Financial Statements

For the half year ended 31 December 2015

Metlifecare Limited Directors' Report

The directors have pleasure in presenting the Interim Financial Statements of Metlifecare Limited for the half year ended 31 December 2015.

The Interim Financial Statements presented are signed for and on behalf of the Board, and were authorised for issue on 24 February 2016.

The Interim Financial Statements are unaudited.

K.R. Ellis	**A.B. Ryan**
Chair	Director
24 February 2016	24 February 2016

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2015

$000	Note	Half year ended 31 December 2015	Half year ended 31 December 2014
Income			
Operating revenue		**51,958**	48,944
Other income		**-**	2,000
Finance income		**112**	73
Total income		**52,070**	51,017
Change in fair value of investment properties	7	**128,528**	32,256
Share of profit arising from joint venture, net of tax		**215**	791
Expenses			
Employee costs		**(21,744)**	(19,315)
Property costs	4	**(12,329)**	(10,007)
Other expenses	4	**(12,181)**	(10,419)
Depreciation	4	**(989)**	(840)
Amortisation		**(123)**	(101)
Finance costs	4	**(75)**	(561)
Total expenses		**(47,441)**	(41,243)
Profit before income tax		**133,372**	42,821
Income tax expense	6	**(7,681)**	(3,120)
Profit for the period		**125,691**	39,701
Other comprehensive income		**-**	-
Total comprehensive income, net of tax		**125,691**	39,701
Profit attributable to shareholders of the parent company		**125,691**	39,701
Total comprehensive income attributable to shareholders of the parent company		**125,691**	39,701
Profit per share for profit attributable to the equity holders of the Company during the period			
- Basic (cents)		**59.19**	18.78
- Diluted (cents)		**59.19**	18.78

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 2015

$000	Note	Contributed Equity	Retained Earnings	Revaluation Reserve	Employee Share Scheme Reserve	Total Equity
Six months to 31 December 2014						
Balance at 1 July 2014		**298,766**	**484,648**	**8,089**	**300**	**791,803**
Comprehensive income						
Profit for the period		-	39,701	-	-	39,701
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	39,701	-	-	39,701
Proceeds from shares issued	9	3,428	-	-	-	3,428
Employee share scheme		-	-	-	406	406
Dividends paid to shareholders		-	(5,278)	-	-	(5,278)
Balance at 31 December 2014		**302,194**	**519,071**	**8,089**	**706**	**830,060**
Six months to 31 December 2015						
Balance at 1 July 2015		**303,695**	**598,850**	**8,238**	**657**	**911,440**
Comprehensive income						
Profit for the period		-	125,691	-	-	125,691
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	125,691	-	-	125,691
Proceeds from shares issued	9	2,206	-	-	-	2,206
Employee share scheme		-	-	-	249	249
Transfer from employee share scheme reserve		475	-	-	(475)	-
Dividends paid to shareholders		-	(6,366)	-	-	(6,366)
Balance at 31 December 2015		**306,376**	**718,175**	**8,238**	**431**	**1,033,220**

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

Consolidated Balance Sheet

As at 31 December 2015

$000	Note	31 December 2015	30 June 2015	31 December 2014
Assets				
Cash and cash equivalents		**6,266**	1,194	927
Trade receivables and other assets		**9,553**	8,204	13,965
Property, plant and equipment		**32,852**	33,375	28,460
Intangible assets		**941**	462	232
Investment properties	7	**2,380,646**	2,176,556	2,035,632
Investment in joint venture		**7,645**	7,632	7,612
Total assets		**2,437,903**	2,227,423	2,086,828
Liabilities				
Trade and other payables		**45,224**	26,909	21,594
Interest bearing liabilities	8	**48,760**	60,070	51,642
Deferred membership fees		**89,481**	84,223	81,224
Refundable occupation right agreements		**1,134,907**	1,066,141	1,031,450
Deferred tax liabilities	6	**86,311**	78,640	70,858
Total liabilities		**1,404,683**	1,315,983	1,256,768
Net assets		**1,033,220**	911,440	830,060
Equity				
Contributed equity	9	**306,376**	303,695	302,194
Revaluation reserve		**8,238**	8,238	8,089
Employee share scheme reserve		**431**	657	706
Retained earnings		**718,175**	598,850	519,071
Total equity		**1,033,220**	911,440	830,060

