Metlifecare Limited
Interim Group
Financial Statements

for the half year ended 31 December 2017

Interim Group Financial Statements

For the half year ended 31 December 2017

Directors' Report

The directors have pleasure in presenting the Interim Group Financial Statements for Metlifecare Limited on behalf of the Company for the half year ended 31 December 2017.

The Interim Group Financial Statements presented are signed for and on behalf of Metlifecare Limited and were authorised for issue on 26 February 2018.

K. R. Ellis
Chair
26 February 2018

A. B. Ryan
Director
26 February 2018

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2017

$000	Note	**Half year ended 31 December 2017 Unaudited**	Half year ended 31 December 2016 Unaudited
Income			
Operating revenue		**56,501**	53,899
Interest income		**83**	127
Total income		**56,584**	54,026
Change in fair value of investment properties	3.1	**59,750**	170,739
Share of profit arising from joint venture, net of tax		**783**	1,461
Expenses			
Employee costs		**(23,840)**	(20,814)
Property costs	2.1	**(12,532)**	(11,068)
Other expenses	2.1	**(13,137)**	(11,523)
Residents' share of capital gains		**(2,454)**	(5,990)
Depreciation and impairment	2.1	**(1,739)**	(4,873)
Amortisation		**(315)**	(223)
Finance costs		**(18)**	(182)
Total expenses		**(54,035)**	(54,673)
Profit before income tax		**63,082**	171,553
Income tax expense		**(6,725)**	(6,578)
Profit for the period		**56,357**	164,975
Other comprehensive loss, net of tax		**-**	(836)
Total comprehensive income		**56,357**	164,139
Profit attributable to shareholders of the parent company		**56,357**	164,975
Total comprehensive income attributable to shareholders of the parent company		**56,357**	164,139
Profit per share for profit attributable to the equity holders of the company during the period			
Basic (cents)		**26.5**	**77.1**
Diluted (cents)		**26.5**	**77.1**

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

Consolidated Statement of Movements in Equity

For the half year ended 31 December 2017

$000	Contributed Equity	Retained Earnings	Revaluation Reserve	Employee Share Scheme Reserve	Total Equity
Half year ended 31 December 2016					
Balance at 1 July 2016 (audited)	306,376	817,671	8,285	635	1,132,967
Comprehensive income					
Profit for the period	-	164,975	-	-	164,975
Other comprehensive loss	-	-	(836)	-	(836)
Total comprehensive income	-	164,975	(836)	-	164,139
Employee share scheme	-	-	-	124	124
Transfer from employee share scheme reserve on vesting	518	-	-	(518)	-
Dividends paid to shareholders	-	(8,515)	-	-	(8,515)
Balance at 31 December 2016 (unaudited)	306,894	974,131	7,449	241	1,288,715
Half year ended 31 December 2017					
Balance at 1 July 2017 (audited)	**306,895**	**1,055,906**	**7,009**	**378**	**1,370,188**
Comprehensive income					
Profit for the period	**-**	**56,357**	**-**	**-**	**56,357**
Other comprehensive loss	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**56,357**	**-**	**-**	**56,357**
Employee share scheme	**-**	**-**	**-**	**57**	**57**
Transfer from employee share scheme reserve on vesting	**66**	**-**	**-**	**(66)**	**-**
Dividends paid to shareholders	**-**	**(12,354)**	**-**	**-**	**(12,354)**
Balance at 31 December 2017 (unaudited)	**306,961**	**1,099,909**	**7,009**	**369**	**1,414,248**

