

Metro Performance Glass Limited

Financial Statements

For the period ended 31 March 2016

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Consolidated Statement of Comprehensive Income

For the period ended 31 March

		12 Months Consolidated 2016	8 Months Consolidated 2015
	Notes	\$'000	\$'000
Sales revenue		188,037	114,998
Cost of sales	2.3	(90,724)	(57,205)
Gross profit		97,313	57,793
Distribution and glazing related expenses	2.3	(35,329)	(19,779)
Selling and marketing expenses	2.3	(8,774)	(4,879)
Administration expenses	2.3	(23,086)	(16,059)
Operating profit		30,124	17,076
Interest expense		(3,380)	(2,118)
Interest income		210	28
Profit before income taxation		26,954	14,986
Income taxation expense	6.1	(6,459)	(5,427)
Profit for the period		20,495	9,559
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges		(2,324)	1,122
Total comprehensive income for the period attributable to shareholders		18,171	10,681
Earnings per share			
Basic earnings per share (cents per share)	2.4	11.1	5.3
Diluted earnings per share (cents per share)	2.4	11.1	5.2

The Board of Directors authorised these financial statements for issue on 26 May 2016.

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 2016 \$'000	Consolidated 2015 \$'000
Assets			
Current assets			
Cash and cash equivalents		6,404	7,609
Trade and other receivables	3.1	25,858	24,603
Inventories	3.2	17,655	11,431
Derivative financial instruments	3.4	-	1,068
Current income tax asset		-	37
Other current assets		2,538	1,840
Total current assets		52,455	46,588
Non-current assets			
Property, plant and equipment	4.1	47,997	43,496
Deferred tax assets	6.2	2,715	-
Intangible assets	4.2	127,743	128,145
Total non-current assets		178,455	171,641
Total assets		230,910	218,229
Liabilities			
Current liabilities			
Trade and other payables	3.3	21,543	16,770
Income tax liability		2,365	-
Derivative financial instruments	3.4	2,875	715
Provisions		240	909
Total current liabilities		27,023	18,394
Non-current liabilities			
Deferred tax liabilities	6.2	2,998	1
Interest bearing liabilities	5.1	50,000	55,000
Lease incentive provisions		2,255	2,155
Total non-current liabilities		55,253	57,156
Total liabilities		82,276	75,550
Net assets		148,634	142,679
Equity			
Contributed equity	5.2	304,587	302,746
Retained earnings		16,732	9,559
Group reorganisation reserve		(170,665)	(170,665)
Share based payments reserve		50	785
Cashflow hedge reserve		(2,070)	254
Total equity		148,634	142,679

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 2016			
		Contributed equity	Reserves	Retained earnings	Total
	Notes	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 April 2015		302,746	(169,626)	9,559	142,679
Profit for the period		-	-	20,495	20,495
Other comprehensive income for the period		-	(2,324)	-	(2,324)
Total comprehensive income for the period		-	(2,324)	20,495	18,171
Dividends paid		-	-	(13,322)	(13,322)
Payments 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)	(13,322)	(12,216)
Balance at 31 March 2016		304,587	(172,685)	16,732	148,634

		Consolidated 2015			
		Contributed equity	Reserves	Retained earnings	Total
	Notes	\$'000	\$'000	\$'000	\$'000
Opening balance at 30 May 2014		-	-	-	-
Profit for the period		-	-	9,559	9,559
Other comprehensive income for the period		-	1,122	-	1,122
Total comprehensive income for the period		-	1,122	9,559	10,681
Issue of share capital - Initial public offering		244,236	-	-	244,236
Issue of share capital - Acquisition of Metroglass Holdings Limited		62,300	-	-	62,300
IPO expenses included in contributed equity		(7,045)	-	-	(7,045)
Contributions to shares issued to key management employees		2,750	-	-	2,750
Acquired upon group reorganisation		-	(170,471)	-	(170,471)
Transfer share based payments reserve to equity		505	(505)	-	-
Movement in share based payments reserve		-	228	-	228
Total transactions with owners, recognised directly in equity		302,746	(170,748)	-	131,998
Balance at 31 March 2015		302,746	(169,626)	9,559	142,679

