



Metlifecare Limited

Half Year Report
2007

Directors' Review

Performance

For the six months ended	31 December 2006 (\$m)	30 June 2006 (\$m)
Revenue		
– Operations		
Resales	34.9	25.3
Amenities Contributions	9.5	8.9
Village Operating and Other Revenue	16.6	15.0
Revenue from Operations	61.0	49.2
– Development		
Revenue from Development Sales	23.5	9.9
Total Revenue	84.5	59.1
Net Surplus	14.6	11.5
Net Operating Cashflows	23.4	17.9

Metlifecare is pleased to announce a net surplus of \$14.6m for the six months to 31 December 2006 compared to \$11.5m for the six months to 30 June 2006. This improved profit result was on the back of a significant increase in revenue from \$59.1m for the six months to 30 June 2006 to \$84.5m for the six months to 31 December 2006. Increased revenue was the result of strong resales (126 at an average of \$277,000 for the six months to 31 December 2006 compared to 95 at an average of \$267,000 for the six months to 30 June 2006) and 57 development sales (compared to 22 in the preceding period).

Net Operating Cashflows increased from \$17.9m for the six months to 30 June 2006 to \$23.4m in the six months to 31 December 2006 as a result of higher revenue and increased surplus.

Development Update

During the period the company:

- Completed construction of 16 apartments at Metlifecare Greenwood Park.
- Completed construction of 57 apartments and a new community centre at Metlifecare Pinesong with the completion of 27 serviced apartments currently under construction due in March 2007. The company also commenced construction of a further 28 apartments which will complete development at this site.
- Commenced construction of 17 serviced apartments and 6 care beds at Metlifecare Bayswater.
- Commenced construction of 6 apartments at Metlifecare The Avenues.

Dividend

The Directors have declared an interim dividend of 10 cents per share, without imputation credits.

The date of record for the interim dividend entitlement is 2 March 2007 and the date of payment is 9 March 2007.



Hon. J K McLay CNZM, QSO
Chairman
Metlifecare Limited

15 February 2007

Statement of Financial Performance

For the six months ended 31 December 2006

		6 Months Ended 31 December 2006 (Unaudited) \$000	6 Months Ended 30 June 2006 (Audited) \$000
Operating Revenue	3	84,517	59,127
Operating Surplus before Taxation	4	15,103	11,792
Taxation Expense		-	-
Surplus after Taxation		15,103	11,792
Minority Interest in Surplus		(536)	(270)
Net Surplus attributable to the Shareholders' of the parent company		14,567	11,522
Operating Revenue comprises:			
Operating Revenue from Continuing Activities		84,517	59,127
Operating Surplus after taxation comprises:			
Operating Surplus from Continuing Activities		15,103	11,792

The accompanying notes form an integral part of these financial statements.

Statement of Movements in Equity

For the six months ended 31 December 2006

	31 December 2006 (Unaudited) \$000	30 June 2006 (Audited) \$000
Equity at beginning of the period	253,362	229,625
Net Surplus	14,567	11,522
Revaluation of Investment Properties	-	24,868
Realised Surplus transferred to Statement of Financial Performance	(10,067)	(9,102)
Revaluation of Amounts Payable to Residents under terms of Occupation Licences	-	(3,831)
Total Recognised Revenues and Expenses	4,500	23,457
Dividend Paid	(7,861)	-
Dividends Paid to Minority Interest	(800)	-
Increase in Minority Interest	137	280
Equity at end of the period	249,338	253,362