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 2015

$000	Note	Half year ended 31 December 2015	Half year ended 31 December 2014
Cash flows from operating activities			
Receipts from residents for membership fees, village fees and care fees		42,251	40,366
Other income		-	2,000
Receipts from residents for refundable occupation right agreements		142,831	89,092
Payments to suppliers and employees		(46,411)	(38,902)
Payments to residents for refundable occupation right agreements		(60,949)	(58,850)
Net GST received / (paid)		436	(299)
Interest received		68	53
Interest paid		(184)	(462)
Net cash inflow from operating activities	5	78,042	32,998
Cash flows from investing activities			
Payments for property, plant and equipment		(628)	(1,542)
Payments for intangibles		(585)	(82)
(Advances to) / receipts from joint venture		(119)	207
Dividends received from joint venture		203	225
Payments for investment properties		(54,676)	(37,617)
Capitalised interest paid		(1,778)	(1,399)
Net cash outflow from investing activities		(57,583)	(40,208)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares, net of issue costs		2,206	3,428
Dividends paid		(6,366)	(5,278)
Net (repayments of) / proceeds from borrowings		(11,227)	9,148
Net cash inflow from financing activities		(15,387)	7,298
Net decrease in cash and cash equivalents		5,072	88
Cash and cash equivalents at beginning of the period		1,194	839
Cash and cash equivalents at end of period		6,266	927

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

Notes to the Interim Financial Statements

1. General Information

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.

These financial statements have been approved for issue by the Board of Directors on 24 February 2016.

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.

2. Summary of Significant Accounting Policies

Entities reporting

The interim financial statements are for the consolidated group comprising Metlifecare Limited ("the Company") and its subsidiaries (together "the Group").

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

Statutory base

Metlifecare Limited is a company registered under the Companies Act 1993 and is an 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). The financial statements have been prepared in accordance with the requirements of the NZX listing rules.

These consolidated interim financial statements for the half year reporting period ended 31 December 2015 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 financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these consolidated interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2015, prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

The interim financial statements for the six months ended 31 December 2015 and comparatives for the six months ended 31 December 2014 are unaudited. The consolidated financial statements for the year ended 30 June 2015 were audited and form the basis for the comparative figures for that period in these interim financial statements. The interim 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.

Notes to the Interim Financial Statements

2. Summary of Significant Accounting Policies (continued)

Standards, interpretations and amendments to published standards

There are no new standards or amendments to existing standards effective for the financial year ending 30 June 2016 which have a material impact on the Group.

All accounting policies that materially affect the measurement of the statement of comprehensive income, balance sheet and the cash flow statement have been applied on a basis consistent with those used in the audited financial statements for the year ended 30 June 2015.
Where necessary, certain comparative information has been reclassified in order to conform to changes in presentation in the current period.

3. Segment Information

The Group operates in one operating segment. The chief operating decision maker ("The Board"), reviews the operating results on a regular basis and makes decisions on resource allocation based on the review of Group results. The Board makes resource allocation decisions on the basis of expected cash flows and the results of the Group 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 $5.9m (December 2014: $6.2m).

Notes to the Interim Financial Statements

4. Expenses

$000	Half year ended 31 December 2015	Half year ended 31 December 2014
Profit before income tax includes		
Property costs		
- Utilities and other property costs	5,545	5,447
- Repairs and maintenance on investment properties	6,513	4,239
- Repairs and maintenance on plant, furniture and equipment	271	321
Total property costs	12,329	10,007
Depreciation		
- Plant, furniture and equipment	692	562
- Motor vehicles	108	82
- Freehold buildings	189	196
Total depreciation	989	840
Finance costs		
- Interest and fees expense	1,854	1,960
- Less: Interest expense capitalised	(1,779)	(1,399)
Total finance costs	75	561
Other expenses		
- Resident costs	2,908	2,908
- Marketing and promotion	1,840	1,805
- Other employment costs	1,527	1,080
- Residents' share of capital gain	1,488	1,214
- Other operating costs (no items of individual significance)	4,001	2,983
Fees paid to PricewaterhouseCoopers New Zealand		
- Audit and review of financial statements	50	56
- Other assurance related services	7	3
- Tax compliance services	4	43
- Advisory services on executive remuneration	28	15
Total fees paid to PricewaterhouseCoopers New Zealand	89	117
Directors' fees	328	312
Total other expenses	12,181	10,419

