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Metlifecare

Metlifecare Limited

Interim Report 2011

Directors' Review

The New Zealand residential real estate market showed signs of recovery through the early stages of calendar 2010, but has slowed significantly through the last three quarters of the year. During the period under review since 1 July 2010 residential real estate sales volumes reached a 10 year low in October with less than 4,000 property transactions. Metlifecare has seen the level of deposit taking and settlements retract from the strong position in the first half of 2010. We are continuing to sell at price levels that are satisfactory; however intending residents still find it very difficult to sell their homes on a timely basis thus settlement periods are protracted.

The Company announced a net profit of $1.96 million for the six months to 31 December 2010 compared with a net profit of $17.27 million for the six months to December 2009. The lower net profit was largely as a result of the differences in the revaluation of Investment Properties.

Revaluation of Investment Properties was $4.54 million whilst the six months to 31 December 2009 net profit included a revaluation of $18.79 million. The reduction in revaluation reflects the softer property market and a reduction in sales and re-sales volumes. An independent valuation of properties will be carried out at 30 June 2011.

Operating revenue excluding the Investment Property revaluation was $32.90 million and $2.22 million ahead of the prior year. This reflected an increase in memberships fees, care facility fees, village service fees and village weekly fees. Other operating expenses also increased for the period. We experienced increases in utilities and property related costs as well as resident costs. Finance costs increased as a result of higher interest rates on our loan facilities following the 30 June 2010 rollover.

Total assets increased by $7.17 million however the sale of the Merivale property in February 2011 will result in a reduction of total assets and a corresponding reduction in liabilities as the net proceeds of sale are to be used to repay debt. Total liabilities have increased primarily as a result of repayment obligations for refundable occupational right agreements which largely reflect the increase in sales at The Poynton.

The volume of contracts written over the last six months was down by 15% from the prior corresponding period due primarily to the general slowdown of the real estate market. Conversion of leads to sales remains consistent with the prior corresponding period.

The Company remains focused on debt repayment in the short term in order to position itself for future growth when the New Zealand property market improves.

The Company did not declare a dividend payment for the half year.

Charles MacDonald

Dr J C A MacDonald Ph.D, MBA, Grad.Dip.Mgt, FCA
Chairman
Metlifecare Limited

24 February 2011

Directors' Report

The Directors have pleasure in presenting the Interim Financial Statements of Metlifecare Limited, for the half year ended 31 December 2010.

The Interim Financial Statements presented are signed for and on behalf of the Board, and were authorised for issue on 24 February 2011.

Charles MacDonald

Chairman

Director

Consolidated Cash Flow Statement

For the half year ended 31 December 2010

	Notes	**Half year ended 31 December 2010 Unaudited $000**	Half year ended 31 December 2009 Unaudited $000
Cash flows from operating activities			
Receipts from customers		**26,761**	25,808
Payments to suppliers and employees		**(27,147)**	(24,307)
Net GST paid		**(964)**	(965)
Interest received		**12**	37
Interest paid		**(6,848)**	(5,433)
Net cash outflow from operating activities	5	**(8,186)**	(4,860)
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		**(555)**	(772)
Advances from/(to) jointly controlled entity		**145**	(416)
Payments for investment properties		**(2,339)**	(13,314)
Capitalised interest paid		**(284)**	(709)
Net cash outflow from investing activities		**(3,033)**	(15,211)
Cash flows from financing activities			
Receipts from customers for refundable occupation rights agreements		**55,254**	64,207
Payments to customers for refundable occupation rights agreements		**(40,020)**	(45,980)
Net (repayments)/proceeds from borrowings		**(4,552)**	2,204
Net cash inflow from financing activities		**10,682**	20,431
Net (decrease)/increase in cash and cash equivalents		**(537)**	360
Cash and cash equivalents at the beginning of the financial period		**1,772**	(208)
Cash and cash equivalents at end of period		**1,235**	152

