THERE'S NO
PLACE LIKE IT

METLIFECARE
Interim Report 2015

PART OF THE
METLIFECARE
FAMILY OF VILLAGES

Crestwood

Contents

Our Business

The happiness of our residents is at the heart of everything we do. We offer rewarding retirement lifestyles within vibrant social communities backed up by a full range of care services.

Established in 1984, Metlifecare has a proven track record of successfully owning and managing retirement villages in New Zealand. Metlifecare currently owns villages in prime locations throughout the North Island of New Zealand. Designed with our residents' personal freedom and sense of security in mind, our living options range from independent villas and apartments through to assisted care in serviced apartments, rest homes and hospitals.

Our core purpose

"To continuously develop and grow Metlifecare whilst meeting or exceeding the expectations of our residents, staff and shareholders."

At Metlifecare we want to see everyone rewarded for being part of the Metlifecare family. We want our residents to experience the best years of their lives, our staff to view Metlifecare as their employer of choice and our shareholders to feel confident and be rewarded for their investment. The achievement of these goals will ensure we are able to further grow and develop our business.

Our vision

"To provide quality, innovative and sustainable solutions for the lifestyle and care needs of older people."

At Metlifecare we want to be the best at meeting the lifestyle and care needs of our residents now and into the future. To do this, we aim to be innovative and creative in developing and maintaining a leadership position in the industry. To be the best requires every individual in our organisation to be passionate, empowered and fully engaged in our team-based process of continuous improvement as we strive for excellence to ensure we deliver against the requirements of our vision.

Enhancing residents' experiences

- Voted one of the most trusted retirement village brands in New Zealand in 2014
- 90% rating in resident satisfaction survey
- Aligning the philosophy of care with resident-directed models
- Ensuring higher levels of contact time between residents and staff

Investing in our people

- 82% rating in employee satisfaction survey
- Enhancing staff experience of the orientation programme
- High engagement with the Company's values of respect, teamwork, integrity and passion
- Linking rewards to career pathways
- Expanding learning and development opportunities

Delivering on profitable growth

- Secured conditional agreement to purchase five hectares of land at Red Beach, Whangaparaoa Peninsula
- Initiated construction of Stages 1 and 2 comprising 27 units at Greenwich Gardens, Unsworth Heights
- Obtained resource consent to build 42 apartments and a 36-bed care facility at The Avenues, Tauranga
- Obtained resource consent for a 70-bed care facility and 16 serviced apartments at Somervale, Mount Maunganui
- Progressed construction at The Poynton and The Orchards on Auckland's North Shore

At a Glance

For the half year ended 31 December 2014

Half Year 2015 (1H15) Financial Results (Compared to 1H14)

- Net profit after tax **$39.7 million, up 48%**
- Fair value gain on investment properties of **$32.3 million, up 27%**
- Underlying profit[1] **$26.0 million, up 70%**
- Operating cash flows **$33.0 million, up 179%**
- Operating revenue **$48.9 million, up 4%**
- Total expenses **$41.2 million, down 1%**
- Total assets **$2.09 billion, up 7%**
- Net tangible assets per share **$3.92, up 10%**

Half Year 2015 Operational Summary

- 29 new units sold generating **$16.1 million in operating cash flows**
- 202 existing units sold generating **$72.9 million in operating cash flows**
- Total net sales and resales cash flow of **$30.2 million, up 84%** on 1H14
- Total occupancy strong at **over 96%**
- **Development margin of 20%** on new units settled during the period

1 Underlying profit removes the impact of fair value gains or losses, non-recurring items and non-cash deferred tax, and includes realised gains on resales and realised development margins. Underlying profit for 1H15 was $26.0 million - refer to Key Metrics on page 7. It is a non-GAAP financial measure (as are the realised gains on resales and realised development margins) and it is not prepared in accordance with NZ IFRS. Underlying profit is an industry-wide measure and Metlifecare believes it assists readers to understand the operating performance of the business.

