



A LONGER-TERM VIEW

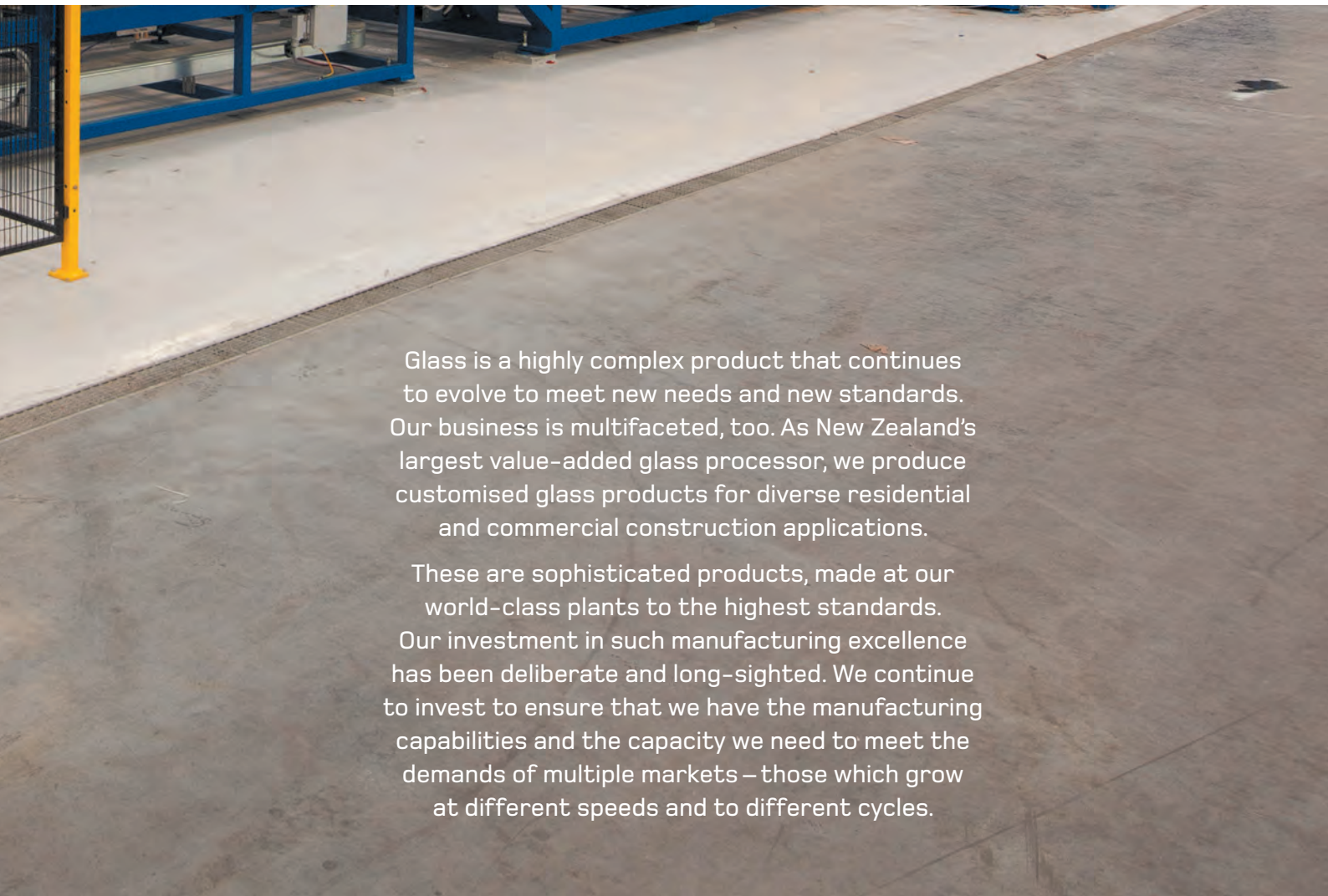


IT MAY ALL LOOK THE SAME.





## IT ISN'T.



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

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



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

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## WHERE DO WE SEE OUR FUTURE?



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

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



## WE SEE SIGNIFICANT OPPORTUNITY.

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

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

Chairman's Review	4
Chief Executive Officer's Review	6
Strategic Focus Snapshot	10
A Closer View	
Delivering Manufacturing Excellence	12
Developing Businesses for the Future	14
Growing in High-Opportunity Australian Markets	16
About Metro Performance Glass	18
Board of Directors	20
Executive Team	22
Statement of Comprehensive Income	26
Statement of Financial Position	27
Statement of Changes in Equity	28
Statement of Cash Flows	30
Notes to the Financial Statements	32
1 Basis of preparation	32
2 Financial performance	34
3 Working capital	37
4 Long-term assets	43
5 Debt and equity	47
6 Other	51
Independent Auditor's Report	57
Corporate Governance	61
Statutory Information	72
Company Directory	79

## CHAIRMAN'S REVIEW

# LEADERSHIP IN AUSTRALASIAN GLASS MARKETS

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



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

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

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

#### STRATEGIC PRIORITIES

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

The company also worked to improve and develop its manufacturing capabilities as it adapts to and leads the

significant technological shift towards larger, more complex and higher-performance glass products.

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

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

#### INVESTING FOR THE FUTURE

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

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

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# \$244.3M

GROUP REVENUE.

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# \$21.3M

NORMALISED NET PROFIT  
AFTER TAX.

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# 7.6 CENTS PER SHARE

DIVIDEND.

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deliver significant value to the business.

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

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

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

Normalised net profit after tax (NPAT)<sup>2</sup> rose 11% to \$21.3 million from \$19.3 million last year. Reflecting the impact of one-off expenses related to the acquisition of AGG and adjustments to tax expense

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

for charges incurred in prior years, reported NPAT fell 6% to \$19.4 million from \$20.5 million last year.