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

Consolidated Balance Sheet

As at 31 December 2010

	Notes	As at 31 December 2010 Unaudited $000	As at 31 December 2009 Unaudited $000	As at 30 June 2010 Audited $000
ASSETS				
Cash and cash equivalents		**1,235**	152	1,772
Trade and other receivables		**25,546**	25,963	23,483
Amount due from jointly controlled entity		**50**	416	195
Property, plant and equipment	7	**21,824**	30,514	29,584
Intangible assets	8	**520**	3,958	395
Investment properties	9	**1,233,324**	1,202,348	1,268,176
Total assets (excluding assets classified as held for sale)		**1,282,499**	1,263,351	1,323,605
Assets classified as held for sale	11	**48,274**	-	-
Total assets		**1,330,773**	1,263,351	1,323,605
LIABILITIES				
Trade and other payables		**11,001**	11,674	11,824
Derivative financial instruments		**1,314**	1,775	886
Bank loans	10	**163,919**	176,521	168,127
Finance leases	10	**325**	323	281
Deferred membership fees		**38,561**	39,316	39,535
Refundable occupation right agreements		**584,917**	578,563	597,560
Deferred tax liabilities	6	**-**	-	-
Total liabilities (excluding liabilities classified as held for sale)		**800,037**	808,172	818,213
Liabilities classified as held for sale	11	**23,389**	-	-
Total liabilities		**823,426**	808,172	818,213
Net assets		**507,347**	455,179	505,392
EQUITY				
Contributed equity		**81,958**	81,958	81,958
Retained earnings		**425,389**	373,221	423,434
Total equity		**507,347**	455,179	505,392
Net tangible assets per share ($)		**4.14**	3.68	4.12

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

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2010

	Notes	Half year ended 31 December 2010 Unaudited $000	Half year ended 31 December 2009 Unaudited $000
Revenue			
Operating revenue		**32,895**	30,675
Finance income		**207**	47
Change in fair value of investment properties	9	**4,537**	18,786
Total income		**37,639**	49,508
Expenses	4		
Employee costs		**(14,665)**	(14,444)
Depreciation		**(835)**	(858)
Amortisation		**(195)**	(131)
Finance costs		**(7,160)**	(5,834)
Other expenses		**(12,829)**	(10,967)
Total expenses		**(35,684)**	(32,234)
Profit before income tax		**1,955**	17,274
Income tax expense	6	**-**	-
Profit for the period		**1,955**	17,274
Other comprehensive income		**-**	-
Total comprehensive income		**1,955**	17,274
Attributable to:			
Shareholders of the parent company		**1,955**	17,274
Profit per share attributable to the equity holders of the Company during the period			
– Basic and Diluted (cents)		**1.60**	14.11

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 2010

	Contributed Equity Unaudited $000	Retained Earnings Unaudited $000	Total Equity Unaudited $000
Balance at 1 July 2009	**81,958**	**355,947**	**437,905**
Comprehensive Income			
Profit for the period	-	17,274	17,274
Other comprehensive income	-	-	-
Total comprehensive income	-	17,274	17,274
Transactions with owners	-	-	-
Balance at 31 December 2009	**81,958**	**373,221**	**455,179**
Balance at 1 July 2010	**81,958**	**423,434**	**505,392**
Comprehensive Income			
Profit for the period	**-**	**1,955**	**1,955**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income	**-**	**1,955**	**1,955**
Transactions with owners	**-**	**-**	**-**
Balance at 31 December 2010	**81,958**	**425,389**	**507,347**

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

Notes to the Interim Financial Statements

For the half year ended 31 December 2010

1 General information

Metlifecare Limited ("the Company"), its subsidiaries and its jointly controlled entities (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 2, Metlifecare House, 302 Great South Road, Greenlane, Auckland.

These financial statements have been approved for issue by the Board of Directors on 24 February 2011.

The Group's owners do not have the power to amend these financial statements once issued.

The financial statements have been prepared on a going concern basis. Following the application of the Merivale sale proceeds to bank loans, the Group has scheduled debt reduction payments of $23.8m over the period to 31 December 2011.

