

Metro Performance Glass Limited

Financial Statements

For the period ended 31 March 2015

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Statement of Comprehensive Income

		Consolidated
	Notes	2015[*]
		\$'000
Sales revenue		114,998
Cost of sales	5	(57,205)
Gross Profit		57,793
Distribution and glazing related expenses	5	(19,779)
Selling and marketing expenses	5	(4,879)
Administration expenses	5	(16,059)
Operating profit		17,076
Interest expense	7	(2,118)
Interest income	7	28
Profit before income taxation		14,986
Income taxation expense	9	(5,427)
Profit for the period		9,559
Other Comprehensive Income		
Items that may be subsequently reclassified to profit or loss:		
Cash flow hedges		1,122
Total comprehensive income for the period		
attributable to shareholders		10,681
Earnings per share		
Basic Earnings per share (cents per share)	8	5.3
Diluted Earnings per share (cents per share)	8	5.2

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

^{*} Represents eight months of trading following the acquisition of Metroglass Holdings Limited on 29 July 2014 (refer note 26 - also see box below).

These consolidated financial statements cover the financial reporting period from the incorporation of Metro Performance Glass Limited on 30 May 2014 through to 31 March 2015. No material transactions occurred in the period between the Company's incorporation and the acquisition of Metroglass Holdings Limited on 29 July 2014. The trading results presented therefore encompass the eight month period ended 31 March 2015.

**Statement of Financial Position
as at 31 March 2015**


Assets		
Current assets		
Cash and cash equivalents	10	7,609
Trade and other receivables	11	24,603
Inventories	12	11,431
Derivative financial instruments		1,068
Current income tax asset		37
Other current assets	13	1,840
Total current assets		46,588
Non-current assets		
Property, plant and equipment	14	43,496
Intangible assets	16	128,145
Total non-current assets		171,641
Total assets		218,229
Liabilities		
Current liabilities		
Trade and other payables	18	16,770
Derivative financial instruments		715
Provisions	19	909
Total current liabilities		18,394
Non-current liabilities		
Deferred tax liabilities	15	1
Interest bearing liabilities	20	55,000
Lease incentive		2,155
Total non-current liabilities		57,156
Total liabilities		75,550
Net assets		142,679
Equity		
Contributed equity	21	302,746
Retained earnings		9,559
Group reorganisation reserve	22	(170,665)
Share based payments reserve	22	785
Cash flow hedge reserve	22	254
Total equity		142,679

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

Signed for and on behalf of the Board of Directors on 27 May 2015:

Author

Sir John Goulter, KNZM, JP
Chairman



Nigel Rigby
Chief Executive Officer

Statement of Changes in Equity

Opening balance as at 30 May 2014	
Profit for the period	
Other comprehensive income for the period	
Total comprehensive income for the period	
Issue of share capital - Initial public offering	21
Issue of share capital - Acquisition of Metroglass Holdings Limited	21
IPO expenses included in contributed equity	21
Contributions to shares issued to key management employees	21
Acquired upon group reorganisation	26
Transfer share based payments reserve to equity	22
Movement in share based payments reserve	22
Total transactions with owners, recognised directly in equity	
Balance as at 31 March 2015	

Consolidated			
2015			
Contributed equity	Reserves	Retained earnings	Total
\$'000	\$'000	\$'000	\$'000
-	-	-	-
-	-	9,559	9,559
-	1,122	-	1,122
-	1,122	9,559	10,681
244,236	-	-	244,236
62,300	-	-	62,300
(7,045)	-	-	(7,045)
2,750	-	-	2,750
-	(170,471)	-	(170,471)
505	(505)	-	-
-	228	-	228
302,746	(170,748)	-	131,998
302,746	(169,626)	9,559	142,679

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

Statement of Cash Flows

Cash flows from operating activities

Receipts from customers

Payments to suppliers and employees

Interest received

Interest paid

Income taxes paid

Net cash inflow from operating activities

Cash flows from investing activities

Payments for property, plant & equipment

Payments for intangible assets

Acquisition of Metroglass Holdings Limited (net of cash acquired)

Net cash outflow from investing activities

Cash flows from financing activities

Repayment of borrowings

Drawdown of borrowings

Ordinary shares issued

IPO expenses included in contributed equity

IPO expenses included in statement of comprehensive income

Net cash inflow from financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at end of the period

Consolidated	
2015 *	
\$'000	
	112,712
	(82,833)
	50
	(1,722)
	(5,201)
	23,006
	(17,847)
	(2,615)
26	(219,096)
	(239,558)
	(64,000)
	55,000
21	244,236
21	(7,045)
26	(4,030)
	224,161
	7,609
	-
10	7,609

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

* Represents eight months of trading following the acquisition of Metroglass Holdings Limited on 29 July 2014 (refer note 26).

Statement of Cash Flows (cont'd)

Reconciliation of profit after income tax to net inflow from operating activities

Profit for the period

Items not involving cash flows

Depreciation expense

Share based payments expense

Amortisation of intangible assets

Movement in deferred tax

Movement in doubtful debt provision

Impact of changes in working capital items

Accounts receivable and prepayments

Inventory

Trade creditors & employee entitlements

Interest accruals

Onerous lease provision

Lease incentive provision

Goods & services tax (GST) payable

Income tax liability

Items classified as investing or financing activities

Surplus on disposal of assets

IPO expenses included in statement of comprehensive income

Net cash flow from operating activities

Consolidated	
2015	
\$'000	
	9,559
	2,632
	228
	1,119
	752
	65
	4,796
	8,388
	(3,298)
	(281)
	418
	(2,450)
	2,155
	223
	(526)
	4,629
	(8)
	4,030
	4,022
	23,006

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

Notes to the financial statements

1 General information

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

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 (see note 2 (b) and note 26).