#### FY17 FINAL DIVIDEND AND FY18 OUTLOOK

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

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

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

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

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

On behalf of the board.



SIR JOHN GOULTER KNZM, JP  
Chairman

25 May 2017

- 1 Earnings before interest tax, depreciation and amortisation (EBITDA), normalised to exclude \$1.0m of one-off expenses related to the acquisition of Australian Glass Group, which are not tax deductible (“FY17 AGG Acquisition Expenses”).
- 2 Net profit after tax (NPAT), normalised to exclude FY17 AGG Acquisition Expenses and tax adjustments relating to IPO expenses and the finalisation of prior year tax positions. These tax adjustments decrease FY16 NPAT by \$1.0m and increase FY17 NPAT by \$1.0m.
- 3 NPATA is defined as net profit after tax before the amortisation of acquisition-related intangibles and its associated tax effect.

## CHIEF EXECUTIVE OFFICER'S REVIEW

# BUILDING A STRONG AND ENDURING POSITION

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



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

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

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

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

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

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

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

#### GROWING IN ALL MARKETS

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

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

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



\$44.9M

+20% NORMALISED EBITDA.

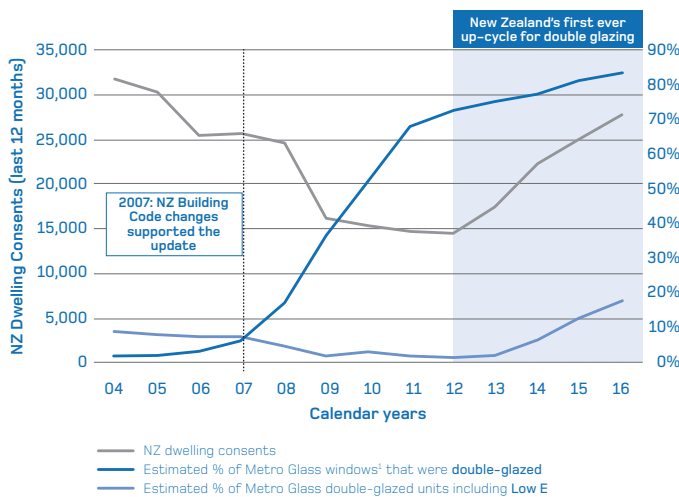
+30%

GROUP REVENUE.

+14%

NEW ZEALAND REVENUE.

### NEW ZEALAND RESIDENTIAL DWELLING CONSENTS — LAST 15 YEARS



1 Includes residential, commercial & RetroFit window manufacturer sales.

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

Island market, and in some cases to enable the Auckland facility to supplement production for other sites. The move, which was made during one of the busiest times of the year, will deliver real benefits over the long term, but resulted in some short-term inefficiencies. We processed a record volume of glass this year, and factory labour costs fell slightly as a percentage of sales versus last year. Our primary service quality measure (DIFOT)<sup>4</sup> was impacted by our growth and often fell below target, particularly at peak points of the year.

Trading performance in Canterbury was particularly challenging in the second half of the financial year with both slowing market activity and increased competitive pressures. The company has diversified its operations across the South Island which will partially offset the decline in the Canterbury market. While catering for strong growth in both volume and product complexity, we also need to further focus on automation, processes and costs across the New Zealand business – from manufacturing to procurement, glazing and logistics. We are assessing

the investment required to meet these challenges, and anticipate that capital expenditure will increase in the 2018 financial year, with priority given to meeting our requirements in the upper North Island.

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

#### DEVELOPMENT BUSINESSES

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

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

consolidate Metro Glass' industry-leadership position. The development businesses include: a number of our regional distribution businesses, our Auckland commercial glazing operations and our RetroFit double glazing business.

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

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

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

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

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

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

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



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

#### AUSTRALIAN MARKET ENTRY

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

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

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

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

#### SUMMARY

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



**NIGEL RIGBY**  
Chief Executive Officer



# STRATEGIC FOCUS

## SNAPSHOT

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



1

### DRIVE TOP-LINE GROWTH

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



2

### DELIVER MANUFACTURING EXCELLENCE

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

#### FULL-YEAR PROGRESS:

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

#### FULL-YEAR PROGRESS:

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



3

### INCREASE OUR PRESENCE IN COMMERCIAL PROJECTS

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



4

### EXPAND OUR RETROFIT DOUBLE GLAZING BUSINESS

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



5

### LEVERAGE KEY COMPETENCIES IN HIGH OPPORTUNITY AUSTRALIAN MARKETS

Support and integrate Australian Glass Group

#### FULL-YEAR PROGRESS:

- Commercial glazing revenue +23% to \$51.0m, with Auckland commercial glazing +35%
- Commercial forward order book remained fairly flat year on year at \$28.8 million, with new business offset by an increased execution rate of projects
- Well advanced in processing and installing glass on our biggest-ever commercial project, the Acute Services Building at Christchurch Hospital
- Strengthened our commercial technical team with world-class resources

#### FULL-YEAR PROGRESS:

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

#### FULL-YEAR PROGRESS:

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

A CLOSER VIEW

# DELIVERING MANUFACTURING EXCELLENCE

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



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

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

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

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



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

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

These challenges have been particularly acute in Auckland, where Metro Glass has been investing to replicate the company’s success in the

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

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

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

**GEOFF RASMUSSEN**  
GENERAL MANAGER  
OPERATIONS

#### NEW GLASS TECHNOLOGIES

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

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

## A CLOSER VIEW

# DEVELOPING BUSINESSES FOR THE FUTURE

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

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

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

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

The new distribution and glazing businesses in Auckland, Wellington, Christchurch and Invercargill expand the company's channels to market in these areas, and enable us to take full-scale advantage of the significant opportunities we see in the new residential, retrofit and commercial

markets nationwide. Whilst these businesses will take time to match the profitability of the overall Metro Glass group, they are showing promise and will provide a valuable contribution in time. In the 2017 financial year, these acquired businesses contributed an additional \$4.2 million of revenue.