The Directors acknowledge that there is inherent uncertainty in the prevailing economic environment, but after considering all information currently available and the advice of management, the Directors have concluded that there are reasonable grounds to believe that the Group will be able to meet its scheduled debt reduction payments as and when they fall due, therefore the basis of preparation of this financial report on a going concern basis is appropriate.

The Directors have formed this view based on a number of factors including:

- the Group's financial forecasts and consensus opinion on the expected economic environment for the forecast period;
- recent past performance, in light of the underlying economic environment;
- the Group's relationship with its financiers; and
- an expectation that the Group will meet the scheduled debt reductions through the ordinary course of business or via asset sales or a capital raising.

2 Summary of significant accounting policies

Entities reporting

The interim financial statements are for the consolidated group comprising Metlifecare Limited, its subsidiaries and its jointly controlled entity.

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 issuer in terms of the Securities Act 1978. The Company is also listed on the New Zealand Stock Exchange (NZX). The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

These consolidated interim financial statements for the half year reporting period ended 31 December 2010 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

They comply with New Zealand equivalents to International Accounting Standard 34 and International Accounting Standard 34, Interim Financial Reporting.

The 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 2010.

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 2010, 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 2010 are unaudited. The interim financial statements are presented in New Zealand Dollars ($), which is the Company'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 liquidity.

Changes in accounting policies

During the period, the Group has classified certain assets and liabilities as held for sale. The relevant accounting policy is set out below. All accounting policies have been applied on a basis consistent with the prior annual financial statements.

Assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

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 Group derives care fee revenue in respect of eligible Government subsidised aged care residents who receive Resthome, Hospital or Dementia 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 $10.3m (Dec 2009: $9.3m).

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

4 Expenses

	Half year ended 31 December 2010 Unaudited $000	Half year ended 31 December 2009 Unaudited $000
Profit before income tax includes the following specific expenses:		
Utilities and other property costs	**4,588**	3,611
Resident costs	**2,356**	2,173
Marketing and promotion	**1,751**	1,760
Repairs and maintenance on investment properties	**1,470**	886
Communication costs	**727**	699
Other employment costs	**563**	575
Changes in fair value of derivatives	**428**	589
Repairs and maintenance on plant, furniture and equipment	**295**	224
Amortisation of software	**195**	131
Rental and operating lease expenses	**115**	119
Loss on disposal of property, plant and equipment	**5**	19
Depreciation		
Plant, furniture and equipment	**530**	535
Motor vehicles	**30**	41
Freehold buildings	**275**	282
Total depreciation	**835**	858
Directors fees:		
- Parent	**79**	85
- Jointly controlled entity	**8**	-
Fees paid to Auditors:		
- Audit	**6**	6
- Taxation	**3**	8

5 Reconciliation of profit after taxation with cash generated from operating activities

	Half year ended 31 December 2010 Unaudited $000	Half year ended 31 December 2009 Unaudited $000
Net profit after tax	**1,955**	17,274
Adjustments for:		
Change in fair value of investment properties	**(4,537)**	(18,786)
Change in fair value of residents' share of capital gains	**76**	48
Change in fair value of derivative financial instruments	**428**	589
Depreciation	**835**	858
Amortisation	**195**	131
Loss on disposal of property, plant and equipment	**5**	19
Changes in working capital relating to operating activities		
Trade and other receivables	**(1,950)**	2,180
Trade and other payables	**(829)**	(481)
Deferred membership fees	**137**	1,019
Refundable occupation right agreements	**(4,501)**	(7,711)
Net cash outflow from operating activities	**(8,186)**	(4,860)

6 Income tax expense

	Half year ended 31 December 2010 Unaudited $000	Year ended 30 June 2010 Audited $000
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Gain/(loss) before income tax expense	1,955	67,487
Tax at the New Zealand tax rate of 30%	586	20,246
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Temporary differences not previously brought to account	(2,284)	(3,536)
Non-recognised permanent differences	(1,421)	(21,841)
Repurchase obligations deductible	(174)	(383)
Taxation losses generated during the period	3,293	5,514
Income tax expense	-	-
(c) Unrecognised deferred tax asset:		
Temporary differences arising from normal operations	38,190	41,179
Unused tax losses	72,156	60,707
Investment properties and care facilities	(96,115)	(90,346)
Unrecognised deferred tax balances	14,231	11,540
Unrecognised deferred tax balance @ 28%	3,985	3,231

No income tax was paid or payable during the period. The deferred tax liability on investment properties recognises the temporary differences in accounting and tax bases of investment properties.

