



10059547200

NZ Glass Holding Company Limited
Financial Statements
for the year ended 31 March 2010

NPC# 23
21 SEP 2010

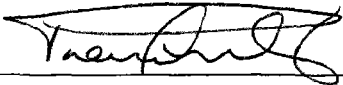
Directors' report

The Board of Directors have pleasure in presenting the annual report of NZ Glass Holding Company Limited, incorporating the financial statements and the auditors' report, for the year ended 31 March 2010.

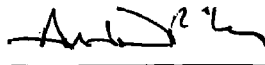
With the unanimous agreement of all shareholders, the Company has taken advantage of the reporting concessions available to it under section 211(3) of the Companies Act 1993.

The Board of Directors authorised these financial statements on 29 June 2010. The entities owners do not have the power to amend these financial statements once issued.

For and on behalf of the Board:



Trent Peterson
Director



Andrew Bailey
Director

29/6/2010

Date

Contents

	Page
Directors' report	1
Auditors' report	3
Statements of Comprehensive Income	4
Statements of Financial Position	5
Statements of Changes in Equity	6
Statements of Cash Flows	7
Statements of Cash Flows (cont)	8
Notes to the financial statements	9
1 General information.....	9
2 Summary of significant accounting policies	9
3 Financial risk management.....	14
4 Critical accounting estimates and judgements	18
5 Other (gains)/losses, net.....	19
6 Operating Expenditure	19
7 Finance costs	19
8 Income taxation.....	20
9 Reserves and retained earnings	20
10 Contingencies	21
11 Commitments.....	21
12 Related party transactions	22
13 Investments in subsidiaries.....	23
14 Deferred Tax	23
15 Current assets – Cash and cash equivalents	25
16 Current assets – Receivables.....	25
17 Current assets – Inventories	26
18 Derivative financial instruments	26
19 Other current assets.....	29
20 Non-current assets – Property, plant and equipment	29
21 Non-current assets – Intangible assets.....	29
22 Current liabilities – Payables and accruals	31
23 Current liabilities – Interest bearing liabilities.....	31
24 Non-current liabilities.....	32
25 Non-current liabilities – Interest bearing liabilities.....	32
26 End of the subsequent reporting period.....	33

Auditors' Report

To the shareholders of NZ Glass Holding Company Limited

We have audited the financial statements on pages 4 to 33. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 31 March 2010 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 9 to 14.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205 (1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 March 2010 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as providers of assurance, taxation and corporate advisory services.

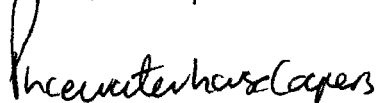
Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 4 to 33:
 - (i) comply with generally accepted accounting practice in New Zealand;
 - (ii) comply with International Financial Reporting Standards; and
 - (iii) give a true and fair view of the financial position of the Company and Group as at 31 March 2010 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 29 June 2010 and our unqualified opinion is expressed as at that date.



Chartered Accountants

Auckland

NZ Glass Holding Company Limited
Financial Statements
for the year ended 31 March 2010

Statements of Comprehensive Income

	Notes	Consolidated Year ended		Parent Year ended	
		31 March 2010 \$'000	31 March 2009 \$'000	31 March 2010 \$'000	31 March 2009 \$'000
Sales revenue		137,269	156,315	-	-
Total revenue		<u>137,269</u>	<u>156,315</u>	<u>-</u>	<u>-</u>
Operating expenditure	6	116,531	129,260	12	28
Other (gains)/losses, net	5	(3,030)	17,797	-	-
Finance costs	7	40,105	45,881	4,826	12,453
Finance Income		(492)	(653)	(22)	(58)
Amortisation of Intangibles	21	2,643	2,864	-	-
Impairment of goodwill	21	30,824	-	-	-
Impairment of subsidiary advances	12	-	-	43,304	7,256
Earnings (loss) before income taxation		<u>(49,312)</u>	<u>(38,834)</u>	<u>(48,120)</u>	<u>(19,679)</u>
Income taxation expense (benefit)	8	<u>(1,283)</u>	<u>(7,698)</u>	<u>(91)</u>	<u>17</u>
Earnings (loss) for the year		<u>(48,029)</u>	<u>(31,136)</u>	<u>(48,029)</u>	<u>(19,696)</u>
Other comprehensive income/(loss) for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year attributable to shareholders	9	<u>(48,029)</u>	<u>(31,136)</u>	<u>(48,029)</u>	<u>(19,696)</u>

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

NZ Glass Holding Company Limited
Financial Statements
As at 31 March 2010

Statements of Financial Position

	Notes	Consolidated At		Parent At	
		31 March 2010 \$'000	31 March 2009 \$'000	31 March 2010 \$'000	31 March 2009 \$'000
Assets					
Current assets					
Cash and cash equivalents	15	12,417	17,120	15	1
Receivables	16	21,825	22,861	-	-
Inventories	17	14,623	15,910	-	-
Other current assets	19	1,326	1,113	8	14
Total current assets		<u>50,191</u>	<u>57,004</u>	<u>23</u>	<u>15</u>
Non-current assets					
Property, plant and equipment	20	28,446	31,266	-	-
Future income tax benefit		-	-	-	-
Deferred tax assets	14	6,742	6,206	74	-
Intangible assets	21	299,232	332,414	-	-
Advances to subsidiaries	12	-	-	74,403	102,688
Total non-current assets		<u>334,420</u>	<u>369,886</u>	<u>74,477</u>	<u>102,688</u>
Total assets		<u>384,611</u>	<u>426,890</u>	<u>74,500</u>	<u>102,703</u>
Liabilities					
Current liabilities					
Payables and accruals	22	16,249	19,815	-	-
Derivative financial instruments	18	450	518	-	-
Bank borrowings	23	1,845	283,316	-	-
Total current liabilities		<u>18,544</u>	<u>303,649</u>	<u>-</u>	<u>-</u>
Non-current liabilities					
Derivative financial instruments	18	11,829	14,791	-	-
Deferred tax liabilities	14	4,740	5,487	-	-
Preference shares	25	-	99,958	-	99,958
Bank borrowings	25	273,155	-	-	-
Other non-current liabilities	24	1,843	260	-	-
Total non-current liabilities		<u>291,567</u>	<u>120,496</u>	<u>-</u>	<u>99,958</u>
Total liabilities		<u>310,111</u>	<u>424,145</u>	<u>-</u>	<u>99,958</u>
Net assets		<u>74,500</u>	<u>2,745</u>	<u>74,500</u>	<u>2,745</u>
Equity					
Contributed equity	9	162,503	42,719	162,503	42,719
Retained earnings	9	(88,003)	(39,974)	(88,003)	(39,974)
Total equity		<u>74,500</u>	<u>2,745</u>	<u>74,500</u>	<u>2,745</u>

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

NZ Glass Holding Company Limited
Financial Statements
for the year ended 31 March 2010

Statements of Changes in Equity

	Notes	Consolidated			Parent		
		Contributed equity \$'000	Retained earnings \$'000	Total \$'000	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Balance as at 1 April 2008	9	42,719	(8,838)	33,881	42,719	(20,278)	22,441
Total comprehensive income (loss) attributable to shareholders	9	-	(31,136)	(31,136)	-	(19,696)	(19,696)
Total transactions with owners	9	-	-	-	-	-	-
Balance as at 31 March 2009	9	42,719	(39,974)	2,745	42,719	(39,974)	2,745
Balance as at 1 April 2009	9	42,719	(39,974)	2,745	42,719	(39,974)	2,745
Total comprehensive income (loss) attributable to shareholders	9	-	(48,029)	(48,029)	-	(48,029)	(48,029)
Transactions with owners							
Converted preference shares	9	104,784	-	104,784	104,784	-	104,784
Issue of share capital	9	15,000	-	15,000	15,000	-	15,000
Total transactions with owners		119,784	-	119,784	119,784	-	119,784
Balance as at 31 March 2010	9	162,503	(88,003)	74,500	162,503	(88,003)	74,500

