



**A CLEAR
FOCUS**

ANNUAL
REPORT
2018



A CLEAR FOCUS

Metroglass has grown and transformed over the past five years; developing the business while market conditions were supportive. However rapid growth is challenging and our execution has been inconsistent.

We need to improve execution and deliver the rewards expected from our significant investments, and have reviewed our strategy to ensure we satisfy our customers and our shareholders.

Our NZ business has now completed its investment and expansion phase and is focused on optimisation, whilst our Australian business is now well equipped to service the growing double glazing market.

Metroglass is in a strong position. We are clear on what we have to do.

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This report is dated 24 May 2018 and is signed on behalf of the Board of Metro Performance Glass Limited by Peter Griffiths, Chair, and Bill Roest, Director.



Peter Griffiths
Chairman



Willem (Bill) Roest
Director

SEEKING THE REWARDS FROM OUR INVESTMENT

Metroglass has spent the past five years developing and expanding its business. Our goal: to cement a superior market position and customer service proposition in the Australasian glass industry.



To do this we introduced more automation to our plants to ensure we could lower manufacturing costs and continue to offer our products at competitive prices. We enhanced our product leadership position by developing new capabilities in processing high-specification glass types and double glazed units.

However, rapid growth is challenging and our execution has been inconsistent. Demand for our products significantly outpaced the development of our capability to reliably service that demand, resulting in falling customer satisfaction levels. This also led to higher costs and returns that fell short. As we grew fast we were not satisfying our customers or our shareholders.

We need to improve execution and deliver the rewards expected from the significant investment we have made.

We want to satisfy the expectations of our customers and we need to improve returns to our shareholders.

Metroglass is in a strong position. We are clear on what we have to do.

In the medium term we expect market conditions to remain at levels above the long-term averages in both New Zealand and Australia but for these to soften over time. There are increasing pressures from local competitors, imported product and greater demand variability in some regions.

These pressures are evident in our results for the year to 31 March 2018. While Group sales grew modestly, costs remained high, with a number of 'one-off' expenses and the impact of our capital programme which impacted every one of all of our plants to some degree, resulting in lower sales levels. We certainly do not expect these events to reoccur in the coming period.

Our cash flow remained strong allowing us to fund our capital programme and dividend payments while holding debt levels constant.

In light of an easing in the outlook for New Zealand construction markets and our past performance, we resolved to undertake a strategic review. We were determined to take all the necessary steps to ensure the company's business was as effective and efficient as possible in the two countries in which we operate. We wanted to be sure we were prioritising the best opportunities to improve our customers' experience and increase financial returns to our shareholders.

Following this review, we are confident that Metroglass' purpose to be a customer-dedicated organisation that delivers market-differentiated glass products and glazing services is valid.

Our strategic focus has now shifted from expansion and diversification to the optimisation and enhancement of our internal capability to execute on the opportunities we see ahead.



This has resulted in a focus on four key strategic initiatives:

- Delivering market-leading service to our customers
- Developing our organisational capabilities
- Maintaining our scale position via product and channel leadership
- Leveraging our scale and assets to deliver lowest total delivered cost.

We have rededicated ourselves to a focus on excellent customer service and are committed to our product leadership position. We have chosen to maintain a broad product offering and retain our existing routes to market and current geographic spread.

We will deeply embed a best-practice production culture. We have the right equipment but we need to refocus on building and sustaining excellent people across the business.

Through prudent capital management, we will continue to generate strong cash flows. Our capital spending will be reduced and aimed at maintaining our existing capability. Our inventory will be optimised and group debt will be reduced.

We have considerable headroom in our financing facilities; however, looking forward, debt reduction is a priority for the group given our exposure to construction cycles.

“We are confident that Metroglass’ purpose to be a customer-dedicated organisation that delivers market differentiated glass products and glazing services is valid.”

While we do this, we expect to be able to maintain our current dividend policy. Metroglass’ board has declared a final dividend of 3.8 cents per share, taking the total dividends for the year to 7.4 cents per share. This is consistent with the company’s dividend policy, but marginally below last year’s payment given the weaker financial result and focus on debt reduction.

This year has seen changes to the leadership of the business: Chief Executive Officer Nigel Rigby left in March 2018. Sir John Goulter retired from the board before Christmas and Rhys Jones joined the board in April.

The recruitment process for our new CEO is progressing. In the meantime, Chief Financial Officer John Fraser-Mackenzie and our Senior Leadership team are operating the company well. On behalf of shareholders we thank them and all of our staff for their efforts during this challenging and demanding year.

This report tells you about what we have achieved to date and what we expect to achieve in the future. I am confident that the people at Metroglass are up for the challenge of being known for quality products, exemplary customer service and excellence in manufacturing. We encourage you to join us on our journey.

OUTLOOK FOR FY19

Future market conditions are always difficult to predict, but we expect activity in New Zealand to remain close to the current levels for the coming 12 months, with further Canterbury declines being offset by growth in other regions.

In Australia, activity in AGG’s target markets has held up well. We consider that overall residential market activity might soften; however, AGG has good growth potential ahead as it builds double glazing sales capability and utilises its increased production capacity.

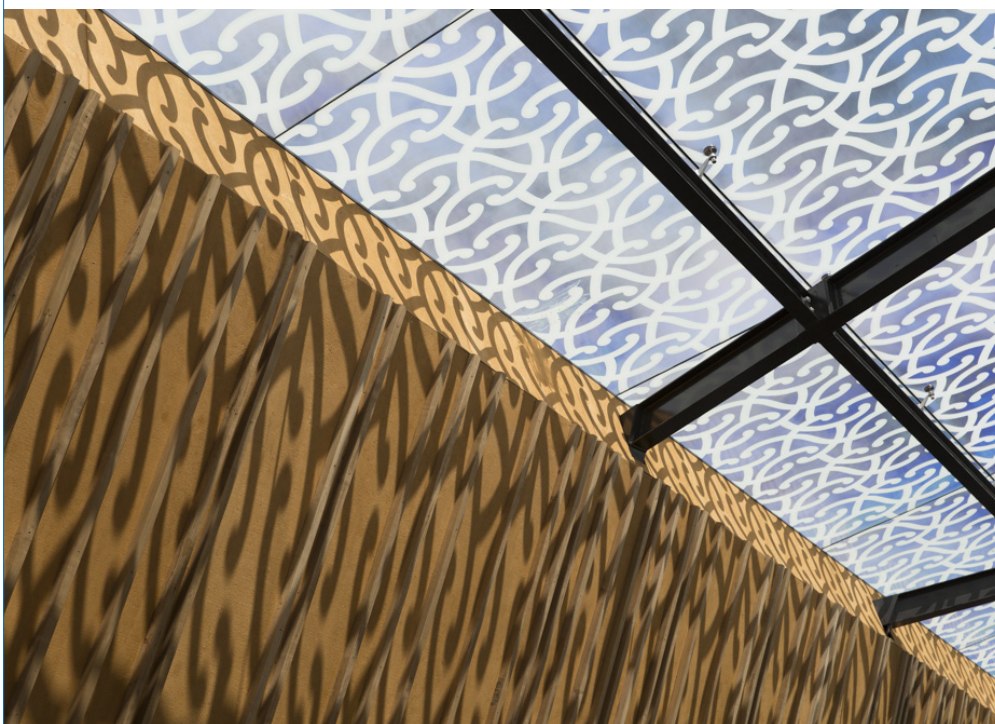
As we implement our initiatives across the Metroglass group in the 2019 financial year, we are targeting group EBIT of between \$30 million and \$33 million, capital expenditure of approximately \$10 million and debt repayment of between \$7 million and \$10 million. We also intend to maintain our current dividend policy.

We will provide an update on these financial targets at our Annual Shareholders’ Meeting on the 24th of August.

PETER GRIFFITHS
Chair

24 May 2018

MANAGEMENT REVIEW



SUMMARY

Group revenue, including a full 12 months of trading from Australian Glass Group (AGG), rose 10% to \$268.3 million. New Zealand revenue was in line with the 2017 financial year. Earnings before interest and tax (EBIT) before significant items for the year fell 9% to \$30.9 million from \$33.9 million in the prior year. Net profit after tax (NPAT) for FY18 was \$16.3 million, within our updated guidance range. NPAT before significant items fell 14% to \$18.4 million from \$21.3 million last year.

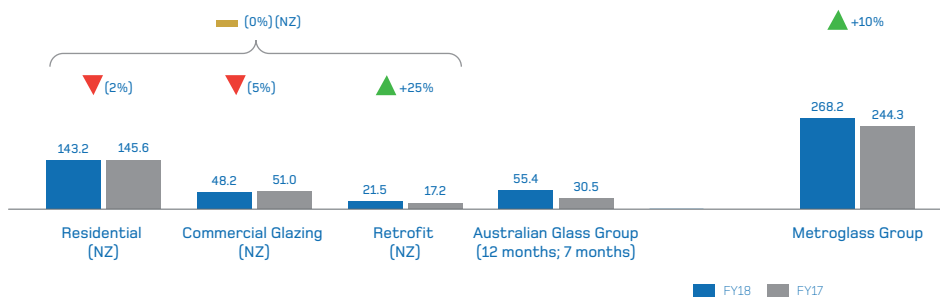
During the year, we completed a significant capital programme across the group, which impacted the financial performance of our Australian business particularly in the final quarter of the financial year.

While we were pleased with some of our progress in New Zealand throughout the year and delivered underlying profit improvement, Metroglass incurred non-recurring costs of approximately \$2.0 million in FY18. These costs related to spikes in New Zealand electricity pricing and one-off consultancy costs associated with the strategic review and manufacturing improvement projects.

Meanwhile, the Australian business was adversely impacted by longer-than-anticipated disruption from a capital programme to lift capacity and drive efficiency in the business as well as from periods of poor machine reliability prior to the commencement of the programme.

GROUP REVENUE \$268.3 MILLION

Up \$24 million, +10%



“Retrofit enjoyed another pleasing year of growth with revenue up 25% to \$21.5 million, with growth particularly strong in the second half.”

New Zealand \$212.9 million

Total revenue in New Zealand fell by \$0.9 million or 0.4%, although revenue increased by 1.6% on a daily sales basis. FY18 had five less selling days, principally on account of having two Easters within the financial year. North Island sales grew by 2%, while the South Island fell by 8% as a result of significantly lower activity within the Canterbury region.

Residential sales fell by 2% on a national basis, with an 8% fall in sales in the South Island offsetting the growth in the North Island, which was predominantly driven by an increase in sales to residential window fabricators.

Commercial revenue fell 5% in the year to \$48.2 million as we focused on more profitable business in the Upper North Island and the level of activity declined in Christchurch.

The RetroFit channel enjoyed another pleasing year of growth with revenue up 25% to \$21.5 million, with sales particularly strong in the second half. During the year, we increased our advertising across television and social media and we were more active in regional home shows. This resulted in a greater number of leads being generated, which, combined with an improved conversion rate, achieved a strong revenue performance.

Australia \$55.4 million

Revenue rose to \$55.4 million, compared to \$30.5 million for the seven months Metroglass owned AGG in the prior financial year.

AGG made significant changes in its business during the year with capital investment resulting in the doubling of its double glazing capacity, moving to an international float glass import model and opening a

third processing plant in Hobart, Tasmania. The Tasmanian plant will enable better service to customers and releases capacity in the Victoria plant. Underlying performance in Victoria was acceptable with continued growth in sales of double-glazed units as we increased production from our Victorian plant and sold into a strong market. New South Wales’ revenue performance was disappointing during the year, impacted by plant reliability issues prior to the capital programme in the second half of the year. This programme faced delays and disrupted the business until installation was completed in March 2018. Training on the new equipment and processes is underway and AGG are targeting increased production and throughput rates in FY19.

EARNINGS BEFORE INTEREST AND TAX (EBIT) AND SIGNIFICANT ITEMS \$30.9 MILLION

Group EBIT before significant items for the year fell by \$3 million to \$30.9 million.

New Zealand

New Zealand's EBIT before significant items fell by \$2.6 million, with the vast majority of this decline occurring in the first half of the year. Underlying profit improvement in New Zealand was offset by increased costs, some of which are non-recurring.

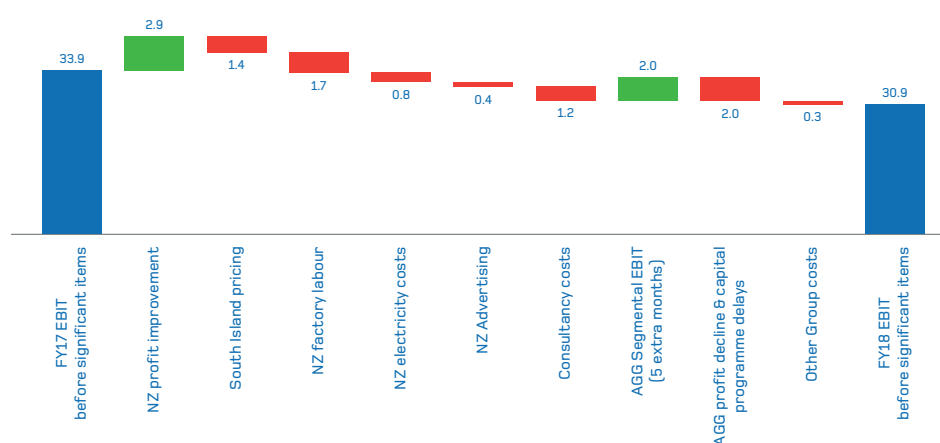
In the first half of the financial year, Metroglass had higher-than-necessary factory labour in place as we had anticipated greater revenue growth in the period than what eventuated. We also saw continued pricing pressures in the South Island as the Canterbury market continues its decline post the Earthquake re-build, though these pricing conditions stabilised in the second half of the financial year.

