

PRELIMINARY HALF YEAR REPORT ANNOUNCEMENT

Metlifecare Limited

For the Half Year Ended 31 December 2012

(referred to in this report as the "current half year")

Preliminary half year report on consolidated results (including the results for the previous corresponding half year) in accordance with Listing Rule 10.4.2.

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on unaudited financial statements.

The Listed Issuer has a formally constituted Audit Committee of the Board of Directors.

1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Consolidated Statement Financial Performance		
	Current Half Year \$NZ'000	*Up/Down %	Previous corresponding Half Year \$NZ'000
1.1 OPERATING REVENUE			
(a) Operating Revenue	43,749	41.36%	30,948
(b) Finance income	795	493.28%	134
(c) Total Operating Revenue	44,544	43.31%	31,082
1.2 OPERATING SURPLUS (DEFICIT) BEFORE TAXATION	86,092	1062.62%	7,405
(a) Less taxation on operating result	1,011		-
1.3 OPERATING SURPLUS (DEFICIT) AFTER TAX	87,103	1076.27%	7,405
(a) Extraordinary Items after Tax [detail in Item 3]			-
1.4 NET SURPLUS (DEFICIT) FOR THE PERIOD	87,103	1076.27%	7,405
(a) Other Comprehensive Income, Net of Tax			-
1.5 TOTAL COMPREHENSIVE INCOME	87,103	1076.27%	7,405
(a) Total comprehensive income attributable to minority interests	(259)		-
1.6 TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	87,362	1079.77%	7,405

2 DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/ EXPENSES FOR HALF YEAR	Consolidated Statement of Financial Performance	
	Current Half Year \$NZ'000	Previous corresponding half year \$NZ'000
2.1 INCLUDED IN CONSOLIDATED INCOME STATEMENT		
(a) Interest revenue included in Item 1.1(c)	127	84
(b) Unusual items for separate disclosure (gain/loss) (detail - Item 3)	63,620	-
(c) Equity earnings (gain/loss) (detail - Item 16)		
(d) Interest expense included in Item 1.2 (include all forms of interest, etc)	(5,249)	(4,506)
(e) Leasing and renting expenses	(215)	(107)
(f) Depreciation	(822)	(605)
(g) Diminution in the value of assets (other than depreciation)		
(h) Amortisation of goodwill		
(i) Amortisation of other intangible assets	(118)	(149)
(j) Impairment of goodwill		
(k) Impairment of other intangible assets		
(l) Change in fair value of investment properties - gain / (loss)	28,311	11,435

2.2 SUPPLEMENTARY ITEMS

- (a) Interest costs excluded from Item 2.1(d) and capitalised
- (b) Outlays (other than those arising from the acquisition of an existing business) capitalised in intangibles
- (c) Unrecognised differences between the carrying value and market value of publicly traded investments

Consolidated Statement of Financial Performance	
Current Half Year	Previous corresponding half year
\$NZ'000	\$NZ'000
243	253

3 DISCONTINUED, UNUSUAL (INCLUDING NON RECURRING), AND EXTRAORDINARY ITEMS OF THE GROUP

Group - Current Half Year

DETAILS AND COMMENTS

Discontinued Activities:

(Disclose Operating Revenue and Operating Surplus)

TOTAL DISCONTINUED ACTIVITIES

Material Unusual (including Non Recurring) Items (included in 1.2)

Description:

Gain on acquisitions VSL and PLC refer note 10 of the half year report for additional detail.

TOTAL UNUSUAL ITEMS

Extraordinary Items (Ref. Item 1.3(a))

TOTAL EXTRAORDINARY ITEMS

Operating Revenue \$NZ'000	Operating Surplus \$NZ'000
	63,620
	63,620
	-
-	-

4 CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

Statement of Movements In Equity

4.1 TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF LISTED ISSUER

- (a) Net Surplus (Deficit) attributable to minority interest

4.2 OTHER RECOGNISED REVENUE AND EXPENSES

- (a) Increases (decreases) in revaluation reserves
- (b) Current Translation Differences
- (c) Minority interest in other recognised revenue and expenses