These consolidated financial statements cover the financial reporting period from the incorporation of Metro Performance Glass Limited on 30 May 2014 through to 31 March 2015. No material transactions occurred in the period between the Company's incorporation and the acquisition of Metroglass Holdings Limited on 29 July 2014. The trading results presented therefore encompass the eight month period ended 31 March 2015.

These consolidated financial statements have been approved for issue by the Board of Directors on 27 May 2015. These are the first set of annual financial statements and therefore no comparative information is presented.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the annual financial statements are set out below. These policies have been consistently applied during the period, unless otherwise stated.

(a) Basis of preparation of financial statements

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZGAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as applicable for profit-oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards ('IFRS').

Statutory base

Metro Performance Glass Limited is a limited liability company registered under the New Zealand Companies Act 1993 and is an FMC 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. In accordance with the Financial Markets Conduct Act 2013, because group financial statements are prepared and presented for Metro Performance Glass Limited and its subsidiaries, separate financial statements for Metro Performance Glass Limited are no longer prepared and presented.

Notes to the financial statements (cont'd)

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.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas whether the assumptions and estimates are significant to the financial statements are disclosed in note 4.

(b) Group reorganisation

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.

(c) 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 2015 and the results of all subsidiaries for the period then ended.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised in profit and loss.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control was lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the financial statements (cont'd)

(d) Foreign currency translation

(1) *Functional and presentation currency*

Items included in the financial statements of Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in New Zealand dollars, which is Metro Performance Glass Limited's functional and presentation currency.

(2) *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.

(e) Revenue recognition

Revenue comprises the fair value of the consideration received for the sale of goods and services, net of value-added tax (including Goods and Services Tax), rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(1) *Sales of goods*

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

Certain products are often sold with a warranty. Accumulated experience is used to estimate and provide for the warranty costs at the time of sale.

(2) *Sales of services*

The Group provides nationwide 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.

(f) Current and deferred income tax

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.

Notes to the financial statements (cont'd)

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 taxes assets and liabilities relate to income taxes 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.

(g) 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.

(h) Leases

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.

(i) Impairment of non-financial assets

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

(j) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Notes to the financial statements (cont'd)

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that a debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. 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'. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Administration expenses' in the statement of comprehensive income.

(l) Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost 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.

(m) Financial assets

(1) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management confirms the classification of its investments at the initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit and loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the statement of financial position date.

Notes to the financial statements (cont'd)

(ii) *Loans and receivables*

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non current assets. The Group's loans and receivables comprise 'cash and cash equivalents', 'receivables', 'trade and other payables' and 'interest bearing liabilities' in the statement of financial position.

(2) *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the loans and receivables have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'other (losses)/gains - net' in the period in which they arise.

(3) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(n) **Derivative financial instruments, including hedge accounting**

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. The Group has designated forward exchange contracts and interest rate swaps as cash flow hedge instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described over the page.

Notes to the financial statements (cont'd)

(1) *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.

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 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.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

(2) *Other non-trading derivatives*

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

(o) **Property, plant and equipment**

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. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed to the statement of comprehensive income during the financial period in which they are incurred.

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 useful lives. The rates are as follows:

Notes to the financial statements (cont'd)

Category	Depreciation rate	Depreciation basis
<i>Leasehold improvements</i>	7.5-15%	SL
<i>Plant & equipment</i>	7.5-15%	SL
<i>Motor vehicles</i>	12-20%	SL
<i>Furniture, fixtures and fittings</i>	20-25%	SL

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Capital work in progress is not depreciated until commissioned.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within 'Administration expenses' in the statement of comprehensive income.

(p) Intangible assets

(1) Goodwill

Goodwill represents the excess of the consideration transferred of 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. Goodwill 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.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. 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.

Notes to the financial statements (cont'd)

(2) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

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.

Other development expenditures that do not meet the requisite criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation of computer software is calculated using the straight line value method so as to expense the cost of the assets over their useful lives. The rate is as follows:

Category	Depreciation rate	Depreciation basis
Computer software	25%	SL

(3) Contractual customer relationships

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

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Notes to the financial statements (cont'd)

(r) Borrowings

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.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is defined as an asset that takes longer than 12 months and is over \$100,000 to construct. Other borrowing costs are expensed.

(s) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(t) Employee benefits

(1) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulated sick 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.

(2) *Bonus plans*

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.

Notes to the financial statements (cont'd)

(u) Share capital

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.

(v) 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 approved by the Company's shareholders.

(w) Long term incentive plan

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. Interest free loans are provided to plan participants to finance the share purchases. The fair value of the interest free component of the loan has also been assessed by the independent valuer, together with other associated terms of the loan.

(x) Changes in accounting policy and disclosures

New and amended standards adopted by the Group

No new standards and amendments relevant to the Group have been adopted during the period.