The Group does not recognise a deferred tax asset where it exceeds the deferred tax liability.

On 20 May 2010, the Government announced a number of changes to the tax legislation in its annual budget. These changes included the removal of the ability to claim depreciation on building structures as tax deductions when the life of the building is equal to or greater than 50 years. In accordance with NZ IAS 12 Income Taxes, the removal of the ability to depreciate buildings for tax purposes has reduced the tax base of the Group's buildings that have an estimated useful life of more than 50 years, as future tax deductions will no longer be available from 1 July 2011. This largely contributed to a reduction of $267m in unrecognised deferred tax asset timing differences in relation to investment properties and care facilities as at 30 June 2010. The impact of the removal of the ability to depreciate buildings for tax purposes was disclosed in detail in the 30 June 2010 Annual Report. Given the impact of this change was subsequent to 31 December 2009, it has not been considered necessary to provide comparatives as at 31 December 2009.

7 Property, plant and equipment

During the period $7.2m of property, plant and equipment has been reclassified as held for sale as set out in note 11. There have been no other material movements in property, plant and equipment during the period.

8 Intangible assets

	Half year ended 31 December 2010 Unaudited $000	Half year ended 31 December 2009 Unaudited $000	Year ended 30 June 2010 Audited $000
Goodwill			
Opening balance	**-**	3,514	3,514
Impairment charge	**-**	-	(3,514)
Closing balance	**-**	3,514	-
Computer Software			
Opening balance	**395**	477	477
Additions	**320**	98	269
Amortisation charge	**(195)**	(131)	(351)
Closing balance	**520**	444	395
Total intangible assets	**520**	3,958	395

9 Investment properties

	Half year ended 31 December 2010 Unaudited $000	Half year ended 31 December 2009 Unaudited $000	Year ended 30 June 2010 Audited $000
Investment Properties Under Development at Fair Value			
Opening Balance	**19,397**	-	-
Investment Properties under Development transferred from Property, Plant and Equipment	**-**	41,852	41,852
Capitalised subsequent expenditure	**872**	12,394	24,240
Completed Developments transferred to Completed Investment Property	**(594)**	(5,088)	(45,352)
Change in fair value recognised during the period	**-**	1,064	(1,343)
Transferred to held for sale (note 11)	**(1,120)**	-	-
Closing balance	**18,555**	50,222	19,397
Completed Investment Properties at Fair Value			
Opening balance Investment Properties	**1,248,779**	1,128,768	1,128,768
Capitalised subsequent expenditure	**592**	548	78
Completed Development transferred from Investment Properties under Development	**594**	5,088	45,352
Change in fair value recognised during the period	**4,537**	17,722	74,581
Transferred to held for sale (note 11)	**(39,733)**	-	-
Closing balance	**1,214,769**	1,152,126	1,248,779
Total Investment Properties	**1,233,324**	1,202,348	1,268,176

The value of the completed investment properties and investment properties under development reflect the fair value, being $606.9m and $18.6m respectively (Dec 2009: $546.6m and $50.2m). The Directors, in assessing fair value, have adopted the independent valuer's net valuation as at 30 June 2010 of $646.4m rolled forward to 31 December 2010, after taking into consideration management's assessment of the net changes that occurred in the six month period.