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

NZ Glass Holding Company Limited
Financial Statements
for the year ended 31 March 2010

Statements of Cash Flows

	Consolidated		Parent	
	Year ended		Year ended	
Notes	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Receipts from customers	137,005	160,264	-	-
Payments to suppliers and employees	(110,717)	(122,115)	1	(40)
Interest received	492	653	22	58
Interest paid	(24,117)	(24,940)	-	-
Income taxes (paid) received	84	1,388	(9)	(19)
Net cash inflow / (outflow) from operating activities	<u>2,747</u>	<u>15,250</u>	<u>14</u>	<u>(1)</u>
Cash flows from investing activities				
Payments for property, plant and equipment	(3,450)	(9,608)	-	-
Advances and loans to subsidiaries	-	-	(15,000)	(16,000)
Net cash inflow / (outflow) from investing activities	<u>(3,450)</u>	<u>(9,608)</u>	<u>(15,000)</u>	<u>(16,000)</u>
Cash flows from financing activities				
New borrowings	-	8,068	-	-
Repayment of borrowings	(19,000)	(14,248)	-	-
Preference shares issued	9 15,000	16,000	15,000	16,000
Ordinary shares issued	-	-	-	-
Net cash inflow / (outflow) from financing activities	<u>(4,000)</u>	<u>9,820</u>	<u>15,000</u>	<u>16,000</u>
Net increase (decrease) in cash and cash equivalents	(4,703)	15,462	14	(1)
Cash and cash equivalents at the beginning of the year	17,120	1,658	1	2
Cash and cash equivalents at end of year	15 <u>12,417</u>	<u>17,120</u>	<u>15</u>	<u>1</u>

The above statements of cash flows should be read in conjunction with the reconciliation of profit after income tax to net inflow from operating activities.

NZ Glass Holding Company Limited
Financial Statements
for the year ended 31 March 2010

Statements of Cash Flows (cont)

	Consolidated Year ended		Parent Year ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	\$'000	\$'000	\$'000	\$'000
Reconciliation of loss after income tax to net inflow from operating activities				
(Loss) for the year	<u>(48,029)</u>	<u>(31,136)</u>	<u>(48,029)</u>	<u>(19,696)</u>
Items not involving cash flows				
Depreciation expense	6,162	6,556	-	-
Preference share interest	4,826	12,453	4,826	12,453
Impairment on advances to subsidiaries	-	-	43,304	7,256
Goodwill impairment	30,824	-	-	-
Intangibles amortisation expense	2,643	2,864	-	-
Write-off previous facility's loan arrangement fee	2,471	-	-	-
Amortisation of loan arrangement fee	1,167	1,209	-	-
Change in market value of currency contracts	(68)	(17)	-	-
Change in market value of Interest rate SWAP	(2,962)	20,944	-	-
Movement in deferred tax	(1,266)	(7,958)	(74)	-
Movement in doubtful debt provision	596	666	-	-
	<u>44,393</u>	<u>36,717</u>	<u>48,056</u>	<u>19,709</u>
Impact of changes in working capital items				
Accounts receivable and prepayments	144	2,055	13	(12)
Inventory	1,287	(1,283)	-	-
Trade creditors & employee entitlements	(2,498)	(1,491)	-	-
Deferred loan arrangement fee	(266)	-	-	-
Warranty provision	65	-	-	-
Interest and bank fees	303	3,907	-	-
Bank interest capitalised to borrowings	7,310	3,372	-	-
Goods and services tax (GST)	(291)	1,440	-	-
Intercompany balance taxation receipt	-	-	(17)	-
Income tax receivable	66	1,649	(9)	(2)
	<u>6,120</u>	<u>9,649</u>	<u>(13)</u>	<u>(14)</u>
Items classified as investing activities				
Loss (surplus) on disposal of assets	263	20	-	-
Net cash flow from operating activities	<u>2,747</u>	<u>15,250</u>	<u>14</u>	<u>(1)</u>

The above cash flow statements should be read in conjunction with the accompanying notes.

Notes to the financial statements

1 General information

NZ Glass Holding Company Limited (the Company) and its subsidiaries (together the Group) supply processed flat glass products primarily to the residential and commercial building trade. The Group has operations and sales in New Zealand.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is C/- Chapman Tripp Sheffield Young Level 35, 23-29 Albert Street Auckland.

The incorporation date for NZ Glass Holding Company Limited was 31 July 2006.

These consolidated financial statements have been approved for issue by the Board of Directors on the date set out in the Directors' Report on page 1.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied during the period, unless otherwise stated. The financial statements include separate financial statements for NZ Glass Holding Company Limited as an individual entity and the consolidated entity consisting of the company and its subsidiaries.

(a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable New Zealand Financial Reporting Standards, as appropriate for profit-orientated entities.

Compliance with IFRS

The separate and consolidated financial statements of NZ Glass Holding Company Limited also comply with International Financial Reporting Standards (IFRS).

Entities reporting

The financial statements for the 'Parent' are for NZ Glass Holding Company Limited as a separate legal entity.

The consolidated financial statements for the "Group" are for the economic entity comprising NZ Glass Holding Company Limited and its subsidiaries.

Statutory base

NZ Glass Holding Company Limited is a limited liability company which is domiciled and incorporated in New Zealand. It is registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Measurement Base

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates

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

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NZ Glass Holding Company Limited ('company' or 'parent entity') as at 31 March 2010 and the results of all subsidiaries for the year then ended. NZ Glass Holding Company Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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

(d) Revenue recognition

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

(i) Sales of goods

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

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

(ii) Sales of services

Glazier services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(e) Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet 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.

(f) Goods and Services Tax (GST)

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

(g) Leases

(i) The Group is the lessee

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 charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(h) Impairment of non financial assets

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade receivables

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

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. 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 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other expenses' in the statement of comprehensive income.

(k) Inventories

(i) Raw materials, work in progress and finished goods

Raw materials, 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.

(l) Investments and other financial assets

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

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

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

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are included in 'other current assets' in the balance sheet.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset of a group of financial assets is impaired.

(m) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value.

No derivatives have been designated as hedges. All derivatives are accounted for as trading instruments at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognised immediately in the statement of comprehensive income within other losses (gains).

(n) Fair value estimation

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

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

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

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

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

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(o) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Land is not depreciated. Depreciation of property, plant and equipment is calculated using diminishing value income tax rates so as to expense the cost of the assets over their useful lives. The rates are as follows:

Category	Depreciation rate	Depreciation basis
Leasehold improvements	9-48%	DV
Plant & equipment	9-60%	DV
Motor vehicles	18-36%	DV
Furniture, fixtures & fittings	11-60%	DV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Capital work in progress is not depreciated until commissioned.

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

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

(p) Intangible assets

(i) Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(ii) Computer Software

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

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

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as property plant and equipment. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

Amortisation of computer software is calculated using diminishing value income tax rates so as to expense the cost of the assets over their useful lives. The rate is as follows:

Category	Amortisation rate	Amortisation basis
Computer software	48-60%	DV

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are recognised initially at fair value.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised 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 balance sheet date.

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

(s) Provisions

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

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

(t) Investments in subsidiaries

Investments in subsidiaries in the Parent company financial statements are stated at cost less impairment.

(u) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave are recognised in 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.

(ii) Bonus plans

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

(v) Share Capital

Ordinary shares are classified as equity.

Non redeemable discretionary preference shares are classified as equity.

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

(w) 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 Company shareholders is recognised as a liability in the Company's and the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

(x) Changes in accounting policies

There have been no significant changes in accounting policies during the current period.