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

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

"If we are to be at the forefront of technological innovation in New Zealand, we need to succeed in the Auckland commercial market. Commercial developers are usually early adopters of

technical advances and more likely to make innovative use of glass," says Chief Executive Officer Nigel Rigby.

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

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

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

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

**NIGEL RIGBY**  
CHIEF EXECUTIVE OFFICER





### AN AWARD-WINNING COMBINATION

Metro Glass' Auckland commercial team worked closely with architects, artists and window fabricators for more than a year to deliver high-performance glass panels for Auckland Transport's award-winning Otahuhu bus and train interchange. We produced 260, 230kg

laminated panels made up of toughened Low E glass bonded to another toughened panel digitally printed with artist George Tipene's representation of the local iwi and maunga (mountains). The commercial glazing team also installed the panels at the station, which has been designed in

the shape of a waka to reflect the site's significance to mana whenua as a portage between the Manukau and Waitemata harbours. Other flagship commercial developments have included the Devonport and Birkenhead libraries and the Auckland headquarters for property developer Manson TCLM.



### BUILDING REGIONAL CHANNELS TO MARKET

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

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

### THE RUGGED FACE OF RETROFIT

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



A CLOSER VIEW

# GROWING IN HIGH-OPPORTUNITY AUSTRALIAN MARKETS

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

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

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

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

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

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

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

AGG's largest plant, based in Melbourne, is an ideal beachhead to supply the buoyant markets in the southeast of Australia. The company has a strong reputation for industry-leading service and product quality, especially in the highly-demanding and bespoke residential double

glazing markets. While already a strong business, it also stood to benefit immediately from Metro Glass' manufacturing expertise, and, in the longer term, its command of a broader range of market segments.

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

## AUSTRALIAN GLASS GROUP

### HEADQUARTERS

KNOXFIELD, MELBOURNE.

### PROCESSING SITES

KNOXFIELD, MELBOURNE;  
GIRAWEEEN, SYDNEY.

# A\$49.3M

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

# 220

EMPLOYEES

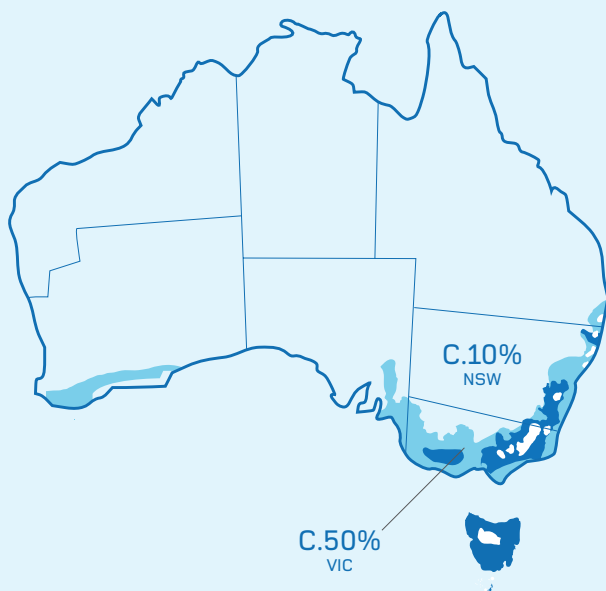
### KEY PRODUCTS

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



### DOUBLE-GLAZED WINDOW PENETRATION IN KEY AUSTRALIAN MARKETS

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



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

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



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

**BRENDAN SIMPSON**  
CHIEF EXECUTIVE OFFICER,  
AUSTRALIAN GLASS GROUP

# ABOUT METRO

# PERFORMANCE GLASS

Metro Glass is at the forefront of providing high-performance glass and industry-leading service to Australasian residential and commercial construction markets. We have an extensive network of four processing and sixteen distribution or retail sites across New Zealand. In addition, via our subsidiary Australian Glass Group, we operate two processing and distribution sites in Melbourne and Sydney.

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

## NEW ZEALAND BUSINESSES



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



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



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

## NEW ZEALAND DISTRIBUTION

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

## AUSTRALIA



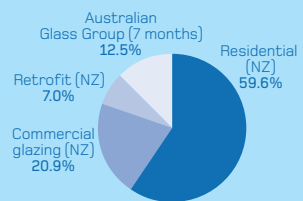
Australian Glass Group is the third-largest glass processor in Victoria and New South Wales and supplies double-glazed units, custom laminates, and toughened safety glass for residential and commercial markets across south-east Australia. It has glass processing and distribution facilities in Sydney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

## METRO GLASS – QUICK FACTS

**\$244.3M**

FY17 GROUP REVENUE.

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



## KEY CUSTOMERS

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

**1,100**

EMPLOYEES (880 NEW ZEALAND, 220 AUSTRALIA).