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

	Notes	12 Months Consolidated 2016 \$'000	8 Months Consolidated 2015 \$'000
Cash flows from operating activities			
Receipts from customers		187,530	112,712
Payments to suppliers and employees		(154,048)	(82,833)
Interest received		210	50
Interest paid		(3,215)	(1,722)
Income taxes paid		(2,872)	(5,201)
Net cash inflow from operating activities		27,605	23,006
Cash flows from investing activities			
Payments for property, plant & equipment		(9,589)	(17,847)
Payments for intangible assets		(1,843)	(2,615)
Acquisition of Metroglass Holdings Limited (net of cash acquired)		-	(219,096)
Net cash outflow from investing activities		(11,432)	(239,558)
Cash flows from financing activities			
Repayment of borrowings		(5,000)	(64,000)
Drawdown of borrowings		-	55,000
Ordinary shares issued		-	244,236
Payments received on management incentive plan shares		944	-
IPO expenses included in contributed equity		-	(7,045)
IPO expenses included in statement of comprehensive income		-	(4,030)
Dividend paid		(13,322)	-
Net cash inflow/outflow from financing activities		(17,378)	224,161
Net increase in cash and cash equivalents		(1,205)	7,609
Cash and cash equivalents at the beginning of the period		7,609	-
Cash and cash equivalents at end of the period		6,404	7,609

The above Statement of Changes in Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows (continued)

For the period ended 31 March

	12 Months Consolidated 2016 \$'000	8 Months Consolidated 2015 \$'000
Reconciliation of profit after income tax to net inflow from operating activities		
Profit for the period	20,495	9,559
Items not involving cash flows		
Depreciation expense	5,176	2,632
Amortisation of intangible assets	2,245	1,119
Share based payments expense	162	228
Movement in deferred tax	795	752
Movement in doubtful debt provision	(640)	65
	7,738	4,796
Impact of changes in working capital items		
Accounts receivable and other assets	(618)	8,388
Inventory	(6,224)	(3,298)
Trade creditors & employee entitlements	3,386	(281)
Interest accruals	165	418
Warranty provision	(300)	-
Onerous lease provision	(504)	(2,450)
Lease incentive provision	235	2,155
Goods & services tax (GST) payable	314	223
Income tax liability	3,005	(526)
	(541)	4,629
Items classified as investing or financing activities		
Surplus on disposal of assets	(87)	(8)
IPO expenses included in statement of comprehensive income	-	4,030
	(87)	4,022
Net cash flow from operating activities	27,605	23,006

Notes to the financial statements

Metro Performance Glass is pleased to present a new structure for our audited financial statements.

The new structure has been designed to make the financial statements less complex and more readable for our shareholders and other stakeholders. The disclosures have been grouped under the following four sections:

Performance
Working Capital
Long Term Assets
Debt & Equity
Other

Each section sets out the accounting policies applied in producing the notes to these financial statements, along with details of any key judgements and estimates used. Other accounting policies are included in Note 1.

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.

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 (NZX) on 29 July 2014.

The comparative trading results presented encompass the eight month period from listing date 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.

Basis of preparation

These consolidated financial statements have been approved for issue by the Board of Directors on 26 May 2016.

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). 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').

Metro Performance Glass Limited is a limited liability company registered under the New Zealand Companies Act 1993 and is an 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. 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.

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 measured 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 2016 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 provides 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 period end closing rates at 31 March 2016.

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. These are not expected to have a significant impact on the Group's financial statements.

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.

2. Financial Performance

2.1 Segment information

Operating segments of the Group at 31 March 2016 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. 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.

2.2 Revenue

Accounting policy

Revenue comprises the 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.

Sales of goods

The Group operates a network of processing and retail branches for the provision and assembly of customized 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.

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.

