluded income): 4.0 cents per share

Source of Payment: Retained Earnings

Excluded income per security (only applicable to listed PIEs):

Currency: NZ Dollars

Supplementary dividend details - NZSX Listing Rule 7.12.7
Amount per security in dollars and cents: $0.007059
Date Payable: 24 July, 2017

Total monies: $7,415,123

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price: $

Resident Withholding Tax: $0.002778

Imputation Credit (Give details): $0.015556

Foreign Withholding Tax: $

FDP Credits (Give details):

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm
For calculation of entitlements -: 7 July, 2017

Application Date
Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date.: 24 July 2017

Notice Date
Entitlement letters, call notices, conversion notices mailed:

Allotment Date
For the issue of new securities. Must be within 5 business days of application closing date.:

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:

Security Code:

5 Lady Fisher Place
East Tamaki
Auckland, 2013

PO Box 58 144
Botany
Manukau
Auckland, 2163

P 09 927 3000
F 09 914 3325

ASX Company Announcements Office
Exchange Centre
Level 6
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

Copy to:

Client Market Services
NZX Limited
Level 1, NZX Centre
11 Cable Street
Wellington
NEW ZEALAND

25 May 2017

Dear Sir / Madam,

METRO PERFORMANCE GLASS LIMITED (ASX:MPP) – COMPLIANCE CONFIRMATION UNDER ASX LISTING RULE 1.15.3

For the purposes of ASX Listing Rule 1.15.3, Metro Performance Glass Limited confirms that it continues to comply with the listing rules of its home exchange, the NZX Main Board.

Yours sincerely,

Andrew Paterson

Company Secretary
Metro Performance Glass Limited

METRO
PERFORMANCE GLASS

25 May 2017

METRO PERFORMANCE GLASS LIMITED ANNUAL & INTERIM REPORT

Dear Investor,

Metro Performance Glass Limited's Annual Report for the period ended 31 March 2017 is now available on our website at http://www.metroglass.co.nz/investor-centre/annual-interim-reports/. The Interim Report for the six months ending 30 September 2017 will be available on our website in November 2017.

You have the right to receive, upon request and free of charge, a printed copy of the Annual Report and the next Interim Report. If you wish to receive a printed copy, you can request your printed copy by visiting the Link Market Services Investor Centre at https://investorcentre.linkmarketservices.co.nz and updating your communication preferences. You will require your CSN/Holder Number and Authorization Code (FIN) to access to your holding information. Alternatively, please complete the section below and return this form to our registry, Link Market Services within 15 working days of receiving this form.

☐ **I/We would like to receive a printed copy of the Metro Performance Glass Limited Annual and Interim Reports**

If you do not currently receive your Metro Performance Glass Limited investor communications electronically, we would like to take this opportunity to encourage you to elect to do so by providing your email address details online or by completing the section below. Electronic communications are quick, cost effective and environmentally friendly.

I/We wish to receive all Metro Performance Glass Limited shareholder communications electronically (by email) where possible at my / our email address as stated below:

SCAN & EMAIL TO:	operations@linkmarketservices.com (Please use "Metro Performance Glass Report" in the subject line for easy identification)
FAX TO	+64 9 375 5990
MAIL	Please insert this entire page in the reply paid envelope supplied. If mailing from outside New Zealand please affix the necessary postage.
DELIVER	Level 11, Deloitte Centre, 80 Queen Street, Auckland.

If you have any further questions please do not hesitate to contact our share registry on +64 9 375 5998 or email enquiries@linkmarketservices.co.nz

Yours sincerely,

Andrew Paterson
Company Secretary
Metro Performance Glass Limited