**330**

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



## LOCATIONS



-  — METRO DISTRIBUTION SITES
-  — METRO PROCESSING SITES

BOARD OF DIRECTORS



**SIR JOHN GOULTER KNZM, JP**  
INDEPENDENT, NON-EXECUTIVE  
CHAIRMAN, MEMBER OF AUDIT  
AND RISK COMMITTEE AND  
CHAIRMAN OF NOMINATIONS  
COMMITTEE

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

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

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



**NIGEL RIGBY**  
EXECUTIVE DIRECTOR AND  
CHIEF EXECUTIVE OFFICER

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

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



**ANGELA BULL**  
INDEPENDENT,  
NON-EXECUTIVE DIRECTOR

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

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

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



**GORDON BUSWELL**  
INDEPENDENT, NON-EXECUTIVE  
DIRECTOR AND MEMBER OF  
REMUNERATION COMMITTEE

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

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

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



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

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

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

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



**PETER GRIFFITHS**  
INDEPENDENT, NON-EXECUTIVE  
DIRECTOR AND CHAIRMAN OF  
REMUNERATION COMMITTEE

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

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



**WILLEM (BILL) ROEST**  
INDEPENDENT, NON-EXECUTIVE  
DIRECTOR, MEMBER OF AUDIT  
AND RISK COMMITTEE

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

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

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

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

EXECUTIVE TEAM



**JOHN FRASER-MACKENZIE**  
CHIEF FINANCIAL OFFICER

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

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



**GEOFF RASMUSSEN**  
GENERAL MANAGER OPERATIONS

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

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



**DEAN BROWN**  
GENERAL MANAGER NORTH ISLAND

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

Dean has an MBA from the University of Auckland.





**BARRY PATERSON**

**GENERAL MANAGER SOUTH ISLAND**

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

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



**BRENDAN SIMPSON**

**CHIEF EXECUTIVE OFFICER, AUSTRALIAN GLASS GROUP**

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

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

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

## NON-GAAP FINANCIAL INFORMATION

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

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

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

## GAAP TO NON-GAAP RECONCILIATION

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

<sup>1</sup> Extracted from audited financial statements.

# OUR RESULTS

Consolidated Statement of Comprehensive Income	26
Consolidated Statement of Financial Position	27
Consolidated Statement of Changes in Equity	28
Consolidated Statement of Cash Flows	30
Notes to the financial statements	32
1. Basis of preparation	32
2. Financial Performance	34
2.1 Segment information	34
2.2 Revenue	35
2.3 Operating expenditure	35
2.4 Earnings per share	36
3. Working Capital	37
3.1 Trade and other receivables	37
3.2 Inventories	38
3.3 Trade and other payables	38
3.4 Financial instruments	39
4. Long Term Assets	43
4.1 Property, plant and equipment	43
4.2 Intangible assets	44
5. Debt & Equity	47
5.1 Interest bearing liabilities	47
5.2 Contributed equity	49
6. Other	51
6.1 Income taxation	51
6.2 Deferred taxation	52
6.3 Group reserves	54
6.4 Related party transactions	55
6.5 Contingencies	56
6.6 Commitments	56
Independent auditor's report	57

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH

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

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



**Sir John Goulter, KNZM, JP**  
Chairman



**Nigel Rigby**  
Chief Executive Officer

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH

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

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH

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

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH

		CONSOLIDATED			
		2016			
	Notes	Contributed Equity \$'000	Reserves \$'000	Contributed Equity \$'000	Total \$'000
<b>Opening balance as at 1 April 2015</b>		<b>302,746</b>	<b>(169,626)</b>	<b>9,559</b>	<b>142,679</b>
Profit for the year		–	–	20,495	20,495
Other comprehensive income (loss) for the year		–	(2,324)	–	(2,324)
<b>Total comprehensive income (loss) for the year</b>		<b>–</b>	<b>(2,324)</b>	<b>20,495</b>	<b>18,171</b>
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
<b>Total transactions with owners, recognised directly in equity</b>		<b>1,841</b>	<b>(735)</b>	<b>(13,332)</b>	<b>(12,216)</b>
<b>Balance at 31 March 2016</b>		<b>304,587</b>	<b>(172,685)</b>	<b>16,732</b>	<b>148,634</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE PERIOD ENDED 31 MARCH

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

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



## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

#### Reporting Entity

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

#### Statutory base

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

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

#### Basis of preparation

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

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

consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

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

#### Historical cost convention

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

#### Principles of consolidation

The financial statements incorporate the assets and liabilities of all subsidiaries of Metro Performance Glass Limited ('the company' or 'the parent entity') as at 31 March 2017 and the results of all subsidiaries for the period then ended.

Subsidiaries are all entities over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

### FOREIGN CURRENCY TRANSLATION

#### Functional and presentation currency

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

#### Transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

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

#### Goods and Services Tax (GST)

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

### CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

#### New and amended standards adopted by the Group

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

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

#### Critical accounting estimates and judgements

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

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

#### BUSINESS COMBINATION

On 01 September 2016 the Group acquired 100% of the shares of Australian Glass Group (AGG), a glass processing company with operations in Melbourne and Sydney with the acquisition price being debt funded. The AGG processing market offers significant

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

opportunities for Metro Glass and AGG is a strong fit, providing the ability to leverage key competencies across both New Zealand and Australia.

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

### Purchase Consideration

	\$'000
Cash consideration	46,823
Deferred consideration	686
<b>Total purchase consideration</b>	<b>47,509</b>

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

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

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

### Revenue and profit contribution

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

### Purchase consideration - cash outflow

	\$'000
<b>Outflow of cash to acquire subsidiary, net of cash acquired</b>	
Cash consideration	46,823
Less: cash balance acquired	(1,395)
<b>Net outflow of cash - investing activities</b>	<b>45,428</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 2. FINANCIAL PERFORMANCE

## 2.1 SEGMENT INFORMATION

Operating segments of the Group at 31 March 2017 have been determined based on financial information that is regularly reviewed by the Board in conjunction with the Chief Executive Officer and Chief Financial Officer, collectively known as the Chief Operating Decision Maker for the purpose of allocating resources, assessing performance and making strategic decisions.