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

Consolidated Balance Sheet

As at 31 December 2017

$000	Note	**31 December 2017 Unaudited**	30 June 2017 Audited	31 December 2016 Unaudited
Assets				
Cash and cash equivalents		**2,768**	2,933	2,279
Trade receivables and other assets		**10,357**	8,766	8,036
Property, plant and equipment		**52,443**	48,246	41,172
Intangible assets		**1,252**	1,453	1,408
Investment properties	3.1	**3,005,728**	2,889,369	2,744,111
Investment in joint venture		**9,981**	9,825	8,857
Total assets		**3,082,529**	2,960,592	2,805,863
Liabilities				
Trade and other payables		**26,523**	49,893	23,064
Interest bearing liabilities	4.2	**141,276**	72,632	76,120
Deferred membership fees		**109,754**	104,613	99,058
Refundable occupation right agreements		**1,280,934**	1,260,187	1,218,990
Deferred tax liability		**109,794**	103,079	99,916
Total liabilities		**1,668,281**	1,590,404	1,517,148
Net assets		**1,414,248**	1,370,188	1,288,715
Equity				
Contributed equity	4.1	**306,961**	306,895	306,894
Revaluation reserve		**7,009**	7,009	7,449
Employee share scheme reserve		**369**	378	241
Retained earnings		**1,099,909**	1,055,906	974,131
Total equity		**1,414,248**	1,370,188	1,288,715

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the half year ended 31 December 2017

$000	Half year ended 31 December 2017 Unaudited	Half year ended 31 December 2016 Unaudited
Cash flows from operating activities		
Receipts from residents for membership fees, village and care fees	**43,854**	41,962
Receipts from residents for sale of new refundable occupation right agreements	**20,273**	56,755
Receipts from residents for resale of refundable occupation right agreements	**80,690**	79,172
Payments to residents for refundable occupation right agreements	**(54,211)**	(54,727)
Payments to suppliers and employees	**(53,332)**	(44,693)
Net GST received	**970**	678
Interest received	**31**	79
Interest paid	**(20)**	(196)
Buyback costs for off-market units associated with regeneration and remediation	**(11,093)**	(4,254)
Net cash inflow from operating activities	**27,162**	74,776
Cash flows from investing activities		
Payments for property, plant and equipment	**(5,981)**	(8,857)
Payments for intangibles	**(110)**	(179)
Net advances (from) / to joint venture	**(136)**	2
Dividends received from joint venture	**625**	255
Proceeds from disposal of investment property	**-**	1,203
Payments for investment properties	**(75,612)**	(56,857)
Capitalised interest paid	**(2,398)**	(1,334)
Net cash outflow from investing activities	**(83,612)**	(65,767)
Cash flows from financing activities		
Dividends paid	**(12,354)**	(8,515)
Net proceeds from / (repayment of) borrowings	**68,639**	(4,773)
Net cash inflow / (outflow) from financing activities	**56,285**	(13,288)
Net decrease in cash and cash equivalents	**(165)**	(4,279)
Cash and cash equivalents at the beginning of the period	**2,933**	6,558
Cash and cash equivalents at the end of the period	**2,768**	2,279

Reconciliation of Profit after Tax with Cash Inflow from Operating Activities

$000		
Profit after tax	**56,357**	164,975
Adjustments for:		
Change in fair value of investment properties	**(59,750)**	(170,739)
Change in the fair value of residents' share of capital gains	**2,454**	5,990
Employee share scheme	**57**	124
Depreciation and impairment	**1,739**	4,873
Amortisation	**315**	223
Deferred tax expense	**6,715**	6,566
Loss / (Gain) on disposal of property, plant and equipment	**5**	(1)
Share of profit arising from joint venture, net of tax	**(783)**	(1,461)
Changes in working capital relating to operating activities:		
Trade receivables and other assets	**(731)**	706
Trade and other payables	**(2,650)**	(886)
Deferred membership fees	**5,141**	5,538
Refundable occupation right agreements	**18,293**	58,868
Net cash inflow from operating activities	**27,162**	74,776

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

Notes to the Interim Financial Statements

1 GENERAL INFORMATION

1.1 Reporting entity

Metlifecare Limited ("the Company") and its subsidiaries (together "the Group") own and operate retirement villages in New Zealand. Metlifecare Limited is a limited liability company, incorporated and domiciled in New Zealand. The address of its registered office is Level 4, 20 Kent Street, Newmarket, Auckland 1023. The interim financial statements are for the consolidated group comprising Metlifecare Limited and its subsidiaries (together "the Group").

