



Metlifecare Limited

Half Year Report
2005

Directors' Review

Performance

Metlifecare is pleased to announce a net surplus of \$8.8 million for the six months to 30 June 2005.

For the six months ended 30 June	2005	2004
	(\$m)	(\$m)
Total revenue	54.6	54.6
Net surplus	8.8	8.2
Net Operating Cash Flows	13.0	10.4

The Company's operating revenues for the first six months were \$54.6 million compared to \$54.6 million for the same period last year. Net surplus as a percentage of total revenue was up from 15% to 16% on the same period last year.

For the six months ended 30 June	2005	2004
	(\$m)	(\$m)

Revenue

- Operations		
Resales	23.5	22.9
Amenities Contributions	6.4	5.4
Ancillary & Support Services	6.3	6.1
Nursing Homes & Hospitals	7.1	6.5
Revenue from Operations	43.3	40.9
- Development		
Revenue from Development Sales	11.3	13.7
Total Revenue	54.6	54.6

Revenue from Operations was up 6% from \$40.9 million in 2004 to \$43.3 million in 2005.

While Total Revenue remained constant, there was significant improvement in operational performance driven largely by a lift in Amenities Contributions on improved selling prices.

Revenue from Development was down against the same period last year due to lower volumes. Higher selling prices were achieved on sales of new villas and apartments.

Net Operating Cash Flows increased from \$10.4 million for the first half of 2004 to \$13.0 million in 2005. This is due largely to the timing of the completion and settlement of development projects and resales at improved margins.

The Company has achieved 121 sales and resales of villas and apartments during the period.

For the six months ended 30 June	Number	Number
	2005	2004
Sales	29	41
Resales	92	97
Total	121	138

Sales in the second half of 2005 will see full year numbers ahead of the prior year.

Although resales numbers were lower, revenue has lifted due to improved selling prices. The average resales price for the first half of 2005 was \$255,000 compared with \$236,000 for the same period last year.

Development Update

The final stage of development at 7 Saint Vincent, in Remuera is progressing well. The addition of 42 apartments, 12 serviced apartments and two care suites to the existing 39 apartments will complete development for this village. The apartments are scheduled for completion at the end of 2005 with serviced apartments and care suites to be completed and available during the first quarter of 2006.

Profit Outlook

The Company continues to maintain its focus on its core competency as a Retirement Village Operator striving to achieve operational excellence. The success of this focus is evident in the strong demand Metlifecare receives for its products and services.

Increased revenue from development activities in the second half of 2005 is anticipated as the 7 Saint Vincent village development currently under construction is completed and occupied.

The Company is on track to deliver a 2005 full year net surplus of \$21.5 million. However the final outcome for the year is dependent upon the completion and sale of apartments at 7 Saint Vincent.

Dividend

The robust performance has placed the Company in a strong financial position, providing the business with the financial capacity to continue to fund growth plans and pay a dividend.

The Directors have declared an interim dividend of 2.2 cents per share, without imputation credits.

The date of record for the interim dividend entitlement is 12th August 2005 and the date of payment is 19th August 2005.



Peter W. Fitzsimmons OBE
Chairman
28 July 2005

Statements of Financial Performance

For the six months ended 30 June 2005

	Note	12 Months Ended		
		30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
Operating Revenues	3	54,562	54,591	108,943
Operating Surplus before Taxation	4	9,114	8,414	17,964
Taxation Expense		-	-	-
Surplus after Taxation		9,114	8,414	17,964
Minority Interest in Surplus		(287)	(255)	(493)
Net Surplus attributable to the Shareholders' of the parent company		8,827	8,159	17,471
Operating Revenues comprises:				
Operating Revenues from Continuing				
Activities		54,562	54,591	108,943
Operating Surplus after taxation comprises:				
Operating Surplus from Continuing				
Activities		9,114	8,414	17,964