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2006

		31 December 2006 (Unaudited) Note \$000	30 June 2006 (Audited) \$000
EQUITY			
Share Capital	5	44,470	44,470
Reserves		102,523	112,590
Accumulated Surplus		97,296	90,590
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Parent Shareholders' Equity		244,289	247,650
Minority Interest		5,049	5,712
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Total Equity		249,338	253,362
 NON CURRENT LIABILITIES			
Bank Loans (Secured)		84,400	74,250
Other Loans (Secured)		4,325	4,325
Refundable Occupation Licences	7	1,543	1,692
Amortising Liabilities to Residents		36	132
Finance Leases (Secured)		80	92
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Total Non Current Liabilities		90,384	80,491
 CURRENT LIABILITIES			
Creditors and Accruals	6	13,216	12,718
Finance Leases (Secured)		24	24
Refundable Occupation Licences	7	8,973	9,925
Amortising Liabilities to Residents		144	144
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Total Current Liabilities		22,357	22,811
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Total Equity and Liabilities		362,079	356,664

The accompanying notes form an integral part of these financial statements.

		31 December 2006 (Unaudited) \$000	30 June 2006 (Audited) \$000
	Note		
NON CURRENT ASSETS			
Investment Properties	8	193,035	195,540
Property, Plant and Equipment		34,229	33,461
Other Non Current Assets	9	65,511	58,978
Total Non Current Assets		292,775	287,979
CURRENT ASSETS			
Cash at Bank		450	1,576
Inventory	10	34,716	39,399
Debtors and Prepayments	11	34,138	27,710
Total Current Assets		69,304	68,685
Total Assets		362,079	356,664



Hon. J K McLay CNZM, QSO
Chairman

15 February 2007



D L Guihot
Director

15 February 2007

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the six months ended 31 December 2006

	6 Months Ended 31 December 2006 (Unaudited) \$000	6 Months Ended 30 June 2006 (Audited) \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows	72,229	52,506
Cash Outflows	(48,825)	(34,564)
Net cash flow from Operating Activities	23,404	17,942
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows	6	-
Cash Outflows	(26,025)	(35,221)
Net cash flow from Investing Activities	(26,019)	(35,221)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflows	10,150	19,250
Cash Outflows	(8,661)	-
Net cash flow from Financing Activities	1,489	19,250
Net (decrease)/increase in cash held	(1,126)	1,971
Add cash at the beginning of the period	1,576	(395)
Cash at the end of the period	450	1,576
Cash comprises cash balances held with banks in New Zealand:		
Cash at Bank	450	1,576
Bank Overdraft	-	-
	450	1,576

The accompanying notes form an integral part of these financial statements.

	6 Months Ended 31 December 2006 (Unaudited) \$000	6 Months Ended 30 June 2006 (Audited) \$000
RECONCILIATION OF NET SURPLUS WITH NET CASH FLOW FROM OPERATING ACTIVITIES		
Net Surplus	14,567	11,522
Add back development cost of sales (Investing Activity)	20,226	7,731
Repurchases	(185)	3,351
	34,608	22,604
Non-cash items		
Depreciation	782	775
Minority Interest	536	270
Net (Surplus)/Deficit on Sale of Property, Plant and Equipment	(3)	-
	1,315	1,045
Movement in Balance Sheet Items relating to Operating Activities		
Debtors and Prepayments	(6,428)	1,266
Creditors and Accruals	538	4,203
Amortising Liabilities to Residents	(96)	(99)
Other Non Current Assets	(6,533)	(11,077)
	(12,519)	(5,707)
Net cash flow from Operating Activities	23,404	17,942

The accompanying notes form an integral part of these financial statements.

Accounting Policies and Notes to the Financial Statements

For the six months ended 31 December 2006

1. The consolidated financial statements are prepared from the financial statements of Metlifecare Limited and its subsidiaries for the six months ended 31 December 2006.

The financial statements have been prepared in accordance with the requirements of FRS 24 and should be read in conjunction with the Annual Report for the six months ended 30 June 2006.