The increase in selling and marketing costs was a result of an extra \$0.4 million in advertising costs in New Zealand as the business produced and aired a new set of television commercials.

During the second half of FY18, we implemented a price increase and made good progress in managing our labour and other factory costs.

EBIT BEFORE SIGNIFICANT VARIANCE ANALYSIS

\$30.9 million, -\$3.0 million



The business also incurred certain non-recurring costs. As a result of spikes in electricity pricing we incurred an extra \$0.8 million of electricity costs, split evenly across each half. Hedging arrangements are now in place to avoid these spikes in future. In addition, \$1.2 million of consultancy costs were incurred in relation to the manufacturing improvement programme at our Highbrook plant and the strategic review (included in administration expenses).

Australia

AGG's EBIT before significant items of \$3.2 million was in line with the prior year, with the additional five months of reported EBIT offset by lower revenue and profitability in our New South Wales business.

The New South Wales result was driven by ongoing plant reliability issues and the considerable disruption caused by the capital programme's implementation in the final quarter of the financial year. This plant's capital installation was completed at the end of the Group's programme as it received equipment second-hand from other plants and involved a significant relaying of equipment across its site, which will provide a more efficient production flow going forward.

AGG's EBIT in the year was also impacted by the transition to the new float glass import model, which saw the establishment of glass warehouses in Melbourne and Sydney. While these warehouses will deliver

lower costs in the longer term, the gradual implementation of these changes adversely impacted the current year's results.

Significant items

During FY18, Metroglass incurred \$2.9 million of CEO departure and recruitment costs, while the prior year included \$1 million of costs associated with the acquisition of AGG.

The effective tax rate in FY18 was below the prior year, which included tax adjustments relating to IPO expenses and the finalisation of prior year tax positions.

Interest and net profit after tax (NPAT)

Interest costs increased during the year as a result of the additional debt taken on partway through the FY17 for the purchase of AGG.

NPAT decreased from FY17 on lower operating profit, with a significant driver of this being the \$2.9 million of significant items incurred in FY18.

Balance sheet and cash flows

Net debt decreased slightly during the year, with a significant improvement in the net cash flow from operating activities offset by \$20.6 million of capital expenditure.

Working capital improved on the prior year. Inventory increased by \$1.1 million as AGG transitioned to an import model for glass, and remained flat in New Zealand. Debtors decreased across New Zealand and Australia as a result of improved collections. Trade accounts payable increased in New Zealand and Australia due to improved terms for purchases of glass and imported consumables.

Employee entitlements have increased by \$2.4 million, predominantly due to CEO departure costs which were accrued at the end of March and paid in April.

Group gearing (net interest-bearing debt / (net interest-bearing debt + equity)) decreased from 37.6% at 31 March 2017 to 37.0% at 31 March 2018.



METROGLASS' STRATEGIC OBJECTIVES

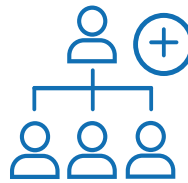
Following extensive reviews, we have confidence that Metroglass' purpose to be a customer-dedicated organisation that delivers market-differentiated glass products and glazing services remains valid. However, the focus has shifted from expansion and diversification, to optimisation and enhancement of our internal capability to execute on the opportunities we see ahead.

This has resulted in a focus on four key strategic initiatives:



1. DELIVERING MARKET-LEADING SERVICE TO OUR CUSTOMERS

- Service is a key differentiator for our customers and critical to their success and profitability. The New Zealand and Australian businesses are now well equipped to satisfy anticipated market demands over the next 24 months, and will focus on processing and installation efficiency, productivity and reliability.

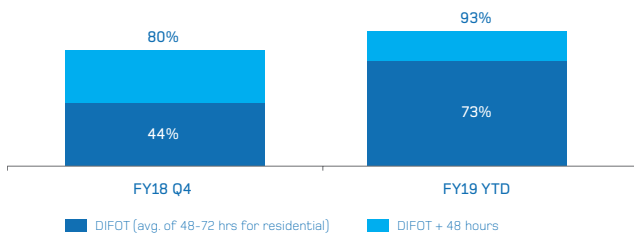


2. DEVELOPING OUR ORGANISATIONAL CAPABILITIES

- Improving our ability to execute against our strategic initiatives is critical, and following a number of years of rapid growth, a greater focus will be placed on investing in our people and their capabilities as well as on our support systems.

Key performance indicators:

EXAMPLE: HIGHBROOK DIFOT %



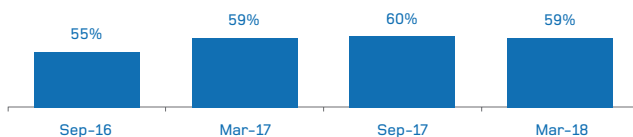


3. MAINTAINING OUR SCALE POSITION VIA PRODUCT AND CHANNEL LEADERSHIP

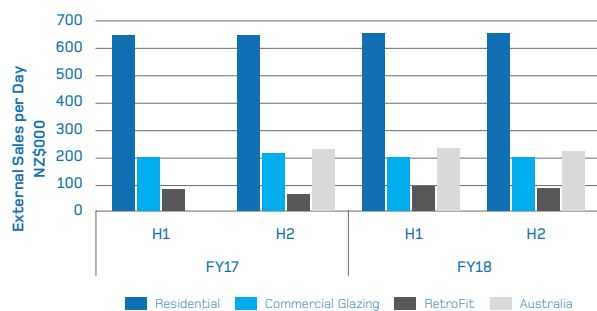
- Metroglass has grown to service more than 55% of the New Zealand flat-glass market. Scale is an important advantage in this market, providing significant manufacturing, procurement and distribution advantages.
- Glass is a rapidly evolving product, and we have invested to keep pace with the rate of change. We will continue to drive product leadership in 'NZ first' products through ongoing market research and innovation.
- We will maintain our multiple channels to the different key market segments, which offer varied cycle exposure and growth opportunities. We will continue to participate in the value chain through to the customer in the RetroFit channel for the medium term.
- AGG will use its significant new double glazing capacity and improved supply chain to deliver profitable growth in the South East Australian market.

Key performance indicators

NZ GLASS CATEGORY SHARE



DAILY SALES (NZ\$000)

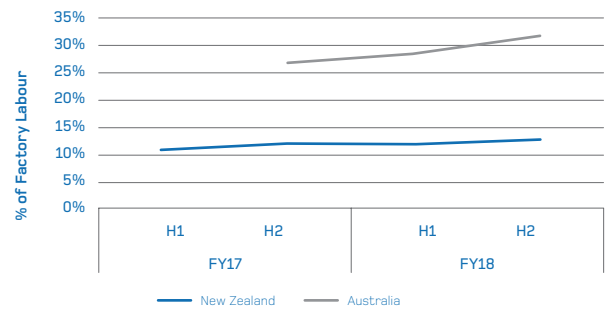


4. LEVERAGING OUR SCALE AND ASSETS TO DELIVER LOWEST TOTAL DELIVERED COST

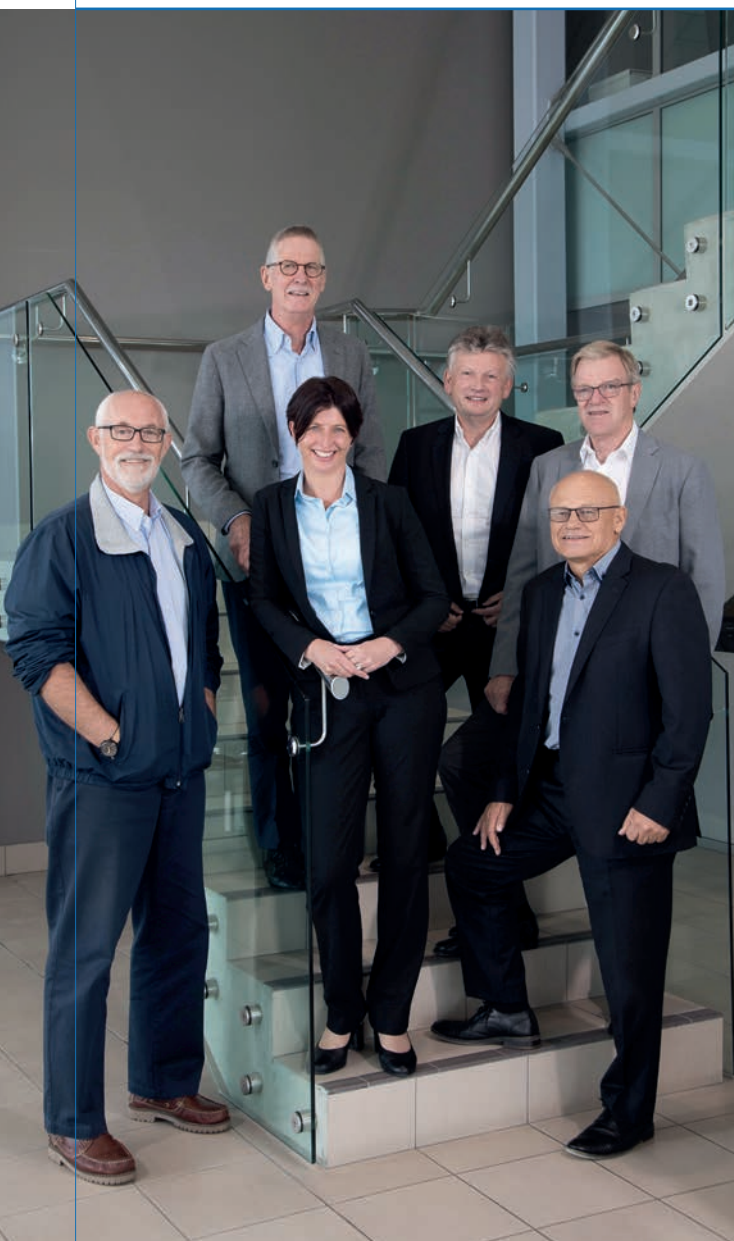
- A persistent focus on increasing efficiency and automation and lowering costs is essential for the long-term sustainability of our business, and to enable us to compete successfully against imports and changing industry dynamics.

Key performance indicators

FACTORY LABOUR % NET REVENUE



BOARD OF DIRECTORS



LEFT TO RIGHT: PETER GRIFFITHS, RUSSELL CHENU, ANGELA BULL, RHYS JONES, BILL ROEST, GORDON BUSWELL

PETER GRIFFITHS

INDEPENDENT, NON-EXECUTIVE CHAIR, MEMBER OF THE AUDIT AND RISK COMMITTEE

After a career in the energy industry Peter has become a professional director. His last executive position was as Managing Director of BP Oil New Zealand for 10 years, retiring in 2009. Peter is currently Chair of Z Energy. He has previously served on a number of boards including Marsden Maritime Holdings, The New Zealand Refining Company, and New Zealand Oil and Gas.

He is also Chair of the New Zealand Business and Parliament Trust and has private interests in marine contracting and general aviation.

Peters holds a BSc Hons from Victoria University of Wellington.

ANGELA BULL

INDEPENDENT, NON-EXECUTIVE DIRECTOR, CHAIR OF THE PEOPLE AND CULTURE COMMITTEE

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, MEMBER OF THE PEOPLE AND CULTURE 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 Chartered 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, MEMBER OF THE AUDIT AND RISK COMMITTEE

Russell has significant experience in the corporate sector with more than 23 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.

Before this role, Russell served as Chief Financial Officer for several ASX-listed companies (TAB, Delta Gold, Australian National Industries and Pancontinental Mining) and Mighty River Power. He was also previously Treasurer of Pioneer International.

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).

RHYS JONES

INDEPENDENT, NON-EXECUTIVE DIRECTOR, MEMBER OF THE PEOPLE AND CULTURE COMMITTEE

Rhys has had a thirty year career working in the Australasian building material and packaging industries. Rhys is currently the Executive Director and Chairman of the Executive Board of Vulcan Steel Limited, a large privately owned TransDTasman steel distributor with over thirty business units across Australasia. He is also a director of Tru Test Corporation Limited.

Prior to joining Vulcan Steel in 2006, he has held senior roles in particular with Carter Holt Harvey Ltd and Fletcher Challenge, including Chief Operating Officer of the Pulp, Paper, and Packaging business of Carter Holt Harvey.

Rhys holds a Master of Business Studies from Massey University and a Bachelor of Science from the Victoria University.

WILLEM (BILL) ROEST

INDEPENDENT, NON-EXECUTIVE DIRECTOR, CHAIR OF THE 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.

SENIOR LEADERSHIP TEAM

JOHN FRASER-MACKENZIE

CHIEF FINANCIAL OFFICER

Joined: May 2015

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

GROUP GENERAL MANAGER, OPERATIONS

Joined: April 1996

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.

ROBYN GIBBARD

UPPER NORTH ISLAND SALES

Joined: February 1997

Robyn leads Metroglass' sales force nationally. She is highly experienced having worked in Metroglass for more than 20 years, across many customer facing roles across commercial glazing, branch management and sales management.

GARETH HAMILL

METROGLASS COMMERCIAL GLAZING – LOWER NORTH ISLAND

Joined: April 2002

Gareth has worked in Metroglass for more than 15 years, with a current focus on Commercial Glazing and management of the Lower North Island region. He is also a Director of the Glass and Glazing Institute of New Zealand.

Gareth holds a Bachelor of Building Science from Victoria University.