Key Metrics

For the half year ended 31 December 2014

	Half Year 2015 31 Dec 14 Unaudited	Half Year 2014 31 Dec 13 Unaudited	% Change
Net Profit After Tax ($000)	**39,701**	**26,832**	**48.0%**
Non-recurring item ($000)	(2,000)	-	-
Adjusted Net Profit[2] ($000)	**37,701**	**26,832**	**40.5%**
Fair value gain ($000)	(32,256)	(25,503)	26.5%
Realised gain on resales ($000)	14,099	8,613	63.7%
Realised development margin ($000)	3,357	1,092	207.4%
Tax expense ($000)	3,080	4,232	(27.2%)
Underlying Profit ($000)	**25,981**	**15,266**	**70.2%**
Operating cash flow ($000)	32,998	11,819	179.2%
Earnings per share (cps)	18.78	12.76	47.2%
Dividend per share (cps)	1.50	1.25	20.0%
Resales & Sales of Occupation Right Agreements			
Sales settlements (number)	29	19	52.6%
Resales settlements (number)	202	172	17.4%
New units value ($000)	16,143	7,810	106.7%
Existing units value ($000)	72,949	61,911	17.8%
Realised resales margin ($000)	14,099	8,613	63.7%
Asset Base			
Retirement village units (number)	3,908	3,841	1.7%
Residential care beds (number)	359	359	0.0%
Total assets ($000)	2,086,828	1,944,600	7.3%
Total equity ($000)	830,060	750,870	10.5%
Net tangible assets per share ($)	3.92	3.57	9.8%
Embedded value per unit ($000)	147	124	19.0%
Land Bank			
Retirement village units (number)	1,089	854	27.5%
Residential care beds (number)	370	205	80.5%
Total (number)	1,459	1,059	37.8%
Shares on issue (000)	211,895	210,595	6.2%

2 Adjusted net profit represents net profit after tax excluding non-recurring items, being the one-off settlement figure referenced in note 4 of the financial statements. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. Metlifecare believes this assists readers to understand the operating performance of the business on a comparable basis.

The Orchards under construction

Chair and Chief Executive Officer's Report

On behalf of management and the Board, Metlifecare is pleased to present the Interim Report for the six months to 31 December 2014 (1H15). Metlifecare has delivered a strong first half result whilst continuing to focus on development and portfolio growth.

Financial Review

Net profit after tax was $39.7 million for 1H15, up 48% on 1H14. Metlifecare achieved an underlying profit[1] of $26.0 million, up 70%.

The residential real estate market continued to perform well, particularly in Auckland. These conditions supported upward movements in pricing. Sales activity remained strong in 1H15, with 29 sales and 202 resales generating operating cash flows of $89.1 million. This was 28% up on 1H14.

Occupancy has continued the improvement trend seen over the past five years. Metlifecare currently has over 96% occupancy and resales are now dependent on the level of stock returns. Constrained stock levels at villages in the high demand Auckland area have the potential to impact resales during the 2H15. Sales volumes are dependent on completion of current development stages expected late in Q4 at our North Shore villages; Greenwich Gardens and The Orchards.

Revenue increased by 4% to $48.9 million, mainly due to higher Deferred Membership Fees (DMF) income. Total expenses of $41.2 million were marginally down on 1H14.

Operating cash flow increased to $33.0 million (1H14: $11.8 million), primarily due to the higher volume of sales and resales activity during the period. Realised resales gains of $14.1 million were up 64%.

Total assets grew 7% to $2.09 billion. This was driven by a 7% uplift in fair value of Metlifecare's investment properties. Net tangible assets per share increased to $3.92.

Metlifecare currently has debt facilities of $180.0 million which were drawn to $51.6 million as at 31 December 2014. The debt facility is available for development funding and land bank funding. Metlifecare's loan to value ratio was 5.8% as at 31 December 2014.

Portfolio Growth

As at 31 December 2014, Metlifecare had 3,908 retirement units and 359 care beds, with over 5,000 residents. Metlifecare's development pipeline consists of 1,459 units and care beds of which 198 are currently under construction.

The development pipeline has grown with the conditional purchase of a five hectare site at Red

1 Underlying profit removes the impact of fair value gains or losses, non-recurring items and non-cash deferred tax, and includes realised gains on resales and realised development margins. Underlying profit for 1H15 was $26.0 million - refer to Key Metrics on page 7. It is a non-GAAP financial measure (as are the realised gains on resales and realised development margins) and it is not prepared in accordance with NZ IFRS. Underlying profit is an industry-wide measure and Metlifecare believes it assists readers to understand the operating performance of the business.

Chair and Chief Executive Officer's Report

Beach on the Whangaparaoa Peninsula, north of Auckland. This is an exceptional site located close to the new Silverdale shops and the rapidly growing community of Millwater. The $150 million project could add 350 units and care beds to Metlifecare's portfolio. Metlifecare is working on satisfaction of the due diligence and resource consent conditions.

During the six month period, Metlifecare was pleased to secure resource consents for two brownfield projects in the Bay of Plenty.

Metlifecare is progressing the next and final stage of development at The Avenues and has plans to initiate the construction of a 36-bed care facility and 42 apartments on this site.

The Somervale resource consent provides the opportunity to construct a 70-bed care facility and 16 serviced apartments. This development will replace the current care facility and serviced apartments. The opportunity for Metlifecare is to then intensify the current single level buildings and establish new apartments and expanded community facilities.

Work continues on Stages 1 and 2 at The Orchards on Auckland's North Shore comprising 54 apartments and a 36-bed care facility. Renovations are progressing to the original heritage homestead, soon to be Cox House café. We look forward to the opening as it will provide a welcome meeting place for both residents and the public. The café is scheduled to open along with Stage 1 late in Q4 FY15, whilst the 37 apartments in Stage 2 will be available for occupation in Q1 FY16.