4.3 TOTAL RECOGNISED REVENUES AND EXPENSES

4.4 OTHER MOVEMENTS

- (a) Contributions by Owners
- (b) Distributions to Owners
- (c) Other

4.5 EQUITY AT BEGINNING OF HALF YEAR

4.6 EQUITY AT END OF HALF YEAR

Current Half Year \$NZ'000	Previous corresponding half year \$NZ'000
87,362	7,405
-	-
87,362	7,405
91,758	44,759
-	-
-	-
438,885	526,166
618,005	578,330

5 EARNINGS PER SECURITY	Earnings Per Security	
	Current Half Year	Previous corresponding half year
Calculation of basic and fully diluted, EPS in accordance with IAS33: Earnings Per Share		
(a) Basic EPS	48.86 CPS	5.79 CPS
(b) Diluted EPS (if materially different from (a))	48.51 CPS	5.79 CPS

6 MATERIAL ACQUISITIONS OF SUBSIDIARIES	
(a) Name of subsidiary or group of subsidiaries	
Vision Senior Living Limited & Private Care Holdings Limited	
(b) Percentage of ownership acquired	100%
(c) Contribution to consolidated net Profit (Item 1.4)	16,594
(d) Date from which such contribution has been calculated	23 July 2012

7 MATERIAL DISPOSALS OF SUBSIDIARIES	
(a) Name of subsidiary or group of subsidiaries	Metlifecare Oakwoods
(b) Contribution to consolidated net Surplus (Deficit) (Item 1.4)	204
(c) Date from which such contribution has been calculated	30 November 2012
(d) Contribution to consolidated net Surplus (Deficit) (Item 1.4) for the previous corresponding half year	(102)
(e) Contribution to consolidated net Surplus (Deficit) (Item 1.4) from sale of subsidiary	(1,559)

8 REPORTS FOR INDUSTRY AND GEOGRAPHICAL SEGMENTS

Information on the industry and geographical segments of the Listed Issuer is to be reported for the half year in accordance with the provisions of SSAP:23: Financial Reporting for Segments. Because of the differing nature and extent of segments among Listed Issuers, no complete proforma is provided, and the segment information should be completed separately and attached to this report. However, the following shows a suitable list of items for presentation and indicates which amounts should agree with items included elsewhere in the half year report:

SEGMENTS

The Group operates in one industry, the accommodation and care of the aged through the ownership and management of retirement villages. All operations are carried out in New Zealand.

Consolidated Balance Sheet			
9 CURRENT ASSETS:	At End of Current Half Year \$NZ'000	As shown in last Annual Report \$NZ'000	If half yearly as shown in last half yearly report \$NZ'000
9.1 (a) Cash and cash equivalents	2,315	9,221	1,632
(b) Trade and other receivables	16,013	15,058	13,489
(c) Amounts due from jointly controlled entities	51	52	66
(d) Property, plant and equipment	28,400	33,056	20,457
(e) Intangible assets	349	358	415
(f) Investment properties	1,816,114	1,168,780	1,271,769
TOTAL ASSETS	1,863,242	1,226,525	1,307,828
9.2 CURRENT LIABILITIES			
(a) Trade and other payables	14,404	15,035	13,111
(b) Derivative financial instruments	492	1,160	1,762
(c) Bank loans	148,987	68,675	75,612
(d) Finance leases	96	106	213
(e) Deferred membership fees	70,915	42,586	40,796
(f) Refundable occupation right agreements	950,783	618,814	598,004
(g) Deferred tax liability	59,560	41,264	-
TOTAL LIABILITIES	1,245,237	787,640	729,498
9.3 NET ASSETS	618,005	438,885	578,330
9.4 SHAREHOLDERS' EQUITY			
(a) Contributed equity	218,475	126,717	126,717
(b) Revaluation reserve	8,140	9,611	-
(c) Retained profits	391,390	302,557	451,613
9.5 SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	618,005	438,885	578,330
(a) Minority equity interests in subsidiaries	-	-	-
9.6 TOTAL SHAREHOLDERS' EQUITY	618,005	438,885	578,330
(a) Returns on Assets (%) (EBIT divided by Total Assets)	4.91%	-6.73%	0.90%
(b) Return on Assets (%) (Net Profit excluding fair value adjustments and finance costs divided by Total Assets).	2.88%	-2.99%	0.04%
(c) Return on Equity (%) (Net Income divided by Shareholders' Equity)	14.14%	-30.09%	1.28%
(d) Debt to Equity Ratio (%) (Total Liabilities divided by Shareholders' Equity)	201.49%	179.46%	126.14%