The Group is designated as a 'for profit' entity for financial reporting purposes.

These financial statements have been approved for issue by the Board of Directors on 26 February 2018.

1.2 Going concern

In approving these financial statements for issue the directors have considered and concluded that in the absence of any unanticipated deterioration of the Group's operating performance the Group will continue to meet all obligations under the funding facilities, including compliance with financial covenants and maintaining sufficient levels of liquidity.

The directors, in concluding, considered the following:

- the Group’s cash flow forecast for a period of 12 months from the date of signing the financial statements;
- recent past performance in light of the underlying economic environment;
- forecast covenant compliance; and
- available undrawn limits under the Core and Development Facilities.

Having regard to all the matters noted above, the directors believe it remains appropriate that the financial statements have been prepared under the going concern convention.

1.3 Basis of preparation

Metlifecare Limited is a company registered under the Companies Act 1993 and is a FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013. The Company is also listed on the NZX Main Board (NZX) and the Australian Securities Exchange (ASX) as a Foreign Exempt Listing. The group financial statements have been prepared in accordance with the requirements of the NZX listing rules and where required, the ASX listing rules.

These consolidated interim financial statements for the half year reporting period ended 31 December 2017 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalent to International Accounting Standard 34 and International Accounting Standard 34, Interim Financial Reporting.

The interim group financial statements do not include all the notes of the type normally included in the annual group financial statements. Accordingly, these consolidated interim group financial statements are to be read in conjunction with the annual group financial statements for the year ended 30 June 2017, prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

The interim group financial statements for the six months ended 31 December 2017 and comparatives for the six months ended 31 December 2016 are unaudited. The interim group financial statements are presented in New Zealand Dollars ($), which is the Group's functional and presentation currency. All financial information has been presented in thousands, unless stated otherwise.

The consolidated balance sheet for the Group is presented on the liquidity basis where the assets and liabilities are presented in the order of their liquidity.

Where necessary, certain comparative information has been reclassified in order to conform to changes in presentation in the current period. Buyback costs for off-market units associated with regeneration and remediation reflect the settlement of existing occupation right agreements and have been determined to be operating cash flows in nature. $4.254m of buyback costs have been reclassified in the prior period from investing activities to operating activities in the consolidated cash flow statement.

All accounting policies that materially affect the measurement of the consolidated statement of comprehensive income, consolidated balance sheet and the consolidated cash flow statement have been applied on a basis consistent with those used in the audited financial statements for the year ended 30 June 2017.

Notes to the Interim Financial Statements

2 OPERATING PERFORMANCE

2.1 Expenses

$000	Half year ended 31 December 2017 Unaudited	Half year ended 31 December 2016 Unaudited
Profit before income tax includes the following expenses:		
Property costs		
Utilities and other property costs	**6,093**	5,427
Repairs and maintenance on investment properties	**5,988**	5,300
Repairs and maintenance on property, plant, furniture and equipment	**451**	341
Total property costs	**12,532**	11,068
Depreciation and impairment		
Depreciation expense	**1,530**	1,130
Impairment of care homes	**209**	3,743
Total depreciation and impairment	**1,739**	4,873
Other expenses		
Resident costs	**3,248**	2,771
Marketing and promotion	**2,653**	2,236
Other employment costs	**1,484**	1,536
Communication costs	**1,376**	1,163
Rental and operating lease expenses	**286**	275
Other (no items of individual significance)	**3,658**	3,126
Fees paid to PricewaterhouseCoopers New Zealand		
Audit and review of financial statements	**40**	50
Tax compliance services	**5**	4
Advisory services - procurement processes	**23**	-
Total fees paid to PricewaterhouseCoopers New Zealand	**68**	54
Directors' fees	**364**	362
Total other expenses	**13,137**	11,523

A reduction in the value of land related to The Avenues care home resulted in an impairment loss of $0.2m in the period ended 31 December 2017.