LEFT TO RIGHT: BARRY PATERSON, DAYNA SAUNDERS, JOHN FRASER-MACKENZIE, ROBYN GIBBARD, GARETH HAMILL, GEOFF RASMUSSEN



ALEX MCDONALD



BRENDAN SIMPSON

ALEX MCDONALD
METROGLASS OPERATIONS
Joined: February 2008

Alex has held senior manufacturing roles within Metroglass for more than 10 years, with more than 15 years' experience in the aluminium joinery and glass industries.

Alex holds an Executive MBA from the University of Auckland.

BARRY PATERSON
METROGLASS COMMERCIAL
GLAZING
Joined: November 2005

Barry leads Metroglass' commercial glazing business nationally. He 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 from Lincoln University.

DAYNA SAUNDERS
METROGLASS HUMAN
RESOURCES
Joined: November 2014

Dayna leads Metroglass' Human Resources team nationally. She has over 10 years' experience in HR, Talent & Recruitment spending eight years at Fletcher Building before commencing with Metroglass.

Dayna holds a Bachelor of Business in Marketing & Management and a NZ Diploma in Business from the Auckland University of Technology.

BRENDAN SIMPSON
CHIEF EXECUTIVE OFFICER,
AUSTRALIAN GLASS GROUP
Joined: October 2012

Brendan has been the Chief Executive Officer of the Australian Glass Group (AGG) for more than five years. 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 from the Queensland University of Technology and an (Executive) MBA from the Australian Graduate School of Management.

NON-GAAP FINANCIAL INFORMATION

Metroglass' standard profit measure prepared under New Zealand Generally Accepted Accounting Practice (GAAP) is profit for the period, or net profit after tax. Metroglass 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 Group's financial performance, financial position or returns, and 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 NZ IFRS. 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.
- **EBITDA before significant items:** EBITDA less significant items, being: \$2.9m of CEO departure and recruitment costs in FY18 ("CEO departure & recruitment costs") and \$1.0m of one-off expenses related to the acquisition of Australian Glass Group in FY17 which are not tax deductible ("AGG Acquisition Expenses").
- **EBIT before significant items:** EBIT less significant items, being: CEO departure & recruitment costs, and the AGG Acquisition Expenses.
- **Profit for the period before significant items:** Profit for the period less significant items, being: CEO departure & recruitment costs; the AGG Acquisition Expenses and tax adjustments relating to IPO expenses and finalisation of prior year tax positions.
- **NPATA:** Profit for the Period before the amortisation of acquisition-related intangibles and its associated tax effect.

GAAP TO NON-GAAP RECONCILIATION

FULL YEAR TO 31 MARCH	FY18 (\$M)	FY17 (\$M)
Profit for the period before significant items	18.4	21.3
Less: Tax adjustments relating to prior periods	–	1.0
Less: AGG Acquisition Expenses	–	1.0
Less: CEO departure and recruitment costs (tax effected)	2.1	–
Profit for the period (GAAP)	16.3	19.4
Add: taxation expense	7.0	9.6
Add: net finance expense	4.7	4.0
Earnings before interest and tax (EBIT) (GAAP)	28.0	32.9
Add: depreciation & amortisation	12.4	11.0
EBITDA	40.4	43.9
EBIT (GAAP)	28.0	32.9
Add: AGG Acquisition Expenses	–	1.0
Add: CEO departure and recruitment costs	2.9	–
EBIT before significant items	30.9	33.9
EBITDA	40.4	43.9
Add: AGG Acquisition Expenses	–	1.0
Add: CEO departure and recruitment costs	2.9	–
EBITDA before significant items	43.3	44.9
Profit for the period (GAAP)	16.3	19.4
Add back: amortisation of acquisition-related intangibles and its associated tax effect	1.9	1.7
NPATA	18.2	21.1

OUR RESULTS

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH

		CONSOLIDATED	CONSOLIDATED
	Notes	2018 \$'000	2017 \$'000
Sales revenue		268,293	244,318
Cost of sales	2.3	(151,119)	(129,135)
Gross Profit		117,174	115,183
Distribution and glazing related expenses	2.3	(41,867)	(41,086)
Selling and marketing expenses	2.3	(11,206)	(10,277)
Administration expenses	2.3	(33,179)	(29,940)
Significant items	2.4	(2,922)	(987)
Earnings before interest and tax		28,000	32,893
Interest expense		(4,807)	(4,071)
Interest income		141	105
Profit before income taxation		23,334	28,927
Income taxation expense	6.1	(7,056)	(9,560)
Profit for the period		16,278	19,367
Other Comprehensive Income			
Exchange differences on translation of foreign operations		(538)	787
Cash flow hedges		106	1,075
Total comprehensive income for the period attributable to shareholders		15,846	21,229
Earnings per share			
Basic Earnings per share (cents per share)	2.5	8.8	10.5
Diluted Earnings per share (cents per share)	2.5	8.8	10.3

The Board of Directors authorised these financial statements for issue on 24 May 2018.
For and on behalf of the Board:



Peter Griffiths
Chairman



Willem (Bill) Roest
Director

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH

	Notes	CONSOLIDATED 2018 \$'000	CONSOLIDATED 2017 \$'000 Restated (Note 1)
Assets			
Current assets			
Cash and cash equivalents		360	1,620
Trade and other receivables	3.1	40,417	42,442
Inventories	3.2	23,531	22,416
Other current assets		5,537	4,484
Total current assets		69,845	70,962
Non-current assets			
Property, plant and equipment	4.1	68,372	57,042
Deferred tax assets	6.2	3,083	3,495
Intangible assets	4.2	159,487	163,703
Total non-current assets		230,942	224,240
Total assets		300,787	295,202
Liabilities			
Current liabilities			
Bank overdraft	5.1	3,857	1,372
Trade and other payables	3.3	31,331	26,814
Income tax liability		2,776	3,181
Derivative financial instruments	3.4	315	1,381
Provisions		1,331	1,523
Total current liabilities		39,610	34,271
Non-current liabilities			
Deferred tax liabilities	6.2	3,514	4,194
Interest bearing liabilities	5.1	90,818	94,736
Derivative financial instruments	3.4	919	–
Lease incentive		2,572	2,488
Provisions		3,018	3,018
Total non-current liabilities		100,841	104,436
Total liabilities		140,451	138,707
Net assets		160,336	156,495
Equity			
Contributed equity	5.2	306,653	304,950
Retained earnings		24,233	22,037
Group reorganisation reserve		(170,665)	(170,665)
Share based payments reserve	6.3	755	381
Foreign currency translation reserve		249	787
Cash flow hedge reserve		(889)	(995)
Total equity		160,336	156,495

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			
		2018			
	Notes	Contributed Equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Opening balance as at 1 April 2017		304,950	(170,492)	22,037	156,495
Profit for the period		–	–	16,278	16,278
Movement in foreign currency translation reserve		–	(538)	–	(538)
Other comprehensive income for the period		–	106	–	106
Total comprehensive income (loss) for the period		–	(432)	16,278	15,846
Dividends Paid		–	–	(14,082)	(14,082)
Payments received on management incentive plan shares	5.2	1,703	–	–	1,703
Movement in share based payments reserve		–	374	–	374
Total transactions with owners, recognised directly in equity		1,703	374	(14,082)	(12,005)
Balance at 31 March 2018		306,653	(170,550)	24,233	160,336
		CONSOLIDATED			
		2017			
	Notes	Contributed Equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Opening balance at 1 April 2016		304,587	(172,685)	16,732	148,634
Profit for the period		–	–	19,367	19,367
Movement in foreign currency translation reserve		–	787	–	787
Other comprehensive income (loss) for the period		–	1,075	–	1,075
Total comprehensive income (loss) for the period		–	1,862	19,367	21,229
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 share based payments reserve		–	331	–	331
Total transactions with owners, recognised directly in equity		363	331	(14,062)	(13,368)
Balance at 31 March 2017		304,950	(170,492)	22,037	156,495

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH

	CONSOLIDATED	CONSOLIDATED
	2018 \$'000	2017 \$'000
Cash flows from operating activities		
Receipts from customers	270,517	236,417
Payments to suppliers and employees	(224,582)	(205,752)
Interest received	141	105
Interest paid	(4,679)	(4,183)
Income taxes paid	(7,759)	(9,035)
Net cash inflow from operating activities	33,638	17,552
Cash flows from investing activities		
Payments for property, plant & equipment	(19,967)	(7,119)
Payments for intangible assets	(590)	(2,985)
Acquisition of subsidiaries (net of cash acquired)	–	(45,428)
Net cash outflow from investing activities	(20,557)	(55,532)
Cash flows from financing activities		
Repayment of borrowings	(3,000)	–
Drawdown of borrowings	–	44,736
Payments received on management incentive plan shares	368	363
Dividend paid	(14,082)	(14,062)
Net cash inflow/(outflow) from financing activities	(16,714)	31,037
Net decrease in cash and cash equivalents	(3,633)	(6,943)
Cash and cash equivalents at the beginning of the period	248	6,404
Effects of exchange rate changes on cash and cash equivalents	(112)	787
Cash and cash equivalents at end of the period	(3,497)	248

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

NOTES TO THE CONSOLIDATED 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 for-profit entity for financial reporting purposes and has operations and sales in New Zealand and Australia.

Statutory base

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

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

Basis of preparation

These consolidated financial statements have been approved for issue by the Board of Directors on 24 May 2018.

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 2018 and the results of all subsidiaries for the period then ended.

Subsidiaries are all entities over which the Group has control. It is a controlled entity of Metro Performance Glass if Metro Performance Glass is exposed and has a right to variable returns from the entity and is able to use its power over the entity to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They

are 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.

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.

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.

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. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New Accounting Standards

There were no new standards or amendments to standards applied during the period, however certain comparatives have been restated to conform with the current year's presentation.

The Group reclassified make-good provision amounting to \$3.1m from current liability to non-current liability at 31 March 2017 and 31 March 2018 to align with the expected settlement time. As the related obligation arose from an arrangement during the year ended 31 March 2017, no third balance sheet is presented at 1 April 2016.

The Group also reclassified an overdraft balance amounting to \$1.4m from cash and cash equivalents in current assets to bank overdraft in current liability at 31 March 2017. As there was no bank overdraft at 1 April 2016, no third balance sheet is presented.

Certain new standards, amendments and interpretations of existing standards have been published that are mandatory for later periods and which the Group has not early adopted. These will be applied by the Group in

the mandatory periods listed below. The key items applicable to the Group are as follows.

NZ IFRS 9: Financial Instruments

NZ IFRS 9 'Financial Instruments' replaces NZ IAS 39 and is effective for annual periods commencing on or after 1 January 2018. The new standard addresses 3 main areas: classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

The Group has reviewed its financial assets and liabilities and notes there will be no impact on the Group's accounting for financial assets and liabilities. The new requirements only affect financial assets and liabilities designated at fair value through profit or loss and the Group has no such assets or liabilities.

The Group has confirmed that its current hedge relationships would qualify as continuing hedges upon the adoption of NZ IFRS 9. Accordingly, the Group does not have a significant impact on the accounting treatment for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under NZ IAS 39. In the case of the Group, it applies to financial assets classified at amortised cost. Based on the Group's assessment of historical rates, there is no material expected financial impact on the impairment provisions in the year of adoption.

NZ IFRS 15: Revenue from contracts with customers

NZ IFRS 15 'Revenue from Contracts with Customers' replaces NZ IAS 18 Revenue and NZ IAS 11 Construction Contracts and is effective for annual periods commencing on or after 1 January 2018. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

During the current financial period, the Group assessed the potential impact of NZ IFRS 15. Work focussed on segregating the different revenue streams that exist within the business.

The following matters are relevant to the Group under NZ IFRS 15:

- For non-commercial supply and install revenue, while there are separately identifiable activities, these are highly integrated in delivering what is expected by, and promised to our customers. To this end, they are considered a single performance obligation to the customer.
- For commercial supply and install projects, revenue is recognised over time, which is consistent with our current approach and NZ IFRS 15.

MPG has assessed the impact of the above matters on the Group and no material change is expected to the recognition of revenue from the adoption of NZ IFRS 15.

NZ IFRS 16: Leases

NZ IFRS 16 'Leases' replaces NZ IAS 17 and is effective for annual periods commencing on or after 1 January 2019. It requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-to-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets for lessees. It will also result in changes in the Statement of Comprehensive Income with an interest expense on the liability and depreciation of the asset replacing the rental expense.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable minimum operating lease commitments of \$55.6m (refer note 6.6). On adoption, NZ IFRS 16 will have a significant impact on the Group's consolidated balance sheet and consolidated income statement.

Management has developed a model to calculate the full quantitative effect of their current operating leases under NZ IFRS 16 as at 1 April 2019, being the date of adoption. The model requires management to make some key judgements including:

- The incremental borrowing rate used to discount lease assets and liabilities; and
- The lease term including potential rights of renewals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Management's process to date highlights that the potential impact based on the current lease arrangements is expected to be material to the consolidated balance sheet on the date of adoption (being 1 April 2019), with the impact as follows:

- Recognition of a right of use asset and lease liability within the range of approximately \$59 - \$72 million;

The impact on the consolidated income statement for the period ended 31 March 2020 is expected to be:

- Decrease in operating lease expense;
- Increase in depreciation and amortization expense; and
- Increase in interest expense.

The impact on each of these line items is expected to be significant. The Group is currently assessing the transitional options available which will determine the net impact.

The above has no cash effect to the Group and the change is for financial reporting purposes only.