Substantially all of the Group's revenue is derived from the sale of glass and related products and services. Following the acquisition of AGG, on 01 September 2016 the Group now operates in two geographic segments.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2.2 REVENUE

#### Accounting Policy

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

#### Sales of goods

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

#### Sales of services

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

### 2.3 OPERATING EXPENDITURE

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 2.4 EARNINGS PER SHARE

## Basic

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

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

## Diluted

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

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

## Net Tangible Assets

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. WORKING CAPITAL

#### 3.1 TRADE AND OTHER RECEIVABLES

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

#### Bad and doubtful trade receivables

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Estimates and judgements:

#### *Allowance for doubtful debts*

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

### Accounting Policy

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

### Credit Risk

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

### 3.2 INVENTORIES

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

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

### Accounting Policy

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

### 3.3 TRADE AND OTHER PAYABLES

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Trade and other payables

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

### Employee Benefits

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

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

### 3.4 FINANCIAL INSTRUMENTS

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

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

rate, foreign exchange and other price risks and aging analysis for credit risk to measure risk."

### Derivatives

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

#### *Cash flow hedges - forward exchange contracts and interest rate swaps*

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

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

At 31 March 2017 all financial instruments measured at fair value (interest rate swaps and forward exchange contracts) were valued using

valuation techniques where all significant inputs were based on observable market data. Accordingly they are categorised as level 2.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## Financial Instruments by category

	CONSOLIDATED		
	Loans and receivables \$'000	Derivatives used for hedging \$'000	Total \$'000
<b>Assets as per statement of financial position</b>			
<b>31 March 2017</b>			
Cash and cash equivalents	248	-	248
Derivatives - foreign exchange contracts	-	-	-
Derivatives - interest rate swaps	-	-	-
Trade and other receivables	42,442	-	42,442
<b>Balance at 31 March 2017</b>	<b>42,690</b>	<b>-</b>	<b>42,690</b>
<b>Assets as per statement of financial position</b>			
<b>31 March 2016</b>			
Cash and cash equivalents	6,404	-	6,404
Derivatives - foreign exchange contracts	-	-	-
Derivatives - interest rate swaps	-	-	-
Trade and other receivables	25,858	-	25,858
<b>Balance at 31 March 2016</b>	<b>32,262</b>	<b>-</b>	<b>32,262</b>
	CONSOLIDATED		
	Liabilities at amortised cost \$'000	Derivatives used for hedging \$'000	Total \$'000
<b>Liabilities as per statement of financial position</b>			
<b>31 March 2017</b>			
Trade and other payables excluding non-financial liabilities	28,994	-	28,994
Derivatives - foreign exchange contracts	-	481	481
Derivatives - interest rate swaps	-	900	900
Interest bearing liabilities	94,736	-	94,736
<b>Balance at 31 March 2017</b>	<b>123,730</b>	<b>1,381</b>	<b>125,111</b>
<b>Liabilities as per statement of financial position</b>			
<b>31 March 2016</b>			
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
<b>Balance at 31 March 2016</b>	<b>70,008</b>	<b>2,875</b>	<b>72,883</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Accounting policy

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

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

### Foreign exchange risk

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

### Exposure to foreign exchange risk

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**Sensitivity analysis**

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

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

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

**Commodity cost risk**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. LONG TERM ASSETS

#### 4.1 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2017			
	Plant & equipment \$'000	Furniture, fittings & equipment \$'000	Motor Vehicles \$'000	Total \$'000
<b>Opening balance</b>				
Cost	46,864	2,193	8,058	57,115
Accumulated depreciation	(6,701)	(702)	(1,715)	(9,118)
<b>Net book value at 1 April 2016</b>	<b>40,163</b>	<b>1,491</b>	<b>6,343</b>	<b>47,997</b>
Additions	12,880	648	3,543	17,071
Disposals	(54)	–	(81)	(135)
Depreciation expense	(5,666)	(537)	(1,657)	(7,860)
Foreign exchange impact	(27)	–	(4)	(31)
<b>Closing net book value at 31 March 2017</b>	<b>47,296</b>	<b>1,602</b>	<b>8,144</b>	<b>57,042</b>
<b>Represented by:</b>				
Cost	59,681	2,833	11,482	73,996
Accumulated depreciation	(12,385)	(1,231)	(3,338)	(16,954)
<b>Net book value at 31 March 2017</b>	<b>47,296</b>	<b>1,602</b>	<b>8,144</b>	<b>57,042</b>
	CONSOLIDATED 2016			
	Plant & equipment \$'000	Furniture, fittings & equipment \$'000	Motor Vehicles \$'000	Total \$'000
<b>Opening balance</b>				
Cost	38,411	1,676	6,041	46,128
Accumulated depreciation	(1,880)	(189)	(563)	(2,632)
<b>Net book value at 1 April 2015</b>	<b>36,531</b>	<b>1,487</b>	<b>5,478</b>	<b>43,496</b>
Additions	7,332	434	1,967	9,733
Disposals	–	(7)	(49)	(56)
Depreciation expense	(3,700)	(423)	(1,053)	(5,176)
<b>Closing net book value at 31 March 2016</b>	<b>40,163</b>	<b>1,491</b>	<b>6,343</b>	<b>47,997</b>
<b>Represented by:</b>				
Cost	46,864	2,193	8,058	57,115
Accumulated depreciation	(6,701)	(702)	(1,715)	(9,118)
<b>Net book value at 31 March 2016</b>	<b>40,163</b>	<b>1,491</b>	<b>6,343</b>	<b>47,997</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## Estimates and Judgements

*Economic lives of intangible assets and property, plant and equipment*

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

## Accounting Policy

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

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

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

## 4.2 INTANGIBLE ASSETS

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

### Estimates and judgements: Goodwill

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

### Impairment tests for goodwill

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

	CONSOLIDATED 2017 \$'000	CONSOLIDATED 2016 \$'000
New Zealand	116,798	116,389
Australia	32,400	–
	<b>149,198</b>	<b>116,389</b>

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Accounting Policy

#### *Goodwill*

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

the carrying amount of goodwill relating to the entity sold.