Metlifecare's Pakuranga village care home was closed in the year ended 30 June 2017. Accordingly, the carrying value of the care home's buildings and fixtures were written down in the period ended 31 December 2016 and an impairment of $1.77m recognised.

The staged construction of the building at Metlifecare's Greenwich Gardens village, which includes the care home, was practically complete in June 2017. The estimated allocation of the total cost of construction to the care home exceeded the initial valuation of the care home on completion. Therefore an impairment of $1.97m was recognised in the period ended 31 December 2016.

Other employment costs include staff related costs such as staff training, uniforms and commissions on sales.

2 OPERATING PERFORMANCE (continued)

2.2 Underlying Profit before taxation

$000	**Half year ended 31 December 2017 Unaudited**	Half year ended 31 December 2016 Unaudited
Profit for the period	**56,357**	164,975
Less:		
Change in fair value of investment properties	**(59,750)**	(170,739)
Add:		
Impairment of care homes	**209**	3,743
Realised resale gains	**26,479**	24,445
Realised development margin	**6,180**	9,600
Tax expense	**6,725**	6,578
Underlying Profit before taxation	**36,200**	38,602

Underlying Profit before taxation, a non-GAAP financial measure, is a retirement industry standard presented to assist in comparison of Metlifecare's performance with its peers. Underlying Profit before taxation, calculated consistently year-on-year, is determined from the net profit after tax of Metlifecare adjusted for the impact of the following:

(a) Change in fair value of investment properties: unrealised non-cash valuation changes (refer to note 3.1).

(b) Impairment of care homes: impairment associated with care home valuation changes are excluded as the Group is in the business of owning and operating care homes not constructing the asset for resale (refer to note 2.1).

(c) Realised resale gains: the realised increase in value from the resale of occupation right agreements during the period. Realised resale gains are a measure of the cash generated from increases in selling prices of occupation right agreements to incoming residents, less cash amounts paid to vacated residents for repayment of refundable occupation right agreements from the pre-existing portfolio recognised at the date of settlement.

(d) Realised development margin: represents the development margins delivered from the first time sale of occupation right agreements. Realised development margin is the margin obtained on cash settlement from the first time sale of an occupation right agreement following the development of the unit. The margin calculation is based on the actual selling price of individual units settled during the period and includes the following costs:

- directly attributable construction costs;
- a prorate apportionment of land on the basis of the historical cost or purchase price of the land;
- a prorate share of infrastructure costs specific to a stage;
- non-recoverable GST; and
- capitalised interest to the date of completion on costs attributed to the unit.

Margins are calculated based on when a stage is completed.

Construction costs, land and infrastructure, non-recoverable GST and capitalised interest associated with common areas (including management offices), amenities and any care homes are excluded from the costs above when the development margin is calculated.

(e) Tax expense: the impact of current and deferred taxation is removed.

3 INVESTMENT PROPERTY AND OTHER ASSETS

3.1 Investment Properties

$000	Half year ended 31 December 2017 Unaudited	Year ended 30 June 2017 Audited	Half year ended 31 December 2016 Unaudited
Opening balance	**2,889,369**	2,524,809	2,524,809
Capitalised subsequent expenditure	**56,609**	115,595	50,905
Investment properties under development transferred to property, plant and equipment	**-**	(3,245)	(1,111)
Investment properties disposed of	**-**	(6,547)	(1,231)
Change in fair value recognised during the period	**59,750**	258,757	170,739
Closing balance	**3,005,728**	2,889,369	2,744,111

Investment properties are categorised as follows:

$000	31 December 2017 Unaudited	30 June 2017 Audited	31 December 2016 Unaudited
Development land measured at fair value	**86,969**	84,463	64,471
Retirement villages under development measured at cost	**74,450**	36,879	42,673
Retirement villages measured at fair value	**2,844,309**	2,768,027	2,636,967
Total investment properties	**3,005,728**	2,889,369	2,744,111

Investment properties

Investment properties include completed freehold land and buildings, freehold development land and buildings under development comprising independent living units and apartments, serviced apartments and common facilities, provided for use by residents under the terms of the occupation right agreement. Investment properties are held for long-term yields.