Current estimates are likely to change at time of adoption and for the period ended 31 March 2020, mainly due to:

- Finalisation of management's judgements and subsequent movements in the inherent borrowing rate (interest rates);
- New lease contracts entered into by the Group;
- Any changes to existing lease contracts; and
- Change in management's judgement to exercise rights of renewals under lease arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. FINANCIAL PERFORMANCE

2.1 SEGMENT INFORMATION

Operating segments of the Group at 31 March 2018 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 1 September 2016 the Group now operates in two geographic segments.

AGG was acquired on 1 September 2016. Results for the Australia segment for the period to 31 March 2017 includes 7 months of ownership, and the period to 31 March 2018 includes 12 months of ownership.

Group costs consist of insurance, professional services, director fees and expenses, listing fees and share incentive scheme costs.

Significant items related to CEO departure and recruitment costs in 2018 and one-off costs related to the acquisition of Australian Glass Group in 2017.

	CONSOLIDATED 2018			
	New Zealand \$'000	Australia \$'000	Eliminations & Other \$'000	Group \$'000
Revenue	212,901	55,404	(12)	268,293
Gross Profit	105,463	11,711	–	117,174
Segmental EBITDA	38,944	5,854	–	44,798
Group Costs	–	–	(1,478)	(1,478)
Significant items	–	–	(2,922)	(2,922)
Group EBITDA				40,398
Depreciation and amortisation	9,704	2,694	–	12,398
EBIT	29,240	3,160	(4,400)	28,000
Segment Assets	271,089	64,827	(35,129)	300,787
Segment Non-current Assets (excluding Deferred tax assets)	174,718	53,141	–	227,859
Segment Liabilities	31,886	47,472	61,093	140,451

	CONSOLIDATED 2017			
	New Zealand \$'000	Australia \$'000	Eliminations & Other \$'000	Group \$'000
Revenue	213,830	30,488	–	244,318
Gross Profit	106,543	8,640	–	115,183
Segmental EBITDA	41,407	4,688	–	46,095
Group Costs	–	–	(1,212)	(1,212)
Significant items	–	–	(987)	(987)
Group EBITDA				43,896
Depreciation and amortisation	9,517	1,486	–	11,003
EBIT	31,890	3,202	(2,199)	32,893
Segment Assets	264,693	61,240	(30,731)	295,202
Segment Non-current Assets (excluding Deferred tax assets)	173,711	47,034	–	220,745
Segment Liabilities	31,121	44,403	63,183	138,707

NOTES TO THE CONSOLIDATED 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 collectability 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
	2018 \$'000	2017 \$'000
Raw materials and consumables used	74,703	69,616
Employee benefit expense	95,999	81,173
Subcontractor cost	6,200	6,618
Depreciation and amortisation	12,398	10,945
Transportation and logistics	10,861	9,338
Operating lease payments	10,020	8,437
Advertising	2,301	1,894
Other expenses	24,889	22,417
Total cost of sales, distribution and glazing related expenses, selling and marketing expenses, and administration expenses	237,371	210,438

Other expenses in 2018 includes \$0.8m of additional cost due to spikes in New Zealand electricity pricing (now hedged) and \$1.2m consultancy costs associated with the strategic review and manufacturing improvement projects.

	CONSOLIDATED	CONSOLIDATED
	2018 \$'000	2017 \$'000
Audit and review of financial statements		
Audit and review of financial statements - PwC	296	326
Other services performed by PwC		
Tax compliance and advice	–	30
Agreed-upon procedures relating to covenant compliance certificate and annual report	11	5
Share Scheme advice	4	11
Executive reward services	16	52
	327	424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 SIGNIFICANT ITEMS

	CONSOLIDATED 2018 \$'000	CONSOLIDATED 2017 \$'000
CEO departure and recruitment costs	2,922	–
AGG acquisition costs	–	987
Total significant items before taxation	2,922	987
Tax benefit on above items	(818)	–
Tax adjustments relating to prior periods	–	981
Total significant items after taxation	2,104	1,968

Additional detail on CEO departure and recruitment costs can be seen in the CEO Remuneration note on page 61.

AGG acquisition costs relate to one-off expenses associated with the acquisition of Australian Glass Group, which were not tax deductible.

Tax adjustments relating to prior periods comprise tax adjustments relating to IPO expenses and the finalisation of prior year tax positions.

2.5 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 2018	CONSOLIDATED 2017
Profit after tax (\$'000)	16,278	19,367
Weighted average number of ordinary shares outstanding ('000s)	185,378	185,066
Basic Earnings per share (cents per share)	8.8	10.5

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 2018	CONSOLIDATED 2017
Weighted average number of ordinary shares outstanding ('000s)	185,378	185,066
Adjusted for share options ('000s)	–	2,323
Weighted average number of ordinary shares for diluted earnings per share ('000s)	185,378	187,389
Diluted Earnings per share (cents per share)	8.8	10.3

Net Tangible Assets

	CONSOLIDATED 2018 \$'000	CONSOLIDATED 2017 \$'000
Net Tangible assets	849	(7,208)
Shares on issue at end of period (in thousands)	185,378	185,066
Net tangible assets per share (cents per share)	0.46	(3.89)

Net Tangible Assets consist of Net Assets less Intangible Assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. WORKING CAPITAL

3.1 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	CONSOLIDATED
	2018 \$'000	2017 \$'000
Trade receivables	41,412	43,420
Provision for doubtful trade receivables	(995)	(978)
	40,417	42,442

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
	2018 \$'000	2017 \$'000
The ageing profile of debtors follows:		
Current	24,786	27,159
30 - 59 days	8,100	8,096
60 - 89 days	1,187	1,225
90 days and later	7,339	6,940
	41,412	43,420

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
	2018 \$'000	2017 \$'000
Movements in the provision for impairment of receivables are as follows:		
Opening balance	978	1,654
Provision for impairment recognised during the year	407	(110)
Receivables written off during the year as uncollectable	(390)	(566)
Balance at end of year	995	978

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

	CONSOLIDATED	CONSOLIDATED
	2018 \$'000	2017 \$'000
The ageing profile of debtors 'past due but not impaired' is as follows:		
Current	–	–
30 - 59 days	3,978	3,317
60 - 89 days	1,095	1,085
90 days and later	4,260	3,358
	9,333	7,760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Estimates and judgements:

Allowance for doubtful debts

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

Accounting Policy

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

Credit Risk

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

3.2 INVENTORIES

	CONSOLIDATED	CONSOLIDATED
	2018	2017
	\$'000	\$'000
Raw materials, primarily flat glass stock-sheets	20,312	19,639
Work in progress	3,219	2,777
	23,531	22,416

The cost of inventories recognised as an expense and included in 'Cost of sales' amounted to \$74.7m.

Accounting Policy

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

3.3 TRADE AND OTHER PAYABLES

	CONSOLIDATED	CONSOLIDATED
	2018	2017
	\$'000	\$'000
Trade accounts payable	20,594	17,696
Employee entitlements	8,893	6,526
Goods and services tax payable	1,193	1,387
Other interest accruals	411	284
Management incentive accrual	240	921
	31,331	26,814

Trade accounts payable increased across the Group on improved terms for purchases of glass and imported consumables and also included final capital payments post commissioning.

Employee entitlements at 31 March 2018 included a net payable of \$1.4m relating to CEO departure comprising \$2.7m payable in respect of CEO departure and recruitment costs, offset by \$1.3m receivable relating to management incentive plan shares (refer Note 5.2).

NOTES TO THE CONSOLIDATED 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 Entitlements

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

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

3.4 FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), 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 and interest rate swaps 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 2018 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 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Financial Instruments by category

	CONSOLIDATED		
	Loans and receivables \$'000	Derivatives used for hedging \$'000	Total \$'000
31 March 2018			
Assets as per statement of financial position			
Cash and cash equivalents	360	–	360
Derivatives - foreign exchange contracts	–	–	–
Derivatives - interest rate swaps	–	–	–
Trade and other receivables	40,417	–	40,417
Balance at 31 March 2018	40,777	–	40,777
31 March 2017			
Assets as per statement of financial position			
Cash and cash equivalents	1,620	–	1,620
Derivatives - foreign exchange contracts	–	–	–
Derivatives - interest rate swaps	–	–	–
Trade and other receivables	42,442	–	42,442
Balance at 31 March 2017	44,062	–	44,062

	CONSOLIDATED		
	Liabilities at amortised cost \$'000	Derivatives used for hedging \$'000	Total \$'000
31 March 2018			
Liabilities as per statement of financial position			
Cash and cash equivalents	3,857	–	3,857
Trade and other payables excluding non-financial liabilities	29,313	–	29,313
Provisions	4,214	–	4,214
Derivatives - foreign exchange contracts	–	304	304
Derivatives - interest rate swaps	–	930	930
Interest bearing liabilities	90,818	–	90,818
Balance at 31 March 2018	128,202	1,234	129,436
31 March 2017			
Liabilities as per statement of financial position			
Cash and cash equivalents	1,372	–	1,372
Trade and other payables excluding non-financial liabilities	24,588	–	24,588
Provisions	4,406	–	4,406
Derivatives - foreign exchange contracts	–	481	481
Derivatives - interest rate swaps	–	900	900
Interest bearing liabilities	94,736	–	94,736
Balance at 31 March 2017	125,102	1,381	126,483

NOTES TO THE CONSOLIDATED 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
31 March 2018			
Cash and cash equivalents	(3,857)	–	–
Trade receivables	8,345	–	–
Trade accounts payable	(5,359)	(3,216)	(1,104)
Balance at 31 March 2018	(871)	(3,216)	(1,104)
31 March 2017			
Cash and cash equivalents	1,620	–	–
Trade receivables	9,452	–	–
Trade accounts payable	(4,934)	(2,474)	(756)
Balance at 31 March 2017	6,138	(2,474)	(756)

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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Sensitivity analysis

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

	CONSOLIDATED	CONSOLIDATED
	2018 \$'000	2017 \$'000
Profit or loss		
10% strengthening of the NZ\$ against:		
AUD	79	(558)
USD	292	225
EUR	100	69
10% weakening of the NZ\$ against:		
AUD	(97)	682
USD	(357)	(275)
EUR	(123)	(84)
Equity		
10% strengthening of the NZ\$ against:		
USD	(1,668)	(2,042)
EUR	(593)	(367)
10% weakening of the NZ\$ against:		
USD	2,038	2,495
EUR	725	449

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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. LONG TERM ASSETS

4.1 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2018			
	Plant & equipment \$'000	Furniture, fittings & equipment \$'000	Motor Vehicles \$'000	Total \$'000
Opening balance				
Cost	59,681	2,833	11,482	73,996
Accumulated depreciation	(12,385)	(1,231)	(3,338)	(16,954)
Net book value at 1 April 2017	47,296	1,602	8,144	57,042
Additions	18,996	196	1,328	20,520
Disposals	(117)	–	(199)	(316)
Depreciation expense	(5,922)	(706)	(1,999)	(8,627)
Foreign exchange impact	(231)	–	(16)	(247)
Closing net book value at 31 March 2018	60,022	1,092	7,258	68,372
Represented by:				
Cost	77,765	3,027	12,450	93,242
Accumulated depreciation	(17,743)	(1,935)	(5,192)	(24,870)
Net book value at 31 March 2018	60,022	1,092	7,258	68,372
	CONSOLIDATED 2017			
	Plant & equipment \$'000	Furniture, fittings & equipment \$'000	Motor Vehicles \$'000	Total \$'000
Opening balance				
Cost	46,864	2,193	8,058	57,115
Accumulated depreciation	(6,701)	(702)	(1,715)	(9,118)
Net book value at 1 April 2016	40,163	1,491	6,343	47,997
Additions	12,880	648	3,543	17,071
Disposals	(54)	–	(81)	(135)
Depreciation expense	(5,666)	(537)	(1,657)	(7,860)
Foreign exchange impact	(27)	–	(4)	(31)
Closing net book value at 31 March 2017	47,296	1,602	8,144	57,042
Represented by:				
Cost	59,681	2,833	11,482	73,996
Accumulated depreciation	(12,385)	(1,231)	(3,338)	(16,954)
Net book value at 31 March 2017	47,296	1,602	8,144	57,042

NOTES TO THE CONSOLIDATED 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 2018			
	Customer relationships \$'000	Goodwill on acquisitions \$'000	Computer software \$'000	Total \$'000
Opening balance				
Cost	13,063	149,198	7,995	170,256
Accumulated amortisation	(4,122)	–	(2,431)	(6,553)
Net book value at 1 April 2017	8,941	149,198	5,564	163,703
Additions	–	53	537	590
Disposals	–	–	–	–
Amortisation expense	(1,875)	–	(1,896)	(3,771)
Foreign exchange impact	(54)	(906)	(75)	(1,035)
Closing net book value at 31 March 2018	7,012	148,345	4,130	159,487
Represented by:				
Cost	13,002	148,345	8,447	169,794
Accumulated amortisation	(5,990)	–	(4,317)	(10,307)
Net book value at 31 March 2018	7,012	148,345	4,130	159,487

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

Post the acquisition of AGG segments have been classified as being New Zealand and Australia aligning with the way our business is reviewed. Goodwill is allocated as follows:

	CONSOLIDATED 2018 \$'000	CONSOLIDATED 2017 \$'000
New Zealand	116,799	116,798
Australia	31,546	32,400
	148,345	149,198

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 2018	CONSOLIDATED 2017
Compound annual volume growth - 5 years	1.0%	7.9%
Long term growth rate	2.5%	2.8%
Discount rate	9.5%	9.0%

The Company has lowered its expectation of volume growth in the coming five years, primarily reflecting a more conservative view on the strength of the New Zealand construction cycle.