2. Changes in Accounting Policies

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

3. Operating Revenue

	31 December 2006 (Unaudited) \$000	30 June 2006 (Audited) \$000
Sales Revenue	23,518	9,887
Resales Revenue	34,860	25,348
Amenities Revenue	9,520	8,863
Village Operating and Other Revenue	16,619	15,029
	<hr/> 84,517	<hr/> 59,127

4. Operating Surplus before Taxation

	31 December 2006 (Unaudited) \$000	30 June 2006 (Audited) \$000
Operating Surplus before Taxation is stated: After Charging/(Crediting):		
Depreciation		
– Buildings	237	233
– Plant, Furniture and Equipment	541	509
– Motor Vehicles	4	33
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Total depreciation	782	775
Audit fees	81	166
Taxation Services	18	34
Change in doubtful debts provision		
– provided/(released)	(51)	(37)
Bad Debts	-	-
Directors' fees		
– parent	94	106
– 50% subsidiary	19	13
Rent and operating lease costs	179	176
Realised Surplus transferred to Statement of Financial Performance	(10,067)	(9,102)
Interest		
– bank and other loans	3,380	2,295
– bank and other short term borrowings	-	1
– finance leases	5	5
– capitalised	(1,625)	(1,426)
– received	(50)	(52)
– facility fees	222	148
Net (Surplus)/Deficit on Sale of Property, Plant and Equipment	(3)	-

Accounting Policies and Notes to the Financial Statements (continued)

For the six months ended 31 December 2006

5. Share Capital

31 December	30 June
2006	2006
(Unaudited)	(Audited)
\$000	\$000

Issued and Fully Paid Capital

Balance at beginning and end of the period	44,470	44,470
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There were 87,348,541 shares on issue at 31 December 2006 (30 June 2006: 87,348,541).

The following options to subscribe to the Company's ordinary shares were outstanding.

Number of Options	Number of Options Options	Exercise Price	Expiry Date
December 2006	June 2006		
100,000	100,000	\$1.26	23 May 2007

6. Creditors and Accruals

	31 December	30 June
	2006	2006
	(Unaudited)	(Audited)
	\$000	\$000
Trade Creditors	1,747	880
Sundry Creditors and Accruals	9,656	10,144
Employee Entitlements	1,813	1,694
	13,216	12,718

7. Refundable Occupation Licences

Amounts payable to residents where there is no firm monetary obligation on the Group to repurchase until resale have been deducted from Investment Properties (refer Note 8) and may be analysed as follows:

	31 December 2006 (Unaudited) \$000	30 June 2006 (Audited) \$000
Repayable on resale only	541,914	510,387
Repayable under options to repurchase	7,632	7,992
	549,546	518,379

Amounts repayable to residents under firm monetary repurchase obligation arrangements within 12 months of the resident leaving the village are shown separately as a liability in the Statement of Financial Position. The non current and current portions of the liability are stated at 30 June 2006 as determined by an independent actuary, Mr P. Davies, of Davies Financial & Actuarial Limited and at 31 December 2006 as estimated by the company:

	31 December 2006 (Unaudited) \$000	30 June 2006 (Audited) \$000
Current	8,973	9,925
Non Current	1,543	1,692
	10,516	11,617

At 31 December 2006 the Group had 2,180 allotted securities (30 June 2006: 2,114) with a carrying value of \$560m (30 June 2006: \$530m).

Accounting Policies and Notes to the Financial Statements (continued)

For the six months ended 31 December 2006

8. Investment Properties

	31 December 2006 (Unaudited) \$000	30 June 2006 (Audited) \$000
Completed Facilities at Net Current Values	721,700	692,588
Development Properties	20,881	21,331
Less:		
Refundable Occupation		
Licences (Refer Note 7)	(549,546)	(518,379)
	193,035	195,540

Completed facilities at net current values (including community facilities at replacement cost) are based on an independent valuation report by CB Richard Ellis as at 30 June 2006 plus costs on community assets and newly allotted securities.

Development Properties represents land held for development and is recorded at cost including holding costs and costs associated in bringing the land to its current condition. Development Properties expected to be developed during the next 12 months are included in Inventory.

External finance costs capitalised during the period amounted to \$1.6m (30 June 2006: \$1.4m).