Valuation processes

CBRE Limited (CBRE) undertook the valuation of investment properties for all the reporting periods presented. CBRE's principal valuer, Michael Gunn, is an independent registered valuer and associate of the New Zealand Institute of Valuers and is appropriately qualified and experienced in valuing retirement village properties in New Zealand. The Group verifies all major inputs to the independent valuation reports. The fair value as determined by CBRE is adjusted for assets and liabilities already recognised in the balance sheet which are also reflected in the discounted cash flow model.

The movement in the carrying value of investment properties, net of disposals and additions to investment properties are recognised as a fair value movement in the statement of comprehensive income.

CBRE performed a "roll forward" of the valuation that was completed at 30 June 2017 for the period from 1 July 2017 to 31 December 2017. This involved the Group confirming the movements in the sales, resales and repurchases of occupation right agreements during the period, an assessment by the valuer of the general market conditions and the provisions of the impact of the changes where appropriate on the completed value of investment properties. The "roll forward" provides an assessment by the valuer of the financial impact of the changes for the six month period since the most recent full valuation. CBRE will perform a full valuation as at 30 June 2018.

Notes to the Interim Financial Statements

3 INVESTMENT PROPERTY AND OTHER ASSETS (continued)

3.1 Investment Properties (continued)

Development land

Development land is comprised of a standalone title and/or part of the principal site. Where the development land is a standalone title, CBRE has ascribed a value which can be captured independently, if desired, from the overall village. Where the development land is part of the principal site, CBRE has identified if there is potential, be it planned or economic, to expand the village and has assessed a value accordingly. This latter value, whilst identified as surplus land value, cannot be independently captured.

As a general rule, CBRE has treated units in the early stages of construction, land with approvals and other vacant land clearly identified for future development as land for development in its highest and best use.

Retirement villages under development measured at cost

Where the staged development still requires substantial work such that practical completion will not be achieved at or close to balance date, or the fair value of investment properties under development cannot be reliably determined at this point in time, it is carried at cost less any impairment. Impairment is determined by considering the value of work in progress and management's estimate of the asset value on completion.

Retirement villages measured at fair value

To assess the market value of the Group's interest in a retirement village, CBRE has undertaken a cash flow analysis to derive a net present value. As the fair value of investment properties is determined using inputs that are significant and unobservable, the Group has categorised investment properties as Level 3 under the fair value hierarchy in accordance with *NZ IFRS 13 'Fair Value Measurement'*. The following significant assumptions have been used to determine the fair value:

Unobservable Input	**31 December 2017**	30 June 2017	31 December 2016
Nominal growth rate - anticipated annual property price growth over the cash flow period 0 - 5 years	**0% - 3.5%**	0% - 3.5%	0% - 3.5%
Nominal compound growth rate - anticipated annual property price growth over the cash flow period > 5 years	**2.6% - 3.1%**	2.6% - 3.1%	2.2% - 3.2%
Pre-tax discount rate	**12.5% - 15.5%**	12.5% - 15.5%	12.3% - 15.8%

The occupancy period is a significant component of the CBRE valuation and is driven from a Monte Carlo simulation. The simulations are dependent on the demographic profile of the village (age and gender of residents) and the reason for departing a unit. The resulting stabilised departing occupancy period is an estimate of the long run occupancy term for residents. An increase in the stabilised departing occupancy period will have a negative impact on the valuation and a decrease in the stabilised departing occupancy will have a positive impact on the valuation.

The valuation calculates the expected cash flows for a 20 year period with stabilised departing occupancy set out below.