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

NOTES TO THE CONSOLIDATED 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 group 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. DEBT & EQUITY

5.1 INTEREST BEARING LIABILITIES

	CONSOLIDATED	CONSOLIDATED
	2018 \$'000	2017 \$'000
Bank borrowings	90,818	94,736
Bank overdraft	3,857	1,372
	94,675	96,108

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 \$16.382m. 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.

The table below sets out an analysis of the movements in borrowings due after one year.

	CONSOLIDATED	CONSOLIDATED
	2018 \$'000	2017 \$'000
Opening balance at 1 April	94,736	50,000
Cashflows	(3,000)	44,736
Foreign exchange adjustments	(918)	–
Other non-cash movements	–	–
Closing balance at 31 March	90,818	94,736

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2018 the Group was in overdraft to \$3.857m. Information in respect of negotiated credit facilities is shown below.

	CONSOLIDATED	CONSOLIDATED
	2018 \$'000	2017 \$'000
Committed credit facilities pursuant to syndicated facility	141,382	141,565
Drawdown at balance date	(95,591)	(99,376)
Available credit facilities	45,791	42,189

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 2018				
	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	6,986	91,957	–	–	98,943
Interest rate swap	11	443	476	–	930
Foreign exchange contracts	304	–	–	–	304
Trade accounts payable	20,594	–	–	–	20,594
Total at 31 March 2018	27,895	92,400	476	–	120,771

	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	4,404	2,749	95,888	–	103,041
Interest rate swap	257	257	387	–	901
Foreign exchange contracts	481	–	–	–	481
Trade accounts payable	17,696	–	–	–	17,696
Total at 31 March 2017	22,838	3,006	96,275	–	122,119

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 \$272k and a subsequent decrease of \$272k if rates decreased by 10%. (2017 interest rate increase of 10% would have resulted in additional costs of \$275k and a subsequent decrease of \$275k 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.2 CONTRIBUTED EQUITY

	CONSOLIDATED	CONSOLIDATED
	2018 \$'000	2017 \$'000
Opening balance	304,950	304,587
Payments received on management incentive plans	1,703	363
Closing balance	306,653	304,950

On 29 July 2014, Metro Performance Glass 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. 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. Additionally, as part of the then long term incentive plan 4,714,784 ordinary shares were issued to management and these vested on 29 July 2015. Payments received on management incentive plan shares relates to net proceeds received or receivable from management under this 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.

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 Performance Glass and to reward performance that underpins the achievement of Metro Performance 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 Performance Glass (in accordance with the plan rules).

The performance rights enable participants to acquire shares in Metro Performance 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 Performance 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	706,663	169,872	\$1.73	10-Jun-19
25-May-17	1,584,696	396,172	\$1.35	25-May-20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

Metro Performance Glass paid fully imputed dividends of 7.6 cents per share in 2018 (7.6 cents per share in 2017).

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 2018 was as follows:

	CONSOLIDATED	CONSOLIDATED
	2018	2017
	\$'000	\$'000
Bank borrowings	90,818	94,736
Less: cash and cash equivalents	(360)	(1,620)
Plus: bank overdraft	3,857	1,372
Net debt	94,315	94,488
Equity	160,336	156,495
Gearing ratio	37.0%	37.6%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. OTHER

6.1 INCOME TAXATION

	CONSOLIDATED	CONSOLIDATED
	2018 \$'000	2017 \$'000
Profit before income taxation	23,334	28,927
Income taxation expense at the Group's effective tax rate	6,561	8,152
Tax effect of non-deductible items	215	429
Non assessable income	–	(2)
Prior year adjustment	280	981
Income tax expense	7,056	9,560
Represented by:		
Current taxation	7,381	9,149
Deferred taxation	(325)	411
	7,056	9,560

Imputation Credit Account

The amount of imputation credits at balance date available for future distributions is \$6.8m at 31 March 2018, \$5.7m at 31 March 2017.

6.2 DEFERRED TAXATION

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

	CONSOLIDATED		
	2018		
	Assets \$'000	Liabilities \$'000	Net \$'000
Property, plant & equipment	–	(1,006)	(1,006)
Inventory and receivables	74	–	74
Cash flow hedge	346	–	346
Intangibles	–	(2,508)	(2,508)
Provisions and accruals	2,663	–	2,663
	3,083	(3,514)	(431)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Movement in temporary differences during the year;

	CONSOLIDATED 2018				
	Opening Balance \$'000	Arising on acquisition \$'000	Recognised in profit or loss \$'000	Recognised in OCI \$'000	Balance 31 Mar 2018 \$'000
Property, plant & equipment	(973)	–	(42)	9	(1,006)
Inventory and receivables	64	–	11	(1)	74
Cash flow hedge	387	–	–	(41)	346
Intangibles	(3,135)	–	603	24	(2,508)
Provisions and accruals	2,958	–	(247)	(48)	2,663
	(699)	–	325	(57)	(431)

	CONSOLIDATED 2017				
	Opening Balance \$'000	Arising on acquisition \$'000	Recognised in profit or loss \$'000	Recognised in OCI \$'000	Balance 31 Mar 2018 \$'000
Property, plant & equipment	(388)	(339)	(246)	–	(973)
Inventory and receivables	84	22	(42)	–	64
Cash flow hedge	805	–	–	(418)	387
Intangibles	(2,610)	(942)	417	–	(3,135)
Provisions and accruals	1,826	1,672	(540)	–	2,958
	(283)	413	(411)	(418)	(699)

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. No deferred tax liability was recognised on initial recognition of goodwill. 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6.3 GROUP RESERVES

Group 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
	2018 \$'000	2017 \$'000
Share based payments reserve		
Balance at beginning of period	381	50
Movement in share based payments reserve	374	331
Closing Balance	755	381

6.4 RELATED PARTY TRANSACTIONS

Subsidiaries

The Group's principal subsidiaries at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interest held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	2018 Interest	2017 Interest
Metropolitan Glass & Glazing Limited	New Zealand	100%	100%
Metroglass Finance Limited	New Zealand	100%	100%
Australian Glass Group (Holdings) Pty Limited	Australia	100%	100%
Australian Glass Group Finance Company Pty Limited	Australia	100%	100%

Directors

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

Angela Bull was appointed on 5 May 2017. Rhys Jones was appointed on 29 March 2018. Sir John Goulter resigned on 20 November 2017. Nigel Rigby resigned on 31 March 2018 and was entitled to \$2.7m as noted in the compensation note below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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; this has increased during the year due to internal promotions broadening the membership of the senior leadership team and the full year impact of AGG.

	CONSOLIDATED	CONSOLIDATED
	2018 \$'000	2017 \$'000
Salaries and other short-term employee benefits	3,009	2,090
Management incentive	290	457
Share based payments	269	262
Post-employment benefit	2,731	–
	6,299	2,809

Board of Directors' compensation

	CONSOLIDATED	CONSOLIDATED
	2018 \$'000	2017 \$'000
Directors fees	595	505
	595	505

6.5 CONTINGENCIES

As at 31 March 2018 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
	2018 \$'000	2017 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	9,435	8,930
One to two years	8,891	8,211
Two to five years	15,078	16,855
Beyond five years	22,226	20,396
Commitments not recognised in the financial statements	55,630	54,392

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.

6.7 SUBSEQUENT EVENTS

Subsequent to 31 March 2018, the Board has resolved to pay a final dividend of 3.8 cents per share (fully imputed). The dividend will be paid on 24 July 2018 to all shareholders on the company's register as at 5.00pm, 9 July 2018.



Independent auditor's report

To the shareholders of Metro Performance Glass Limited

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2018
- the consolidated statement of comprehensive income for the period then ended
- the consolidated statement of changes in equity for the period then ended
- the consolidated statement of cashflows for the period then ended
- the notes to the consolidated 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 2018, its financial performance and its cash flows for the period then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

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

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

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

Our firm carries out other services for the Group in the areas of agreed upon procedures relating to covenant compliance certificate and annual report, share scheme advice and executive reward services. The provision of these other services has not impaired our independence as auditor of the Group.

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Our audit approach

Overview



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

Overall Group materiality: \$1.2 million, which represents 5% of profit before tax.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

We have determined that there are two key audit matters:

- Goodwill impairment assessment
 - Revenue recognition.
-

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.

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

Goodwill impairment assessment

Total goodwill at 31 March 2018 amounts to \$148.3 million and represents 49% of total assets. Goodwill of \$116.8 million arose from the acquisition of Metro Performance Glass (MPG) and \$31.5 million from the acquisition of Australian Glass Group (AGG).

Management utilised the value in use methodology to estimate the value of the cash generating units (CGUs) using discounted cash flows and this value was used in the impairment assessment of the goodwill for each CGU. The determination of the value of each CGU is complex and includes key estimates and assumptions made by management, particularly in the following areas:

- The determination that there are two CGUs being the New Zealand business and the Australian business. (Financial Statement Note 2.1).
- Expected future trading results for the next 5 years.
- The determination of the appropriate discount rates used in the model being a post-tax rate of 9.5% for both New Zealand and Australia.
- The estimated long-term growth rate - management has applied a rate of 2.5% for both New Zealand and Australia.

A sensitivity assessment was performed on the key assumptions using reasonably possible scenarios and assessing the impact on the value of the CGU.

Management concluded that there was no impairment in the carrying value of goodwill for each of the CGU's. Refer to note 4.2 in the consolidated financial statements for further information.

How our audit addressed the key audit matter

We undertook the following procedures:

- Considered management's identification of CGUs by gaining an understanding of the business and how it is managed.
- Tested the mathematical accuracy of the value in use calculations and comparing these to the relevant carrying value of the CGUs.
- Assessed the reasonableness of the key estimates and assumptions below by comparing:
 - Revenue, gross profit margin, operating expenses, EBITDA growth, CAPEX and working capital to historic performance of the CGU
 - the discount rates to similar companies in the building materials market.
 - the long term growth rate to the long term inflation forecasts.
- We engaged an auditor's expert to review the discount rate, the carrying value, the long term growth and the reasonableness of EBITDA used in the model.
- Performed sensitivity analysis in particular to the growth rates, long term growth rate and the discount rate, using reasonably possible scenarios to see if there is any material impact on the value of the CGUs.
- Reviewed the disclosure in the financial statements to ensure that this is compliant with the requirements of the accounting standards.

From our procedures, no material exceptions noted.



Key audit matter

Revenue recognition

The Group's revenue primarily consists of the sale of goods, which totalled \$268.3 million in the period to 31 March 2018, and is the most significant item in the Group's financial statements and therefore requires significant audit effort. Additionally, there is potential for management override of controls through posting journal entries to revenue.

How our audit addressed the key audit matter

Our audit procedures included:

- Evaluating the processes and controls in place over the recording of sales revenue.
- For a sample of revenue transactions throughout the period, we obtained evidence that the transactions were valid and recognised in the correct financial period. We validated that the date on which revenue was recognised was appropriate by examining:
 - The associated invoice
 - The terms of the sales contract
 - The relevant proof of revenue occurrenceFor those transactions, we obtained a confirmation of the amount from the customer, or evidence that the amount was received by the Group subsequent to period-end.
- Identifying manual journals posted to revenue during the period and obtained evidence that significant journals were appropriate with reference to the applicable accounting standards.

From our procedures, no material exceptions noted.

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 consolidated financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

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
24 May 2018

Auckland

PwC



CORPORATE GOVERNANCE AND
STATUTORY INFORMATION

CORPORATE GOVERNANCE

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

The information in this section is current as at 24 May 2018 and has been approved by the Board of Directors of Metroglass.

Metroglass' corporate governance framework clearly sets out how the Board is accountable to the owners of the Company and how it delegates responsibilities to the Chief Executive Officer (CEO) and the SLT. This framework has been guided by the recommendations set out in the NZX Corporate Governance Code (the NZX Code) and the requirements set out in the NZX Main Board Listing Rules. The Board's view is that in the year to 31 March 2018 (reporting period), the Company's corporate governance practices and policies followed these recommendations and requirements with the following exception:

- Recommendation 8.5 (Notice of Annual Shareholders Meeting). While the 2017 Notice of Annual Shareholders Meeting was posted more than 20 days ahead of the meeting held on 24 August 2017 in accordance with NZX Main Board Listing Rules, it was posted less than 28 days ahead of the meeting as recommended by the NZX Code. The Company intends to comply with this new recommendation in the 2019 financial year.

Metroglass' shares are also listed on the Australian Securities Exchange (ASX) and have been granted ASX Foreign Exempt Listing status. This status means that the ASX requires the Company to comply with the NZX Main Board Listing Rules, but only a specific subset of the ASX Listing Rules.

This statement reflects a summary of the Company's corporate governance framework, policies and procedures and how they comply with the NZX Code. The full corporate governance framework has been approved by the Board and is available in the Investor Centre section of the Company's website at <http://www.metroglass.co.nz/investor-centre/governance/> and includes:

1. Constitution
2. Code of Ethics
3. Board Charter
4. Audit and Risk Committee Charter

5. People and Culture Committee Charter
6. Share Trading Policy
7. Market Disclosure Policy
8. Diversity and Inclusion Policy.

NZX CODE: KEY PRINCIPLES

This section sets out Metroglass' corporate governance policies, practices and processes by reference to the NZX Code's eight key principles and supporting recommendations.

PRINCIPLE 1: CODE OF ETHICAL BEHAVIOUR

"Directors should set high standards of ethical behaviour, model this behaviour, and hold management accountable for these standards being followed throughout the organisation."