(y) The Group has adopted the following new and amended IFRSs as of 1 April 2009:

IFRS 7 'Financial Instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IAS 1 (revised). 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(z) Standards amendments and interpretations to existing standards that are not effective and have not been adopted

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2010 or later periods, but the group has not early adopted them. These standards are not expected to have a material impact on the Group financial statements. The Group has not applied the following IFRSs and IFRIC Interpretations that have been issued but not yet effective:

- IFRIC 17 Distribution of non-cash assets to owners
- NZ IFRS 5 (amendment), Measurement of non-current assets (or disposal groups) classified as held-for-sale.
- NZ IAS 27 (revised), Consolidated and separate financial statements
- NZ IFRS 3 (revised), Business combinations
- NZ IFRS 2 (amendments), Group cash-settled and share-based payment transactions

The Group expects that the adoption of the pronouncements listed above will have no impact on the Group's financial statements in the period of initial application.

All other standards that have been issued but are not yet effective do not apply to the activities of the Group.

(aa) Standards, amendments and interpretations effective in 2010 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 April 2009 but they are not relevant to the group's operations:

- NZ IFRS 8 Operating segments
- NZ IFRS 2 Share-based payment (effective 1 January 2009)
- NZ IAS 23 Borrowing costs
- NZ IAS 40 Investment Property

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, aging analysis for credit risk.

(a) Market risk

(i) Foreign exchange risk

Approximately 50% of annual flat sheet glass raw materials are purchased in foreign currencies, being USD, Euro and AUD. In accordance with the Group Treasury policy, foreign exchange rate risk is managed prospectively out over a period of 12 months with allowable limits of coverage declining from 100% over a six month term to 70% over a 12 month term. Where deemed acceptable by the directors, coverage can be extended out over a period of 15 months.

(ii) Commodity price risk

The primary raw material used by the Group is flat glass which is imported from suppliers around the world. While there are numerous manufacturers of flat sheet glass, the Group is exposed and therefore manages access to supply. Price is an important variable in the determination of supply, and the Group is clearly exposed to changes in glass prices.

(iii) Cash flow and fair value interest rate risk

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

The Group and Parent's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group and Parent to cash flow interest rate risk. During the year the Group and Parent's borrowings at variable rates were denominated in New Zealand dollars.

The Group and Parent manage their cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates although these swaps are not treated as hedges for accounting purposes. Generally, the Group and Parent raise long-term borrowings at floating rates and swap them, in an economic sense, into fixed rates that are lower than those available if the Group and Parent borrowed at fixed rates directly. Under the interest rate swaps, the Borrowing Group agree with other parties to exchange, at specified intervals

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

(primarily six monthly), the difference between fixed contract rates and floating interest rate amounts calculated by reference to the agreed notional amounts.

The following table summarises the sensitivity of the group's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

31 March 2010	Carrying amount \$'000	Interest rate risk		Foreign exchange risk		Other price risk	
		-1% Profit & Equity \$'000	+1% Profit & Equity \$'000	-10% Profit & Equity \$'000	+10% Profit & Equity \$'000	-10% Profit & Equity \$'000	+10% Profit & Equity \$'000
Financial Assets							
Cash	12,417	(87)	87	-	-	-	-
Accounts receivable	21,825	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
Financial Liabilities							
Derivatives	12,279	(4,493)	4,490	1,434	(1,434)	-	-
Trade payables	9,991	-	-	(215)	215	-	-
Preference shares	-	-	-	-	-	-	-
Accrued interest and fees	3,476	-	-	-	-	-	-
- Bank loans							
Borrowings	277,764	(1,944)	1,944	-	-	-	-
Borrowings - SWAP	<u>(208,000)</u>	<u>1,456</u>	<u>(1,456)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase/(decrease)		<u>(5,068)</u>	<u>5,065</u>	<u>1,219</u>	<u>(1,219)</u>	<u>-</u>	<u>-</u>

31 March 2009	Carrying amount \$'000	Interest rate risk		Foreign exchange risk		Other price risk	
		-1% Profit & Equity \$'000	+1% Profit & Equity \$'000	-10% Profit & Equity \$'000	+10% Profit & Equity \$'000	-10% Profit & Equity \$'000	+10% Profit & Equity \$'000
Financial Assets							
Cash	17,120	(171)	171	-	-	-	-
Accounts receivable	22,861	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
Financial Liabilities							
Derivatives	15,309	(7,171)	5,076	1,605	(1,605)	-	-
Trade payables	10,997	-	-	(495)	495	-	-
Preference shares	99,958	-	-	-	-	-	-
Accrued interest and fees	3,173	-	-	-	-	-	-
- Bank loans							
Borrowings	286,954	(2,869)	2,869	-	-	-	-
Borrowings - SWAP	<u>(198,000)</u>	<u>1,980</u>	<u>(1,980)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase/(decrease)		<u>(8,231)</u>	<u>6,136</u>	<u>1,110</u>	<u>(1,110)</u>	<u>-</u>	<u>-</u>

(b) Credit risk

Credit risk is managed on a group basis. 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. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management after consideration with the Board where appropriate.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances and are subject to specific board approval.

There are no significant concentration of credit exposure at 31 March 2010 (2009: nil) due to the profile of the Group's receivables at that date.

See note 16 for further information on credit risk.

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

(c) Liquidity risk

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

In addition to cash reserves, the Group has negotiated working capital and capital expenditure facilities with its banking partners. At 31 March 2010 the Group had cash of \$12.4 million (2009: \$17.1 million). Information in respect of negotiated credit facilities at 31 March 2010 and 31 March 2009 are shown below.

	Consolidated Working Capital Facility		Consolidated Capital Expenditure Facility	
	At 31 March 2010 \$'000	At 31 March 2009 \$'000	At 31 March 2010 \$'000	At 31 March 2009 \$'000
Committed credit facilities	8,000	10,000	-	25,000
Committed but not drawn	-	(5,000)	-	-
Drawdown at balance date	(3,000)	-	-	(24,893)
Unavailable for drawdown	-	(5,000)	-	(107)
Available credit facilities	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

The \$3 million drawdown at balance date relates to a Letter of Credit.

The table below analyses the group's non-derivative financial liabilities and net settled 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 2010	Between 1		Between 2		Total
	Less than 1 year \$'000	and 2 years \$'000	and 5 years \$'000	> 5 years \$'000	
Bank Borrowings	3,000	5,000	269,764	-	277,764
Interest rate swaps	-	-	11,829	-	11,829
Forward foreign exchange contracts	450	-	-	-	450
Interest	19,689	19,135	34,217	-	73,041
Trade and other payables	16,249	-	-	-	16,249
Preference shares	-	-	-	-	-
Other non-current liabilities	-	-	1,518	-	1,518
Total	<u>39,388</u>	<u>24,135</u>	<u>317,328</u>	<u>-</u>	<u>380,851</u>

Consolidated 2009	Between 1		Between 2		Total
	Less than 1 year \$'000	and 2 years \$'000	and 5 years \$'000	> 5 years \$'000	
Bank Borrowings	286,954	-	-	-	286,954
Interest rate swaps	-	-	14,791	-	14,791
Forward foreign exchange contracts	518	-	-	-	518
Interest	-	-	-	-	-
Trade and other payables	19,815	-	-	-	19,815
Preference shares	-	-	-	99,958	99,958
Other non-current liabilities	-	-	-	-	-
Total	<u>307,287</u>	<u>-</u>	<u>14,791</u>	<u>99,958</u>	<u>422,036</u>

(d) 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. At present, the Group's borrowing Facility Agreement entered into by NZ Glass Investment Company Limited restricts the payment of dividends as well as repayment by NZ Glass Investment Company Limited of subordinated advances provided by the parent.

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

A portion of the interest incurred on bank borrowings is capitalised with repayment due on termination of the borrowing facility.