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

Statements of Movements in Equity

For the six months ended 30 June 2005

	Note	12 Months Ended		
		30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
Equity at beginning of the period		198,005	151,596	151,596
Net Surplus		8,827	8,159	17,471
Revaluation of Investment Properties		-	-	51,858
Realised Surplus transferred to				
Statement of Financial Performance		(9,201)	(6,534)	(17,462)
Revaluation of Amounts Payable to				
Residents under terms of				
Occupation Licences		-	-	(1,063)
Write down of previous revaluation				
of care facilities		-	-	(885)
Total recognised revenues and expenses		(374)	1,625	49,919
Dividend Paid		(3,047)	(4,327)	(6,058)
Increase in Minority Interest		27	144	2,548
Increase in Share Capital	5	956	-	-
Equity at end of the period		195,567	149,038	198,005

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

Statements of Financial Position

As at 30 June 2005

		30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
EQUITY				
Share Capital	5	44,470	43,514	43,514
Reserves		77,607	48,661	86,808
Accumulated Surplus		68,082	53,886	62,302
Parent Shareholders' Equity		190,159	146,061	192,624
Minority Interest		5,408	2,977	5,381
Total Equity		195,567	149,038	198,005
NON CURRENT LIABILITIES				
Bank Loans (Secured)		60,200	39,000	59,500
Other Loans		4,325	-	4,325
Refundable Occupation Licences	7	1,724	2,185	2,022
Amortising Liabilities to Residents		188	638	306
Finance Leases (Secured)		117	138	127
Other Liabilities		-	675	-
Total Non Current Liabilities		66,554	42,636	66,280
CURRENT LIABILITIES				
Creditors and Accruals	6	9,395	8,937	8,031
Bank Overdraft		131	1,198	-
Bank Loans (Secured)		-	400	-
Other Loans		-	-	465
Finance Leases (Secured)		21	21	21
Refundable Occupation Licences	7	6,308	6,234	4,276
Amortising Liabilities to Residents		315	155	328
Total Current Liabilities		16,170	16,945	13,121
Total Equity and Liabilities		278,291	208,619	277,406

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

		30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
NON CURRENT ASSETS				
Investment Properties	8	140,718	92,232	149,361
Property, Plant and Equipment		32,653	33,270	32,442
Other Non Current Assets	9	44,072	35,180	38,396
Total Non Current Assets		217,443	160,682	220,199
CURRENT ASSETS				
Cash at Bank		95	438	646
Inventory	10	40,043	27,187	38,365
Debtors and Prepayments	11	20,710	20,312	18,196
Total Current Assets		60,848	47,937	57,207
Total Assets		278,291	208,619	277,406



Peter W. Fitzsimmons OBE
Chairman

28 July 2005



Robert W. Bryden
Director

28 July 2005

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

Statements of Cash Flows

For the six months ended 30 June 2005

		12 Months Ended	
	30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows	48,922	43,058	96,199
Cash Outflows	(35,937)	(32,626)	(68,378)
Net cash flow from Operating Activities	12,985	10,432	27,821
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows	4	78	21
Cash Outflows	(11,804)	(13,532)	(52,016)
Net cash flow from Investing Activities	(11,800)	(13,454)	(51,995)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Inflows	1,695	24,000	31,189
Cash Outflows	(3,562)	(21,627)	(6,258)
Net cash flow from Financing Activities	(1,867)	2,373	24,931
Net (decrease)/increase in cash held	(682)	(649)	757
Add cash at the beginning of the period	646	(111)	(111)
Cash at the end of the period	(36)	(760)	646
Cash comprises cash balances held with banks in New Zealand:			
Cash at Bank	95	438	809
Bank Overdraft	(131)	(1,198)	(163)
	(36)	(760)	646

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

		12 Months Ended	
	30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
RECONCILIATION OF NET SURPLUS WITH NET CASH FLOW FROM OPERATING ACTIVITIES			
Net Surplus	8,827	8,159	17,471
Add back development cost of sales (Investing Activity)	9,244	11,311	21,283
Repurchases	2,848	1,746	(669)
	20,919	21,216	38,085
Non Cash Items			
Depreciation	752	927	1,816
Bad Debts	20	-	-
Goodwill Amortisation	75	44	89
Minority Interest	287	255	493
Net (Surplus)/Deficit on Sale of Property, Plant and Equipment	(2)	(3)	9
	1,132	1,223	2,407
Movement in Balance Sheet Items relating to Operating Activities			
Debtors and Prepayments	(2,558)	(11,465)	(4,943)
Creditors and Accruals	1,364	(542)	774
Amortising Liabilities to Residents	(131)	-	(308)
Other Non Current Assets	(5,751)	-	(7,725)
Creditors and Accruals Movement Relating to Investing Activities	(1,990)	-	(469)
	(9,066)	(12,007)	(12,671)
Net cash flow from Operating Activities	12,985	10,432	27,821