Net Tangible Assets per security - basic

\$	3.36	\$	3.04	\$	4.01
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		Consolidated Statement of Cashflows for Half Year	
		Current Half Year \$NZ'000	Corresponding half year \$NZ'000
10	CASH FLOWS RELATING TO OPERATING ACTIVITIES		
(a)	Receipts from customers	38,151	28,138
(b)	Receipts from residents for refundable occupation right agreements	93,547	54,294
(c)	Payments to suppliers and employees	(42,347)	(29,090)
(d)	Payments from residents for refundable occupation right agreements	(59,400)	(40,684)
(e)	Net GST paid	(868)	(673)
(f)	Interest received	84	50
(g)	Interest paid	(5,734)	(4,760)
(h)	Acquisition and integration costs	(3,959)	-
	NET OPERATING FLOWS	19,474	7,275
11	CASH FLOWS RELATING TO INVESTING ACTIVITIES		
(a)	Proceeds from disposal of business	28,156	-
(b)	Payments for property, plant and equipment	(139)	(300)
(c)	Payments for intangibles	(117)	(172)
(d)	Advances to jointly controlled entity	1	20
(e)	Payments for investment properties	(23,259)	(1,525)
(f)	Disposal of investment properties	9,400	-
(g)	Capitalised interest paid	(311)	(253)
(h)	Cash acquired on acquisitions of VSL and PLC	7,694	-
	NET INVESTING CASH FLOWS	21,425	(2,230)
12	CASH FLOWS RELATED TO FINANCING ACTIVITIES		
(a)	Proceeds from issuance of ordinary shares	-	44,759
(b)	Net repayments of borrowings	(47,805)	(48,688)
	NET FINANCING CASH FLOWS	(47,805)	(3,929)
13	NET INCREASE (DECREASE) IN CASH HELD	(6,906)	1,116
(a)	Cash at beginning of half year	9,221	516
(b)	Exchange rate adjustments to Item 12.3(a) above		
(c)	CASH AT END OF HALF YEAR	2,315	1,632
14	NON-CASH FINANCING AND INVESTING ACTIVITIES		
	Provide details of financing and investing transactions which have had a material effect on group assets and liabilities but did not involve cash flows:		
	On 23 July 2012 the group completed the acquisition of Vision Senior Living and Private Life Care Holdings Limited. The company issued shares as consideration of the purchase of the assets of the two businesses acquired (see note 10 of the financial statements for additional details).		
15	RECONCILIATION OF CASH		
	For the purposes of the above Statement of cash flows, cash includes:	Current Half Year NZ\$'000	Previous Corresponding half year NZ\$'000
	Cash at the end of the half year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows:		
	Cash on hand and at bank	2,315	1,632
	Deposits at call		
	Bank overdraft	-	-
	Other (provide details eg Term Deposits)		
	Total = Cash at End of Half Year (Item 13(c) above)	2,315	1,632

16 EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES

Information attributable to the reporting group's share of investments in associates and other material interests is to be disclosed by way of separate note below (refer FRS-38 Accounting for Investments in Associates).

16.1 GROUP SHARE OF RESULTS OF ASSOCIATES

- (a) **OPERATING SURPLUS (DEFICIT) BEFORE TAX**
 (b) Less tax
 (c) **OPERATING SURPLUS (DEFICIT) AFTER TAX**
 (i) Extraordinary items
 (d) **NET SURPLUS (DEFICIT) AND EXTRAORDINARY ITEMS AFTER TAX**

Equity Earnings	
Current Half Year \$NZ'000	Previous corresponding half year \$NZ'000
-	-
-	-
-	-
-	-
-	-

16.2 MATERIAL INTERESTS IN CORPORATIONS NOT BEING SUBSIDIARIES

- (a) The group has a material (from group's viewpoint) interest in the following corporations:

Name	Percentage of ordinary shares held at end of Half Year		Contribution to net *surplus (deficit) (Item 1.5)	
	Current Half Year	Previous Corresponding Half Year	Current Half Year NZ\$'000	Previous Corresponding Half Year NZ\$'000
Equity Accounted Associates			<i>Equity Accounted in current year</i>	
Other Material Interests			<i>Not Equity Accounted in current year</i>	
Metlifecare Palmerston North Ltd	50%	50%	205	41