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

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

#### *Computer software*

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

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

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

#### *Contractual customer relationships*

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. DEBT & EQUITY

#### 5.1 INTEREST BEARING LIABILITIES

	CONSOLIDATED	CONSOLIDATED
	2017 \$'000	2016 \$'000
Bank borrowings	94,736	50,000
	<b>94,736</b>	<b>50,000</b>

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

#### (A) Assets pledged as security

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

#### (B) Fair value

The carrying value of the Group's bank borrowings also represents the fair value of the borrowings due to management's assessment that the interest rates approximate the market interest rate for a commercial loan of a comparable lending period.

#### Accounting policy

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

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

#### Liquidity risk

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

**Interest rate risk**

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5.2 CONTRIBUTED EQUITY

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Long Term Incentive Plans

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

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

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

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

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

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

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

### Accounting policy

Ordinary shares are classified as equity.

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

### Dividends

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

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

### CAPITAL RISK MANAGEMENT

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6.0 OTHER

#### 6.1 INCOME TAXATION

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

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

#### Imputation Credit Account

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2 DEFERRED TAXATION

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Movement in temporary differences during the year;

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

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

### Accounting Policy

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.3 GROUP RESERVES

## Reorganisation Reserve

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

## Accounting Policy

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

## Share Based Payments Reserve

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

## Accounting Policy

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6.4 RELATED PARTY TRANSACTIONS

#### Directors

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

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

#### Key management and Board of Directors compensation

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

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

#### Board of Directors' compensation

	CONSOLIDATED	CONSOLIDATED
	2017	2016
	\$'000	\$'000
Directors fees	505	469
	<b>505</b>	<b>469</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6.5 CONTINGENCIES

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

### 6.6 COMMITMENTS

Lease commitments; as lessee.

#### Operating leases

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

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

#### Accounting Policy

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



## ***Independent auditor's report***

To the shareholders of Metro Performance Glass Limited

The consolidated financial statements comprise:

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

### ***Our opinion***

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

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### ***Basis for opinion***

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

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

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

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



## Our audit approach

### Overview



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

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

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

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

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

### Materiality

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

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

### Audit scope

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

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

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



### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Australian Glass Group Acquisition</b></p> <p>As described in Note 1 (business combinations), the Group acquired Australian Glass Group (AGG) effective from 01 September 2016.</p> <p>Management determined that the transaction was a business combination in nature and that a fair value adjustment of \$0.4 million be applied to plant and equipment and intangible assets be recognised for software acquired of \$2.9 million, customer relationships of \$2.1 million and goodwill of \$31.1 million.</p> <p>In accounting for the acquisition Management:</p> <ul style="list-style-type: none"><li>Assessed the nature of the acquisition and associated accounting treatment and determined the appropriate level of disclosure required in the financial statements;</li><li>Identified the assets and liabilities acquired including intangibles and goodwill;</li><li>Calculated the fair values of those assets and liabilities including the use of an expert to fair value plant and equipment and software; and</li><li>Assessed the differences between AGG and Group accounting policies and determined the impact of those differences.</li></ul> <p>Calculating the fair value of assets and liabilities acquired including the recognition of previously unrecorded intangible assets involved the application of significant judgment and estimation. Accordingly this was an area of key audit focus.</p>	<p>Our audit of the acquisition transactions included:</p> <ul style="list-style-type: none"><li>Performing our own independent assessment of the nature of the acquisition as a business combination by reading the sale and purchase agreement to understand the key terms and conditions and discussing the transaction with management and the Directors to understand the legal and commercial substance of the arrangements entered into.</li><li>Assessing the completeness and existence of unrecorded intangibles assets and liabilities acquired based on our understanding of the transaction, reviewing managements' expert's assessment and engaging an auditor's expert to challenge this assessment by considering the competitive environment, the nature of the business and the ongoing customer relationships against their cumulative knowledge of similar transactions.</li><li>Evaluating the cash flow forecasts used in the measurement of the identifiable intangible assets and calculation of goodwill as the residual. We engaged an auditor's expert who evaluated the valuation techniques and assumptions used. This included assessing the forecasted growth in revenue and margins, average life of customers and the discount rate against historical company information and the auditor's expert's cumulative knowledge.</li><li>Assessed the independence, competence, and objectivity of managements' expert and operational management used in determining the fair value of plant and equipment and software. Our auditor's expert evaluated the valuation techniques used and challenged assumptions used against market values, historical company information and the auditor's expert's cumulative knowledge.</li></ul> <p>From the procedures performed we have no matters to report.</p>



### *Information other than the financial statements and auditor's report*

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

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

### *Responsibilities of the Directors for the consolidated financial statements*

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

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

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

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

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

[https://xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page1.aspx](https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx)

This description forms part of our auditor's report.

### *Who we report to*

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

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

For and on behalf of:

Chartered Accountants  
25 May 2017

Auckland



CORPORATE GOVERNANCE AND  
STATUTORY INFORMATION

## CORPORATE GOVERNANCE

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

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

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

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

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

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

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

### 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT BY BOARD

#### THE BOARD:

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

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

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

#### BOARD COMMITTEES:

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

#### AUDIT AND RISK COMMITTEE:

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

#### NOMINATIONS COMMITTEE:

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

- (a) make recommendations to the Board as to changes to the Board composition;
- (b) identify individuals believed to be qualified to become Board members, and to recommend to the Board the nominees to stand for election as Directors at the Annual Shareholders' Meeting;
- (c) review nominations from shareholders and to provide recommendations to the Board in respect of such nominations;
- (d) identify Board members qualified to fill vacancies on any Committee of the Board;



## CORPORATE GOVERNANCE (CONTINUED)

- (e) review and recommend to the Board for shareholder approval appropriate remuneration of non-executive Directors; and
- (f) make recommendations, and ensure that adequate procedures are in place for the review of the performance of the Board as a whole, its Committees and the contribution of Directors.