New standards and interpretations not yet adopted

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. NZ IFRS 9 was issued in November 2009, December 2010 and December 2013. It replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments and hedge accounting. NZ IFRS 9 requires that financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks. NZ IFRS 9 is not expected to have any significant impact on the Group. The Group will apply this standard from 1 April 2018.

NZ IFRS 15, Revenue from contracts with customers, effective for annual periods beginning on or after 1 January 2017, addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18 Revenue and NZ IAS 11 Construction contracts and is applicable to all entities with revenue. It sets out a 5 step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is yet to be finalised, and consequently the Group has not assessed NZ IFRS 15's full impact. The Group will apply this standard from 1 April 2017 or, providing the proposed amendment to NZ IFRS 15's effective date is approved, 1 April 2018.

Notes to the financial statements (cont'd)

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price 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 to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

(a) Market risk

(1) 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 (functional currency). Approximately 95% of annual flat sheet glass raw materials are purchased in foreign currencies, being USD, Euro and AUD. In accordance with the Company Treasury policy, foreign exchange risk is managed prospectively out over a period of 12 months with allowable limits of coverage up to 100% over the 12 month term. Where deemed acceptable by the directors, coverage can be extended out over a period of 15 months.

Exposure to foreign exchange risk

31 March 2015

Cash and cash equivalents
Trade receivables
Trade accounts payable
Total exposure

Consolidated		
AUD	USD	EUR
NZ\$'000	NZ\$'000	NZ\$'000
27	1	-
36	-	-
(56)	(681)	(181)
7	(680)	(181)

The tables below detail the forward foreign currency contracts acquired upon group reorganisation and also those held at the end of the reporting period. The cash flow hedges are expected to impact profit or loss in the same period that the cash flows are expected to occur.

29 July 2014

Acquired upon group reorganisation

Buy USD

3 months
3-6 months
6-12 months

Buy EUR

3 months
3-6 months
6-12 months

Consolidated			
Average exchange rate	Foreign currency	Notional value	Fair value (assets) / liabilities
	FC'000	\$'000	\$'000
0.7975	5,100	6,395	(361)
0.8072	5,100	6,318	(229)
0.8308	10,200	12,277	56
0.5773	1,308	2,266	(197)
-	-	-	-
0.5780	3,955	6,842	(473)
			(1,204)

Notes to the financial statements (cont'd)

31 March 2015

Buy USD

3 months
3-6 months
6-12 months

Buy EUR

3 months
3-6 months
6-12 months

Consolidated			
Average exchange rate	Foreign currency	Notional value	Fair value (assets) / liabilities
	FC'000	\$'000	\$'000
0.8364	5,100	6,098	743
0.7990	5,100	6,383	514
0.7452	8,500	11,407	213
0.5974	1,828	3,060	(402)
-	-	-	-
-	-	-	-
			1,068

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.

Sensitivity analysis

The following table details the Group's sensitivity to a 10% strengthening/weakening of the New Zealand dollar 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.

Profit or loss

10% strengthening of the NZ\$ against:

AUD
USD
EUR

10% weakening of the NZ\$ against:

AUD
USD
EUR

Consolidated
31 March 2015
\$'000
(1)
62
17
1
(76)
(20)

Equity

10% strengthening of the NZ\$ against:

USD
EUR

10% weakening of the NZ\$ against:

USD
EUR

Consolidated
31 March 2015
\$'000
(2,305)
(242)
2,817
295

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.

Notes to the financial statements (cont'd)

(2) *Commodity price 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. Price is an important variable in the determination of supply, and the Group is clearly exposed to changes in glass prices.

During the period, if the price of float glass had strengthened/weakened by 5% with all other variables held constant, post tax profit for the year and equity would have been \$849,000 lower/higher.

(3) *Interest rate risk*

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates on interest bearing financial assets.

Cash flow 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 New Zealand dollars.

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.

As at 31 March 2015, 45% of the Group's borrowings were covered by an interest rate swap. Due to the relatively stable interest rate environment in New Zealand a sensitivity of a movement of 0.5% in the interest rate has been performed. If interest rates had been 0.5% higher/lower, with all other variables held constant, equity would have been \$290,989 lower/higher from the change in fair value of the interest rate swap and post tax profit would be \$87,000 lower/higher through increased interest expense on floating rate borrowings.

(4) *Credit risk*

Credit risk is managed at Group level, except for credit risk relating to accounts receivable balances. Each local branch is responsible for managing and analysing the credit risk of their clients. Credit risk arising from new clients is also managed at local branch level where credit history is reviewed and vetted before standard payment and delivery terms and conditions are offered. 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.

Notes to the financial statements (cont'd)

(5) 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 has negotiated a multi-option credit facility with its banking partners. As at 31 March 2015 the Group had cash of \$7.6 million. Information in respect of negotiated credit facilities is shown below.

Committed credit facilities pursuant to the multi-option facility
Drawdown at balance date
Available credit facilities

Multi-option facility as at 31 March 2015	
	\$'000
	75,000
	(59,841)
	15,159

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.