At Greenwich Gardens, also on Auckland's North Shore, the first 27 villas comprising Stages 1 and 2 are progressing well along with significant infrastructure development. These villas will be completed late in Q4 FY15. In addition, piling work is underway for the first stage of the community centre, apartments and care facility. Metlifecare plans to deliver 54 apartments in Q4 FY16 and 49 apartments and a 48-bed care facility in Q3 FY17.

The Poynton is progressing to final completion and Metlifecare expects Stage 4 to be ready for occupation late in Q4 FY15. On completion of this stage, the village will consist of 257 apartments and five care suites and will be home to over 350 people.

Eight new villas have been delivered at Papamoa Beach Village. Construction is also well advanced for eight apartments and seven villas at Coastal Villas.

Continuum of care remains an important focus as demand for in-home support and residential care increases. In line with this, we aim to build 20% of stock at new Metlifecare villages as care-related beds or apartments.

Governance

Long serving Board member Peter Brown retired in August 2014. At the same time Metlifecare announced the appointment of Kim Ellis to the Board. Shareholders confirmed the appointments of Kim Ellis, Carolyn Steele, William Smales and Kevin Baker at the Annual Meeting in October 2014. Alistair Ryan was also re-elected to the Board at this meeting.

Dividend

The directors announced a 2015 interim dividend of 1.5 cents per share, which will be paid on 17 April 2015. The record date will be 2 April 2015. The Dividend Reinvestment Plan (DRP) is in place for this dividend, with the share price to be set at the volume weighted average price of Metlifecare shares traded on the NZX in the five business days following the record date. No discount will be applied for the DRP. The last date to elect to participate in the DRP for this dividend is 7 April 2015. The rules of the DRP are available on Metlifecare's website www.metlifecare.co.nz/investor-centre.

Senior Executive Team

Metlifecare has recently welcomed Lisa Tonner as General Manager People & Performance and Richard Callander as General Manager Operations to the Executive Team. They both bring fresh perspectives to their roles and will work with the existing executive members to achieve

Chair and Chief Executive Officer's Report

Metlifecare's ambitious goals. Delivering a coherent and strong employee value proposition, providing clear career pathways and incentives are high priorities for the Executive Team.

The executive share plan continues in operation. A separate disclosure document, containing required information, has been sent to all shareholders. The Board intends to make a further share grant under the plan in September 2015.

Outlook

Metlifecare is a leading retirement village provider in New Zealand and its size delivers substantial economies of scale. Metlifecare has a long-standing reputation for quality facilities, care and service at its villages.

The retirement village industry continues to offer good opportunities for growth. Demographics support this growth.

Profitable portfolio growth is an important part of Metlifecare's focus going forward. Metlifecare is strategically located in prime residential markets, where there is a demand for its offering. The conditional acquisition of the site at Red Beach expands Metlifecare's footprint in the Auckland market potentially adding 350 units and care beds to the development pipeline. The team continues to work on other opportunities to expand the land bank. Sales stock levels will increase as The Orchards Stage 1, Greenwich Gardens Stages 1 and 2 and The Poynton Stage 4 are completed towards the end of Q4 FY15. The Orchards Stage 2, comprising 37 apartments, will become available for occupation in Q1 FY16.

Metlifecare is beginning to enjoy the material benefits of an experienced in-house development team and is looking at other opportunities to build its in-house capabilities and reduce costs as it advances Metlifecare's development pipeline.

Further to our comments at the 2014 Annual Meeting, Metlifecare is focussed on enhancing the residents' experiences by lifting remuneration levels of our care workers, linking rewards to career pathways, expanding learning and development opportunities and ensuring higher levels of contact time between residents and staff. Metlifecare is committed to aligning the philosophy of care with resident-directed models. The people who choose our villages and care homes as their homes deserve nothing less than the respect delivered through these philosophies.

Thank you all for your on-going support of Metlifecare.

Kim Ellis
Chair
12 March 2015

Alan Edwards
Chief Executive Officer
12 March 2015

Hillsborough Heights

Financial Statements

For the half year ended 31 December 2014

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2014

$000	Note	Half year ended 31 December 2014	Half year ended 31 December 2013
Income			
Operating revenue		48,944	46,999
Other income	4	2,000	-
Finance income		73	57
Total income		51,017	47,056
Change in fair value of investment properties	8	32,256	25,503
Share of profit arising from joint venture, net of tax		791	275
Expenses			
Employee costs		(19,315)	(17,793)
Property costs	5	(10,007)	(10,800)
Depreciation	5	(840)	(652)
Amortisation		(101)	(207)
Finance costs	5	(561)	(960)
Other expenses	5	(10,419)	(11,358)
Total expenses		(41,243)	(41,770)
Profit before income tax		42,821	31,064
Income tax expense	7	(3,120)	(4,232)
Profit for the period		39,701	26,832
Other comprehensive income		-	-
Total comprehensive income, net of tax		39,701	26,832
Profit attributable to shareholders of the parent company		39,701	26,832
Total comprehensive income attributable to shareholders of the parent company		39,701	26,832
Profit per share for profit attributable to the equity holders of the Company during the period			
- Basic (cents)		18.78	12.76
- Diluted (cents)		18.78	12.76