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

Accounting Policies and Notes to the Financial Statements

For the six months ended 30 June 2005

1. The consolidated financial statements are prepared from the financial statements of Metlifecare Limited and its subsidiaries for the six months ended 30 June 2005.

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 year ended 31 December 2004.

2. Changes in Accounting Policies

There have been no changes in accounting policies during the year. Comparative numbers have been restated to conform to the current year disclosure.

3. Operating Revenues

	30 June 2005 (Unaudited) \$000	12 Months Ended	
		30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
Sales Revenue	11,321	13,685	26,094
Resales Revenue	23,468	22,909	45,918
Amenities Revenue	6,390	5,397	11,295
Village Operating and Other Revenue	13,383	12,600	25,636
	54,562	54,591	108,943

4. Operating Surplus before Taxation

	30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	12 Months Ended 31 December 2004 (Audited) \$000
Operating Surplus before Taxation is stated:			
After Charging/(Crediting):			
Depreciation			
- Buildings	234	243	486
- Plant, Furniture & Equipment	490	641	1,257
- Motor Vehicles	28	43	73
Total depreciation	752	927	1,816
Audit fees	80	85	146
Taxation Services	32	23	110
Prospectus Reissue Fees	-	-	29
IFRS Services	35	-	-
Change in doubtful debts provision			
- provided	50	-	26
Bad Debts	20	-	-
Directors' fees			
- parent	167	142	312
- 50% subsidiary	13	10	15
Goodwill amortisation	75	44	89
Rent and operating lease costs	94	185	324
Realised Surplus transferred to			
Statement of Financial Performance	(9,201)	(6,534)	(17,462)
Interest			
- bank and other loans	2,199	1,156	2,727
- bank and other short term borrowings	25	44	67
- finance leases	6	7	14
- capitalised	(1,320)	(685)	(1,698)
- received	(43)	(47)	(78)
- facility fees	194	168	423
Net (Surplus)/Deficit on Sale of Property, Plant and Equipment	(2)	(3)	9

Accounting Policies and Notes to the Financial Statements (continued)

For the six months ended 30 June 2005

5. Share Capital

	30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
Issued and Fully Paid Capital			
Balance at beginning of year	43,514	43,514	43,514
Shares issued on exercise of options	956	-	-
Balance at end of period	44,470	43,514	43,514

There were 87,348,541 shares on issue at 30 June 2005 (30 June 2004: 86,548,541, 31 December 2004: 86,548,541). During the period, the following shares were issued under the Executive Share Option Plan:

On 4 March 2005, 400,000 shares at \$1.20 per share and 100,000 shares at \$1.04 per share.

On 8 April 2005, 100,000 shares at \$1.24 per share.

On 14 April 2005, 100,000 shares at \$1.24 per share.

On 28 April 2005, 100,000 shares at \$1.24 per share.

Under the Executive Share Option Plan the following options to subscribe to the Company's ordinary shares are outstanding.

Number of Options June 2005	Number of Options June 2004	Number of Options December 2004	Exercise Price	Expiry Date
-	300,000	300,000	\$1.24	23 May 2006
-	200,000	200,000	\$1.20	1 January 2006
-	200,000	200,000	\$1.20	1 January 2007
100,000	100,000	100,000	\$1.26	23 May 2007
-	100,000	100,000	\$1.04	1 January 2007

6. Creditors and Accruals

	30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
Trade Creditors	511	1,187	2,271
Sundry Creditors and Accruals	7,471	6,717	4,284
Employee Entitlements	1,413	1,033	1,476
	9,395	8,937	8,031