31 March 2015

Consolidated

Bank borrowings under multi-option facility agreement
Interest rate swap
Trade payables
Total

Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years	Total
\$'000	\$'000	\$'000	\$'000	\$'000
3,002	2,771	55,924	-	61,697
223	215	277	-	715
10,907	-	-	-	10,907
14,132	2,986	56,201	-	73,319

Notes to the financial statements (cont'd)

(b) 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 2015 was as follows:

	31 March 2015
	\$'000
Bank borrowings	55,000
Less: cash and cash equivalents	7,609
Net debt	47,391
Equity	142,679
Gearing ratio	24.9%

(c) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The fair value of the interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swaps at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts and interest rate swaps is determined using applicable forward exchange market rates and market interest rates at the statement of financial position date.

The fair value of intangible assets acquired as part of a business combination is established by using valuation techniques. These include the use of recent arm's length transactions, reference to other assets that are substantially the same and discounted cash flow.

The fair value of financial liabilities for disclosure purposes is the carrying value.

Notes to the financial statements (cont'd)

Financial instruments that are measured at fair value in the statement for financial position are classified by level of the following fair value measurement hierarchy: Quoted prices (unadjusted) in active markets (level 1); Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices) (level 2); Inputs for the asset or liability that are based on unobservable inputs (level 3).

At 31 March 2015 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 2015.

(d) Financial instruments by category

31 March 2015

Assets as per statement of financial position

Cash and cash equivalents
Derivatives - foreign exchange contracts
Receivables

Consolidated		
Loans and receivables	Derivatives used for hedging	Total
\$'000	\$'000	\$'000
7,609	-	7,609
-	1,068	1,068
24,603	-	24,603
32,212	1,068	33,280

31 March 2015

Liabilities as per statement of financial position

Trade and other payables excluding non-financial liabilities
Derivatives - interest rate swaps
Interest bearing liabilities

Consolidated		
Liabilities at amortised cost	Derivatives used for hedging	Total
\$'000	\$'000	\$'000
11,138	-	11,138
-	715	715
55,000	-	55,000
66,138	715	66,853

Notes to the financial statements (cont'd)

4 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 below.

(i) 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 estimated credit losses is maintained based upon our historical experience and any specific customer collection issues that we have identified. The ability to make reasonable and reliable estimates of allowances for doubtful accounts based on significant historical experience has been demonstrated. Refer Note 11.

(ii) Economic lives of intangible assets and property, plant and equipment

Customer relationship intangible assets and property, plant and equipment are long-lived assets that are amortised / depreciated over their useful lives. Useful lives are based on management's estimates of the period over which the assets will generate revenue. Refer Notes 14 and 16.

(iii) Goodwill

The Group tests not less than annually whether goodwill has suffered any impairment in accordance with note 2(n). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Refer Note 16.

(iv) Provision for onerous leases

Onerous lease provisions have been calculated on the assumption that the Group will be required to compensate leaseholders in exchange for the early termination of key leases in Auckland. Management has assessed comparable market rates for commercial leases in forming its view. Refer Note 19(b).

5 Operating expenditure

Raw material and consumables used	
Employee benefit expense	
Subcontractor cost	
Depreciation and amortisation	
Transportation and logistics	
Operating lease payments	
Advertising	
IPO expenses	
Other expenses	
Total cost of sales, distribution and glazing related expenses, selling and marketing expenses, and administration expenses	

Consolidated	
2015	
\$'000	
	29,003
	36,225
	4,013
	3,751
	4,821
	3,955
	618
	4,030
	11,506
	97,922

Notes to the financial statements (cont'd)

Audit, tax advice and other financial accounting services within operating expenditure

Audit and review of financial statements

Audit and review of financial statements - PwC

Other services performed by PwC

Tax compliance and advice

IPO investment statement and prospectus assurance services*

Consolidated
2015
\$'000
215
32
793
1,040

* The Group's auditors PricewaterhouseCoopers, received fees of \$793,000 in relation to the Investment Statement and Prospectus issued by the Company dated 7 July 2014 (as amended 15 July 2014).

6 Segment information

Operating segments of the Group as at 31 March 2015 have been determined based on separate financial information that is regularly reviewed by the Board and also the Senior Leadership Team which is the Group's Chief Operating Decision Maker. The Group's operating segments are Upper North Island, Lower North Island and South Island. All operating segments are involved in the distribution and glazing of customised flat glass products.

NZ IFRS 8 Operating Segments permits the aggregation of operating segments into reportable segments. This has been adopted as the operating segments have similar economic characteristics, are also similar in the nature of products and services supplied and the method in which they are produced. Additionally, sales and marketing methods are substantially similar and the customer distribution channels are also similar. Therefore, the Group has one reportable segment.

Substantially all of the Group's revenue is derived from the sale of glass products. All revenue from external customers is attributed to sales in New Zealand. All non current assets (excluding financial instruments and deferred tax assets) are located in New Zealand.

7 Finance income and costs

Interest expense

Interest income

Consolidated
2015
\$'000
2,118
(28)
2,090

Notes to the financial statements (cont'd)

8 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.

Profit after tax (\$'000)
Weighted average number of ordinary shares outstanding ('000s)

Basic Earnings per share (cents per share)

Consolidated	
2015	
	9,559
	180,315
	5.3

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.