The Group monitors capital on the basis of the gearing ratio. The Group gearing ratio at 31 March 2010 was as follows:

	At 31 March 2010 \$'000	At 31 March 2009 \$'000
Bank borrowings	275,000	283,316
Less: cash and cash equivalents (note 15)	(12,417)	(17,120)
Net debt	262,583	266,196
Equity & preference shares	74,500	102,703
Gearing ratio	77.9%	71.2%

(e) Financial Instrument by Category

	Assets at fair value through earnings \$'000	Loans and Receivables \$'000	Total \$'000
Consolidated – 31 March 2010			
Assets as per balance sheet			
Derivative financial instruments	-	-	-
Trade and other receivables excluding prepayments	-	21,825	21,825
Cash and cash equivalents	-	12,417	12,417
	<u>-</u>	<u>34,242</u>	<u>34,242</u>

	Liabilities at fair value through earnings \$'000	Other financial liabilities at amortised cost \$'000	Total \$'000
Consolidated – 31 March 2010			
Liabilities as per balance sheet			
Banking borrowings	-	275,000	275,000
Preference shares	-	-	-
Derivative financial instruments	12,279	-	12,279
Trade and other payables excluding statutory liabilities	-	16,249	16,249
	<u>12,279</u>	<u>291,249</u>	<u>303,528</u>

	Assets at fair value through earnings \$'000	Loans and Receivables \$'000	Total \$'000
Consolidated – 31 March 2009			
Assets as per balance sheet			
Derivative financial instruments	-	-	-
Trade and other receivables excluding prepayments	-	22,861	22,861
Cash and cash equivalents	-	17,120	17,120
	<u>-</u>	<u>39,981</u>	<u>39,981</u>

	Liabilities at fair value through earnings \$'000	Other financial liabilities at amortised cost \$'000	Total \$'000
Consolidated – 31 March 2009			
Liabilities as per balance sheet			
Banking borrowings	-	283,316	283,316
Preference shares	-	99,958	99,958
Derivative financial instruments	15,309	-	15,309
Trade and other payables excluding statutory liabilities	-	19,815	19,815
	<u>15,309</u>	<u>403,089</u>	<u>418,398</u>

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

Effective 1 April 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy: Quoted prices (unadjusted) in active markets (level 1); Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); Inputs for the asset or liability that are based on unobservable inputs (level 3).

The above table presents the group's assets and liabilities that are measured at fair value at 31 March 2010. At 31 March 2010 all financial instruments were fair valued using valuation techniques where all significant inputs were based on observable market data and all financial instruments are categorised as level 2.

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

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- 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.

These fair values are based on valuations provided by the banks as at 31 March.

4 Critical accounting estimates and judgements

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

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

(i) Acquisitions

When acquiring a business, judgements and best estimates are made about the fair value allocation of the purchase price, using appropriate, competent and professional advice before making any such allocations. The carrying amount of goodwill and other indefinite lived intangible assets is tested on an annual basis and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. These tests require the use of estimates (note 21).

(ii) Income taxes

Deferred tax has been calculated on the assumption that there will be no change in tax law or circumstances of the Group that will result in tax losses not being available to the Group in the future and based on forecasts and assumptions in relation to the utilisation of these losses in the foreseeable future this requires estimate and judgement (note 8).

(iii) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

(iv) Allowance for doubtful debts

Receivables are reduced by an allowance for amounts that may become uncollectible in the future. Collections and payments from our customers are continuously monitored and a provision for estimated credit losses is maintained based upon our historical experience and any specific customer collection issues that we have identified. The ability to make reasonable and reliable estimates of allowances for doubtful accounts based on significant historical experience has been demonstrated.

Bad debts as a percentage of revenue at 1.1% reflect the mature market conditions in New Zealand. The bad debt and doubtful expense during the 2010 financial period was \$1,151,000 (2009: \$1,517,000).

If the Group allowance for credit losses as a percentage of revenue had been 1% higher or lower during the period, then profit before tax would have varied by approximately \$1.4 million (2009: \$1.6 million).

(v) Economic lives of other non-current intangible assets and property, plant and equipment

Other non-current intangible assets and property, plant and equipment are long-lived assets that are amortised over their useful lives. Useful lives are based on management's estimates of the period over which the assets will generate revenue. The values of assets with indefinite lives are reviewed annually for impairment. Other non current tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable and at the end of the first full year following acquisition.

If the useful economic lives had been longer by an average of one year during the period ended 31 March 2010 (annualised), then the amortisation charge would have been approximately \$2.3 million (2009: \$2.3 million). The Group's depreciation charge would have been approximately \$0.8 million (2009: \$0.7 million) lower if the useful lives had been longer by an average of one year, or approximately \$1.4 million (2009: \$1.2 million) higher if the useful lives had been an average of one year shorter.

Note 21 provides information about key assumptions used in regard to determining the recoverable amount of cash generating units in undertaking impairment testing of goodwill. Changes in these assumptions or cashflow have a significant impact on these value in use calculations and consequently the recoverable value of goodwill.

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

5 Other (gains)/losses, net

	Consolidated	
	Year ended	
	31 March 2010	31 March 2009
	\$'000	\$'000
Foreign exchange contracts held for trading, net	(68)	(3,235)
Foreign exchange losses on capital expenditure, net	-	88
Mark to market (gain)/loss on Interest Rate SWAP	<u>(2,962)</u>	<u>20,944</u>
	<u>(3,030)</u>	<u>17,797</u>

6 Operating Expenditure

	Consolidated		Parent	
	Year ended		Year ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	\$'000	\$'000	\$'000	\$'000
Product and furnace cost	47,856	52,594	-	-
Employee benefits	42,520	48,367	-	-
Rent	5,703	5,682	-	-
Overheads	9,488	10,746	12	28
Vehicle costs	2,719	3,324	-	-
(Gain)/loss on disposal of assets	263	20	-	-
Bad and doubtful debts provided and written off	1,151	1,517	-	-
Directors fees	419	180	-	-
	<u>110,119</u>	<u>122,430</u>	<u>-</u>	<u>-</u>
Audit fees	150	125	-	-
Other fees paid to auditors – Tax	90	100	-	-
Other fees paid to auditors - Technical Accounting Advice	10	49	-	-
	<u>250</u>	<u>274</u>	<u>12</u>	<u>28</u>
<i>Depreciation</i>				
Plant and equipment	4,329	4,374	-	-
Motor vehicles	1,548	1,867	-	-
Furniture, fixtures and fittings	269	270	-	-
Other	16	45	-	-
	<u>6,162</u>	<u>6,556</u>	<u>-</u>	<u>-</u>
Total operating expenditure	<u>116,531</u>	<u>129,260</u>	<u>12</u>	<u>28</u>

7 Finance costs

	Consolidated		Parent	
	Year ended		Year ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	\$'000	\$'000	\$'000	\$'000
Bank loans	32,808	33,339	-	-
Write off of previous facility costs	2,471	-	-	-
Other interest expense	-	89	-	-
Preference share interest	4,826	12,453	4,826	12,453
	<u>40,105</u>	<u>45,881</u>	<u>4,826</u>	<u>12,453</u>

Applying the effective interest rate method, interest from bank loans includes a charge for the amortisation of the loan arrangement fees paid on the establishment of the borrowing facilities.

The increase in bank loan finance costs in respect of the loan arrangement fee's amortisation charge in 2010 is \$1,164,000 (2009: \$1,209,000). The unamortised balance included as a reduction in borrowings as at 31 March 2010 is \$2,764,000 (2009: \$3,638,000), of this amount \$1,155,000 (2009: \$3,638,000) has been netted off against the current portion of the bank facility and the remainder of \$1,609,000 (2009: nil) has included as a reduction in the non-current liability portion of the bank loan. In

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

October 2009, the company renegotiated the terms of the senior and junior facilities, the remaining arrangement fees relating to the previous facility yet to be amortised of \$2,471,000 were written off.