Notes to the Interim Financial Statements

5. Reconciliation of Profit after Tax with Cash Inflow from Operating Activities

$000	Half year ended 31 December 2015	Half year ended 31 December 2014
Profit for the period	**125,691**	39,701
Adjustments for:		
Change in fair value of investment properties	**(128,528)**	(32,256)
Change in fair value of residents' share of capital gains	**1,488**	1,214
Employee share scheme	**249**	406
Depreciation	**989**	840
Amortisation	**123**	101
Movement in deferred tax expense	**7,671**	3,080
Gain on disposal of property, plant and equipment	**(1)**	(44)
Share of profit arising from joint venture, net of tax	**(215)**	(791)
Changes in working capital relating to operating activities:		
Trade receivables and other assets	**(298)**	(1,357)
Trade and other payables	**(1,618)**	9
Deferred membership fees	**5,258**	3,370
Refundable occupation right agreements	**67,233**	18,725
Net cash inflow from operating activities	**78,042**	32,998

6. Income Tax Expense

$000	Half year ended 31 December 2015	Half year ended 31 December 2014
(a) Income tax expense		
Current tax	**10**	40
Deferred tax	**7,671**	3,080
	7,681	3,120
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**133,372**	42,821
Tax at the New Zealand tax rate of 28%	**37,344**	11,990
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non taxable income and non deductible expenditure	**(345)**	(371)
Non taxable impact of investment property revaluation	**(35,988)**	(9,032)
Movement in property valuations for deferred tax	**6,630**	3,206
Tax impact of change in investment property depreciable tax base	**(193)**	279
Share of profit arising from joint venture	**(121)**	(221)
Other	**(18)**	(823)
Prior period adjustment	**372**	(1,528)
Tax losses arising in the current period and previously unrecognised tax losses	**-**	(380)
Income tax expense	**7,681**	3,120

The weighted average applicable tax rate was 28% (2014: 28%).

(c) Recognised deferred tax liability

$000	31 December 2015	30 June 2015	31 December 2014
The deferred tax balance comprises:			
Property, plant and equipment	**(962)**	116	5,095
Investment property	**(111,555)**	(104,924)	(100,475)
Deferred membership fees	**10,255**	12,692	14,993
Recognised tax losses	**11,681**	9,103	5,184
Other items	**4,270**	4,373	4,345
Net deferred tax liability	**(86,311)**	(78,640)	(70,858)

7. Investment Properties

$000	Half year ended 31 December 2015	Year ended 30 June 2015	Half year ended 31 December 2014
Development land			
Opening balance	**23,850**	37,949	37,949
Capitalised subsequent expenditure	**952**	1,817	760
Acquistion of development land	**23,776**	-	-
Land transferred to property, plant and equipment	**-**	(346)	-
Land transferred to investment properties under development	**-**	(4,898)	-
Land transferred to investment properties	**(569)**	(11,282)	(259)
Change in fair value recognised during the period	**1,827**	610	(371)
Closing balance	**49,836**	23,850	38,079
Investment properties under development			
Opening balance	**42,348**	18,544	18,544
Capitalised subsequent expenditure	**50,548**	93,278	41,388
Investment properties under development transferred to property, plant and equipment	**-**	(1,017)	-
Land transferred from development land	**-**	4,898	-
Completed developments transferred to completed investment properties	**(31,761)**	(73,355)	(8,231)
Change in fair value recognised during the period	**686**	-	-
Closing balance	**61,821**	42,348	51,701
Completed investment properties			
Opening balance	**2,110,358**	1,904,479	1,904,479
Capitalised subsequent expenditure	**286**	700	256
Land transferred from development land	**569**	11,282	259
Completed developments transferred from investment properties under development	**31,761**	73,355	8,231
Change in fair value during the period	**126,015**	120,542	32,627
Closing balance	**2,268,989**	2,110,358	1,945,852
Total investment properties	**2,380,646**	2,176,556	2,035,632

The change in fair value recognised during the period is set out below:

Development land	**1,827**	610	(371)
Investment properties under development	**686**	-	-
Completed investment properties	**126,015**	120,542	32,627
Total investment properties	**128,528**	121,152	32,256

Notes to the Interim Financial Statements

Valuation processes

Development land and completed investment properties are held at fair value. CBRE is the independent registered valuer and has undertaken the valuation for all the reporting periods presented. Its principal valuer, Michael Gunn, is an associate of the New Zealand Institute of Valuers and is 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 2015 for the period from 1 July 2015 to 31 December 2015. 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 2016 which will be assessed and subject to audit.

Development land

Development land acquired in the period ended 31 December 2015 includes the Albany site on McClymonts Road. The land purchase is unconditional and the remainder of the purchase price payable is recognised as a liability within 'trade and other payables' at 31 December 2015. Settlement is expected to occur on or about 31 March 2016.

CBRE's valuation methodology for development land is consistent with the methodology adopted in previous reporting periods as disclosed in the financial statements for the year ended 30 June 2015.