Weighted average number of ordinary shares outstanding ('000s)
Adjusted for share options ('000s)
Weighted average number of ordinary shares for diluted earnings per share ('000s)

Diluted Earnings per share (cents per share)

Consolidated	
2015	
	180,315
	4,715
	185,030
	5.2

9 Income taxation

Profit before income taxation

Income taxation expense at the rate of 28%
Tax effect of non-deductible items

Represented by:
Current taxation
Deferred taxation

Notes

Consolidated	
2015	
\$'000	
	14,986
	4,196
	1,231
	5,427
	4,675
	752
	5,427

15

10 Cash and cash equivalents

Cash on hand
Cash at bank
Short term deposits

Consolidated	
2015	
\$'000	
	1
	5,859
	1,749
	7,609

Notes to the financial statements (cont'd)

11 Trade and other receivables

Trade receivables
Provision for doubtful trade receivables

Consolidated	
2015	
\$'000	
Trade receivables	26,897
Provision for doubtful trade receivables	(2,294)
	24,603

(a) 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.

The ageing profile of debtors follows:

Current
30 - 59 days
60 - 89 days
90 days and later

Consolidated	
2015	
\$'000	
Current	16,484
30 - 59 days	4,168
60 - 89 days	1,392
90 days and later	4,853
	26,897

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 is subject to contractual retentions.

Movements in the provision for impairment of receivables are as follows:
Opening balance
Acquisition of subsidiary
Provision for impairment recognised during the year
Receivables written off during the year as uncollectible
Balance at end of year

Consolidated	
2015	
\$'000	
Opening balance	-
Acquisition of subsidiary	2,229
Provision for impairment recognised during the year	639
Receivables written off during the year as uncollectible	(574)
	2,294

The creation and release of the provision for impaired receivables has been included in 'administration expenses' in the Statement of Comprehensive Income. Amounts are generally written off when there is no expectation of recovering additional cash or other consideration.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

The ageing profile of debtors 'past due but not impaired' is as follows:

Current
30 - 59 days
60 - 89 days
90 days and later

Consolidated	
2015	
\$'000	
Current	-
30 - 59 days	-
60 - 89 days	1,392
90 days and later	2,559
	3,951

Notes to the financial statements (cont'd)

12 Inventories

Raw materials, primarily flat glass stock-sheets
Work in progress

Consolidated	
2015	
\$'000	
	10,011
	1,420
	11,431

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to \$29m.

13 Other current assets

Prepayments
Spare parts
Other assets

Consolidated	
2015	
\$'000	
	606
	1,156
	78
	1,840

14 Property, plant and equipment

Opening balance

Cost
Accumulated depreciation
Net book value as at 30 May 2014

Consolidated			
Plant & equipment	Furniture, fittings & equipment	Motor Vehicles	Total
\$'000	\$'000	\$'000	\$'000
-	-	-	-
-	-	-	-
-	-	-	-

Opening net book value

Acquired upon group reorganisation
Additions
Disposals
Depreciation expense
Closing net book value

Represented by:

Cost
Accumulated depreciation
Net book value as at 31 March 2015

-	-	-	-
21,939	877	5,457	28,273
16,472	799	584	17,855
-	-	-	-
(1,880)	(189)	(563)	(2,632)
36,531	1,487	5,478	43,496
38,411	1,676	6,041	46,128
(1,880)	(189)	(563)	(2,632)
36,531	1,487	5,478	43,496

Notes to the financial statements (cont'd)

15 Deferred taxation

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

	Consolidated		
	2015		
	Assets	Liabilities	Net
	\$'000	\$'000	\$'000
Property, plant & equipment	154	-	154
Inventory and receivables	1,060	-	1,060
Cash flow hedge	-	(99)	(99)
Intangibles	-	(2,821)	(2,821)
Provisions and accruals	1,705	-	1,705
	2,919	(2,920)	(1)

Movement in temporary differences during the year:

movement in temporary differences during the year.

Consolidated					
Opening Balance	Arising on acquisition	Recognised in profit or loss (Note 9)	Recognised in OCI	Balance 31 Mar 2015	
\$'000	\$'000	\$'000	\$'000	\$'000	
Property, plant & equipment	-	832	(678)	-	154
Inventory and receivables	-	1,123	(63)	-	1,060
Cash flow hedge	-	337	-	(436)	(99)
Intangibles	-	(3,041)	220	-	(2,821)
Provisions and accruals	-	1,936	(231)	-	1,705
-	1,187	(752)	(436)	(1)	

Notes to the financial statements (cont'd)

16 Intangible assets

		Customer relationships	Goodwill on acquisitions	Computer software	Total
Notes		\$'000	\$'000	\$'000	\$'000
		-	-	-	-
	26	10,875	115,489	285	126,649
		-	-	2,615	2,615
		(967)	-	(152)	(1,119)
		9,908	115,489	2,748	128,145

Impairment tests for goodwill

On acquisition the goodwill (refer note 26) was allocated to three cash generating units being upper North Island, lower North Island and the South Island. Goodwill is allocated as follows:

	31 March 2015
	\$'000
Upper North Island	49,429
Lower North Island	23,445
South Island	42,615
	115,489

The recoverable amount of goodwill has been determined based on a value-in-use calculation. 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 the estimated long term growth rates. Key assumptions used based on management's knowledge of the market are as follows:

	31 March 2015
Compound annual volume growth - 5 years	10.0%
Long term growth rate	2.5%
Discount rate	10.0%

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

17 Investments in subsidiaries

Name of entity	Place of principal business / Country of incorporation	Principle activities	Equity holding	
			2015	2014
			%	%
Metroglass Holdings Ltd	New Zealand	Holding company	100	100
Metroglass Finance Ltd	New Zealand	Finance company	100	100
Metropolitan Glass & Glazing Limited	New Zealand	Glass manufacturing	100	100
IGM Software Limited	New Zealand	Software development	100	100
Canterbury Glass & Glazing Limited	New Zealand	Non-trading	100	100
Christchurch Glass & Glazing Limited	New Zealand	Non-trading	100	100
Taranaki Glass & Glazing Limited	New Zealand	Non-trading	100	100
Hawkes Bay Glass & Glazing Limited	New Zealand	Non-trading	100	100

Notes to the financial statements (cont'd)

18 Trade and other payables

Trade accounts payable
Employee entitlements
Goods and services tax payable
Other interest accruals
Management incentive accrual

Consolidated	
2015	
\$'000	
	10,907
	3,940
	718
	231
	974
	16,770

19 Provisions

Warranty provision
Onerous lease provision
Current provisions

Consolidated	
2015	
\$'000	
	405
	504
	909

(a) Service warranties

Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at balance date. These claims are expected to be settled in the next financial year but this may be extended into the following year if claims are made late in the warranty period and are subject to confirmation by suppliers that component parts are defective. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(b) Onerous lease provision

Provision is made for the estimated costs associated with vacating leases prior to their termination dates. Management estimates the provision based on reviewing the market rates for commercial leases in the relevant areas and assessing the expected discounts landlords would need to offer to replace tenancies expediently.

Notes to the financial statements (cont'd)

(c) Movements in provisions

Movements in provisions during the financial period are set out below:

	Warranty provision	Onerous lease provision	Total
Notes	\$'000	\$'000	\$'000
Opening balance	-	-	-
Acquisition of subsidiary	405	2,954	3,359
Additional provisions	-	-	-
Charged / (credited) to the statement of comprehensive income	-	(100)	(100)
Used during period	-	(2,350)	(2,350)
Closing net book value	405	504	909

20 Interest bearing liabilities

Bank borrowings

Consolidated
2015
\$'000
55,000
55,000

Bank borrowings are secured by the property, plant and equipment of the Group. The Group's bank borrowing facilities comprise a \$60m term loan facility and a \$15m cash drawdown facility, both of which are due for repayment on 29 July 2017 and bear a variable interest rate which is currently 4.60% per annum.

(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 and positive and negative pledge undertakings.

(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.

Notes to the financial statements (cont'd)

21 Contributed equity

Opening balance
Issue of share capital - Initial public offering
Issue of share capital - Acquisition of Metroglass Holdings Limited
IPO expenses included in contributed equity
Contributions to shares issued to key management employees
Balance upon group reorganisation

Share based payments reserve transferred to equity

Closing balance

Consolidated	
2015	
\$'000	
	-
	244,236
	62,300
	(7,045)
	2,750
	302,241
	505
	302,746

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 vest on 29 July 2015.

At balance date, there were 185,030,000 ordinary shares outstanding.

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. Refer note 26 for IPO expenses included in the statement of comprehensive income.

22 Reserves

Group reorganisation reserve

Balance at beginning of period

Acquisition of subsidiary

Closing balance

Consolidated	
2015	
\$'000	
	-
	(170,665)
	(170,665)

Upon acquisition of Metroglass Holdings Limited, 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 (refer note 26).

Share based payments reserve

Balance at beginning of period

Acquisition of subsidiary

Transfer to equity on group reorganisation

Movement in share based payments reserve

Closing balance

Consolidated	
2015	
\$'000	
	-
	1,062
	(505)
	228
	785

The Group currently has a long term incentive plan for selected employees (refer note 25). This reserve is used to record the accumulated value of the plan which has been recognised in the statement of comprehensive income.

Notes to the financial statements (cont'd)

Cash flow hedge reserve

Balance at beginning of period	
Acquisition of subsidiary	
Movement in cash flow hedge reserve	
Deferred tax on movement in cash flow hedge reserve	
Closing balance	

	Consolidated
Notes	2015
	\$'000
	-
	(868)
	1,558
15	(436)
	254

The reserve records the portion of the gain or loss on a hedging derivative in a cash flow hedge that is determined to be an effective hedge. The cumulative deferred gain or loss on the hedge is recognised in the income statement when the hedged transaction impacts the income statement, or depending on the nature of the hedge, is included in a non-financial hedged item when the hedged event occurs.

23 Contingencies

As at 31 March 2015 the Group had no contingent liabilities or assets.

24 Commitments

Lease commitments: as lessee

Operating leases

The Group leases premises, plant and equipment. 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.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	
One to two years	
Two to five years	
Beyond five years	
Commitments not recognised in the financial statements	

Consolidated
2015
\$'000
5,961
5,430
13,525
28,178
53,094

During the period, \$3.96 million was recognised as an expense in the statement of comprehensive income in respect of operating leases.

At balance date, there were capital expenditure commitments of approximately \$2.4 million.

Notes to the financial statements (cont'd)

25 Related party transactions

(a) 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 and Neville Buch. Michael Alscher was appointed director and Neville Buch ceased his directorship on 31 March 2015. All other persons were also directors as at 29 July 2014.