2.3 Operating expenditure

	12 Months Consolidated 2016	8 Months Consolidated 2015
	\$'000	\$'000
Raw material and consumables used	48,689	29,003
Employee benefit expense	61,589	36,225
Subcontractor cost	6,433	4,013
Depreciation and amortisation	7,334	3,751
Transportation and logistics	7,857	4,821
Operating lease payments	6,832	3,955
Advertising	2,123	618
IPO expenses	-	4,030
Other expenses	17,056	11,506
Total cost of sales, distribution and glazing related expenses, selling and marketing expenses, and administration expenses	157,913	97,922

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
Audit and review of financial statements		
Audit and review of financial statements - PwC	206	215
Other services performed by PwC		
Tax compliance	11	32
IPO investment statement and prospectus assurance services	-	793
Executive reward services	50	-
	267	1,040

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.

	12 Months Consolidated 2016	8 Months Consolidated 2015
	\$'000	\$'000
Profit after tax (\$'000)	20,495	9,559
Weighted average number of ordinary shares outstanding ('000s)	185,030	180,315
Basic Earnings per share (cents per share)	11.1	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.

	12 Months Consolidated 2016	8 Months Consolidated 2015
	\$'000	\$'000
Weighted average number of ordinary shares outstanding ('000s)	185,030	180,315
Adjusted for share options ('000s)	311	4,715
Weighted average number of ordinary shares for diluted earnings per share ('000s)	185,341	185,030
Diluted Earnings per share (cents per share)	11.1	5.2

3. Working Capital

3.1 Trade and other receivables

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
Trade receivables	27,512	26,897
Provision for doubtful trade receivables	(1,654)	(2,294)
	25,858	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.

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
The aging profile of debtors follows:		
Current	18,606	16,484
30 - 59 days	3,448	4,168
60 - 89 days	611	1,392
90 days and later	4,847	4,853
	27,512	26,897

The aging 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.

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
Movements in the provision for impairment of receivables are as follows:		
Opening balance	2,294	-
Acquisition of subsidiary	-	2,229
Provision for impairment recognised/(released) during the year	169	639
Receivables written off during the year as uncollectible	(809)	(574)
	1,654	2,294

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

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
The aging profile of debtors 'past due but not impaired' is as follows:		
Current	-	-
30 - 59 days	-	-
60 - 89 days	478	1,392
90 days and later	3,326	2,559
	3,804	3,951

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 uncollectable 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 2016	Consolidated 2015
	\$'000	\$'000
Raw materials, primarily flat glass stock-sheets	15,308	10,011
Work in progress	2,347	1,420
	17,655	11,431

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to \$53m.

Accounting policy

Raw materials and stock, 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.

3.3 Trade and other payables

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
Trade accounts payable	15,071	10,907
Employee entitlements	3,856	3,940
Goods and services tax payable	1,032	718
Other interest accruals	396	231
Management incentive accrual	1,188	974
	21,543	16,770

Accounting policy

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. 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, 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 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 2016 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 2016.

Financial Instruments by category

		Consolidated		
		Loans and receivables	Derivatives used for hedging	Total
	Notes	\$'000	\$'000	\$'000
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
		32,262	-	32,262
31 March 2015				
Cash and cash equivalents		7,609	-	7,609
Derivatives - foreign exchange contracts		-	1,068	1,068
Trade and other receivables		24,603	-	24,603
Balance at 31 March 2015		32,212	1,068	33,280

	Consolidated		
	Liabilities at amortised cost	Derivatives used for hedging	Total
	\$'000	\$'000	\$'000
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
	70,008	2,875	72,883
31 March 2015			
Trade and other payables excluding non-financial liabilities	11,138	-	11,138
Derivatives - interest rate swaps	-	715	715
Interest bearing liabilities	55,000	-	55,000
Balance at 31 March 2015	66,138	715	66,853

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 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 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 longer period.

Exposure to foreign exchange risk

	Notes	Consolidated		
		AUD	USD	EUR
		NZ\$'000	NZ\$'000	NZ\$'000
31 March 2016				
Cash and cash equivalents		64	-	-
Trade receivables		21	-	-
Trade accounts payable		(137)	(3,181)	(985)
		(52)	(3,181)	(985)
31 March 2015				
Cash and cash equivalents		27	1	-
Trade receivables		36	-	-
Trade accounts payable		(56)	(681)	(181)
Balance at 31 March 2015		7	(680)	(181)

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 (NZD) 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 2016	Consolidated 2015
	\$'000	\$'000
Profit or loss		
10% strengthening of the NZD against:		
AUD	5	(1)
USD	289	62
EUR	90	17
10% weakening of the NZD against:		
AUD	(6)	1
USD	(353)	(76)
EUR	(109)	(20)

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
Equity		
10% strengthening of the NZD against:		
USD	(3,168)	(2,305)
EUR	(613)	(242)
10% weakening of the NZD against:		
USD	3,872	2,817
EUR	750	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.