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 2014

$000	Note	Contributed Equity	Retained Earnings	Revaluation Reserve	Option Reserve	Total Equity
Six months to 31 December 2013						
Balance at 1 July 2013		**287,142**	**422,713**	**7,859**	**82**	**717,796**
Comprehensive income						
Profit for the period		-	26,832	-	-	**26,832**
Other comprehensive income		-	-	-	-	**-**
Total comprehensive income		**-**	**26,832**	**-**	**-**	**26,832**
Proceeds from shares issued	10	10,378	-	-	-	**10,378**
Employee share scheme		-	-	-	73	**73**
Dividends paid to shareholders		-	(4,209)	-	-	**(4,209)**
Balance at 31 December 2013		**297,520**	**445,336**	**7,859**	**155**	**750,870**
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	10	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**

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

Consolidated Balance Sheet

As at 31 December 2014

$000	Note	31 December 2014	31 December 2013	30 June 2014
Assets				
Cash and cash equivalents		**927**	1,087	839
Trade receivables and other assets		**13,936**	16,387	12,470
Amounts due from related parties		**29**	123	236
Property, plant and equipment		**28,460**	26,508	27,866
Intangible assets		**232**	224	256
Investment properties	8	**2,035,632**	1,893,148	1,960,972
Investment in joint venture		**7,612**	7,123	7,045
Total assets		**2,086,828**	1,944,600	2,009,684
Liabilities				
Trade and other payables		**21,594**	15,979	18,196
Interest bearing liabilities	9	**51,642**	60,315	42,542
Deferred membership fees		**81,224**	75,197	77,854
Refundable occupation right agreements		**1,031,450**	979,921	1,011,511
Deferred tax liabilities	7	**70,858**	62,318	67,778
Total liabilities		**1,256,768**	1,193,730	1,217,881
Net assets		**830,060**	750,870	791,803
Equity				
Contributed equity	10	**302,194**	297,520	298,766
Revaluation reserve		**8,089**	7,859	8,089
Employee share scheme reserve		**706**	155	300
Retained earnings		**519,071**	445,336	484,648
Total equity		**830,060**	750,870	791,803

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 2014

$000	Note	Half year ended 31 December 2014	Half year ended 31 December 2013
Cash flows from operating activities			
Receipts from residents for membership fees, village fees and care fees		40,366	35,732
Other income	4	2,000	-
Receipts from residents for refundable occupation right agreements		89,092	69,721
Payments to suppliers and employees		(38,902)	(38,748)
Payments to residents for refundable occupation right agreements		(58,850)	(53,298)
Net GST paid		(299)	(520)
Interest received		53	15
Interest paid		(462)	(1,083)
Net cash inflow from operating activities	6	32,998	11,819
Cash flows from investing activities			
Payments for property, plant and equipment		(1,542)	(285)
Payments for intangibles		(82)	(164)
Receipts from/(advances to) joint venture		207	(136)
Dividends received from joint venture		225	300
Payments for investment properties		(37,617)	(21,635)
Capitalised interest paid		(1,399)	(1,074)
Net cash outflow from investing activities		(40,208)	(22,994)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares, net of issue costs		3,428	10,378
Net proceeds from borrowings		9,148	4,797
Dividends paid		(5,278)	(4,209)
Net cash inflow from financing activities		7,298	10,966
Net decrease in cash and cash equivalents		88	(209)
Cash and cash equivalents at beginning of the period		839	1,296
Cash and cash equivalents at end of period		927	1,087

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

Notes to the Interim Financial Statements
For the half year ended 31 December 2014

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 25 February 2015.

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.

Notes to the Interim Financial Statements

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 and ASX listing rules.

These consolidated interim financial statements for the half year reporting period ended 31 December 2014 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 2014, 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 2014 and comparatives for the six months ended 31 December 2013 are unaudited. The consolidated financial statements for the year ended 30 June 2014 were audited and form the basis for the comparative figures for that period in these accounts. 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.

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 2015 which have a material impact on the Group.

The following accounting standard is not yet effective and has not been early adopted by the Group:

NZ IFRS 15 'Revenue from contracts with customers'

Effective for periods beginning on or after 1 January 2017. NZ IFRS 15 addresses recognition of revenue from contracts with customers and replaces the current revenue recognition guidance in NZ IAS 18 Revenue and NZ IAS 11 Construction Contracts and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Group is yet to assess the impact of NZ IFRS 15.

Notes to the Interim Financial Statements

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 2014.