(b) Key management compensation

Key management includes the directors listed above and members of the Senior Leadership Team. The compensation paid or payable to key management for employee service is shown below:

	Consolidated
	2015
	<i>\$'000</i>
Salaries and other short-term employee benefits	1,193
Management incentive	180
Share based payments	228
Directors fees (appointed from 5 July 2014)	307
	1,908

On 29 July 2014 key members of the Senior Leadership Team were issued 7,072,176 ordinary shares as part of the Long Term Incentive Plan. These shares are held in escrow until the release of the results pertaining to the prospectus forecast period. Of the shares issued, 4,714,784 shares do not vest until 29 July 2015.

Crescent Capital Partners, a related party by directorship through Neville Buch and Michael Alscher, received \$101.1 million in cash and were issued 15,294,430 ordinary shares as part of the Initial Public Offering on 29 July 2014.

Notes to the financial statements (cont'd)

26 Acquisition of subsidiary - Metroglass Holdings Limited

On 29 July 2014 the Group acquired 100% of the shares of Metroglass Holdings Limited for cash consideration of \$227.7 million as part of the group reorganisation and therefore obtained control over this entity and its subsidiaries. Additional expenses within the statement of comprehensive income arising from the Initial Public Offering amount to \$4.0 million. The following table summarises the consideration paid for Metroglass Holdings Limited and the assets acquired and liabilities assumed recognised at the acquisition date, as well as their predecessor values used to establish their values upon acquisition.

	Consolidated
	2015
	\$'000
Consideration	
Cash	227,709
Equity in Metro Performance Glass Limited	65,053
	292,762
Net assets acquired	
Cash and cash equivalents	8,613
Trade and other receivables	22,712
Inventories	8,133
Other current assets	12,189
Property, plant and equipment	28,273
Deferred tax assets	1,187
Intangible assets	126,649
Trade and other payables	(16,412)
Income tax liability	(489)
Derivative financial instruments	(1,205)
Provisions	(3,359)
Interest bearing liabilities	(64,000)
Share based payments and cash flow hedge reserves	(194)
	122,097
Group reorganisation amount recorded in equity	170,665
	292,762

The group reorganisation charge differs from the forecast group reorganisation charge set out in Metro Performance Glass Limited's prospectus dated 7 July 2014, which was \$162.4 million. The difference is attributable to the actual value of net assets being different from forecast due to actual trading being different to assumed trading levels and a change in the value of certain assets and liabilities as the result of further assessment.

Notes to the financial statements (cont'd)

27 Events subsequent to period end

There are no events subsequent to period end.

28 Comparison to prospective financial information

The Group provided prospective financial information for the eight month period from 1 August 2014 to 31 March 2015 in the Investment Statement and the Prospectus dated 7 July 2014 (as amended on 15 July 2014). The comparison between the actual financial performance for the eight month period and the prospective financial information are shown below.

Comparison between Actual and Prospective Income Statement for the period ended 31 March 2015

	Notes	Consolidated	Consolidated
		2015	PFI
		\$'000	\$'000
Sales revenue	(a)	114,998	117,792
Cost of sales	(b)	(57,205)	(58,195)
Gross Profit		57,793	59,597
Distribution and glazing related expenses	(c)	(19,779)	(19,193)
Selling and marketing expenses	(d)	(4,879)	(5,799)
Administration expenses	(e)	(16,059)	(18,085)
Operating profit	(f)	17,076	16,520
Interest expense	(g)	(2,118)	(2,018)
Interest income	(h)	28	70
Profit before income taxation		14,986	14,572
Income taxation expense	(i)	(5,427)	(5,162)
Profit for the period		9,559	9,410

Comparison between Actual and Prospective Statement of Comprehensive Income for the period ended 31 March 2015

	2015	PFI
	\$'000	\$'000
Other Comprehensive Income		
Items that may be subsequently reclassified to profit or loss:		
Cash flow hedges	1,122	989
Total comprehensive income for the period attributable to shareholders	10,681	10,399

Comparison between Actual and Prospective Balance Sheet as at 31 March 2015

		Consolidated	Consolidated
	Notes	2015	PFI
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	(k)	7,609	11,375
Trade and other receivables	(l)	24,603	23,624
Inventories	(m)	11,431	14,526
Derivative financial instruments	(n)	1,068	-
Current income tax asset	(o)	37	(731)
Other current assets		1,840	1,843
Total current assets		46,588	50,637
Non-current assets			
Property, plant and equipment	(p)	43,496	48,865
Intangible assets	(q)	128,145	125,397
Total non-current assets		171,641	174,262
Total assets		218,229	224,899
Liabilities			
Current liabilities			
Trade and other payables		16,770	17,713
Derivative financial instruments	(n)	715	-
Provisions		909	133
Total current liabilities		18,394	17,846
Non-current liabilities			
Deferred tax liabilities		1	152
Interest bearing liabilities		55,000	55,000
Lease incentive		2,155	1,933
Total non-current liabilities		57,156	57,085
Total liabilities		75,550	74,931
Net assets		142,679	149,968
Equity			
Contributed equity		302,746	302,213
Retained earnings		9,559	9,410
Group reorganisation reserve	(r)	(170,665)	(162,408)
Share based payments reserve		785	753
Cash flow hedge reserve		254	-
Total equity		142,679	149,968