Bank loan finance costs include \$287,000 (2009: nil) of fees paid to auditors in respect of Corporate Finance services.

8 Income taxation

	Consolidated		Parent	
	Year ended		Year ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	\$'000	\$'000	\$'000	\$'000
Earnings (loss) before income taxation	<u>(49,312)</u>	<u>(38,834)</u>	<u>(48,120)</u>	<u>(19,679)</u>
Income taxation expense (benefit) at the rate of 30% (2009: 30%)	(14,794)	(11,650)	(14,436)	(5,904)
Non deductible items – preference shares interest	1,448	3,736	1,448	3,736
Non deductible items – impairment of subsidiary advances	-	-	12,991	2,177
Non deductible items – other	78	83	3	8
Non deductible items – impairment of goodwill	9,247	-	-	-
Deductible items – other	(8)	(129)	-	-
Tax losses from which no deferred income tax is recognised	2,800	-	-	-
Under (over) provision in prior years	(54)	262	(97)	-
Income taxation expense (benefit)	<u>(1,283)</u>	<u>(7,698)</u>	<u>(91)</u>	<u>17</u>
Represented by:				
Current taxation	-	(525)	(17)	17
Deferred taxation (note 14)	<u>(1,283)</u>	<u>(7,173)</u>	<u>(74)</u>	<u>-</u>
	<u>(1,283)</u>	<u>(7,698)</u>	<u>(91)</u>	<u>17</u>

9 Reserves and retained earnings

	Consolidated		Parent	
	At		At	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	\$'000	\$'000	\$'000	\$'000
Issued and paid up capital				
Ordinary shares				
Balance at the beginning of year	42,719	42,719	42,719	42,719
Converted from preference shares	<u>104,784</u>	-	<u>104,784</u>	-
Balance at end of year	<u>147,503</u>	<u>42,719</u>	<u>147,503</u>	<u>42,719</u>

	Consolidated		Parent	
	At		At	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	\$'000	\$'000	\$'000	\$'000
Issued and paid up capital				
Preference shares				
Balance at the beginning of year	-	-	-	-
Reclassified from debt	104,784	-	104,784	-
Issued	15,000	-	15,000	-
Converted to ordinary shares	<u>(104,784)</u>	-	<u>(104,784)</u>	-
Balance at end of year	<u>15,000</u>	-	<u>15,000</u>	-

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

	Consolidated		Parent	
	At		At	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	\$'000	\$'000	\$'000	\$'000
Total issued and paid up capital				
Ordinary shares	147,503	42,719	147,503	42,719
Preference shares	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Balance at end of year	<u>162,503</u>	<u>42,719</u>	<u>162,503</u>	<u>42,719</u>

Ordinary Shares

As at 31 March 2010 there were 116,094,493 (2009: 42,719,002) shares issued and fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

Share Issue

In March 2010 the Company issued 73,375,491 Ordinary shares in exchange for redemption of 104,784,164 Preference Shares.

Preference Shares

As at 31 March 2010 there were 15,000,000 (2009: 90,564,335 – classified as liabilities) preference shares issued and fully paid. All preference shares rank equally with no vote attached to each fully paid preference share. In the event of a liquidation of the Company amounts due in respect of the preference shares rank in priority to any other class of share in the Company.

In July 2009, the Company amended the terms of 104,784,164 its preference shares then on issue, the effect of which resulted in a reclassification of the preference shares from a liability to equity in the balance sheet. The preference shares were transferred from liability to equity at book value of \$104,754,164 which equated to fair value.

In 2010, the Group issued 15,000,000 preference shares for \$15,000,000.

	Consolidated		Parent	
	At		At	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	\$'000	\$'000	\$'000	\$'000
Retained earnings				
Balance 1 April	(39,974)	(8,838)	(39,974)	(20,278)
Earnings /(loss) for the year	<u>(48,029)</u>	<u>(31,136)</u>	<u>(48,029)</u>	<u>(19,696)</u>
Balance at end of year	<u>(88,003)</u>	<u>(39,974)</u>	<u>(88,003)</u>	<u>(39,974)</u>

10 Contingencies

As at 31 March 2010 the parent entity and Group had no contingent liabilities or assets (2009:\$Nil).

11 Commitments

(a) Lease commitments: as lessee

(i) Operating leases

The Group leases premises, plant and equipment. Operating leases held over properties give the group the right to renew the lease 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	
	At	
	31 March 2010	31 March 2009
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	5,344	4,942
One to two years	4,435	4,805
Two to five years	10,294	10,652
Beyond five years	<u>12,269</u>	<u>16,346</u>
Commitments not recognised in the financial statements	<u>32,342</u>	<u>36,745</u>

At balance date, there were capital expenditure commitments of approximately \$nil (2009: \$nil) in addition to those recorded in the Balance Sheet.

12 Related party transactions

(a) Parent entities

The ultimate parent entity within the Group is NZ Glass Holding Company Limited. The ultimate controlling shareholders are Catalyst Buyout Fund 1A Pty Limited and Catalyst Buyout Fund 1B Pty Limited. These shareholders are managed and controlled by Catalyst Investment Managers Pty Limited.

(b) Directors

The names of persons who were directors of the company at any time during the financial year are as follows: Andrew Bailey, Kim Ellis, Cameron Gregory, Brent Jones, David Brent Martin, Trent Peterson, and Nicholas Speer. All of these persons were also directors as at 31 March 2009.

David Brent Martin resigned from the board of directors on 1 April 2009. Cameron Gregory resigned from the board of directors on 27 November 2009.

Certain properties leased by the Group are owned or controlled by directors of the Group. Consequently, the following directors are considered related parties: Cameron Gregory and Brent Jones.

(c) Key management and personnel compensation

Key management personnel compensation for the years ended 31 March 2010 and 31 March 2009 is set out below.

Directors and key management personnel include group executive and support managers as well as branch managers and assistant branch managers. Compensation paid to key management personnel in the form of salary and bonuses is presented below. Additional benefits include access to a company owned vehicle and health insurance entitlements.

	Consolidated Year ended	
	31 March 2010 \$'000	31 March 2009 \$'000
Short term benefits	7,057	7,263
Senior management restructuring payments	752	856
Termination benefits	-	175
	7,809	8,294

(d) Subsidiaries

Interests in subsidiaries are set out in note 13.

(e) Directors and specified executives

Disclosures relating to directors and specified executives are set out in 12 (c) and 12 (f).

(f) Transactions with related parties

The following transactions occurred with related parties:

Certain properties leased by the Group are owned or controlled by employees of the Group. Consequently, the following employees (including former employees) are/were considered related parties: Jon Tye, Mike Fisher and Pat Harrison.

The group leases land and buildings from companies which certain directors or senior management have a controlling interest. The leases were negotiated on an 'arms length' basis and as such as considered fair and reasonable to both lessee and lessor. The leases are on market value terms and subject to market rate adjustments, as determined by reference to an independent market value assessment of rentals, over the term of the lease. The related party entity and amounts paid to each during the year are shown below. There were no outstanding amounts owing at balance date (2009: nil).

	Consolidated Year ended	
	31 March 2010 \$'000	31 March 2009 \$'000
<i>Leased land and buildings</i>		
Tempaland Nominees Limited	1,689	1,706
Epoch Chch Limited	1,016	1,016
Grenada Properties Limited	697	697
AVF Tye Family Trust & JR Tye Family Trust	93	93
Coastal Properties Tauranga Limited	416	417
Harrison Family Trust	86	86
	3,997	4,015

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

Consolidated
Year ended
31 March 2010 **31 March 2009**
\$'000 **\$'000**

Sales of Goods and Services

Epoch Chch Limited	-	1	
Grenada Properties Limited	-	3	
	<u>-</u>	<u>3</u>	
	-	4	

The sales of services and goods provided related to glass and glazing services and a majority of the value related to extensions or repairs on buildings that are currently leased by subsidiaries from related parties mentioned above.