CODE OF ETHICS

Metroglass 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. It requires Metroglass' employees to:

- Act honestly and with personal integrity in all actions
- Undertake proper receipt and use of corporate information, assets and property
- Adhere to procedures around confidentiality, conflicts of interest, gift giving, and whistleblowing
- Comply with all law and Metroglass policies.

The Code of Ethics also imposes a number of obligations on Directors, including requirements that they give proper attention to the matters before them; be up to date on their regulatory, legal, fiduciary and ethical obligations; undertake training; manage breaches of the Code of Ethics; and act honestly and in the best interests of the issuer, shareholders and stakeholders and as required by law.

Metroglass monitors compliance with the Code of Ethics through its management processes as well as through the whistleblowing procedures set out in the Code of Ethics and separate Whistleblower Protection Policy. All Directors, contractors and employees are informed of the content of the Code of Ethics prior to commencing their role and will be informed of any subsequent changes to the Code of Ethics. The code is reviewed at least every two years and was last reviewed in July 2017.

SHARE TRADING POLICY

The Company's Share Trading Policy governs trading in the Company's shares and any associated financial products. During the reporting period, the only tradable instrument Metroglass had was its NZX- and ASX-listed shares. However, if it were to issue

CORPORATE GOVERNANCE (CONTINUED)

another class of listed securities, equivalent restrictions of the policy would apply to them. The policy applies to:

- Directors, Officers and members of the Senior Leadership Team (SLT);
- Any employee who reports directly to a member of the SLT or the Group Financial Controller; and
- Any other employee to whom the CEO deems the policy should apply.

In particular, the Policy notes that:

- Buying or selling Metroglass' shares is prohibited in the "blackout" periods set out in the policy (these periods occur prior to the release of the Company's half-year and full-year financial result releases to the market)
- Outside of a blackout period, consent must be obtained before buying or selling Metroglass shares. This consent requires confirmation that no material information is held.

The policy is reviewed at least every two years and was last reviewed on 31 July 2017.

PRINCIPLE 2: BOARD COMPOSITION AND PERFORMANCE

"To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives."

The Board has ultimate responsibility for the strategic direction of Metroglass and for overseeing Metroglass' management for the benefit of its shareholders.

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. At least two Directors must be ordinarily residents of New Zealand and at least two must be Independent Directors. The Chair of the Board cannot be the CEO or the Chair of the Audit and Risk Committee.

The Directors bring a wide range of skills to the Board including expertise in corporate strategy, national and international business and financial management, sales, marketing, mergers and acquisitions, legal, capital markets, industry experience and corporate governance. As at 24 May 2018, the Board comprised six Independent Directors:

- Peter Griffiths (Chair)
- Angela Bull
- Gordon Buswell
- Russell Chenu
- Rhys Jones
- Bill Roest.

Director profiles and length of service are detailed on pages 10 and 11 of this report.

BOARD CHARTER

The Board operates under a written Charter, which describes the Board's authority, duties, responsibilities, composition and framework for operation. This Charter also affirms that the Board, in performing its responsibilities, should act at all times in a manner designed to create and build sustainable value for shareholders and in accordance with the duties and obligations imposed on the Board by Metroglass' Constitution and by law.

The Charter is reviewed at least every two years and was last reviewed on 28 April 2017.

Management of Metroglass on a day-to-day basis is undertaken by the CEO and senior managers through a set of delegated authorities that clearly define the CEO and senior managers' responsibilities and those retained by the Board. The delegated authorities are set out in Metroglass' Board and CEO Delegated Authority Policies. These policies are reviewed at least annually and were last reviewed on 29 March 2018.

The Board meets its responsibilities by receiving reports and plans from management and through its annual work programme. The Board uses committees to address issues that require detailed consideration. Committee work is undertaken by Directors; however, the Board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

NOMINATION AND APPOINTMENT OF DIRECTORS:

The provisions regarding the election and retirement of Directors are contained in the Metroglass Constitution. In the year to 31 March 2018 prospective Board members were nominated by the Nominations Committee, which had delegated responsibility to identify and recommend individuals to the Board and its committees and to confirm the terms thereof in relation to such membership.

Effective 1 April 2018, the Nominations Committee was disbanded and its responsibilities were assumed by the existing Remuneration Committee. This committee was renamed the 'People and Culture Committee' as the Board considered this better reflected its role going forward (see Principle 3 Board Committees below).

Metroglass strives to ensure that the Company has the right mix of skills and experience it requires to enable it to achieve its strategic aims in a prudent and responsible manner. The Board will review its composition from time to time 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 Board will consider criteria including the skill sets as being required at the time as well as the individual's experience and professional qualifications.

In considering a prospective Director, the Board also assesses the prospective Board members' ability to exercise sound business judgment, their 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. The Company is

CORPORATE GOVERNANCE (CONTINUED)

assisted in arriving at these judgments with external advice and a set of comprehensive background checks.

To support the Board in its deliberations, the Directors take into account a skills matrix that sets out the mix of skills and diversity of the Directors and evaluates whether the collective skills and experience of the Directors meet Metroglass' requirements both now and into the future.

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 also provided with an extensive briefing on the Company and industry-related matters within a thorough induction process. 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.

SELECTION OF CHAIR:

The Metroglass Constitution provides that the Directors may elect a Chairperson of the Company and also determine the period for which the Chairperson is to hold office. Peter Griffiths is an Independent Director and is currently the appointed Chairperson.

RETIREMENT AND RE-ELECTION:

The Company's Constitution and NZX Main Board Listing Rules require a newly appointed Director to stand for election at the next Annual Shareholders' Meeting (ASM). Peter Griffiths and Angela Bull (appointed to the Board during the 2017/2018 financial years) and Bill Roest (having retired by rotation) were elected as Directors of Metro Performance Glass Limited at the Company's ASM on 24 August 2017. Sir John Goulter retired by rotation and was re-elected at the meeting but subsequently retired from the Board in November 2017. Nigel Rigby resigned his role as Executive Director and CEO also effective 31 March 2018.

2018 Annual Shareholders' Meeting

Rhys Jones was appointed to the Board on 1 April 2018 and must stand for election at the 2018 ASM. In addition, Russell Chenu and Gordon Buswell will retire by rotation and stand for re-election. 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 in the Investor Centre section of the Company's website at <http://www.metroglass.co.nz/investor-centre/annual-shareholders-meeting>.

The 2018 Annual Shareholders' Meeting will be held on 24 August 2018 in Auckland. The time and place will be provided by notice to all the Company's shareholders nearer to that date.

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. 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 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 these relationships.

As at 24 May 2018, all six of the Directors are considered by the Board to be Independent Directors in accordance with the NZX Main Board Listing Rules. Information in respect of each Director's ownership interests are detailed on page 68 of this report. Metroglass Directors are not formally required to own Metroglass shares but are encouraged to do so.

DIRECTOR TRAINING:

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

BOARD, DIRECTOR AND COMMITTEE EVALUATION:

In accordance with the Board and Committee Charters, the Board annually reviews its performance, policies and practices. It also reviews annually the performance of each Director and Board committees. These reviews are carried out both formally and informally.

The last full Board performance review was completed in May 2017 with the assistance of governance services firm Propero Consulting, and the Audit and Risk Committee was last reviewed in February 2018. The newly formed People and Culture Committee will undertake a review in the coming 12 months.

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 a 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

CORPORATE GOVERNANCE (CONTINUED)

perform to their full potential and that no individual faces barriers or is excluded from a position, for which they are skilled and qualified, by inappropriate systems, practices or attitudes.

A copy of the Company's Diversity and Inclusion Policy is available in the Corporate Governance section of the Company's website. The Policy is reviewed at least annually and was last reviewed on 23 May 2018.

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

- Ensure that Metroglass' workforce reflects the diversity of its stakeholder community
- Increase the understanding and acceptance of difference
- Ensure female candidates are identified for all Board and senior management vacancies.

In 2017 the Board approved three strategic initiatives to advance the Company's diversity objectives in the 2018 financial year. The table below details these initiatives and Metroglass' progress against them.

Initiative	Progress made
Survey the Company's current workforce to collect baseline diversity and inclusiveness data.	This survey is due for completion in the first half of FY19 and summarised results will be included in the 2019 Annual Report. Board and SLT diversity data is included in the tables below.
Develop a diversity and inclusiveness training programme and roll this out incrementally to all senior managers and staff.	The Company's senior managers undertook diversity and inclusion training this year, with further training planned in the coming year.
Record and report details of candidate diversity in the recruitment process for Board and senior management positions, endeavouring to ensure that female candidates are identified for these positions.	25% of Board and senior management roles recruited for in the past financial year had a successful female candidate and 38% had at least one short listed female candidate who was interviewed. A number of significant female appointments have been made during the past financial year, including a Board member and the Group Financial Controller. In addition, two female senior managers were promoted to the SLT.

The Company's targets for the 2019 financial year are:

1. Continue to strive to ensure strong female candidates are identified in the recruitment process for all Board and senior management roles;
2. Roll out the second phase of the Company's diversity and inclusiveness training programme to all senior managers, with other staff to follow incrementally; and
3. Survey the Company's current workforce to collect baseline diversity and inclusiveness data, and report summarised results in the FY19 Annual Report.

DIVERSITY

As at 31 March 2018 (and 31 March 2017 for the prior comparative period), the mix of gender among the Company's Board and SLT were:

31 March 2018	Female	Male	Total	% Female
Board	1	5	6	17%
Senior Leadership Team	2	6	8	25%
31 March 2017	Female	Male	Total	% Female
Board	0	6	6	0%
Senior Leadership Team	0	6	6	0%

CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLE 3: BOARD COMMITTEES

"The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility."

In the year to 31 March 2018, the Board had three standing committees, being the Audit and Risk Committee, the Nominations Committee and the Remuneration Committee.

BOARD AND COMMITTEE COMPOSITION AND ATTENDANCE 12 MONTHS TO 31 MARCH 2018

	Board meetings attended	Audit and Risk Committee meetings attended	Remuneration Committee meetings attended	Nominations Committee meeting attended	Appointed/Resigned
Meetings held	12	6	3	2	
SITTING DIRECTORS					
Peter Griffiths	12/12 (c)	1/1	3/3 (c)		Appointed: 02/09/16
Angela Bull	11/11				Appointed: 05/05/17
Gordon Buswell	12/12		3/3		Appointed: 07/10/15
Russell Chenu	12/12	6/6 (c)			Appointed: 05/07/14
Rhys Jones	0/0				Appointed: 01/04/18
Willem (Bill) Roest	12/12	6/6		2/2	Appointed: 05/07/14
PAST DIRECTORS					
Sir John Goulter	7/8	4/5		2/2 (c)	Appointed: 05/01/14 Resigned: 20/11/17
Nigel Rigby	11/12				Appointed: 05/01/14 Resigned: 31/03/18

(c) indicates Chair.

Committee composition effective 1 April 2018

The Board periodically reviews the need for additional committees. Each committee operates under charters approved by the Board, and any recommendation committee members make are directed to the Board. They do not make decisions on behalf of the Company in their own right.

Effective 1 April 2018, the Nominations Committee was disbanded and its responsibilities were assumed by the existing Remuneration Committee. This committee was renamed the 'People and Culture Committee' as the Board considered this better reflected its role going forward.

The composition of the committees was refreshed, including the change of Audit and Risk Committee Chair from Russell Chenu to Bill Roest. The Board's committees and their members as at 24 May 2018 were:

- Audit and Risk Committee: Bill Roest (Chair), Russell Chenu and Peter Griffiths; and
- People and Culture Committee: Angela Bull (Chair), Gordon Buswell and Rhys Jones.

CORPORATE GOVERNANCE (CONTINUED)

AUDIT AND RISK COMMITTEE:

The Audit and Risk Committee is responsible for overseeing the risk management framework (including treasury and financing policies), treasury, insurance, accounting and audit activities of Metroglass. It reviews the adequacy and effectiveness of internal controls, meets with, and reviews the performance of external auditors, oversees internal audit matters, reviews the consolidated financial statements, and makes recommendations on financial and accounting policies.

Members of the Audit and Risk Committee are appointed by the Board and comprise a minimum of three members who are each non-executive Directors of Metroglass. A majority of members must be Independent Directors and at least one Director must have an accounting or financial background.

Employees of Metroglass only attend meetings of the Audit and Risk Committee at the invitation of the committee. The Audit and Risk Committee Charter is reviewed at least every two years and was last reviewed on 28 April 2017.

PEOPLE AND CULTURE COMMITTEE:

The Metroglass Board renamed the Remuneration Committee the 'People and Culture Committee' on 1 April 2018 and expanded its responsibilities to include those of the former Nominations Committee.

The People and Culture Committee's mandate is to assist the Board in ensuring the elements of people, organisation and culture support the Company's strategy and business plan.

The committee achieves its goals by reviewing and considering: the capability of the organisation at senior levels and in any identified key roles; the remuneration strategy required to secure the desired level of organisational capability; the nominations process for the appointment and succession planning of the CEO and the Board; and Company policies that relate to people.

The People and Culture Committee is comprised of at least two, and not more than four, Independent Directors. Employees of Metroglass only attend meetings at the invitation of the committee. The People and Culture Committee Charter is reviewed at least every two years and was first approved by the Board on 23 May 2018.

TAKEOVER PROTOCOL

Metroglass has put in place protocols for the Board to follow in the event of a takeover offer for the Company. The protocol is reviewed at least every two years and was adopted on 24 August 2017.

PRINCIPLE 4: REPORTING AND DISCLOSURE

"The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Metroglass is committed to providing financial reporting that is balanced, clear and objective and informs shareholders (both current and prospective) and market participants of all information that might have a material effect on the price of its traded financial products.