The roll forward changes amounted to a $6.0m net increase in investment properties (Dec 2009: $11.8m increase) prior to the adjustment for the Merivale held for sale asset of $40.9m. The net increase is a combination of the movement in fair value of $4.5m (Dec 2009: $17.7m) and expenditure capitalised or transferred to Investment Properties under Development or Investment Properties of $1.5m (Dec 2009: $13.9m).

The valuation of investment properties is adjusted for cash flows relating to refundable occupation right agreements, residents share of capital gain, deferred management 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:

	As at 31 December 2010 Unaudited $000	As at 31 December 2009 Unaudited $000	As at 30 June 2010 Audited $000
Investment Properties under Development at fair value	**18,555**	50,222	19,397
Completed Investment Properties at fair value	**606,905**	546,649	627,033
Total Valuation	**625,460**	596,871	646,430
Plus: Refundable occupation right agreement amounts	**678,525**	664,868	687,297
Plus: Residents' share of capital gains	**33,769**	34,064	34,711
Plus: Deferred membership fee	**38,561**	39,316	39,535
Less: Membership fee receivables	**(124,242)**	(117,357)	(121,305)
Less: Occupation right agreement receivables	**(18,749)**	(20,752)	(18,492)
Plus: First time occupation right agreement receivables	**-**	5,338	-
Total investment properties	**1,233,324**	1,202,348	1,268,176

Registered mortgages in favour of the statutory supervisors of the village owning subsidiary companies are recognised as a first charge over the freehold land of those companies to protect the interests of the residents in the event of failure by the subsidiary companies as operators of the villages to observe obligations under the deeds of supervision, occupation right agreements and lifecare agreements.

Metlifecare Limited holds a second registered mortgage and second registered general security agreement over all its wholly owned subsidiaries to secure funding made available by Metlifecare Limited to each of these subsidiaries.

10 Interest Bearing Liabilities

	As at 31 December 2010 Unaudited $000	As at 31 December 2009 Unaudited $000	As at 30 June 2010 Audited $000
Bank loans	**164,948**	176,521	169,500
Capitalised debt costs	**(1,029)**	-	(1,373)
	163,919	176,521	168,127
Finance lease	**325**	323	281
Total interest bearing liabilities	**164,244**	176,844	168,408
Expected maturity			
Within one year	**165,111**	176,596	40,092
Later than one year	**162**	248	129,689
	165,273	176,844	169,781

Bank loans

The Bank Loan comprises the Cash Advance and Development facility (CADF), effective 21 May 2010, and expires on 31 March 2013. In summary, the CADF is:

Cash Advance Facility – a term loan facility of $95m, expiring 31 March 2013

Development Facility – a term loan facility of $65m, reducing six monthly as per below, and expiring 31 March 2013

Date	Facility Limit
31 December 2010	$65,000,000
30 June 2011	$45,000,000
31 December 2011	$30,000,000
30 June 2012	$20,000,000
31 December 2012	$15,000,000

The amount of the facility drawn down at 31 December 2010 was $164.9m comprising $86.0m under the Cash Advance Facility and $78.9m under the Development Facility.

In addition to the Cash Advance and Development Facility, the Group also has an overdraft facility totalling $2m.

Under the terms of the Group's debt facilities, the Development Facility limit was reduced to $65.0m at 31 December 2010 with a 60 calendar day remedy period to the extent that drawings under the facility were not reduced to within the new limit at that date. As at 31 December 2010, the Development facility was drawn to $78.9m and was subsequently reduced to below $65.0m within the 60 day remedy period.

This occurred on 18 February 2011 with $24.6m of the proceeds from the sale of the Merivale Retirement Village being applied to repay debt (refer notes 11 and 15).

The amount of the facility drawn down at 18 February 2011 was $138.8m comprising $85.0m under the Cash Advance Facility and $53.8m under the Development Facility.

Interest

Interest on loans and advances is charged using the BKBM Bill Rate plus a margin.

Interest rates applicable in the period to 31 December 2010 ranged from 4.94% to 6.0% per annum (Dec 2009: 4.27% to 4.58%).

Security

Bank loans are secured as set out on page 13.