Parent Advances

During the year, the Parent advanced \$15 million (2009: \$16 million) to subsidiaries. The advances are non interest bearing and are subordinated to bank loans. Advances to subsidiaries are interest bearing at the discretion of the originator of the loan. The Company has no intention of demanding repayment over in the next 12 months.

Parent
At
31 March 2010 **31 March 2009**
\$'000 **\$'000**

Net parent advances

Advances to subsidiary companies	131,083	116,064	
Provision for impairment	(56,680)	(13,376)	
	<u>74,403</u>	<u>102,688</u>	

The movement in the provision including an additional impairment recognised during the year of \$43.304 million (2009: \$7.256 million).

13 Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b):

Name of entity	Country of incorporation	Principle Activities	Equity holding	
			2010 %	2009 %
NZ Glass Finance Company Limited	New Zealand	Finance company	100	100
NZ Glass Investment Company Limited	New Zealand	Investment company	100	100
Metropolitan Glass & Glazing Limited	New Zealand	Glass and glazing sales & services	100	100
IGM Software Limited	New Zealand	Software design & development	100	100
Canterbury Glass & Glazing Limited	New Zealand	Non trading	100	100
Christchurch Glass & Glazing Limited	New Zealand	Non trading	100	100
Taranaki Glass & Glazing Limited	New Zealand	Non trading	100	100
Hawkes Bay Glass & Glazing Limited	New Zealand	Non trading	100	100

All the above companies have a balance date of 31 March 2010.

14 Deferred Tax

	Consolidated			
	At 31 March \$'000			
	2010 Assets	2010 Liabilities	2009 Assets	2009 Liabilities
Components of deferred taxation				
Property, plant and equipment	168	-	168	-
Inventory and receivables	479	-	300	-
Intangibles	-	(4,740)	-	(5,487)
Provisions and accruals	567	-	514	-
Tax losses	1,979	-	787	-
Derivatives	3,549	-	4,437	-
	<u>6,742</u>	<u>(4,740)</u>	<u>6,206</u>	<u>(5,487)</u>
Deferred taxation asset (liability), net		<u>2,002</u>		<u>719</u>

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

Tax losses are expected to be utilised over the next three year financial years from 1 April 2010 to 31 March 2013. There is an expectation that none of the tax losses will be utilised in the financial year ending 31 March 2011. Tax losses of \$9,333,000 with a benefit of \$2.8m have not been recognised as at 31 March 2010 (2009: nil).

Consolidated Movement 31 March 2010 (\$'000)	PP&E	Inventory & Receivables	Intangibles	Provisions & Accruals	Derivatives	Losses	Total
Opening deferred taxation asset (liability)	168	300	(5,487)	514	4,437	787	719
Charged to statement of comprehensive income	-	179	747	53	(888)	1,192	1,283
	<u>168</u>	<u>479</u>	<u>(4,740)</u>	<u>567</u>	<u>3,549</u>	<u>1,979</u>	<u>2,002</u>

Consolidated Movement 31 March 2009 (\$'000)	PP&E	Inventory & Receivables	Intangibles	Provisions & Accruals	Derivatives	Losses	Total
Opening deferred taxation asset (liability)	168	100	(6,236)	573	(1,846)	-	(7,241)
Reclassified from Future Income Tax Benefit	-	-	-	-	-	787	787
Charged to statement of comprehensive income	-	200	749	(59)	6,283	-	7,173
	<u>168</u>	<u>300</u>	<u>(5,487)</u>	<u>514</u>	<u>4,437</u>	<u>787</u>	<u>719</u>

	Parent At 31 March \$'000			
	2010 Assets	2009 Liabilities	2009 Assets	2009 Liabilities
Components of deferred taxation				
Tax losses	<u>74</u>	-	-	-
Deferred taxation asset (liability), net	<u>74</u>	<u>74</u>	-	-

Parent Movement 31 March 2010 (\$'000)	PP&E	Inventory & Receivables	Intangibles	Provisions & Accruals	Derivatives	Losses	Total
Opening deferred taxation asset (liability)	-	-	-	-	-	-	-
Charged to statement of comprehensive income	-	-	-	-	-	74	74
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74</u>	<u>74</u>

Parent Movement 31 March 2009 (\$'000)	PP&E	Inventory & Receivables	Intangibles	Provisions & Accruals	Derivatives	Losses	Total
Opening deferred taxation asset (liability)	-	-	-	-	-	-	-
Charged to statement of comprehensive income	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Consolidated Year ended		Parent Year ended	
	31 March 2010 \$'000	31 March 2009 \$'000	31 March 2010 \$'000	31 March 2009 \$'000
Opening Imputation credit account	1,131	2,390	-	3
Income tax receipts	<u>(9)</u>	<u>(1,259)</u>	-	<u>(3)</u>
	<u>1,122</u>	<u>1,131</u>	-	-

15 Current assets – Cash and cash equivalents

	Consolidated At		Parent At	
	31 March 2010 \$'000	31 March 2009 \$'000	31 March 2010 \$'000	31 March 2009 \$'000
Cash at bank and on hand	4,417	2,655	15	1
Cash on deposit	<u>8,000</u>	<u>14,465</u>	<u>-</u>	<u>-</u>
	<u>12,417</u>	<u>17,120</u>	<u>15</u>	<u>1</u>

(a) Cash at bank and on hand; Cash on deposit

Cash at bank and on hand are non-interest bearing. Cash on deposit is at floating interest rates between 1.5% and 3.5% (2009: 2.5% to 3.5%).

(b) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

16 Current assets – Receivables

	Consolidated At	
	31 March 2010 \$'000	31 March 2009 \$'000
Net trade receivables		
Trade receivables	23,421	23,861
Provision for doubtful trade receivables	<u>(1,596)</u>	<u>(1,000)</u>
	<u>21,825</u>	<u>22,861</u>

(a) Bad and doubtful trade receivables

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

The ageing profile of debtors follows:

	Consolidated At	
	31 March 2010 \$'000	31 March 2009 \$'000
Current	12,067	12,294
30 - 59 days	4,436	4,519
60 – 89 days	1,952	1,989
90 days and later	<u>4,966</u>	<u>5,059</u>
	<u>23,421</u>	<u>23,861</u>

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

Movements in the provision for impairment of receivables are as follows:

	Consolidated Year ended	
	31 March 2010 \$'000	31 March 2009 \$'000
Opening Balance	1,000	334
Provision for impairment recognised during the year	1,151	1,517
Unused amounts reversed	-	-
Receivables written off during the year as uncollectible	<u>(555)</u>	<u>(851)</u>
Balance at end of year	<u>1,596</u>	<u>1,000</u>

The creation and release of the provision for impaired receivables has been included in 'operating expenditure' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

recovering additional cash.

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

Aging of 'past due and impaired'

	Consolidated	
	At	
	31 March 2010	31 March 2009
	\$'000	\$'000
Current	-	-
30 - 59 days	-	-
60 - 89 days	67	-
90 days and later	<u>1,529</u>	<u>1,000</u>
	<u>1,596</u>	<u>1,000</u>

(b) Foreign exchange and interest rate risk

Refer to note 3 for an analysis of Group's exposure to foreign currency risk in relation to trade and other receivables.

A summarised analysis of the sensitivity of trade and other receivables to foreign exchange and interest rate risk can be found in note 3.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, the carrying value is assumed to approximate the fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security. Refer to note 3 for more information on the risk management policy of the Group.