Where necessary, certain comparative information has been reclassified in order to conform to changes in presentation in the current year.

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 revenue are revenues derived from the Group's largest customers as follows:

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 $6.2m (2013: $6.4m).

There are no other individually significant customers.

4. Other Income - Settlement Receipt

On 24 October 2014 a full and final settlement favourable to the Group was reached with various third parties in relation to previously identified building issues at the Links Apartments at Hibiscus Coast Village. In addition to the cash settlement amount of $2.0m recognised in the period ended 31 December 2014, various third parties have agreed to contribute at their expense to certain remedial work required (refer also to note 8).

Notes to the Interim Financial Statements

5. Expenses

$000	Half year ended 31 December 2014	Half year ended 31 December 2013
Profit before income tax includes		
Property costs		
- Utilities and other property costs	5,447	5,308
- Repairs and maintenance on investment properties	4,239	5,193
- Repairs and maintenance on plant, furniture and equipment	321	299
Total property costs	10,007	10,800
Depreciation		
- Plant, furniture and equipment	562	399
- Motor vehicles	82	56
- Freehold buildings	196	197
Total depreciation	840	652
Finance costs		
- Interest and fees expense	1,960	2,034
- Less: Interest expense capitalised	(1,399)	(1,074)
Total finance costs	561	960
Other expenses		
- Resident costs	2,908	2,823
- Marketing and promotion	1,805	1,612
- Other employment costs	1,080	711
- Communication costs	798	765
- Rental and operating lease expenses	142	163
- Gain on disposal of property, plant and equipment	(44)	(18)
- Donations	3	6
- Residents' share of capital gain	1,214	1,245
- Other (no items of individual significance)	2,084	3,682
Fees paid to PricewaterhouseCoopers New Zealand		
- Audit and review	56	50
- Other assurance	3	-
- Tax compliance	43	30
- Other non-assurance	15	13
Total fees paid to PricewaterhouseCoopers New Zealand	117	93
Directors' fees	312	276
Total other expenses	10,419	11,358

Notes to the Interim Financial Statements

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

$000	Half year ended 31 December 2014	Half year ended 31 December 2013
Profit for the period	**39,701**	26,832
Adjustments for:		
Change in fair value of investment properties	**(32,256)**	(25,503)
Change in fair value of residents' share of capital gains	**1,214**	1,245
Employee share scheme	**406**	73
Depreciation	**840**	652
Amortisation	**101**	207
Movement in deferred tax expense	**3,080**	4,232
Gain on disposal of property, plant and equipment	**(44)**	(18)
Share of profit arising from joint venture, net of tax	**(791)**	(275)
Changes in working capital relating to operating activities:		
Trade receivables and other assets	**(1,357)**	(3,730)
Trade and other payables	**9**	(631)
Deferred membership fees	**3,370**	2,511
Refundable occupation right agreements	**18,725**	6,224
Net cash inflow from operating activities	**32,998**	11,819

7. Income Tax Expense

$000	Half year ended 31 December 2014	Half year ended 31 December 2013	Year ended 30 June 2014
(a) Income tax expense			
Current tax	**40**	-	44
Deferred tax	**3,080**	4,232	9,611
	3,120	4,232	9,655
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit before income tax expense	**42,821**	31,064	78,431
Tax at the New Zealand tax rate of 28%	**11,990**	8,698	21,961
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Non taxable income and non deductible expenditure	**(371)**	(235)	(469)
Non taxable impact of investment property revaluation	**(9,032)**	(7,141)	(18,402)
Movement in property valuations for deferred tax	**3,206**	2,926	6,283
Tax impact of change in investment property depreciable tax base	**279**	179	470
Share of profit arising from joint venture	**(221)**	(77)	(134)
Other	**(823)**	(22)	394
Prior period adjustment	**(1,528)**	-	-
Tax losses arising in the current period and previously unrecognised tax losses	**(380)**	(96)	(448)
Income tax expense	**3,120**	4,232	9,655

The weighted average applicable tax rate was 28% (2013: 28%).

(c) Recognised deferred tax liability

The deferred tax balance comprises:

$000	Half year ended 31 December 2014	Half year ended 31 December 2013	Year ended 30 June 2014
Property, plant and equipment	**5,095**	4,534	4,661
Investment property	**(100,475)**	(93,912)	(97,269)
Deferred membership fees	**14,993**	21,056	16,716
Recognised tax losses	**5,184**	1,021	3,276
Other items	**4,345**	4,983	4,838
Net deferred tax liability	**(70,858)**	(62,318)	(67,778)

Notes to the Interim Financial Statements

Movement in the deferred tax balance comprises:

$000	Balance 1 July 2014	Recognised in income	Recognised in OCI	Balance 31 December 2014
Property, plant and equipment	4,661	434	-	5,095
Investment property	(97,269)	(3,206)	-	(100,475)
Deferred membership fees	16,716	(1,723)	-	14,993
Recognised tax losses	3,276	1,908	-	5,184
Other items	4,838	(493)	-	4,345
Net deferred tax liability	(67,778)	(3,080)	-	(70,858)