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.

The bank overdraft is secured in the same manner as the bank loans. Interest is charged at the wholesale prime overdraft rate for any overdraft facilities utilised.

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 2010, Metlifecare Palmerston North Limited had an overdraft facility of $350,000, of which $350,000 was undrawn (Dec 2009: $750,000, $587,000).

Covenants

The covenants with which the Company must comply require a certificate to be provided on a quarterly basis. The covenants include:

- Financial Covenant - Interest Cover Ratio (calculated on the Cash Advance Facility):
- Financial Covenant - Facility Limit Ratio (calculated on the Cash Advance Facility to net cash flows);
- Financial Covenant - Loan to Value Ratio (calculated on the combined CADF); and
- Negative Covenant - Capital expenditure or repairs and maintenance expenditure (calculated based on an actual versus budgeted).

The Interest Cover is based on the net cash flows available for debt servicing for the prior 12 month period as a multiple of the corresponding interest costs.

The Facility Limit Ratio is based on the net cash flows available for debt servicing for the prior 12 month period as a multiple of the facility limit.

The Loan to Value Ratio stipulates a minimum ratio of drawn debt to the most recent independent portfolio valuation.

The Negative Covenant requires the Company's capital expenditure or repairs and maintenance expenditure not to vary by more than 15% from the budgeted expenditure in the relevant period.

In the event of a breach of the facility limit reduction requirement or the facility limit ratio, the Group has 60 calendar days to remedy such a breach.

An un-remedied breach of a financial or a negative covenant is an event of default. Following an event of default the Banks may do any of the following:

- Negotiate new terms; and/or
- Cancel the facilities with immediate effect; and/or
- Declare all or any part of the Outstanding Moneys to be immediately due and payable; and/or
- Exercise all or any of their respective rights under the debt facility agreement and at law.

11 Held for Sale

The assets and liabilities related to Metlifecare Merivale Limited, a subsidiary company, have been classified as held for sale as the Group entered into an agreement to sell the assets of the Company. The agreement was for $26m and became unconditional on 11 February 2011. Settlement was on 14 February 2011. The assets and liabilities relating to Metlifecare Merivale Limited comprise:

	31 December 2010
	Unaudited
	$000
Financial position	
Trade and other receivables	238
Property, plant and equipment	7,183
Investment properties	40,853
Total assets held for sale	48,274
Trade and other payables	149
Deferred membership fees	1,110
Refundable occupation right agreements	22,130
Total liabilities held for sale	23,389
Net assets held for sale	24,885

12 Contingencies

Contingent liabilities

There are no material contingent liabilities as at 31 December 2010 (Dec 2009: nil).

13 Commitments

	As at 31 December 2010	As at 31 December 2009	As at 30 June 2010
	Unaudited	Unaudited	Audited
	$000	$000	$000
Capital commitments			
Estimated capital commitments contracted for at balance date but not provided for	**60**	4,487	-
Operating lease commitments			
Non-cancellable			
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows			
Within one year	**251**	206	281
Later than one year but not later than five years	**797**	1,069	1,207
Later than five years	**-**	156	62
	1,048	1,431	1,550

14 Related Parties

There have been no material changes in the nature of the related party transactions since 30 June 2010. Refer to note 27 in the Group's Annual Report for further details.

15 Subsequent event

On 14 February 2011 the Group sold its Merivale Retirement Village, rest home and hospital assets, based in Christchurch for $26m (refer note 11).

On 18 February 2011 the company partly repaid the Development Facility so that the facility was reduced to within the $65m limit. The amount of the combined facility drawn down at 18 February 2011 was $138.8m comprising $85.0m under the Cash Advance Facility and $53.8m under the Development Facility (refer note 10).