7. Refundable Occupation Licences

	30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
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:			
Repayable on resale only	375,486	334,193	354,962
Repayable under options to repurchase	9,047	11,004	9,962
	384,533	345,197	364,924

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 as determined by an independent actuary, Mr P. Davies, of Davies Financial & Actuarial Limited as follows:

Current	6,308	6,234	4,276
Non Current	1,724	2,185	2,022
	8,032	8,419	6,298

At 30 June 2005 the Group had 1,744 allotted securities (30 June 2004: 1,684, 31 December 2004: 1,710) with a carrying value of \$392,564,902 (30 June 2004: \$353,614,853, 31 December 2004: \$371,222,213).

Accounting Policies and Notes to the Financial Statements (continued)

For the six months ended 30 June 2005

8. Investment Properties

	30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
Completed Facilities at Net Current Values	507,616	435,002	497,514
Development Properties	17,635	2,427	16,771
Less:			
Refundable Occupation Licences (refer Note 7)	(384,533)	(345,197)	(364,924)
	140,718	92,232	149,361

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 31 December 2004 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 \$1,320,484 (30 June 2004: \$684,786, 31 December 2004: \$1,226,938).

9. Other non current assets

	30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
Loans to Residents	2,390	1,946	1,818
Amenities Contribution Receivable	41,617	32,942	36,438
Executive Share Purchase Loan	-	107	-
Goodwill	65	185	140
	44,072	35,180	38,396

10. Inventory

	30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
Repurchased Occupation Licences held for resale	2,031	1,896	3,096
Occupation Licences for completed Units and Serviced Apartments available for sale	13,429	6,526	15,244
Total Unallotted Securities	15,460	8,422	18,340
Construction Work in progress - Unit and Serviced Apartment	22,172	15,947	17,690
Development Properties	2,411	2,818	2,335
	40,043	27,187	38,365

At 30 June 2005 the Group had 50 unallotted securities (30 June 2004: 31, 31 December 2004: 58).

11. Debtors and Prepayments

	30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
Trade Debtors	923	949	990
Less: Provision for Doubtful Debts	(101)	(20)	(51)
Sundry Debtors and Prepayments	1,724	1,210	1,813
Unconditional Sale and Resale Receivables	13,633	14,323	10,868
Amenities Contribution Receivable	4,512	3,835	4,512
Taxation Receivable	19	15	20
Executive Share Purchase Loan	-	-	44
	20,710	20,312	18,196

12. Capital Commitments

	30 June 2005 (Unaudited) \$000	30 June 2004 (Unaudited) \$000	31 December 2004 (Audited) \$000
Estimated capital commitments contracted for at balance date but not provided for	11,316	12,364	17,586

Accounting Policies and Notes to the Financial Statements (continued)

For the six months ended 30 June 2005

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

The company is continuing to progress the NZ IFRS Conversion Project. As a result of this process the company anticipates adopting NZ IFRS effective from 1 January 2007. This means that the first IFRS compliant financial statements will be published for the half year ending 30 June 2007 and the full year ending 31 December 2007.

As at 30 June 2005 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 – certain items currently recognised as revenue will no longer meet the definition of revenue or may be required to be recognised in the Statement of Financial Performance on a different basis. This standard is expected to impact on the recognition of Sales, Resales and Amenities Revenue.

NZ IAS 40 Investment Properties – changes in value of Investment Properties are recorded in the Statement of Financial Performance. Under NZ GAAP, 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 requires recognition of deferred tax using the comprehensive basis applied to temporary differences together with a different test associated with recognition of losses. This will result in the company recognising deferred tax balances not currently recognised under the company's accounting policies.

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.

Due to the 2007 anticipated adoption date and application of NZ IFRS standards to the retirement industry, the company has not been able to reliably estimate the impacts of these differences on the financial statements.

The purpose of this disclosure is to highlight the impact the group 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 group reports its first financial statements prepared under NZ IFRS.