$000	Balance 1 July 2013	Recognised in income	Recognised in OCI	31 December 2013
Property, plant and equipment	4,468	66	-	4,534
Investment property	(90,986)	(2,926)	-	(93,912)
Deferred membership fees	20,681	375	-	21,056
Recognised tax losses	2,512	(1,491)	-	1,021
Other items	5,239	(256)	-	4,983
Net deferred tax liability	(58,086)	(4,232)	-	(62,318)

$000	Balance 1 July 2013	Recognised in income	Recognised in OCI	Balance 30 June 2014
Property, plant and equipment	4,468	274	(81)	4,661
Investment property	(90,986)	(6,283)	-	(97,269)
Deferred membership fees	20,681	(3,965)	-	16,716
Recognised tax losses	2,512	764	-	3,276
Other items	5,239	(401)	-	4,838
Net deferred tax liability	(58,086)	(9,611)	(81)	(67,778)

Expected maturity of deferred tax liability:

$000	Half year ended 31 December 2014	Half year ended 31 December 2013	Year ended 30 June 2014
Deferred tax liability to be recovered within 12 months	807	610	906
Deferred tax liability to be recovered after more than 12 months	(71,665)	(62,928)	(68,684)
	(70,858)	(62,318)	(67,778)

No income tax was paid or payable during the period. There are no unrecognised tax losses for the Group at 31 December 2014 (December 2013: nil, June 2014: nil). The sell down in November 2013 by Retirement Villages New Zealand Limited of its shareholding in the Company meant the Company did not maintain sufficient shareholder continuity levels and therefore the losses held from the period prior to 23 July 2012 were forfeited.

(d) Imputation credits

The imputation credit balance for the Company and Parent at 31 December 2014 is nil (December 2013: nil, June 2014: nil). No tax payments were made during the periods and any dividends paid were unimputed.

Notes to the Interim Financial Statements

8. Investment Properties

$000	**Half year ended 31 December 2014**	Half year ended 31 December 2013	Year ended 30 June 2014
Development land			
Opening balance	**37,949**	41,238	41,238
Capitalised subsequent expenditure	**760**	978	1,393
Land transferred to completed investment properties	**(259)**	(166)	(4,818)
Change in fair value recognised during the period	**(371)**	552	136
Closing balance	**38,079**	42,602	37,949
Investment properties under development			
Opening balance	**18,544**	10,800	10,800
Capitalised subsequent expenditure	**41,388**	20,298	47,374
Completed developments transferred to completed investment properties	**(8,231)**	(3,638)	(39,630)
Change in fair value recognised during the period	**-**	-	-
Closing balance	**51,701**	27,460	18,544
Completed investment properties			
Opening balance	**1,904,479**	1,793,100	1,793,100
Capitalised subsequent expenditure	**256**	1,231	1,347
Land transferred from development land	**259**	166	4,818
Completed developments transferred from investment properties under development	**8,231**	3,638	39,630
Change in fair value during the period	**32,627**	24,951	65,584
Closing balance	**1,945,852**	1,823,086	1,904,479
Total investment properties	**2,035,632**	1,893,148	1,960,972

Valuation processes

Development land and completed investment properties are held at fair value and were valued by CBRE Limited ('CBRE') for all the reporting periods presented. CBRE is an independent registered valuer and 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 2014 for the period from 1 July 2014 to 31 December 2014. 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 2015 which will be assessed and subject to audit.

Development land

The fair value of development land at 31 December 2014 determined by CBRE was $38.1m (June 2014: $38.0m, December 2013: $42.6m).

CBRE determines that surplus land can be comprised of a standalone title and/or part of the principal site. Where standalone CBRE has ascribed a value which can be captured independently, if desired, from the overall village. Where part of the principal site CBRE has identified if there is potential, be it town planning or economic, to expand the village and has assessed a value accordingly. This latter value, whilst identified as surplus land value, cannot be independently captured.

As a general rule, CBRE have treated units in the early stages of construction, land with approvals and other vacant land clearly identified for future development as land for development in its highest and best use.

Notes to the Interim Financial Statements

Investment properties under development

The Group has 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. The cost of investment properties under development at 31 December 2014 is $51.7m (June 2014: $18.5m, December 2013: $27.5m). No impairment losses have been recognised on development land.

Completed investment properties

The fair value of completed investment properties at 30 June 2014 as determined by CBRE is $836.1m (June 2014: $817.5m, December 2013: $774.0m). 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.