The fair value of development land at 31 December 2015 was $49.8m (June 2015: $23.85m, December 2014: $38.1m). CBRE undertook the valuation of all development land with the exception of the Albany site at McClymonts Road which is measured at cost which is considered a reasonable approximation of the fair value of this parcel of land given the date of acquisition and the proximity to the reporting date of 31 December 2015.

Investment properties under development

To measure investment properties under development the Group has applied the following methodology:

Practical completion not achieved

Where the staged development still requires substantial work such that practical completion is not going to be achieved at or close to balance date the Group determined that the fair value of investment properties under development cannot be reliably determined at this point in time and is therefore carried at cost less any impairment, except the land component which is measured at fair value. Impairment is determined having considered the value of work in progress and management's estimate of the asset value on completion. The value of investment properties under development at 31 December 2015 is $61.8m (30 June 2015 is $42.3m; 31 December 2014: $51.7m).

Practical completion achieved

Where the staged development is practically complete at or close to balance date the investment property is transferred to completed investment property and measured at fair value. Accordingly, CBRE undertakes the valuation on a completed basis consistent with the balance of completed investment properties described below.

Completed investment properties

The fair value of completed investment properties at 31 December 2015 as determined by CBRE is $1,042.0m (June 2015: $957.6m, December 2014: $836.1m). The fair values are based on a discounted cash flow model applied to the expected future cash flows generated over a 20 year period by the investment properties.

7. Investment Properties (continued)

Completed investment properties

CBRE's valuation methodology for development land is consistent with the methodology adopted in previous reporting periods as disclosed in the financial statements for the year ended 30 June 2015.

The following unobservable inputs have been used to determine the fair value:

	31 December 2015	30 June 2015	31 December 2014
Nominal growth rate (anticipated annual property price growth over the cash flow period)	**2.2% - 3.4%**	1.8% - 3.4%	1.8% - 3.4%
Pre-tax discount rate	**12.3% - 16.5%**	12.3% - 16.5%	12.3% - 16.5%

A separate cash flow valuation for a 20 year period is undertaken for each village. The cash flow estimates are determined using a "Monte Carlo" simulation model. The simulation model factors in available actuarial reports, death and non-death probabilities, local demographics, the individual characteristics of a unit and the village profile. The range of stabilised occupancy periods set out below are outputs in the CBRE modelling consistent with an expected average length of stay.

	31 December 2015	30 June 2015	31 December 2014
Stabilised occupancy periods - serviced apartments (years)	**3.7 - 4.7**	4.1 - 4.7	4.1 - 4.7
Stabilised occupancy periods - units (years)	**7.2 - 8.9**	6.9 - 8.8	6.9- 8.8

The CBRE valuation also includes within the forecast cash flows the Group's expected costs relating to any known or anticipated remediation works.

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 2015	30 June 2015	31 December 2014
Development land	**49,836**	23,850	38,079
Investment properties under development	**61,821**	42,348	51,701
Completed investment properties	**1,041,973**	957,552	836,095
	1,153,630	1,023,750	925,875
Plus: Refundable occupation right agreement amounts	**1,408,111**	1,324,866	1,279,676
Plus: Residents' share of capital gains	**30,153**	29,625	28,723
Plus: Deferred membership fee	**89,481**	84,223	81,224
Less: Membership fee receivables	**(297,430)**	(282,645)	(271,017)
Less: Occupation right agreement receivables	**(3,299)**	(3,263)	(8,849)
Total investment properties	**2,380,646**	2,176,556	2,035,632

Borrowing costs of $1.8m (June 2015: $4.2m, December 2014: $1.4m) arising from financing specifically entered into for the construction of investment properties under development were capitalised during the period.

Notes to the Interim Financial Statements

8. Interest Bearing Liabilities

$000	31 December 2015	30 June 2015	31 December 2014
Bank loans	**48,799**	60,026	51,635
Capitalised debt costs	**(276)**	(233)	(358)
	48,523	59,793	51,277
Finance leases	**237**	277	365
Total interest bearing liabilities	**48,760**	60,070	51,642
Expected maturity			
Within one year	**79**	83	128
Later than one year	**48,957**	60,220	51,872
Total interest bearing liabilities excluding capitalised debt costs	**49,036**	60,303	52,000

The bank loan 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 14 October 2015 the bank facilities were renegotiated and extended. The maturities of each of the Core Revolving Credit Facility of $75m and the Development Facility of $175m are three, four and five years from 14 October 2015 in three equal tranches.