Stabilised departing occupancy - years	**31 December 2017**	30 June 2017	31 December 2016
Serviced apartments	**3.8 - 4.7**	3.5 - 4.7	3.8 - 4.7
Independent living units and apartments	**6.7 - 8.8**	6.7 - 8.9	6.7 - 8.9

3 INVESTMENT PROPERTY AND OTHER ASSETS (continued)

3.1 Investment Properties (continued)

The CBRE valuation also includes within its forecast cash flows the Group's expected costs relating to any known or anticipated remediation works. The estimate of the gross cash flows included for remediation works is $47.4m over a six year period (30 June 2017: $44.1m over a six year period; 31 December 2016: $44.1m over a seven year period). The increase in the allowance for remediation works reflects updated estimates of the remaining cost of the required works. The estimates are based on currently available information.

CBRE has also included within its forecast cash flows the Group's expected costs associated with seismic strengthening works of $1.4m (30 June 2017: $1.4m; 31 December 2016: $1.4m).

Other relevant information

The valuation of investment properties is adjusted for cash flows relating to refundable occupation right agreements, residents' share of capital gains, deferred membership fees and membership fee receivables which are already recognised separately on the balance sheet and also reflected in the cash flow model. A reconciliation between the valuation amount and the amount recognised on the balance sheet as investment properties is as follows:

$000	**31 December 2017 Unaudited**	30 June 2017 Audited	31 December 2016 Unaudited
Development land measured at fair value	**86,969**	84,463	64,471
Retirement villages under development measured at cost	**74,450**	36,879	42,673
Retirement villages measured at fair value	**1,447,356**	1,398,941	1,314,880
Investment properties at valuation	**1,608,775**	1,520,283	1,422,024
Plus: Refundable occupation right agreements	**1,617,846**	1,577,075	1,517,788
Plus: Residents' share of capital gains	**34,722**	35,193	33,469
Plus: Deferred membership fees	**109,754**	104,613	99,058
Less: Membership fees receivable	**(361,859)**	(344,433)	(325,333)
Less: Occupation right agreement receivables	**(3,510)**	(3,362)	(2,895)
Total investment properties	**3,005,728**	2,889,369	2,744,111

Borrowing costs of $2.2m (30 June 2017: $3.8m; 31 December 2016: $1.9m) arising from financing specifically entered into for the construction of investment properties under development were capitalised during the year. Average capitalisation rates of 3.50% pa (30 June 2017: 3.6%; 31 December 2016: 3.76% pa) were used, representing the borrowing costs of the loans used to finance the projects.

Notes to the Interim Financial Statements

4 SHAREHOLDERS' EQUITY AND FUNDING

4.1 Contributed Equity

Shares	**Half year ended 31 December 2017 Unaudited**	Year ended 30 June 2017 Audited	Half year ended 31 December 2016 Unaudited
Issued and fully paid up capital			
Balance at beginning of the period	**213,005,909**	212,882,855	212,882,855
Shares issued net of transactions costs	**126,381**	123,792	123,792
Shares cancelled	**-**	(738)	(738)
Balance at end of period	**213,132,290**	213,005,909	213,005,909

All ordinary shares are authorised and rank equally with one vote attached to each fully paid ordinary share. The shares have no par value.

Treasury shares at 31 December 2017 of 420,401 (30 June 2017: 320,319; 31 December 2016: 320,319) relate to shares issued under the Senior Executive Share Plan that are held on trust by the Group. These shares are accounted for as treasury shares by the Group until such time as they are cancelled or vest to members of the senior executive team.

$000	**Half year ended 31 December 2017 Unaudited**	Year ended 30 June 2017 Audited	Half year ended 31 December 2016 Unaudited
Issued and fully paid up capital			
Balance at beginning of the period	**306,895**	306,376	306,376
Shares issued	**66**	519	518
Balance at end of period	**306,961**	306,895	306,894

Net tangible assets per share	**31 December 2017 Unaudited**	30 June 2017 Audited	31 December 2016 Unaudited
Net tangible assets per share (basic)	**$6.63**	$6.43	$6.04

Notes to the Interim Financial Statements

4 SHAREHOLDERS' EQUITY AND FUNDING (continued)

4.2 Interest Bearing Liabilities

The bank loans comprises the Core Revolving Credit Facility, Development Facility and Working Capital Facility, effective 8 March 2012 as amended from time to time as detailed below.