The occupancy period is a significant component of the CBRE valuation and is driven from a Monte Carlo simulation. The simulations are dependent upon the demographic profile of the village (age and gender of residents) and a death and non-death probability as the reason for departing a unit. The resulting stabilised departing occupancy period is an estimate of the long run occupancy term for residents. An increase in the stabilised departing occupancy period will have a negative impact on the valuation and a decrease in the stabilised departing occupancy would have a positive impact on the valuation. Additional variables which will influence the stabilised occupancy period outputs (and recycle profile) by village will include:

- Resident densities where a high proportion of couples will logically extend/prolong the recycle profile;
- Occupancy periods for existing residents and current absolute age levels; and
- Care or lifestyle orientated village.

The following significant assumptions have been used to determine the fair value:

	31 December 2014	31 December 2013	30 June 2014
Nominal growth rate (anticipated annual property price growth over the cash flow period)	**1.8% - 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%
Stabilised departing occupancy - service apartments (per annum)	**21.3% - 24.4%**	21.1% - 25.2%	20.9% - 24.9%
Stabilised departing occupancy - units (per annum)	**11.4% - 14.5%**	11.3% - 14.2%	11.2% - 14.5%

The CBRE valuation also includes within the forecast cash flows the Group's expected costs relating to any known or anticipated remediation works (refer also to note 4).

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 2014	31 December 2013	30 June 2014
Development land	**38,079**	42,602	37,949
Investment properties under development	**51,701**	27,460	18,544
Completed investment properties	**836,095**	774,035	817,495
	925,875	844,097	873,988
Plus: Refundable occupation right agreement amounts	**1,279,676**	1,202,653	1,245,411
Plus: Residents' share of capital gains	**28,723**	29,780	29,503
Plus: Deferred membership fee	**81,224**	75,197	77,854
Less: Membership fee receivables	**(271,017)**	(247,606)	(258,162)
Less: Occupation right agreement receivables	**(8,849)**	(10,973)	(7,622)
Total investment properties	**2,035,632**	1,893,148	1,960,972

Notes to the Interim Financial Statements

Borrowing costs of $1.4m (June 2014: $2.4m, December 2013: $1.1m) arising from financing specifically entered into for the construction of investment properties under development were capitalised during the period. Capitalisation rates of 5.68% - 6.28% pa (June 2014: 4.80% - 5.43% pa, December 2013: 4.80% - 5.44% pa) were used, representing the borrowing costs of the loans used to finance the projects.

Registered mortgages in favour of the statutory supervisors of the village-owning operating subsidiary companies are recognised as first charges 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 operating subsidiaries to secure funding made available to each of these subsidiaries.

Notes to the Interim Financial Statements

9. Interest Bearing Liabilities

$000	31 December 2014	31 December 2013	30 June 2014
Bank loans	**51,635**	60,804	42,488
Capitalised debt costs	**(358)**	(600)	(467)
	51,277	60,204	42,021
Finance leases	**365**	111	521
Total interest bearing liabilities	**51,642**	60,315	42,542
Expected maturity			
Within one year	**128**	111	243
Later than one year	**51,872**	60,804	42,766
Total interest bearing liabilities excluding capitalised debt costs	**52,000**	60,915	43,009

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 18 December 2013 the bank facilities were renegotiated and extended. The maturity of the Core Revolving Credit Facility of $50m was extended from 30 September 2015 to 31 October 2017 and the maturity of the Development Facility of $120m was extended from 30 September 2016 to 31 October 2018.

The working capital facility of $10.0m is repayable on demand (June 2014 & December 2013: $10.0m, repayable on demand).

At 31 December 2014, the Group had $180.0m (June 2014: $180.0m, December 2013: $180.0m) of committed bank facilities, including the overdraft, of which $128.4m was undrawn (June 2014: $137.5m, December 2013: $119.2m). No amount was drawn under the Core Revolving Credit Facility at 31 December 2014 (June 2014: $6.0m, December 2013: $17.5m), $47.2m (June 2013: $28.3m, December 2013: $35.4m) under the Development Facility, and $4.4m (June 2014: $8.4m, December 2013: $7.9m) under the Working Capital Facility.

Interest

Interest on the bank loan is charged using the BKBM Bill Rate plus a margin.
Interest rates applicable in the six month period to 31 December 2014 ranged from 4.75% to 4.92% pa (December 2013: 3.77% to 3.92% pa).

Bank undertakings

The Company's security arrangements in respect of its wholly owned operating subsidiaries are set out in note 8.
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 2014, Metlifecare Palmerston North Limited had an overdraft facility of $650,000, of which $650,000 was undrawn (December 2013: $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 2014, the Company was in compliance with its financial covenants (June 2014, December 2013: in compliance).