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 2016				
	Plant & equipment	Furniture, fittings & equipment	Motor Vehicles	Total
Notes	\$'000	\$'000	\$'000	\$'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

Consolidated 2015				
	Plant & equipment	Furniture, fittings & equipment	Motor Vehicles	Total
Notes	\$'000	\$'000	\$'000	\$'000
Opening balance at 30 May 2014				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Net book value at 30 May 2014	-	-	-	-
Acquired upon group reorganisation	21,939	877	5,457	28,273
Additions	16,472	799	584	17,855
Disposals	-	-	-	-
Depreciation expense	(1,880)	(189)	(563)	(2,632)
Closing net book value at 31 March 2015	36,531	1,487	5,478	43,496
Represented by:				
Cost	38,411	1,676	6,041	46,128
Accumulated depreciation	(1,880)	(189)	(563)	(2,632)
Net book value at 31 March 2015	36,531	1,487	5,478	43,496

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 useful lives. The rates are as follows:

Category	Depreciation rate	Depreciation basis
Leasehold improvements	7.5-15%	SL
Plant & equipment	7.5-15%	SL
Motor vehicles	12-20%	SL
Furniture, fixtures and fittings	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.

4.2 Intangible assets

		Consolidated 2016			
		Customer relationships	Goodwill on acquisitions	Computer software	Total
		\$'000	\$'000	\$'000	\$'000
Notes					
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)	(2,244)
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

**Consolidated
2015**

	Customer relationships	Goodwill on acquisitions	Computer software	Total
Notes	\$'000	\$'000	\$'000	\$'000
Opening balance at 30 May 2014				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Net book value at 30 May 2014	-	-	-	-
Acquired upon group reorganisation	10,875	115,489	285	126,649
Additions	-	-	2,615	2,615
Amortisation expense	(967)	-	(152)	(1,119)
Closing net book value at 31 March 2015	9,908	115,489	2,748	128,145
Represented by:				
Cost	10,875	115,489	2,900	129,264
Accumulated amortisation	(967)	-	(152)	(1,119)
Net book value at 31 March 2015	9,908	115,489	2,748	128,145

Estimates and judgements: Goodwill

The Group tests not less than 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

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

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
Upper North Island	49,429	49,429
Lower North Island	23,445	23,445
South Island	43,515	42,615
	116,389	115,489

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 2016	Consolidated 2015
Compound annual volume growth - 5 years	4.0%	10.0%
Long term growth rate	2.2%	2.5%
Discount rate	9.5%	10.0%

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

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 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.

5. Debt & Equity

5.1 Interest bearing liabilities

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
Bank Borrowings	50,000	55,000
	50,000	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 3.65% per annum. 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 has negotiated a multi-option credit facility with its banking partners. As at 31 March 2016 the Group had cash of \$6.4 million. Information in respect of negotiated credit facilities is shown below.

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
Committed credit facilities pursuant to the multi-option facility	75,000	75,000
Drawdown at balance date	(54,540)	(59,841)
Available credit facilities	20,460	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.

	Notes	Consolidated				
		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years	Total
		\$'000	\$'000	\$'000	\$'000	\$'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
Bank borrowings and interest owing		3,002	2,771	55,924	-	61,697
Interest rate swap		223	215	277	-	715
Trade accounts payable		10,907	-	-	-	10,907
Total at 31 March 2015		14,132	2,986	56,201	-	73,319

Interest rate risk

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are not substantially impacted by 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.