17 Current assets – Inventories

	Consolidated	
	At	
	31 March 2010	31 March 2009
	\$'000	\$'000
Raw materials, primarily flat glass stock-sheets	13,813	15,258
Work in progress	<u>810</u>	<u>652</u>
	<u>14,623</u>	<u>15,910</u>

18 Derivative financial instruments

	Consolidated	
	At	
	31 March 2010	31 March 2009
	\$'000	\$'000
Non-current derivative financial instruments: assets (liabilities)		
Interest rate swaps at fair value through earnings	<u>(11,829)</u>	<u>(14,791)</u>
Total non-current derivative financial instrument assets (liabilities)	<u>(11,829)</u>	<u>(14,791)</u>
Current derivative financial instruments: assets (liabilities)		
Forward foreign exchange contracts, net at fair value through earnings	(450)	(518)
Interest rate swaps at fair value through earnings	-	-
Total current derivative financial instrument liabilities	<u>(450)</u>	<u>(518)</u>

(a) Interest rate swap

To ensure that the group's cost of funds is reasonably predictable from year to year, the group is required under its banking facilities to fix a minimum of 75% of specified senior facility borrowings and junior facility subordinated borrowings. The group has entered into amortising interest rate swap agreements which fixes the base rate of interest, before margin, at 6.8%. The floating portion of the swap is re-priced on a six monthly basis coinciding with mandatory amortisation payments under the senior debt facility. The interest rate swap cover is effective until 30 September 2012. The swaps have a notional value of \$208,000,000.

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

The fair value for the swap outstanding at balance date is:

	Consolidated	
	At 31 March 2010	31 March 2009
	\$'000	\$'000
Interest rate swap – Fixed Liability	(220,055)	(213,129)
Interest rate swap – Floating Asset	<u>208,226</u>	<u>198,338</u>
	<u>(11,829)</u>	<u>(14,791)</u>

(b) Forward Exchange Contracts

The notional or principle contract amounts of foreign exchange contracts outstanding at balance date are:

	Consolidated	
	At 31 March 2010	31 March 2009
	\$'000	\$'000
Nominal forward foreign exchange contracts	<u>11,589</u>	<u>17,850</u>

The majority of the forward exchange contracts relate to the purchase of glass stocks and are predominately denominated in US Dollars.

In 2010, the forward foreign exchange contracts had a net realised/unrealised gain of \$68,000 (2009: \$3,235,000 gain). This has been included in the statement of comprehensive income in Other (gains)/losses – net in Note 5.

(c) Re-pricing analysis

The following tables identify the periods in which interest rates are subject to review on interest bearing financial assets and liabilities, and provides the current weighted average interest rate of each item.

	Effective Interest Rates	Consolidated 2010					Total \$'000
		Current \$'000	1 – 2 years \$'000	2-5 years \$'000	> 5 years \$'000	Not Sensitive \$'000	
Assets							
Cash and bank balances	2%	<u>12,417</u>	-	-	-	-	<u>12,417</u>
Total assets		<u>12,417</u>	-	-	-	-	<u>12,417</u>
Liabilities							
Bank borrowings	7.8%	275,264	-	-	-	(264)	275,000
Preference shares		-	-	-	-	-	-
Total liabilities		<u>275,264</u>	-	-	-	<u>(264)</u>	<u>275,000</u>
Less interest rate swaps		(189,000)	-	189,000	-	-	-
Less: Non rate sensitivity borrowings		-	-	-	-	<u>264</u>	<u>(264)</u>
Re-pricing gap		<u>73,847</u>	-	<u>189,000</u>	-	-	<u>262,847</u>

Effective interest rates as adjusted by the impact of the interest rate swaps is 10.6%

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

Consolidated 2009							
	Effective Interest Rates	Current	1 – 2 years	2-5 years	> 5 years	Not Sensitive	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and bank balances	3%	17,120	-	-	-	-	17,120
Total assets		<u>17,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,120</u>
Liabilities							
Bank borrowings	12.4%	286,954	-	-	-	(3,638)	283,316
Preference shares	15.3%	-	-	-	-	99,958	99,958
Total liabilities		<u>286,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,320</u>	<u>383,274</u>
Less interest rate swap		(198,000)	-	198,000	-	-	-
Less: Non rate sensitivity borrowings		-	-	-	-	(96,320)	(96,320)
Re-pricing gap		<u>71,834</u>	<u>-</u>	<u>198,000</u>	<u>-</u>	<u>-</u>	<u>269,834</u>

Effective interest rates as adjusted by the impact of the interest rate swaps is 11.5%

Parent 2010							
	Effective Interest Rates	Current	1 – 2 years	2-5 years	> 5 years	Not Sensitive	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and bank balances	2%	15	-	-	-	-	15
Total assets		<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>
Liabilities							
Preference shares		-	-	-	-	-	-
Total liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Non rate sensitivity borrowings		-	-	-	-	-	-
Re-pricing gap		<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>

Parent 2009							
	Effective Interest Rates	Current	1 – 2 years	2-5 years	> 5 years	Not Sensitive	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and bank balances	3%	1	-	-	-	-	1
Total assets		<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Liabilities							
Preference shares	15.3%	-	-	-	-	99,958	99,958
Total liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,958</u>	<u>99,958</u>
Less: Non rate sensitivity borrowings		-	-	-	-	(99,958)	99,958
Re-pricing gap		<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

(d) Fair Value Summary

The fair value for the above derivatives is based on valuations provided by the group's bankers.

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

19 Other current assets

	Consolidated		Parent	
	At 31 March 2010 \$'000	31 March 2009 \$'000	At 31 March 2010 \$'000	31 March 2009 \$'000
Other Current assets				
Prepayments, spare parts and other	1,317	1,021	-	12
Income tax receivable	<u>9</u>	<u>92</u>	<u>8</u>	<u>2</u>
	<u>1,326</u>	<u>1,113</u>	<u>8</u>	<u>14</u>

20 Non-current assets – Property, plant and equipment

Consolidated \$'000	Plant and Equipment	Furniture, fittings and equipment	Motor vehicles	Other capital assets	Total
At 1 April 2008					
Cost or valuation	50,466	2,523	11,556	95	64,640
Accumulated depreciation	<u>(21,949)</u>	<u>(1,738)</u>	<u>(6,583)</u>	<u>(8)</u>	<u>(30,278)</u>
Net book amount	<u>28,517</u>	<u>785</u>	<u>4,973</u>	<u>87</u>	<u>34,362</u>
Year ended 31 March 2009					
Opening net book amount	28,517	785	4,973	87	34,362
Additions	1,484	279	1,861	19	3,643
Disposals	(39)	-	(103)	(41)	(183)
Depreciation charge	<u>(4,374)</u>	<u>(270)</u>	<u>(1,867)</u>	<u>(45)</u>	<u>(6,556)</u>
Closing net book amount	<u>25,588</u>	<u>794</u>	<u>4,864</u>	<u>20</u>	<u>31,266</u>
At 31 March 2009					
Cost or valuation	51,864	2,806	12,827	70	67,567
Accumulated depreciation	<u>(26,276)</u>	<u>(2,012)</u>	<u>(7,963)</u>	<u>(50)</u>	<u>(36,301)</u>
Net book amount	<u>25,588</u>	<u>794</u>	<u>4,864</u>	<u>20</u>	<u>31,266</u>
Year ended 31 March 2010					
Opening net book amount	25,588	794	4,864	20	31,266
Additions	2,050	554	959	-	3,563
Disposals	(85)	(11)	(125)	-	(221)
Depreciation charge	<u>(4,329)</u>	<u>(269)</u>	<u>(1,548)</u>	<u>(16)</u>	<u>(6,162)</u>
Closing net book amount	<u>23,224</u>	<u>1,068</u>	<u>4,150</u>	<u>4</u>	<u>28,446</u>
At 31 March 2010					
Cost or valuation	53,756	3,254	13,480	70	70,560
Accumulated depreciation	<u>(30,532)</u>	<u>(2,186)</u>	<u>(9,330)</u>	<u>(66)</u>	<u>(42,114)</u>
Net book amount	<u>23,224</u>	<u>1,068</u>	<u>4,150</u>	<u>4</u>	<u>28,446</u>

The parent has no property, plant and equipment (2009: nil).