The quality, integrity and timeliness of external reporting and the Company's compliance with the disclosure and reporting obligations imposed under the Listing Rules of NZX, ASX, the Companies Act and other relevant legislation are overseen by the Audit and Risk Committee.

The Company's full-year statements, which have been prepared in accordance with the relevant financial standards, are set out on pages 16 to 43 of this Annual Report.

MARKET DISCLOSURE POLICY

The Board has adopted a Market Disclosure Policy, available in the Corporate Governance section of the Company's website, which sets out how the Company will comply with its disclosure and reporting obligations.

Metroglass is committed to ensuring the timely disclosure of material information about the Metroglass Group and to making sure that the Company complies with NZX Main Board Listing Rules. The Board considers at each Board meeting whether any information discussed at the meeting requires disclosure.

The policy is reviewed at least every two years and was last reviewed on 26 October 2016.

CHARTERS AND POLICIES

The key corporate governance documents referred to in this section, including policies and charters, are available in the Investor Centre section of the Company's website at: <http://www.metroglass.co.nz/investor-centre/governance/>.

NON-FINANCIAL REPORTING

Metroglass provides non-financial disclosures on matters including operational priorities for the year, risk management, health and safety, and diversity.

At this time, the Company does not report under a recognised environmental, social and governance (ESG) framework, but aims to provide non-financial information that would be useful to its stakeholders.

In the coming year, Metroglass will seek to better understand the material ESG issues for the Company and determine the importance that both the business and external stakeholders place on them.

CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLE 5: REMUNERATION

"The remuneration of directors and executives should be transparent, fair and reasonable."

The Metroglass Board believes its practices ensure fair and reasonable remuneration. The Company's remuneration policies are aimed at ensuring that the remuneration of Directors and all staff properly reflects each person's accountabilities, duties, responsibilities and their level of performance. They are also aimed at making sure that remuneration is competitive in attracting, motivating and retaining staff of the highest calibre.

The Board's People and Culture Committee has a formal Charter. Its membership and role are set out under Principle 3 above.

The Company's remuneration policies and disclosures are covered in the Remuneration section on pages 59 to 63 of this Annual Report.

PRINCIPLE 6: RISK MANAGEMENT

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

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 has established an Audit and Risk Committee responsible for ensuring that effective risk management systems and internal controls are in place, including reviewing 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 risks across the Group including health and safety (see below). The Chief Financial Officer (CFO) has management accountability for the implementation of the risk framework across all the Company's businesses.

As part of its risk management framework Metroglass continually assesses risks against all relevant areas of material business risk. Metroglass' main risks and mitigation plans are reviewed every six months by the Audit and Risk Committee.

HEALTH AND SAFETY

The health and safety of the Company's staff, contractors and customers is of paramount concern to the Board. Accordingly, all regular Board meetings and risk reviews specifically look at health and safety matters. The Company maintains a Health and Safety risk register for both New Zealand and Australia. This is reviewed annually and revised periodically against key risks.

During the past financial year, the Company has worked to shift the emphasis of its health and safety activities and reporting to the lead indicators that will drive proactive and safety-focused thinking and behaviour along with identification, monitoring and mitigation of workplace risks.

In view of the customer, manufacturing and glazing focus of the business, and the nature of the Company's products, key risks are strains, sprains, contusions and lacerations resulting from the manual aspect of its work processes. Metroglass mitigates these risks by automating activities where possible and by training staff and contractors in correct manual handling practices.

All of the Company's New Zealand properties are certified under the Accident Compensation Corporation (ACC) Partnership Programme at a tertiary level. Each of the seven major manufacturing facilities across New Zealand and Australia is supported by a Safety Manager who reports to senior management.

Group health and safety performance

	FY18	FY17
LTIFR	9.6 (25 injuries)	8.5 (19 injuries)
TRIFR	37.4 (97 injuries)	40.1 (90 injuries)

Definitions:

- Lost-Time Injury Frequency Rate (LTIFR) is measured by calculating the number of injuries resulting in at least one full work day lost per million hours worked; and
- Total Reportable Incident Frequency Rate (TRIFR) is measured by calculating the number of medical treatment cases and lost-time injuries per million hours worked.

Metroglass believes that all injuries are preventable and that its people should get home safe every day. The Company is disappointed that the LTIFR increased during the FY18 year, after reductions in each of the prior two years. In line with this performance, the portion of short-term incentives relating to health and safety will not be paid this year. The majority of incidents in the reporting period related to muscle or joint strains while lifting heavy glass, and Metroglass continuously conducts incident reviews to ensure that the right equipment and processes are in place to manage and reduce these risks.

CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLE 7: AUDITORS

"The Board should ensure the quality and independence of the external audit process."

The Metroglass Audit and Risk Management Committee is charged with overseeing all aspects of the external and internal audit of the Company. It does not take decisions on behalf of the Board. However, it has delegated responsibility for:

EXTERNAL AUDIT

- Recommending the appointment and removal of the auditors;
- Recommending audit fees;
- Reviewing auditor independence and performance;
- Reviewing and monitoring audit service delivery;
- Ensuring the ability of the external auditors to carry out their statutory audit role and their independence is not impaired, or could reasonably be perceived to be impaired; and
- Serving as the primary contact point for auditors in relation to any problems, reservations or issues arising from the audit and referring matters of a material or serious nature to the Board.

INTERNAL AUDIT

- Recommending internal audit assignments; and
- Monitoring and reviewing the internal auditing practices;

The Company does not have a standalone internal audit function. External advisors are employed to evaluate and improve the effectiveness of the Company's risk management and internal processes. Progress and results on these projects are reported regularly to the Audit and Risk Committee or the Board.

The Audit and Risk Committee is authorised by the Board, at Metroglass' expense, to obtain such outside legal or other independent information and advice including market surveys and reports, and to consult with such management consultants and other outside advisors as it views necessary to carry out its responsibilities.

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.

ANNUAL SHAREHOLDERS' MEETING

Shareholders have the opportunity to ask questions of the Board and of the external auditors, who attend the Annual Shareholders' Meeting. The external 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.

PRINCIPLE 8: SHAREHOLDER RIGHTS AND RELATIONS

"The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Metroglass endeavours to keep its shareholders informed of all important developments concerning the Company and encourages them to follow its announcements. Metroglass believes that effective engagement with investors will benefit both the Company and investors. As a result of investor feedback, Metroglass' continued aim is to provide clearer communication of the Company's strategic direction, including articulating Metroglass' strategic priorities and how these leverage Metroglass' competitive advantages.

In the 2018 financial year, Metroglass communicated 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
- The Company's corporate website.

The Company's Chair, CFO and Investor Relations Officer currently lead engagement with shareholders and, in line with Metroglass' market disclosure policy, aim to be responsive, to provide clear, accurate and timely disclosures, and to provide meaningful insight into the Company and the industry.

ELECTRONIC COMMUNICATIONS:

Shareholders are encouraged to receive communications from, and send communications to, the Company and its security registry electronically. The shareholder contact point at the Company is: glass@metroglass.co.nz

ANNUAL REPORT

Metroglass' Annual Report and Interim Reports are all available on the Company's website at: <http://www.metroglass.co.nz/investor-centre/annual-interim-reports>. New regulations have recently been introduced that change the way the Company communicates with its shareholders regarding Annual and Half Year Reports. As a result of this change, any previous instructions shareholders have given Metroglass regarding their choice to receive printed copies of the Company's Annual and Half Year Reports no longer apply. If they wish to receive a printed copy of the current Annual Report and future Annual and Interim Reports, they can request these reports by contacting the Company's share registrar, Link Market Services. Any shareholder who does request a hard copy of the Metroglass Annual Report will be sent one in the regular post.

CORPORATE GOVERNANCE (CONTINUED)

SHAREHOLDER VOTING RIGHTS

In accordance with the Companies Act 1993, Metroglass' Constitution and the NZX Main Board Listing Rules, the Company refers major decisions which may change the nature of the Company to shareholders for approval.

Metroglass conducts voting at its shareholder meetings by way of a poll and on the basis of one share, one vote. Further information on shareholder voting rights is set out in Metroglass' Constitution.

NOTICE OF ANNUAL MEETING

Metroglass' previous annual meeting was held on 24 August 2017. The notice of the meeting was released to the market on 8 August 2017. From 2018, the notice of the annual meeting will also be posted in the Investor Centre of the Company's website at least 28 days prior to the meeting. The 2018 meeting will be held on 24 August 2018 and an audio webcast of the meeting will be made available to shareholders.

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 Directors' 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 2018 is set out below. As shown, a number of committee roles and responsibilities subsequently changed with effect from 1 April 2018.

Director	2018 Responsibilities	2018 Directors' Fees
Standing Directors		
Peter Griffiths	Chair of the Board, Chair of the Remuneration Committee	\$106,041**
Angela Bull	Director, Member of the Remuneration Committee	\$75,883
Gordon Buswell	Director, Member of the Remuneration Committee	\$85,000
Russell Chenu	Director, Chair of the Audit and Risk Committee	\$100,000
Rhys Jones	Director	—*
Willem (Bill) Roest	Director, Member of the Audit and Risk Committee and the Nominations Committee	\$92,000
Past Directors		
Sir John Goulter	Chair of the Board, Chair of the Nominations Committee, Member of the Audit and Risk Committee	\$127,000**
Nigel Rigby	Executive Director and Chief Executive Officer	—***
Total		\$585,924

* Rhys Jones was appointed to the Board with effect from 1 April 2018.

** Sir John Goulter resigned from the Board on 20 November 2017, Peter Griffiths was elected as the new Chair of the Board.

*** The Executive Director (CEO) Nigel Rigby did not receive additional remuneration in his capacity as a Director. The CEO resigned from the Board with effect from 31 March 2018, and his remuneration is detailed separately in the Executive Remuneration section below.

In addition to the amounts mentioned 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 2018, the Chair of the Board receives \$160,000 per annum (with no additional committee fees paid) and the non-executive Directors receive \$80,000 per annum. The Chair 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 (excluding the Board Chair Peter Griffiths). The Chair and members of the People and Culture Committee receive an additional \$5,000 per annum. 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 the non-executive Directors (in their capacity as Directors) is set at \$614,000. The Company formerly had a Fee Pool of \$600,000 which contemplated five non-executive Directors. With Angela Bull being appointed as Metroglass' sixth non-executive Director on 5 May 2017, annualised fees increased beyond the existing Fee Pool limit. On that date, in accordance with NZX Listing Rule 3.5.1, the Fee Pool was increased from \$600,000 to \$614,000.

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 included in 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.

REMUNERATION (CONTINUED)

EXECUTIVE REMUNERATION:

The remuneration of members of senior management (CEO, SLT and certain direct reports) is designed to promote a higher-performance culture, to secure the participant's retention in Metroglass and to reward performance that underpins the achievement of Metroglass' business strategy and long-term shareholder wealth creation.

The Board is assisted in delivering its responsibilities and objectives for executive remuneration by the People and Culture 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 SLT 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 within that particular financial year. The target value of an STI payment is set annually, usually as a percentage of the participant's base salary. For the 2018 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 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 2018 are outlined below:

Target	Weighting	FY18 Result
Earnings before interest and tax (EBIT) performance	50%	Partial achievement
Retrofit revenue growth	10%	Achieved
Express Orders Delivered-In-Full-On-Time (Express DIFOT, being DIFOT achieved on reworks and priority orders)	10%	Not achieved
Reworks	10%	Not achieved
Late tail (ageing of late orders)	10%	Partial achievement
Health and safety	10%	Not achieved

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):

Australian Glass Group (AGG) had a different STI plan in the 2018 financial year, under which eligible participants could earn up to a maximum of 30% of their base salary. The target areas of this plan were:

Target	Weighting	FY18 Achievement
Financial KPIs (EBITDA or EBITD performance)	70%	Not achieved
Personal KPIs	30%	Varied

Long-term incentives

The Company's LTI plan for the 2018 financial year was announced on the 3 August 2017. The LTI plan is made up of both performance share rights and share options. The LTI is designed to secure those employees' retention in Metroglass and to reward performance that underpins the achievement of Metroglass' business strategy and long-term shareholder wealth creation. The key features of the 2018 LTI plan are as follows:

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

A total of 1,584,696 share options and 396,172 performance share rights remain outstanding pursuant to the 2017 LTI plan as at 23 May 2018.

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

REMUNERATION (CONTINUED)

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 2017 at an issue price of \$1.54.

Metroglass intends to launch a second iteration of the 2017 share purchase scheme during the 2019 financial year.

Chief Executive Officer's Remuneration:

As announced on 14 December 2017, Metroglass' CEO Nigel Rigby resigned with effect from 31 March 2018. Following his departure, Mr Rigby received a final gross payment totalling \$2,859,618, made up of:

- His contractual entitlements of one year's salary;
- Consideration for extending his restraint of trade to two years;
- A one-off incentive payment as explained below (no portion of the annual STI or LTI schemes was paid);
- Employer KiwiSaver contributions; and
- Outstanding holiday pay.

The Board determined that a one-off incentive payment was to be awarded to Mr Rigby, proportionate to delivery against a set of performance criteria before his departure. The criteria covered the delivery of the capital installation programme and the Company's manufacturing improvement plan.

Mr Rigby was also required to repay an outstanding employee loan in April 2018 relating to the purchase of company shares, totalling \$1,335,000.