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

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

### REMUNERATION COMMITTEE:

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

- (a) capability of the organisation at the senior levels and in any identified key roles;
- (b) remuneration strategy required to secure the desired level of organisational capability; and
- (c) company policies that relate to people.

The following are the duties and responsibilities of the Committee:

#### Capability

- (a) review the organisation design, to assure it is sufficient to support the Company strategy;
- (b) receive assurance that recruitment activities are effectively attracting the required capability to deliver the Company strategy;
- (c) receive assurance that training and development programs are effectively providing the required capability to deliver the Company strategy; and
- (d) monitor the organisation's succession plan for senior leadership roles and any key positions identified.

#### Remuneration

- (a) review and recommend to the board the Company's annual salary pool;
- (b) review all components of the CEO's remuneration and terms of employment and recommend to the board any changes that may be required;
- (c) review and recommend to the board annual incentive plans, including share and option schemes; and
- (d) approve the remuneration packages and employment terms of all senior executives as recommended by the CEO.

### Company Policies

- (a) establish a review cycle to consider all Company people policies on a biennial basis and recommend changes to the board for approval;
- (b) monitor the board's statutory and contractual compliance obligations as an employer;
- (c) act as the employer in the event of any personal disputes that involve the CEO and any member of the senior leadership team; and
- (d) consider such other matters relating to people as may be referred to it by the board.

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

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

### DELEGATIONS:

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

### EXECUTIVE TEAM EVALUATION:

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

### INDUCTION:

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

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

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

## CORPORATE GOVERNANCE (CONTINUED)

### 2. STRUCTURE THE BOARD TO ADD VALUE

#### COMPOSITION OF THE BOARD:

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

At 31 March 2017 the Board comprised of six Directors:

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

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

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

#### SELECTION OF CHAIRMAN:

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

#### DIRECTOR INDEPENDENCE:

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

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

#### CONFLICTS OF INTEREST:

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

#### DIRECTOR APPOINTMENTS:

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

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

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

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

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

#### RETIREMENT AND RE-ELECTION:

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

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

## CORPORATE GOVERNANCE (CONTINUED)

### DIRECTOR REMUNERATION:

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

### EXTERNAL ADVICE:

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

### BOARD, COMMITTEE AND DIRECTOR EVALUATION:

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

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

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

### DIRECTOR EDUCATION:

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

### DIRECTOR SHARE OWNERSHIP:

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

### INDEMNITIES AND INSURANCE:

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

## 3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

### CODE OF ETHICS:

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

### DIVERSITY AND INCLUSION:

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

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

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

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

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

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

## CORPORATE GOVERNANCE (CONTINUED)

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

### SHARE TRADING:

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

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

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

## 4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

### AUDIT AND RISK MANAGEMENT COMMITTEE:

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

- (a) assist the Board in fulfilling its responsibilities for Metroglass' financial statements and external financial reporting;
- (b) assist the Board in ensuring that the ability and independence of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired; and
- (c) assist the Board in ensuring appropriate accounting policies and internal controls are established and maintained and assist the Board in ensuring the effective and efficient management of all business risks. The Audit and Risk Committee's Charter is available from the Corporate Governance section of the Company's website.

### Membership:

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

### MEETINGS:

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

## 5. MAKE TIMELY AND BALANCED DISCLOSURE

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

### DISCLOSURE OFFICERS:

The Company's authorised spokespersons are:

- (a) the Board Chair (or Chair of the Audit & Risk Committee in the Board Chair's absence);
- (b) the Chief Executive Officer;
- (c) the Chief Financial Officer; and
- (d) the Company Secretary.

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

## 6. RESPECT THE RIGHTS OF SHAREHOLDERS

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

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

### ELECTRONIC COMMUNICATIONS:

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

## CORPORATE GOVERNANCE (CONTINUED)

### ANNUAL SHAREHOLDERS' MEETING:

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

### 7. RECOGNISE AND MANAGE RISK

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

- (a) identifying the principal risks of Metroglass' business;
- (b) reviewing and ratifying Metroglass' systems of internal compliance and control, risk management and legal compliance, to determine the integrity and effectiveness of those systems; and
- (c) approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the NZX, the ASX and other stakeholders.

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

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

### 8. FOCUS ON HEALTH & SAFETY

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

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

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

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

### 9. REMUNERATE FAIRLY AND RESPONSIBLY

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

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

## REMUNERATION

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

### DIRECTOR REMUNERATION:

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

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

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

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

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

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

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

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

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

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

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

## REMUNERATION (CONTINUED)

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

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

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

### EXECUTIVE REMUNERATION:

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

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

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

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

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

### SHORT-TERM INCENTIVES (NEW ZEALAND):

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

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

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

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

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

### Short-term incentives (Australia):

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

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

### Long-term incentives

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

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

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

## REMUNERATION (CONTINUED)

### 2017 NZ Employee Share Purchase Scheme (Scheme)

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

### CHIEF EXECUTIVE OFFICER REMUNERATION:

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

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

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

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

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

#### PAY FOR PERFORMANCE – SHORT TERM INCENTIVES

Financial year of STI payment	Relevant Performance Period	% STI Awarded Against Maximum	STI Paid
FY17	FY16	67%	\$201,062
FY16	FY15	0	–

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

#### PAY FOR PERFORMANCE – LONG TERM INCENTIVES

	LTI (initial grant values)*	% LTI Vested Against Maximum	Span of LTI Performance Periods
FY16	125,000	n/a**	7 Dec 15 – 7 Dec 17

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

\*\* None available for vesting.