21 Non-current assets – Intangible assets

Consolidated at 31 March 2010	Opening NBV \$'000	Additions \$'000	Amortisation expense \$'000	Impairment \$'000	Closing NBV \$'000
Movements in intangible net book value					
Customer relationships	18,293	-	(2,494)	-	15,799
Computer software	405	285	(149)	-	541
Goodwill	<u>313,716</u>	<u>-</u>	<u>-</u>	<u>(30,824)</u>	<u>282,892</u>
	<u>332,414</u>	<u>285</u>	<u>(2,643)</u>	<u>(30,824)</u>	<u>299,232</u>

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

Consolidated at 31 March 2009	Opening NBV \$'000	Additions \$'000	Amortisation expense \$'000	Impairment \$'000	Closing NBV \$'000
Movements in intangible net book value					
Customer relationships	20,787	-	(2,494)	-	18,293
Computer software	518	257	(370)	-	405
Goodwill	<u>313,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,716</u>
	<u>335,021</u>	<u>257</u>	<u>(2,864)</u>	<u>-</u>	<u>332,414</u>

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to geographical business location.

A segment-level summary of the goodwill allocation is presented below.

	Consolidated	
	At 31 March 2010 \$'000	31 March 2009 \$'000
Goodwill		
Upper North Island	132,832	163,656
Lower North Island	54,539	54,539
South Island	<u>95,521</u>	<u>95,521</u>
	<u>282,892</u>	<u>313,716</u>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

(b) Key assumptions used for value-in-use calculations 2010

	Upper North Island Region	Lower North Island Region	South Island Region
Average five year sales growth rate/per annum	9.85%	9.18%	6.05%
Average five year earnings growth rate/per annum	19.24%	13.27%	6.15%
Terminal growth rate	2.5%	2.5%	2.5%
Discount rate	10.37%	10.37%	10.37%

These assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted sales and earnings growth rates based on past performance and its expectations for the future. The sales and growth rates over the next five years are expected to be significantly higher than national GDP growth rates due to enacted legislative changes in building standards in New Zealand. These standards will continue to impact in the forecast period, with the most significant impact being on the operations in the North Island. The discount rates used are post-tax and reflect specific risks relating to the relevant segments and the regions within New Zealand where appropriate.

Goodwill impairment has been considered across each of the CGU's. An impairment of \$30.8 million in respect of Upper North Island Region goodwill has been recorded in March 2010 year (2009: nil). Management believes that any reasonable change in the assumptions for LNI or SI would not cause the carrying amount to exceed its recoverable amount.

(c) Sensitivity

	Impairment Charge increase / (decrease) NZ\$m	
	+ 1%	- 1%
Terminal year growth rate	-19.8	15.3
Discount rate	14.2	-18.3
EBITDA % of sales	-9.1	9.1

The above table provides sensitivity analysis for the Upper North Island region and using the budget used in the value-in-use calculation these are the impact on impairment with an increase or decrease in one of the key assumptions by 1%.

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

(d) Key assumptions used for value-in-use calculations 2009

	Upper North Island Region	Lower North Island Region	South Island Region
Average five year sales growth rate/per annum	8.7%	4.5%	1.6%
Average five year earnings growth rate/per annum	13.0%	3.1%	-2.1%
Terminal growth rate	2.5%	2.5%	2.5%
Discount rate	9.2%	9.2%	9.2%

22 Current liabilities – Payables and accruals

	Consolidated At	
	31 March 2010 \$'000	31 March 2009 \$'000
Secured		
Accrued interest and fees - Bank loans	1,958	3,173
Unsecured		
Trade accounts payable	9,229	10,743
Approved Issuer Levy	40	692
Accrued Interest - Other	-	90
Capital expenditure accounts payable	692	254
Employee entitlements	3,728	3,970
Goods and services tax (GST) payable	<u>602</u>	<u>893</u>
	<u>16,249</u>	<u>19,815</u>

(a) Foreign currency risk

The carrying amounts of the Group's trade and capital expenditure payables are denominated in the following currencies:

	Consolidated At	
	31 March 2010 \$'000	31 March 2009 \$'000
NZ Dollars	6,852	6,043
AU Dollars	285	1,157
US Dollars	2,429	3,261
Euros	<u>355</u>	<u>536</u>
	<u>9,921</u>	<u>10,997</u>

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 3.

23 Current liabilities – Interest bearing liabilities

	Consolidated At	
	31 March 2010 \$'000	31 March 2009 \$'000
Bank borrowings	3,000	286,954
Loan arrangement fee	<u>(1,155)</u>	<u>(3,638)</u>
	<u>1,845</u>	<u>283,316</u>

(a) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out above and in note 25.

(b) Fair value disclosures

Details of the fair value of interest bearing liabilities for the Group are set out above and in note 25.

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

(c) Assets pledged as security

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

(d) 2009 Covenant Breach

At 31 March 2009, NZ Glass Investment Company Limited, a wholly owned subsidiary, was in default on loans totalling \$287.0 million as a result of a breach in the interest cover ratio and gearing ratio for the financial covenant testing period to 31 March 2009. The company had made all its scheduled interest payments and loan repayments during the period to 31 March 2009.

In October 2009, the company renegotiated the terms of senior and junior loan facilities. Bank borrowings were classified as current liabilities at 31 March 2009. Under the terms restructured terms of the facility these revert to term payments with scheduled amortisation payments over the period to completion of the facility (Refer to note 25 for future repayment schedule).

24 Non-current liabilities

	Consolidated	
	At	
	31 March 2010	31 March 2009
	\$'000	\$'000
Accrued interest – bank loans	1,518	-
Provision for warranties	<u>325</u>	<u>260</u>
	<u>1,843</u>	<u>260</u>

(a) Service warranties

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

(b) Movements in provisions

Movements in warranty provision during the financial year are set out below:

	Consolidated	
	Year ended	
	31 March 2010	31 March 2009
	\$'000	\$'000
Opening Balance	260	218
Provision for losses recognised during the year	65	42
Amounts incurred and charged	<u>-</u>	<u>-</u>
Balance at year end	<u>325</u>	<u>260</u>

25 Non-current liabilities – Interest bearing liabilities

	Consolidated		Parent	
	At		At	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	\$'000	\$'000	\$'000	\$'000
Bank borrowings	274,764	-	-	-
Loan arrangement fee	(1,609)	-	-	-
Preference shares	<u>-</u>	<u>99,958</u>	<u>-</u>	<u>99,958</u>
Total non-current interest bearing liabilities	<u>273,155</u>	<u>99,958</u>	<u>-</u>	<u>99,958</u>

During the year the terms of the preference shares were amended resulting in them being reclassified as equity, refer Note 9.

(a) Assets pledged as security

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

(b) Interest rate risk exposures

For the Group's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods see Note 18.

NZ Glass Holding Company Limited
Financial Statements for the year ended 31 March 2010

(c) Fair value

The carrying value of the Group's bank borrowings also represents the fair value of the borrowings.

(d) Principle repayment schedule

Following is a schedule of repayments on bank borrowings.

	Consolidated	
	At	
	31 March 2010	31 March 2009
	\$'000	\$'000
Principle repayment schedule – bank borrowings		
Current	3,000	286,954
Later than one, not later than two years	5,000	-
Later than two, not later than three years	269,764	-
Later than three, not later than five years	-	-
Later than five years	-	-
	<u>277,764</u>	<u>286,954</u>

26 End of the subsequent reporting period

Subsequent to balance date the New Zealand government announced that the company tax rate will be reduced from 30% to 28% with effect from 1 April 2011. In accordance with IAS 12 Income Tax, the rate of 30% is used as a basis for the calculation of the deferred taxes. Deferred tax assets as at 31 March 2010 would decline by \$132,000 using a corporate tax rate of 28%.