9. Other Non Current Assets

	31 December 2006 (Unaudited) \$000	30 June 2006 (Audited) \$000
Loans to Residents	2,706	2,817
Amenities Contribution Receivable	62,805	56,161
	65,511	58,978

10. Inventory

	31 December 2006 (Unaudited) \$000	30 June 2006 (Audited) \$000
Repurchased Occupation Licences held for resale	2,478	2,034
Occupation Licences for completed Units and Serviced Apartments available for sale	<u>16,442</u>	<u>15,422</u>
Total Unallotted Securities	18,920	17,456
Construction Work in Progress	<u>15,796</u>	<u>21,943</u>
	<u>34,716</u>	<u>39,399</u>

At 31 December 2006 the Group had 52 unallotted securities (30 June 2006: 58).

11. Debtors and Prepayments

	31 December 2006 (Unaudited) \$000	30 June 2006 (Audited) \$000
Trade Debtors	2,578	2,629
Less: Provision for Doubtful Debts	(16)	(84)
Sundry Debtors and Prepayments	2,227	1,674
Unconditional Sale and Resale Receivables	23,508	17,650
Amenities Contribution Receivable	5,824	5,824
Taxation Receivable	<u>17</u>	<u>17</u>
	<u>34,138</u>	<u>27,710</u>

12. Capital Commitments

	31 December 2006 (Unaudited) \$000	30 June 2006 (Audited) \$000
Estimated capital commitments contracted for at balance date but not provided for	<u>19,228</u>	<u>16,682</u>

Accounting Policies and Notes to the Financial Statements (continued)

For the six months ended 31 December 2006

13. Adopting NZ Equivalents to IFRS ('NZ IFRS')

The company is continuing to progress the NZ IFRS conversion project. The company will adopt NZ IFRS for the year ending 30 June 2008, publishing NZ IFRS compliant financial statements for the half year ending 31 December 2007 and the full year ending 30 June 2008.

As at 31 December 2006 the company has identified the following standards that are likely to have significant impact on the financial statements presented by the company.

NZ IAS 18 Revenue – sales and resales revenue will no longer meet the definition of revenue under NZ IFRS. Amenities revenue will be recognised over the average period of occupancy of the resident, the legal entitlement to the revenue being the current recognition basis under NZ FRS.

NZ IAS 40 Investment Properties – the fair value of Investment Properties will be measured using discounted cash flow techniques less cash flows already recognised as a separate asset or liability in the Statement of Financial Position, for example refundable occupation licences. Investment Properties will be shown gross of the refundable occupation licences with the amount owing to residents being recorded as a separate liability. Under NZ FRS the Investment Properties are carried at net current value and are shown net of refundable occupation licences. Changes in value of Investment Properties will be recorded in the Statement of Financial Performance. Under NZ FRS, these are currently recorded in reserves with only the sale or resale margin being recorded in the Statement of Financial Performance.

NZ IAS 12 Income Taxes – this standard will require recognition of deferred tax using the comprehensive basis applied to temporary differences together with a different test associated with recognition of deferred tax assets. This will result in the company potentially recognising deferred tax balances in relation to Investment Properties and certain other balances in the Statement of Financial Position.

NZ IAS 2 Inventories – certain items currently recognised as inventory will no longer meet the definition of inventory under this standard and will be reclassified as investment properties and property, plant and equipment.

NZ IAS 32 Financial Instrument Disclosure and Presentation – The application of this standard may result in financial assets and financial liabilities being reclassified in the Statement of Financial Position, for example where right of set off exists, and in the recognition of interest rate swaps in the Statement of Financial Position at fair values.

The company has not yet completed a reliable estimate of the impacts of these differences on the financial statements.

The purpose of this disclosure is to highlight the impact the company expects as a result of transitioning to NZ IFRS from current NZ GAAP based on the standards and interpretations as they are today. It is possible that future developments to NZ IFRS will change the nature of the adjustments required by the time the company reports its first financial statements prepared under NZ IFRS.