The working capital facility of $10.0m is repayable on demand (June 2015 & December 2014: $10.0m, repayable on demand).

At 31 December 2015, the Group had $260.0m (June 2015: $180.0m, December 2014: $180.0m) of committed bank facilities, including the overdraft, of which $211.2m was undrawn (June 2015: $120.0m, December 2014: $128.4m). $33.0m was drawn under the Core Revolving Credit Facility at 31 December 2015 (June 2015: $0.0m, December 2014: $17.5m); $15.8m was drawn under the Development Facility (June 2015: $28.3m, December 2014: $35.4m). No amounts were drawn under the Working Capital Facility (June 2015: $8.4m, December 2014: $4.4m).

Interest

Interest on the bank loan is charged using the BKBM Bank Bill Rate plus a margin.

Interest rates applicable in the six month period to 31 December 2015 ranged from 4.5% to 4.92% pa (31 December 2014: 4.75% to 4.92% pa).

Bank undertakings

A Negative Pledge Deed has been entered into by the operating subsidiaries in favour of the banks in which the subsidiaries have undertaken not to create or permit to exist any mortgage or other charge over their assets or revenues without obtaining the prior written consent of the Group's bankers.

Metlifecare Limited has issued a letter of support for the bank borrowings of the 50% owned jointly controlled entity Metlifecare Palmerston North Limited.

At 31 December 2015, Metlifecare Palmerston North Limited had an overdraft facility of $650,000, of which $650,000 was undrawn (December 2014: $650,000 overdraft, $650,000 undrawn).

Financial covenants

The financial covenants that the Group must comply with include an Interest Cover Ratio and a Loan to Value Ratio. During the period ended 31 December 2015, the Company was in compliance with its financial covenants (June 2015, December 2014: in compliance).

Notes to the Interim Financial Statements

9. Contributed Equity

Shares	Half year ended 31 December 2015	Year ended 30 June 2015	Half year ended 31 December 2014
Issued and fully paid up capital			
Balance at beginning of the period	**212,190,658**	211,107,094	211,107,094
Shares issued under dividend reinvestment plan	**530,952**	1,101,053	787,800
Shares issued under senior executive share plan	**161,245**	115,472	-
Shares cancelled	-	(132,961)	-
Balance at end of period	**212,882,855**	212,190,658	211,894,894

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 2015 of 510,675 (June 2015: 779,430; December 2014: 796,919) 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 2015	Year ended 30 June 2015	Half year ended 31 December 2014
Issued and fully paid up capital			
Balance at beginning of the period	**303,695**	298,766	298,766
Shares issued	**2,230**	4,984	3,458
Transfer from employee share scheme reserve on vesting	**475**	-	-
Issue costs	**(24)**	(55)	(30)
Balance at end of period	**306,376**	303,695	302,194

Net tangible assets per share	31 December 2015	30 June 2015	31 December 2014
Net tangible assets per share ($) basic	**4.85**	4.29	3.92

10. Contingencies

Contingent liabilities

There are no material contingent liabilities as at 31 December 2015 (June 2015: nil, December 2014: nil).

11. Commitments

$000	31 December 2015	30 June 2015	31 December 2014
Capital commitments			
Estimated commitments contracted for at balance date but not provided for to purchase, construct or develop investment properties	**68,424**	75,578	48,868
	68,424	75,578	48,868

In addition to the capital commitments disclosed above, in January 2015 the Group entered into a conditional agreement to acquire a five hectare site in Red Beach, Auckland. The purchase of the site is subject to certain conditions including resource consent. Assuming satisfaction of these conditions, development of the site is likely to commence in 2017.

12. Subsequent Events

On 23 February 2016, the directors approved a dividend of 1.75 cents per share amounting to $3.73m. The dividend record date is 11 March 2016 with payment on 21 March 2016.

There are no further subsequent events that have had a material impact on the interim financial statements between 31 December 2015 and the date of signing.

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 2 to 15, which comprise the balance sheet as at 31 December 2015, and the statement of comprehensive income, the statement of movements in equity and the cash flow statement for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and presentation of these financial statements in accordance with 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 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 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 financial statements, taken as a whole, are not prepared in all material respects, in accordance with 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 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). Accordingly we do not express an audit opinion on these financial statements.

We are independent of the Group. Our firm carries out other services for the Group in the areas of tax compliance, executive remuneration advisory and other non-assurance services related to the audit. 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 financial statements of the Group are not prepared, in all material respects, in accordance with NZ IAS 34.

Restriction on Use of Our Report

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.

PricewaterhouseCoopers

Chartered Accountants Auckland
24 February 2016

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