Statement of Changes in Equity

Opening balance as at 30 May 2014
Profit for the period
Other comprehensive income for the period
Total comprehensive income for the period
Issue of share capital
Group reorganisation, retained earnings
Group reorganisation, reserves
Movement in share based payment reserve
Total transactions with owners, recognised directly in equity
Balance as at 31 March 2015

Consolidated	Consolidated
2015	PFI
Total	Total
\$'000	\$'000
-	-
9,559	9,410
1,122	-
10,681	9,410
302,241	302,213
(170,665)	(162,408)
194	-
228	753
131,998	140,558
142,679	149,968

Comparison between Actual and Prospective Statement of Cash flows for the period ended 31 March 2015

Cash flows from operating activities

Receipts from customers	(a) (l)	112,712	117,846
Payments to suppliers and employees		(82,833)	(86,148)
Interest received	(h)	50	70
Interest paid	(s)	(1,722)	(2,018)
Income taxes paid		(5,201)	(5,000)
Net cash inflow from operating activities		23,006	24,750

Cash flows from investing activities

Payments for property, plant & equipment	(t)	(17,847)	(18,870)
Payments for intangible assets	(t)	(2,615)	-
Acquisition of Metroglass Holdings Limited (net of cash acquired)		(219,096)	(218,804)
Net cash outflow from investing activities		(239,558)	(237,674)

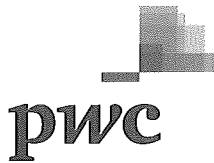
Cash flows from financing activities

Repayment of borrowings		(64,000)	(64,000)
Drawdown of borrowings		55,000	55,000
Ordinary shares issued		244,236	244,236
Expenses on issue of ordinary shares		(11,075)	(10,937)
Net cash inflow from financing activities		224,161	224,299

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at end of the period		7,609	11,375

- (a) Net sales were lower than the PFI. The PFI assumed that sales would continue to accelerate as the year progressed but rather the rate of growth was constant. We believe this is as a result of residential consents not flowing through to revenue at the same rate as in the past and some commercial construction being delayed.
- (b) Gross margins were lower than the PFI primarily due to higher factory labour. As sales volumes increased some plant inefficiencies were experienced due to capacity constraints. This has since been alleviated by the new plant in Highbrook. The costs associated with the Auckland restructure are included in gross margin and were within those envisaged in the PFI.
- (c) Distribution and glazing expenses were slightly higher than forecast.
- (d) Selling and marketing expenses were lower than the PFI. The PFI contemplated additional spending on marketing and promotions.
- (e) Administrative expenses include the expenses related to the IPO which were broadly in line with the PFI, other administrative expenses were lower.
- (f) Operating Profit (EBIT) exceeds the PFI primarily due to the combination of lower sales being offset by cost savings.
- (g) Interest expense is slightly higher than the PFI as the average debt level over the period was higher than forecast in the PFI.
- (h) Interest income is lower than the PFI due to average lower cash balance during the year.
- (i) Income tax expense is higher than the PFI due to higher profit and the effective rate is marginally higher due to a higher level of non tax deductible expenses than forecast in the PFI.
- (j) The cash flow hedge movement differs from the PFI as the PFI model assumed all new hedge's mark to market value would be nil as at 31 March 2015. This income is the unwind of the pre-existing balances.
- (k) Cash is lower than the PFI due to different assumed trading levels in the period prior to the acquisition of Metroglass Holdings Limited.
- (l) Trade and other receivables are higher than the PFI as the PFI assumed an improvement in the cash collection rate.
- (m) The PFI assumed a higher level of inventory than actually occurred.
- (n) Derivative financial instruments were assumed to have a mark to market value of zero as at 31 March 2015 in the PFI.
- (o) Current income tax differs to the PFI due to the amount and timing of tax payments.
- (p) Fixed assets differs from the PFI primarily due to the delay in the arrival of the automated edgework machine and the reclassification of software as intangible assets as opposed to property, plant and equipment.
- (q) As noted above the PFI classified acquired computer software as property, plant and equipment, excluding this intangible assets would have been in line with the PFI.
- (r) The group reorganisation reserve is higher than the PFI. The difference is attributable to the actual value of net assets being different from forecast due to actual trading being different to assumed trading levels and a change in the value of certain assets and liabilities as a result of further assessment.
- (s) Actual interest is paid quarterly whereas the PFI assumed interest would be paid monthly.
- (t) Payments for fixed and intangible assets exceed the PFI due to timing differences.



Independent Auditors' Report

to the shareholders of Metro Performance Glass Limited

Report on the Financial Statements

We have audited the Group financial statements of Metro Performance Glass Limited ("the Company") on pages 2 to 40, which comprise the statement of financial position as at 31 March 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for the Group. The Group comprises the Company and the entities it controlled at 31 March 2015 or from time to time during the financial period.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We are independent of the Group. Our firm carried out other services for the Group in the areas of tax compliance, investigative accountancy work upon IPO and other assurance services. The provision of these other services has not impaired our independence.



Independent Auditors' Report

Metro Performance Glass Limited

Opinion

In our opinion, the financial statements on pages 2 to 40 present fairly, in all material respects, the financial position of the Group as at 31 March 2015, and its financial performance and cash flows for the period then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

Restriction on Use of our Report

This report is made solely to the Company's shareholder, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' 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 shareholder, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants
27 May 2015

Auckland