Villages and Care Facilities

30 June 2005

Metlifecare Bayswater

- 60 Maranui Street, Mt Maunganui
- 159 villas
 - 56 apartments

Metlifecare Coastal Villas

- Spencer Russell Drive off Rimu Road, Paraparaumu
- 122 villas
 - 41 serviced apartments
 - 7 bed nursing home
 - 23 bed hospital

Metlifecare Crestwood

- 38 Golf Road, Titirangi, Auckland
- 121 villas
 - 14 serviced apartments
 - 41 bed nursing home

Metlifecare Greenwood Park

- 10 Welcome Bay Road, Welcome Bay, Tauranga
- 207 villas
 - 15 serviced apartments

Metlifecare Highlands

- 49 Aberfeldy Avenue, Highland Park, Auckland
- 129 villas
 - 70 serviced apartments
 - 41 bed nursing home

Metlifecare Oakwoods

- 357 Lower Queen Street, Richmond, Nelson
- 92 villas
 - 49 serviced apartments
 - 18 bed nursing home
 - 30 bed hospital

Metlifecare Pakuranga

- 12 - 30 Edgewater Drive, Pakuranga, Auckland
- 69 villas
 - 18 serviced apartments
 - 60 bed nursing home

Metlifecare Pinesong

- 66 Avonleigh Road, Titirangi, Auckland
- 100 villas
 - 147 apartments

Metlifecare Powley

- 135 Connell Street, Blockhouse Bay, Auckland
- 46 villas
 - 34 serviced apartments
 - 18 bed nursing home
 - 27 bed hospital

Metlifecare Remuera

- 7 Saint Vincent, 7 St Vincent Avenue, Remuera, Auckland
- 39 apartments

Metlifecare Somervale

- 33 Gloucester Road, Mt Maunganui
- 83 villas
 - 11 serviced apartments
 - 19 bed nursing home
 - 21 bed hospital

Metlifecare Wairarapa

- 140 Chapel Street, Masterton
- 48 villas
 - 25 serviced apartments
 - 26 bed nursing home
 - 16 bed hospital

Metlifecare Palmerston North (50% owned)

- Grey and Carroll Streets, Palmerston North
- 49 villas
 - 50 serviced apartments
 - 18 bed nursing home
 - 20 bed hospital

Directory

DIRECTORS

Peter William Fitzsimmons OBE
(Chairman)
Robert William Bryden
Clifford James Cook
Dr Hylton LeGrice OBE
Michael Peter Stiasny
Brett Christopher Sutton

AUDIT COMMITTEE

Robert William Bryden
(Chairman)
Peter William Fitzsimmons OBE
Michael Peter Stiasny

ACQUISITION & DEVELOPMENT COMMITTEE

Clifford James Cook
(Chairman)
Dr Hylton LeGrice OBE
Michael Peter Stiasny
Brett Christopher Sutton

NOMINATIONS & CORPORATE GOVERNANCE COMMITTEE

Peter William Fitzsimmons OBE
(Chairman)
Robert William Bryden
Michael Peter Stiasny

REMUNERATION COMMITTEE

Peter William Fitzsimmons OBE
(Chairman)
Robert William Bryden
Clifford James Cook
Dr Hylton LeGrice OBE

ACTING CHIEF EXECUTIVE OFFICER

Richard Jan Anthony de Haast

REGISTERED OFFICE

Level 2, Metlifecare House
302 Great South Road
Greenlane
Auckland

PO Box 37-463
Parnell
Auckland

Telephone (09) 379 8070
Facsimile (09) 377 2471
www.metlifecare.co.nz

SHARE REGISTRAR

Computershare Investor Services
Limited
Level 2
159 Hurstmere Road
Takapuna
North Shore City

Private Bag 92119
Auckland

Telephone (09) 488 8700
Facsimile (09) 488 8787
Investor Enquiries (09) 488 8777

AUDITORS

PricewaterhouseCoopers
PricewaterhouseCoopers Tower
188 Quay Street
Auckland

SOLICITORS

Hesketh Henry
41 Shortland Street
Auckland

Simpson Grierson
Simpson Grierson Building
92-96 Albert Street
Auckland

BANKERS

Bank of New Zealand
Level 13
BNZ Tower
125 Queen Street
Auckland

ANZ National Bank Limited
Level 15
The National Bank Tower
209 Queen Street
Auckland