Villages and Care Facilities
31 December 2010

1. **METLIFECARE BAYSWATER**
   60 Maranui Street, Mt Maunganui
   – 159 villas
   – 56 apartments
   – 17 serviced apartments
   – 6 care suites

2. **METLIFECARE COASTAL VILLAS**
   Spencer Russell Drive, off Rimu Road, Paraparaumu
   – 131 villas
   – 49 serviced apartments
   – 7 bed rest home
   – 23 bed hospital

3. **METLIFECARE CRESTWOOD**
   38 Golf Road, New Lynn, Waitakere
   – 120 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, Manukau
   – 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 MERIVALE (sold 14 February 2011)**
   60 Browns Road, Merivale, Christchurch
   – 29 villas
   – 32 serviced apartments
   – 47 bed rest home
   – 33 bed hospital

8. **METLIFECARE OAKWOODS**
   357 Lower Queen Street, Richmond, Nelson
   – 92 villas
   – 47 serviced apartments
   – 18 bed rest home
   – 30 bed hospital

9. **METLIFECARE PAKURANGA**
   14 Edgewater Drive, Pakuranga, Manukau
   – 69 villas
   – 18 serviced apartments
   – 60 bed rest home

10. **METLIFECARE PINESONG**
    66 Avonleigh Road, Green Bay, Waitakere
    – 100 villas
    – 232 apartments
    – 27 serviced apartments
    – 10 care suites

11. **METLIFECARE POWLEY**
    135 Connell Street, Blockhouse Bay, Auckland
    – 46 villas
    – 34 serviced apartments
    – 18 bed rest home
    – 27 bed hospital

12. **METLIFECARE 7 SAINT VINCENT**
    7 St Vincent Avenue, Remuera, Auckland
    – 81 apartments
    – 12 serviced apartments
    – 2 care suites

13. **METLIFECARE SOMERVALE**
    33 Gloucester Road, Mt Maunganui
    – 83 villas
    – 11 serviced apartments
    – 18 bed rest home
    – 22 bed hospital

14. **METLIFECARE THE AVENUES**
    Cnr Tenth Avenue & Devonport Road, Tauranga
    – 88 apartments

15. **METLIFECARE THE POYNTON**
    142 Shakespeare Road, Takapuna, North Shore
    – 125 apartments
    – 15 serviced apartments
    – 2 care suites

16. **METLIFECARE WAIRARAPA**
    140 Chapel Street, Masterton
    – 56 villas
    – 25 serviced apartments
    – 26 bed rest home
    – 17 bed hospital

17. **METLIFECARE PALMERSTON NORTH**
    (50% owned)
    Cnr Carroll & Fitchett Streets, Palmerston North
    – 49 villas
    – 50 serviced apartments
    – 18 bed rest home
    – 20 bed hospital

Directory

31 December 2010

DIRECTORS

Dr James Charles Alexander MacDonald
Chairman
Peter Ross Brown
Olaf Guy Eady
David Allan Hunt
Phillip Brent Harman
John James Loughlin
Michael Tucker (Alternate for P.R. Brown)

AUDIT COMMITTEE

David Allan Hunt
Chairman
Phillip Brent Harman
John James Loughlin

REMUNERATION COMMITTEE

Dr James Charles Alexander MacDonald
Chairman
Phillip Brent Harman
John James Loughlin

NOMINATIONS & CORPORATE GOVERNANCE COMMITTEE

Phillip Brent Harman
Chairman
John James Loughlin

ACQUISITION & DEVELOPMENT COMMITTEE

Peter Ross Brown
Chairman
John James Loughlin

FINANCE COMMITTEE

Dr James Charles Alexander MacDonald
Chairman
Olaf Guy Eady
John James Loughlin

CHIEF EXECUTIVE OFFICER

Wynton Alan Edwards

AUDITORS

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PricewaterhouseCoopers Tower
188 Quay Street
Auckland 1010

SOLICITORS

Minter Ellison Rudd Watts
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Lumley Centre
88 Shortland Street
Auckland 1010

BANKERS

Bank of New Zealand
Corporate & Institutional Banking
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BNZ Tower
80 Queen Street
Auckland 1010

ANZ National Bank Limited
Level 13
The National Bank Tower
209 Queen Street
Auckland 1010

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