Villages and Care Facilities

31 December 2006

- 1. Metlifecare Bayswater**
60 Maranui Street, Mt Maunganui
 - 159 villas
 - 56 apartments
- 2. Metlifecare Coastal Villas**
Spencer Russell Drive off Rimu Road, Paraparaumu
 - 131 villas
 - 50 serviced apartments
 - 7 bed rest home
 - 23 bed hospital
- 3. Metlifecare Crestwood**
38 Golf Road, Titirangi, Auckland
 - 121 villas
 - 14 serviced apartments
 - 41 bed rest home
- 4. Metlifecare Greenwood Park**
10 Welcome Bay Road, Welcome Bay, Tauranga
 - 143 villas
 - 80 apartments
 - 15 serviced apartments
- 5. Metlifecare Highlands**
49 Aberfeldy Avenue, Highland Park, Auckland
 - 129 villas
 - 70 serviced apartments
 - 31 bed rest home
 - 10 bed hospital
- 6. Metlifecare Kapiti**
1 Henley Way, off Guildford Drive, Paraparaumu
 - 225 villas
- 7. Metlifecare Oakwoods**
357 Lower Queen Street, Richmond, Nelson
 - 92 villas
 - 49 serviced apartments
 - 18 bed rest home
 - 30 bed hospital
- 8. Metlifecare Pakuranga**
12-30 Edgewater Drive, Pakuranga, Auckland
 - 69 villas
 - 18 serviced apartments
 - 60 bed rest home
- 9. Metlifecare Pinesong**
66 Avonleigh Road, Titirangi, Auckland
 - 100 villas
 - 191 apartments
- 10. Metlifecare Powley**
135 Connell Street, Blockhouse Bay, Auckland
 - 46 villas
 - 34 serviced apartments
 - 18 bed rest home
 - 27 bed hospital
- 11. Metlifecare 7 Saint Vincent**
7 St Vincent Avenue, Remuera, Auckland
 - 81 apartments
 - 12 serviced apartments
 - 2 care suites
- 12. Metlifecare Somervale**
33 Gloucester Road, Mt Maunganui
 - 83 villas
 - 11 serviced apartments
 - 19 bed rest home
 - 21 bed hospital
- 13. Metlifecare The Avenues**
Cnr Tenth Avenue & Devonport Roads, Tauranga
 - 81 apartments
- 14. Metlifecare Wairarapa**
140 Chapel Street, Masterton
 - 48 villas
 - 25 serviced apartments
 - 26 bed rest home
 - 16 bed hospital
- 15. Metlifecare Palmerston North (50% owned)**
Cnr Carroll & Fitchett Streets, Palmerston North
 - 49 villas
 - 50 serviced apartments
 - 18 bed rest home
 - 20 bed hospital

Directory

As at 31 December 2006 and subsequent changes

DIRECTORS

Hon. James Kenneth McLay
CNZM, QSO *Chairman*
Peter Ross Brown
Clifford James Cook¹
Darryl Leonard Guihot
Phillip Brent Harman
John James Loughlin
Patrick Desmond McCawe¹
Patrick Joseph McClure AO²

AUDIT COMMITTEE

Darryl Leonard Guihot
Chairman
Phillip Brent Harman
John James Loughlin

REMUNERATION COMMITTEE

Hon. James Kenneth McLay
CNZM, QSO *Chairman*
Clifford James Cook¹
Phillip Brent Harman
John James Loughlin

NOMINATIONS & CORPORATE GOVERNANCE COMMITTEE

Hon. James Kenneth McLay
CNZM, QSO *Chairman*
Phillip Brent Harman
John James Loughlin

ACQUISITION & DEVELOPMENT COMMITTEE

Peter Ross Brown
Chairman
Clifford James Cook¹
John James Loughlin

CHIEF EXECUTIVE OFFICER

Richard Jan Anthony de Haast

AUDITORS

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Investor Enquiries: 09 488 8777

¹ Resigned 14 February 2007

² Appointed 14 February 2007