5.2 Contributed equity

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
Opening balance	302,746	-
Issue of share capital - Initial public offering	-	244,236
Issue of share capital - Acquisition of Metroglass Holdings Limited	-	62,300
IPO expenses included in contributed equity	-	(7,045)
Contributions to shares issued to key management employees	-	2,750
Share based payments reserve transferred to equity	897	505
Payments received on management incentive plan shares	944	-
Closing balance	304,587	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 vested 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.

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.

Long Term Incentive Plan

The Group currently has a long term incentive plan for selected employees. The plan participants for the current financial year are part of the company's senior management.

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 measurement date, retesting will be permitted after a further six and twelve months.

A total of 822,159 share options with an exercise price of \$1.60, and 120,791 performance share rights have been issued under the initial grants pursuant to the plan.

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 2016 was as follows:

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
Bank borrowings	50,000	55,000
Less: cash and cash equivalents	6,404	7,609
Net debt	43,596	47,391
Equity	148,634	142,679
Gearing ratio	22.7%	24.9%

6. Other

6.1 Income taxation

	12 Months Consolidated 2016	8 Months Consolidated 2015
	\$'000	\$'000
Profit before income taxation	26,954	14,986
Income taxation expense at the rate of 28%	7,547	4,196
Tax effect of non-deductible items	149	1,231
Non assessable income	(2)	-
Prior year adjustment	(1,237)	-
Income taxation expense	6,459	5,427
Represented by:		
Current taxation	5,274	4,675
Deferred taxation	1,185	752
	6,459	5,427

The prior year adjustment relates to a difference in the income tax return for the period ending 31 March 2015 regarding the treatment of IPO expenses and lease incentives.

Imputation Credit Account

The amount of imputation credits at balance date available for future distributions is \$2.8m at March 2016, \$4.6m at March 2015

6.2 Deferred taxation

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

Consolidated 2016			
	Assets	Liabilities	Total
	\$'000	\$'000	\$'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)

Consolidated 2015			
	Assets	Liabilities	Total
	\$'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:

Consolidated 2016					
	Opening Balance	Arising on acquisition	Recognised in profit or loss	Recognised in OCI	Total
	\$'000	\$'000	\$'000	\$'000	\$'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)

Consolidated 2015					
	Opening Balance	Arising on acquisition	Recognised in profit or loss	Recognised in OCI	Total
	\$'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)

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.

6.3 Reserves

Reorganisation Reserve

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.

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 Payment 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 2016	Consolidated 2015
	\$'000	\$'000
Share based Payments reserve		
Balance at beginning of period	785	-
Acquisition of subsidiary	-	1,062
Transfer to equity on group reorganisation	-	(505)
Transfer to capital	(897)	-
Movement in share based payments reserve	162	228
Closing Balance	50	785

6.4 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 Gordon Buswell.

Gordon Buswell was appointed on 6 October 2015. Michael Baster was appointed as an alternate director to Michael Alscher on 24 February 2016.

Key management compensation

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

	12 Months Consolidated 2016	8 Months Consolidated 2015
	\$'000	\$'000
Salaries and other short-term employee benefits	2,010	1,193
Management incentive	-	180
Share based payments	162	228
	2,172	1,601

Board of Directors' compensation

	12 Months Consolidated 2016	8 Months Consolidated 2015
	\$'000	\$'000
Directors fees	469	307
	469	307

6.5 Contingencies

As at 31 March 2016 the Group had no contingent liabilities or assets.

6.6 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.

	Consolidated 2016	Consolidated 2015
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	5,989	5,961
One to two years	5,042	5,430
Two to five years	14,321	13,525
Beyond five years	24,299	28,178
Commitments not recognised in the financial statements	49,651	53,094

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 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 30, which comprise the statement of financial position as at 31 March 2016, 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 2016 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.

Other than in our capacity as auditors and providers of assurance, taxation and executive reward services, we have no relationship with, or interests in, the Group. These services have not impaired our independence as auditors of the Group.



Independent Auditors' Report

Metro Performance Glass Limited

Opinion

In our opinion, the financial statements on pages 2 to 30 present fairly, in all material respects, the financial position of the Group as at 31 March 2016, 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 shareholders, 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 shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', with a large, stylized 'P' at the beginning.

Chartered Accountants
26 May 2016

Auckland