- (b) Investments in Associates

Carrying value of investments in associates beginning of half year

Share of changes in associates' post acquisition surpluses/and reserves:

- Retained surplus
- Reserves

Net goodwill amortisation and impairment adjustments in the period

Less Dividends received in the period

Equity carrying value of investments at the end of half year

Amount of goodwill included in carrying value at end of half year

Current Half Year \$NZ'000	Previous corresponding Half year \$NZ'000

17 ISSUED AND QUOTED SECURITIES AT END OF CURRENT HALF YEAR

Category of Securities	Number Issued	Number Quoted	Paid-Up Value (If not fully paid)
PREFERENCE SHARES:			
Issued during current half year	NIL		
ORDINARY SHARES:			
	184,455,209	184,455,209	
Issued during current half year	39,730,000		
Executive share scheme held in trust	610,000		
CONVERTIBLE NOTES			
Issued during current half year	NIL		
OPTIONS:			
Issued during current half year	NIL		
Executive Share Option Plan			
DEBENTURES - Totals only:	NIL	\$	
UNSECURED NOTES - Totals only:	NIL	\$	
OTHER SECURITIES	NIL	\$	\$

18 COMMENTS BY DIRECTORS

If no report in any section, state NIL. If insufficient space below, provide details in the form of notes to be attached to this report.

- (a) Material factors affecting the revenues and expenses of the group for the current half year

Investment properties were valued at 31 December 2012 by CBRE Limited (CBRE) (June 2012: CBRE Limited) who are independent registered valuers and associates of the New Zealand Institute of Valuers, at a total of \$801.5m (June 2012: \$514.1m). CBRE are appropriately qualified and experienced in valuing retirement village properties in New Zealand. CBRE performed a "roll forward" of the valuation that was completed at 30 June 2012 for the period from 1 July 2012 to 31 December 2012. This involved the company 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 valuation. CBRE will perform the valuation for the year ending 30 June 2013 which will be assessed and subject to audit. The fair values are based on a discounted cash flow model applied to the expected future cash flows generated by the investment properties. The valuation calculates the expected cash flows for a 20 year period (2012: 20 years), based on occupancy turnover of 10.7% - 14.2% pa (2012: 11.1% - 14.5% pa) for units and 21.3% - 26.4% pa (2012: 20.8% - 26.3% pa) for serviced apartments which is extrapolated at a compound growth rate of 1.8% - 3.4% (2012: 2.7% - 3.2%) and discounted to present value at pre-tax discount rates of 12.5% - 15.0% (2011: 12.5% - 15.0%).

On 23 July 2012 (the date of acquisitions), Metlifecare Limited acquired 100% of the issued ordinary share capital in Vision Senior Living Limited (VSL) and Private Life Care Holdings Limited (PLC) (collectively referred to as the "Acquisitions").

In consideration for the Acquisitions, Metlifecare issued 29,730,000 ordinary shares to Retirement Village Investments Limited (the PLC Vendor), and 10,000,000 ordinary shares to the VSL Vendors. Retirement Village Investments Limited is a related party to the Company through common ownership. The issue price for the issued ordinary shares at the date of acquisitions was \$2.31 resulting in a total consideration value of \$91,776,300.

The consideration paid, the fair value of assets acquired and liabilities assumed as a result of the Acquisitions, are detailed in note 10 of the financial statements and include a bargain gain on acquisitions of \$63.6m.

- (b) Significant trends or events since end of current half year

On 21 February 2013 the Directors approved a dividend of 1 cent per share amounting to \$1.845 million payable 17 April 2013

- (c) Changes in accounting policies since last Annual Report to be disclosed

N/A

- (d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain

NIL

- (e) Management's discussion and analysis of financial condition, result and/or operations (optional) - this section should contain forward looking statements that should outline where these involve risk and uncertainty

NIL

- (f) Other comments

NIL

19 DIVIDEND

(a) Dividend Yield as at balance date (%) (Annual dividend per share divided by price per share)

NIL

(b) Tax Adjusted Dividend Yield as at balance date (%) (Annual net dividend per share divided by price per share)

NIL

20 ANNUAL MEETING (if full year report)

(a) To be held at

N/A

(b) Date:

Time:

(c) Approximate date of availability of Annual Report

If this full year report was approved by resolution of the Board of Directors, please indicate date of meeting:

.....
(signed by) Authorised Officer of Listed Issuer

.....
(date)