## REMUNERATION (CONTINUED)

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

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

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

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

### EMPLOYEE REMUNERATION:

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

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

Remuneration	Number of Employees	Remuneration	Number of Employees
100,000-110,000	9	190,000-200,000	1
110,000-120,000	8	200,000-210,000	2
120,000-130,000	8	210,000-220,000	2
130,000-140,000	8	220,000-230,000	1
140,000-150,000	6	280,000-290,000	0
150,000-160,000	5	290,000-300,000	2
160,000-170,000	7	400,000-410,000	0
170,000-180,000	3	410,000-420,000	0
180,000-190,000	4	440,000-450,000	1
		470,000-480,000	1
		500,000-510,000	1
		790,000-800,000	1

## STATUTORY INFORMATION

### STOCK EXCHANGE LISTING

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

Shares on issue as at 5 May 2017:

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

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

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

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

### TOP 20 SHAREHOLDERS

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

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

## STATUTORY INFORMATION (CONTINUED)

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

### SUBSTANTIAL SHAREHOLDERS

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

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

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

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

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

### DISTRIBUTION OF SHAREHOLDERS

As at 5 May 2017:

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

### VOTING RIGHTS

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

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

## STATUTORY INFORMATION (CONTINUED)

### TRADING STATISTICS

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

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

### DIVIDEND POLICY

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

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

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

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

### NZX AND ASX WAIVERS

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

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

## STATUTORY INFORMATION (CONTINUED)

### DIRECTOR ATTENDANCE

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

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

(c) indicates Chairperson.

### DIRECTORS' INTERESTS

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

#### NATURE OF INTEREST

##### Sir John Goulter KNZM, JP

Marsden Maritime Group Limited	Director
Marsden Maritime Holdings Limited	Chairman
New Zealand Business and Parliament Trust	Chairman
Northport Limited	Chairman
Opua Commercial Estate Limited	Director / Shareholder
Packard House Limited	Director / Shareholder

##### Gordon John Buswell

About Direction Limited	Director / Shareholder
Building Industry Federation	Chairman
Construction Strategy Group	Deputy Chairman
Platinum Homes Limited	Chairman
Quad Concepts Limited	Strategic Advisor
Registered Master Builders Association	Director

## STATUTORY INFORMATION (CONTINUED)

### Russell Langtry Chenu

5R Solutions Pty Limited	Director
CIMIC Group Limited	Director
James Hardie Industries plc	Director
Reliance Worldwide Corporation Limited	Director

### Peter Ward Griffiths

Challenge Petroleum Limited	Director
Civil Aviation Authority	Deputy Chairman
Island Leader Limited	Director / Shareholder
Marsden Maritime Holdings Limited	Director
New Zealand Business and Parliament Trust	Director
New Zealand Diving and Salvage Limited	Director / Shareholder
NZDS Properties (NO 2) Limited	Director / Shareholder
Shoman Limited	Director / Shareholder
Wings over Whales NZ Limited	Director / Shareholder
Z Energy Limited	Chairman
Z Energy 2015 Limited	Chairman

### Nigel James Rigby

Australian Glass Group (Holdings) Pty Limited	Director
Australian Glass Group Finance Company Pty Limited	Director
Australian Glass Group Investment Company Pty Limited	Director
Canterbury Glass & Glazing Limited	Director
Christchurch Glass & Glazing Limited	Director
Hawkes Bay Glass & Glazing Limited	Director
I G M Software Limited	Director
Metroglass Finance Limited	Director
Metroglass Holdings Limited	Director
Metropolitan Glass & Glazing Limited	Director
Taranaki Glass & Glazing Limited	Director

### Willem Jan Roest

Fisher & Paykel Appliances Holdings Limited	Director
Housing Foundation Limited	Director
Synlait Milk Limited	Director
Synlait Milk Finance Limited	Director

## STATUTORY INFORMATION (CONTINUED)

### DIRECTORS' SHAREHOLDING IN METRO PERFORMANCE GLASS LIMITED

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

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

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

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

### Subsidiary Company Directors

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

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

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

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

## STATUTORY INFORMATION (CONTINUED)

### DIVERSITY

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

	Female	Male	Total	% Female
<b>31 March 2017</b>				
Board*	0	6	6	0%
Senior Leadership Team	0	6	6	0%

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

	Female	Male	Total	% Female
<b>31 March 2016</b>				
Board	0	6	6	0%
Senior Leadership Team	0	6	6	0%

### CURRENCY

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

### CREDIT RATING

We have not requested a credit rating.

### ANNUAL SHAREHOLDER MEETING

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

### ANNUAL REPORT

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



## COMPANY DIRECTORY

### REGISTERED OFFICE

5 Lady Fisher Place  
East Tamaki  
Auckland 2013  
New Zealand

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

### BOARD OF DIRECTORS

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

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

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

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

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

Nigel Rigby - Executive Director and Chief Executive Officer

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

### SENIOR LEADERSHIP

Nigel Rigby - Chief Executive Officer

Dean Brown - North Island Region Manager

John Fraser-Mackenzie - Chief Financial Officer

Barry Paterson - South Island Region Manager

Geoff Rasmussen - General Manager, Operations

Brendan Simpson - CEO, Australian Glass Group

### AUDITOR

PricewaterhouseCoopers  
22/188 Quay Street  
Auckland 1142  
New Zealand

### LAWYERS

Bell Gully  
Vero Centre  
48 Shortland Street  
Auckland 1140  
New Zealand

### BANKERS

ANZ Bank New Zealand Limited  
Westpac New Zealand Limited

### SHARE REGISTRAR

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

### FURTHER INFORMATION ONLINE

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

## INVESTOR CALENDAR

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