On 15 December 2017 the bank facilities were renegotiated and extended. The maturities of the Core Revolving Credit Facility of $175m (30 June 2017 & 31 December 2016: $75m), the Development Facility of $175m (30 June 2017 & 31 December 2017: $175m) and the Working Capital Facility of $2.0m (30 June 2017 & 31 December 2017: $2.0m) are detailed below.

Proceeds from the sale of units that are funded from the Development Facility are required to be repaid against the Development Facility.

$000	**31 December 2017 Facility Limit**	**31 December 2017 Unaudited**	30 June 2017 Audited	31 December 2016 Unaudited
Core Facility	**175,000**	**52,000**	8,400	26,500
Development Facility	**175,000**	**89,541**	64,502	49,471
Working Capital Facility	**2,000**	**-**	-	-
Total	**352,000**	**141,541**	72,902	75,971
Contractual maturity and drawn amounts				
On demand	**2,000**	**-**	-	-
1 - 2 years	**83,333**	**83,333**	66,733	1,500
2 - 3 years	**83,333**	**56,208**	6,168	-
Later than 3 years	**183,334**	**2,000**	-	74,471
Total	**352,000**	**141,541**	72,902	75,971

5 OTHER DISCLOSURES

5.1 Segment information

The Group operates in one operating segment being that of retirement villages. The chief operating decision maker, the Board of Directors, reviews the operating results on a regular basis and makes decisions on resource allocation based on the review of Group results and cash flows as a whole.

The nature of the products and services provided and the type and class of customers have similar characteristics within the operating segment.

Information about major customers

Included in total income are operating revenues derived from the Government being the Group's largest single source of income.

The Group derives care fee revenue in respect of eligible Government subsidised aged care residents who receive rest home or hospital level care. Government aged care subsidies received from the Ministry of Health included in rest home, hospital and service fees, and villages fees amounted to $4.7m (31 December 2016: $5.5m). There are no other individually significant customers.

5.2 Contingencies

Contingent liabilities

There are no material contingent liabilities as at 31 December 2017 (30 June 2017: nil, 31 December 2016: nil).

5.3 Commitments

$000	**31 December 2017 Unaudited**	30 June 2017 Audited	31 December 2016 Unaudited
Capital commitments			
Estimated commitments contracted for at balance date but not provided for to purchase, construct or develop investment properties	**31,361**	47,989	53,948
	31,361	47,989	53,948

5.4 Subsequent Events

On 26 February 2018, the directors approved an unimputed dividend of 3.25 cents per share amounting to $6.9m. The dividend record date is 15 March 2018 with payment to be made on 29 March 2018.

Independent review report

to the shareholders of Metlifecare Limited

Report on the interim financial statements

We have reviewed the accompanying interim financial statements of Metlifecare Limited (the "Company") and its controlled entities (the "Group") on pages 4 to 16, which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated statement of comprehensive income, the consolidated statement of movements in equity and the consolidated cash flow statement for the period ended on that date, and notes to the interim financial statements.

Directors' responsibility for the financial statements

The Directors are responsible on behalf of the Company for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and for such internal controls as the Directors determine are necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34. As the auditor of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing Accordingly we do not express an audit opinion on these interim financial statements.

We are independent of the Group. Our firm carries out other services for the Group in the areas of tax compliance and advisory services in relation to procurement processes. The provision of these other services has not impaired our independence.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of the Group are not prepared, in all material respects, in accordance with IAS 34 and NZ IAS 34.

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Who we report to

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review 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 shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants Auckland
26 February 2018