Remuneration for the years ended 31 March 2018 and 31 March 2017

Financial year	FIXED REMUNERATION		Total fixed remuneration
	Salary	Other benefits*	
FY18	\$550,000	\$20,385	\$570,385
FY17	\$500,000	\$18,555	\$518,555

* 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's remuneration for performance for the year ended 31 March 2018

Plan	Description	Performance measures	Percentage of maximum awarded
STI	Set at 50% of fixed remuneration for FY18 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.	50%: EBIT performance 10%: Retrofit revenue growth 10%: Express DIFOT 10%: Reworks 10%: Late tail 10%: Health and safety	Not entitled to FY18 STI following resignation.
LTI	The first vesting date was 7 December 2017; however, to date all instruments have been 'out of the money' and none have been exercised.	75% share options require that Metroglass' Total Shareholder Return (TSR) must exceed a compound annual pre-tax rate that is 1% above the Company's cost of equity. 25% performance share rights measured against NSX 50 group TSR hurdle.	All LTI instruments issued within the past 3 years lapsed upon departure.
One-off incentive	Payment dependent on delivery against a set of performance criteria before the CEO's departure from the Company.	Criteria included: delivery of the capital installation programme and progress in the Company's manufacturing improvement plan.	82%

REMUNERATION (CONTINUED)

PAY FOR PERFORMANCE: SHORT-TERM INCENTIVES

Financial year of STI payment	Relevant performance period	% STI awarded against maximum	STI paid
FY19	FY18	0%	\$0*
FY18	FY17	10%	\$28,563
FY17	FY16	67%	\$201,062

*A separate one-off incentive payment awarded to the CEO will be paid in the 2019 financial year as noted above.

PAY FOR PERFORMANCE: LONG-TERM INCENTIVES

	LTI (initial grant values)*	% LTI vested against maximum	Span of LTI performance periods
FY18	125,000	n/a**	08/06/ – 08/06/20
FY17	125,000	n/a**	10/06/16 – 10/06/19
FY16	125,000	100%	07/12/15 – 07/12/17

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

** None available for vesting.

Chief Executive Officer's LTI movements for the year ended 31 March 2018 – Performance Rights

	FY16 issue (March 2016)	FY17 issue (July 2016)	FY18 issue (August 2017)	Total
Balance 1 April 2017	31,888	30,048	0	61,936
Granted	0	0	41,118	41,118
Exercised	0	0	0	0
Forfeited	0	30,048	41,118	71,166
Balance 31 March 2018	31,888	0	0	31,888
Vested and exercisable at 31 March 2018	31,888	0	0	31,888
Vesting date	07/12/17	10/06/19	08/06/20	

Chief Executive Officer's LTI movements for the year ended 31 March 2018 – Share Options

	FY16 issue (March 2016)	FY17 issue (July 2016)	FY18 issue (August 2017)	Total
Balance 1 April 2016	426,136	375,000	0	801,136
Granted	0	0	493,421	493,421
Exercised	0	0	0	0
Forfeited	0	375,000	493,421	868,421
Balance 31 March 2017	426,136	0	0	426,136
Vested and exercisable at 31 March 2018	426,136	0	0	426,136
Vesting date	07/12/17	10/06/19	08/06/20	
Exercise price	\$1.60	\$1.73	\$1.35	

REMUNERATION (CONTINUED)

Employees 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 2018, is specified in the table below.

The remuneration figures shown in the "Remuneration" column include all monetary payments actually paid during the course of the 2018 financial year. This includes salary, STI 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 2018 that relate to the year ended 31 March 2018.

The number of employees with remuneration of greater than \$100,000 increased in the 2018 financial year. This is primarily a result of having owned Australian Glass Group for the full 12 months, whereas the 2017 Annual Report reflected remuneration paid to AGG employees for the seven months post AGG's acquisition in September 2016.

Remuneration	Number of employees
100,000 – 110,000	30
110,000 – 120,000	11
120,000 – 130,000	13
130,000 – 140,000	14
140,000 – 150,000	6
150,000 – 160,000	4
160,000 – 170,000	3
170,000 – 180,000	5
180,000 – 190,000	1
190,000 – 200,000	3
200,000 – 210,000	0
210,000 – 220,000	1
220,000 – 230,000	2
230,000 – 240,000	1
240,000 – 250,000	2
290,000 – 300,000	1
460,000 – 470,000	1
480,000 – 490,000	1
600,000 – 610,000	1
620,000 – 630,000	1

STATUTORY INFORMATION

STOCK EXCHANGE LISTING

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

Shares on issue as at 1 May 2018:

Register	Security	Holders	Units
New Zealand	MPG (NZX)	3,348	168,446,013
Australia	MPP (ASX)	97	16,932,073
Total	MPG (Dual)	3,445	185,378,086

Securities issued, and still outstanding, under the 2016, 2017 and 2018 LTI 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)	12	169,872
2017 Share Options	MPG (NZX)	12	706,663
2018 Performance Share Rights	MPG (NZX)	29	396,172
2018 Share Options	MPG (NZX)	29	1,584,696

TOP 20 SHAREHOLDERS

Metroglass' top 20 registered shareholders as at 1 May 2018 were as follows:

Rank	Investor Name	Footnote*	Shares at 5 May 2017	% of shares
1	New Zealand Superannuation Fund Nominees Limited	*	14,073,071	7.59%
2	Accident Compensation Corporation	*	12,265,000	6.62%
3	Cogent Nominees Limited	*	11,752,889	6.34%
4	Masfen Securities Limited		8,842,667	4.77%
5	National Nominees New Zealand Limited	*	6,619,493	3.57%
6	JBWere (NZ) Nominees Limited		6,318,915	3.41%
7	Premier Nominees Limited	*	5,940,477	3.20%
8	FNZ Custodians Limited		5,444,835	2.94%
9	Nigel James Rigby		5,418,401	2.92%
10	FNZ Custodians Limited		4,409,370	2.38%
11	Citicorp Nominees Pty Limited		4,077,276	2.20%
12	J P Morgan Nominees Australia Limited		3,329,005	1.80%
13	BNP Paribas Nominees NZ Limited	*	3,167,986	1.71%
14	Citibank Nominees (NZ) Limited	*	2,672,433	1.44%
15	National Nominees Limited		2,220,242	1.20%
16	BNP Paribas Noms Pty Limited		2,190,223	1.18%
17	JP Morgan Chase Bank	*	2,048,042	1.10%
18	Cogent Nominees (NZ) Limited	*	2,031,273	1.10%
19	BNP Paribas Nominees Pty Limited		1,799,395	0.97%
20	HSBC Custody Nominees (Australia) Limited		1,789,915	0.97%
Totals: Top 20 registered holders of ordinary shares			106,410,908	57.41%
Totals: Remaining holders' balance			78,967,178	42.60%

* 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 1 May 2018, a total of 66,102,306 Metroglass shares (or 35.66% of the ordinary shares on issue) were held through NZCSD.

STATUTORY INFORMATION (CONTINUED)

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 1 May 2018. Shareholders are required to disclose their holdings to Metroglass and to its share registrar by giving a "Substantial Shareholder Notice" when:

- They begin to have a substantial shareholding (5% or more of Metroglass' shares)
- There is a subsequent movement of 1% or more in a substantial holding, or if they cease to 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*	16,143,823	8.71%	13/04/18
New Zealand Superannuation Fund Nominees Limited	13,560,455	7.32%	03/10/17
Devon Funds Management Limited*	13,303,823	7.18%	13/04/18
Accident Compensation Corporation	12,265,000	6.62%	13/04/18
Schroder Investment Management (Australia) Limited	11,535,349	6.22%	10/07/17

* 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 6 May 2017 to 1 May 2018: Henderson Global Investors (Australia) Limited on 28 August 2017 and Milford Asset Management on 12 December 2017. In addition, Commonwealth Bank of Australia became a substantial shareholder on 8 March 2018 and ceased to be a substantial shareholder on 19 March 2018.

DISTRIBUTION OF SHAREHOLDERS

As at 1 May 2018:

Range	Number of holders	Number of shares	%
1 – 1,000	292	213,323	0.12%
1,001 – 5,000	1,092	3,544,190	1.91%
5,001 – 10,000	770	6,236,577	3.36%
10,001 – 50,000	1,052	24,323,363	13.12%
50,001 – 100,000	121	8,699,558	4.69%
Greater than 100,000	118	142,361,075	76.79%
Total	3,445	185,378,086	100.00%

VOTING RIGHTS

Section 15 of the Company's 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 Metroglass' 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

Metroglass is listed on both the NZX and ASX. The trading ranges for the period 1 April 2017 to 31 March 2018 are as follows:

	NZX	ASX
Minimum:	NZ\$0.71 (27/03/18)	AU\$0.66 (26/03/18)
Maximum:	NZ\$1.55 (28/07/17)	AU\$1.46 (28/07/17)
Range:	NZ\$0.71 - NZ\$1.55	AU\$0.66 - AU\$1.46
Total shares traded	134,590,313	13,278,349

DIVIDEND POLICY

Dividends and other distributions with respect to the shares are only made at the discretion of the Board of Metroglass. 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 (and to determine the quantum of the 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
- Metroglass capital expenditure requirements
- The availability of imputation credits
- Prevailing business and economic conditions
- The outlook for all of the above
- Any other factors deemed relevant by the Board.

Subject to the above, Metroglass 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 NPAT before the amortisation of acquisition-related intangibles and its associated tax effect (NPATA). However, the actual ratio of the dividend paid to NPATA is expected to vary over time to reflect the above factors. Metroglass 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 2018 financial year, Metroglass paid a full imputed interim dividend of 3.6 cents per share on 23 January 2018, and has declared a fully imputed final dividend of 3.8 cents per share which will be paid on 24 July 2018.

NZX AND ASX WAIVERS

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

On 24 November 2015, Metroglass 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 principle of substituted compliance, recognising that for secondary listings, the primary regulatory role and oversight rest with the home exchange. Metroglass continues to have a full listing on the NZX Main Board.

STATUTORY INFORMATION (CONTINUED)

DIRECTORS' INTERESTS

Directors disclosed, under section 140(2) of the Companies Act 1993, the following interests as at 31 March 2018:

NATURE OF INTEREST

Angela Jennifer Bull

FIFE Logistics Limited	Shareholder
New Zealand Institute of Economic Research	Director

Gordon John Buswell

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

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
Great Barrier Airlines Limited	Director and Shareholder
Island Leader Limited	Director and Shareholder
New Plane Co Limited	Director and Shareholder
New Zealand Business and Parliament Trust	Chair and Trustee
New Zealand Diving and Salvage Limited	Director and Shareholder
NZDS Properties (NO 2) Limited	Director and Shareholder
Shoman Limited	Director and Shareholder
Wings over Whales NZ Limited	Director and Shareholder
Z Energy Limited	Chair
Z Energy 2015 Limited	Chair

Rhys Jones

Vulcan Steel Limited	Director and Shareholder
Vulcan Steel Pty Limited	Director and Shareholder
Tru-Test Corporation Limited	Director
Resin & Wax Holdings Limited	Chair and Shareholder

Willem (Bill) 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 METROGLASS

The Directors' respective shareholding in Metroglass as at 24 May 2018 is as follows:

	Number of shares directly held	Consideration paid	Date of acquisition
Angela Bull	30,000	\$39,240	20,000 on 10/07/17 and 10,000 on 30/08/17
Russell Chenu	25,000*	\$42,500	29/07/14
Peter Griffiths	130,500	\$139,755	Seven dates between 16/05/16 and 21/02/18
Willem (Bill) Roest	25,000**	\$42,500	29/07/14

* 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 Metroglass as at 31 March 2017:

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

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 the Directors and former directors, together with particulars of entries in the interests registers made, during the year ended 31 March 2018. 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 2018 are included in the relevant bandings for remuneration disclosed on page 63 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.

During the financial year, Nigel Rigby ceased to hold office as a director of each of the eleven subsidiary companies on 29 March 2018, and Andrew Paterson was appointed as a director of each of the eight New Zealand subsidiary companies on the same date.

CURRENCY

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

CREDIT RATING

Metroglass has not requested a credit rating.

COMPANY DIRECTORY

REGISTERED OFFICE

5 Lady Fisher Place
East Tamaki
Auckland 2013
New Zealand

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

BOARD OF DIRECTORS

Peter Griffiths – Chair, Member of the Audit and Risk Committee

Angela Bull – Non-Executive Director and Chair of the People and Culture Committee

Gordon Buswell – Non-Executive Director and Member of the People and Culture Committee

Russell Chenu – Non-Executive Director and Member of the Audit and Risk Committee

Rhys Jones – Non-Executive Director and Member of the People and Culture Committee (appointed on 1 April 2018)

Willem (Bill) Roest – Non-Executive Director and Chair of the Audit and Risk Committee

SENIOR LEADERSHIP TEAM

John Fraser-Mackenzie – Chief Financial Officer

Robyn Gibbard – Upper North Island Sales

Gareth Hamill – Metroglass Commercial Glazing – Lower North Island

Alex McDonald – Metroglass Operations

Barry Paterson – Metroglass Commercial Glazing

Geoff Rasmussen – Group General Manager, Operations

Dayna Saunders – Metroglass Human Resources

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, Metroglass' core governance documents, and all Company announcements can be viewed on its website:

<http://www.metroglass.co.nz/investor-centre>.

INVESTOR CALENDAR

2018 Final Dividend record date	9 July 2018
2018 Final Dividend payment date	24 July 2018
2018 Annual Shareholders' Meeting	24 August 2018
2019 Half Year balance date	30 September 2018
2019 Half Year results announcement	November 2018
2019 Full Year balance date	31 March 2019
2019 Full Year results announcement	May 2019

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