Notes to the Interim Financial Statements

10. Contributed Equity

Shares	Half year ended 31 December 2014	Half year ended 31 December 2013	Year ended 30 June 2014
Issued and fully paid up capital			
Balance at beginning of the period	**211,107,094**	207,236,012	207,236,012
Shares issued	**787,800**	3,358,679	3,971,082
Shares cancelled	**-**	-	(100,000)
Balance at end of period	**211,894,894**	210,594,691	211,107,094

$000	Half year ended 31 December 2014	Half year ended 31 December 2013	Year ended 30 June 2014
Issued and fully paid up capital			
Balance at beginning of the period	**298,766**	287,142	287,142
Shares issued	**3,458**	10,410	11,683
Issue costs	**(30)**	(32)	(59)
Balance at end of period	**302,194**	297,520	298,766

Shares	Half year ended 31 December 2014	Half year ended 31 December 2013	Year ended 30 June 2014
Treasury shares			
Balance at beginning of the period	**796,919**	610,000	610,000
Shares cancelled under the senior executive share plan	**-**	-	(100,000)
Shares issued under the senior executive share plan	**-**	-	286,919
Balance at end of period	**796,919**	610,000	796,919

$000	Half year ended 31 December 2014	Half year ended 31 December 2013	Year ended 30 June 2014
Treasury shares			
Balance at beginning of the period	**-**	-	-
Shares cancelled under the senior executive share plan	**-**	-	-
Shares issued under the senior executive share plan	**-**	-	-
Balance at end of period	**-**	-	-

Net tangible assets per share	31 December 2014	31 December 2013	30 June 2014
Net tangible assets per share ($) basic	**3.92**	3.57	3.75

On 17 October 2014 Metlifecare Limited issued 787,800 ordinary shares at $4.39 per share under a dividend reinvestment plan.

On 17 April 2014 Metlifecare Limited issued 325,484 ordinary shares at $3.91 per share under a dividend reinvestment plan.

On 8 April 2014 Metlifecare Limited issued 286,919 treasury shares under the senior executive share plan.

On 8 April 2014 Metlifecare Limited cancelled 100,000 treasury shares under the senior executive share plan.

On 17 October 2013 Metlifecare Limited issued 132,283 ordinary shares at $3.10 per share under a dividend reinvestment plan.

On 12 July 2013 Metlifecare Limited issued 3,226,396 ordinary shares at $3.10 per share under a share purchase plan.

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 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 management team.

Notes to the Interim Financial Statements

11. Contingencies

Contingent liabilities

There are no material contingent liabilities as at 31 December 2014 (June 2014: nil, December 2013: nil).

12. Commitments

$000	31 December 2014	31 December 2013	30 June 2014
Capital commitments			
Estimated commitments contracted for at balance date but not provided for to purchase, construct or develop investment properties	48,868	22,365	54,754
	48,868	22,365	54,754
Operating lease commitments			
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year	471	244	296
Later than one year but not later than five years	1,780	191	1,635
Later than five years	1,680	-	1,767
	3,931	435	3,698

The Group leases support office premises and various property, plant and equipment under non-cancellable operating lease agreements. The leases reflect normal commercial arrangements with varying terms, escalation clauses and renewal rights.

13. Related Party Transactions

The names of persons who were directors of the Company at any time during the six months to 31 December 2014 are as follows: Kim Ellis (appointed 25 August 2014), Peter Brown (resigned 31 August 2014), Christopher Aiken, Alistair Ryan, Dr Noeline Whitehead, Kevin Baker, William Smales and Carolyn Steele.

At 30 June 2013, Retirement Villages New Zealand Limited owned 38.31% of Metlifecare Limited. On 24 November 2013 Retirement Villages New Zealand Limited sold all of its shares in Metlifecare Limited, leaving it with no stake in Metlifecare Limited.

14. Subsequent Events

On 13 January 2015 the Company entered into a conditional agreement to acquire a prime five hectare site in Red Beach, Auckland, with plans to develop a significant retirement village. The land acquisition is part of a proposed $150 million project and is subject to the following material conditions: the satisfactory completion of due diligence (including feasibility); resource consent of the site being obtained by the Company; and subdivision consent to be obtained by the vendor. Assuming satisfaction of these conditions as well as satisfaction of other related consents, development of the site is likely to commence in 2017.

On 25 February 2015, the directors approved a dividend of 1.5 cents per share amounting to $3.18m. The dividend record date is 2 April 2015 with payment on 17 April 2015.

There are no further subsequent events that have had a material impact on the interim financial statements between 31 December 2014 and the date of signing.

pwc

Independent Review Report

to the shareholders of Metlifecare Limited

Report on the Interim Financial Statements

We have reviewed the accompanying consolidated financial statements of Metlifecare Limited, (the "Company") and its controlled entities (the "Group") which comprise the balance sheet as at 31 December 2014, 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.

Directors' Responsibility for the Financial Statements

The Directors of the Group are responsible for the preparation and fair 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 and fair presentation of the 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 Group, 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 other assurance, tax compliance and non-assurance services. 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, do not present fairly, in all material respects the financial position of the Group as at 31 December 2014 and its financial performance and cash flows for the period ended on that date, 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 a 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

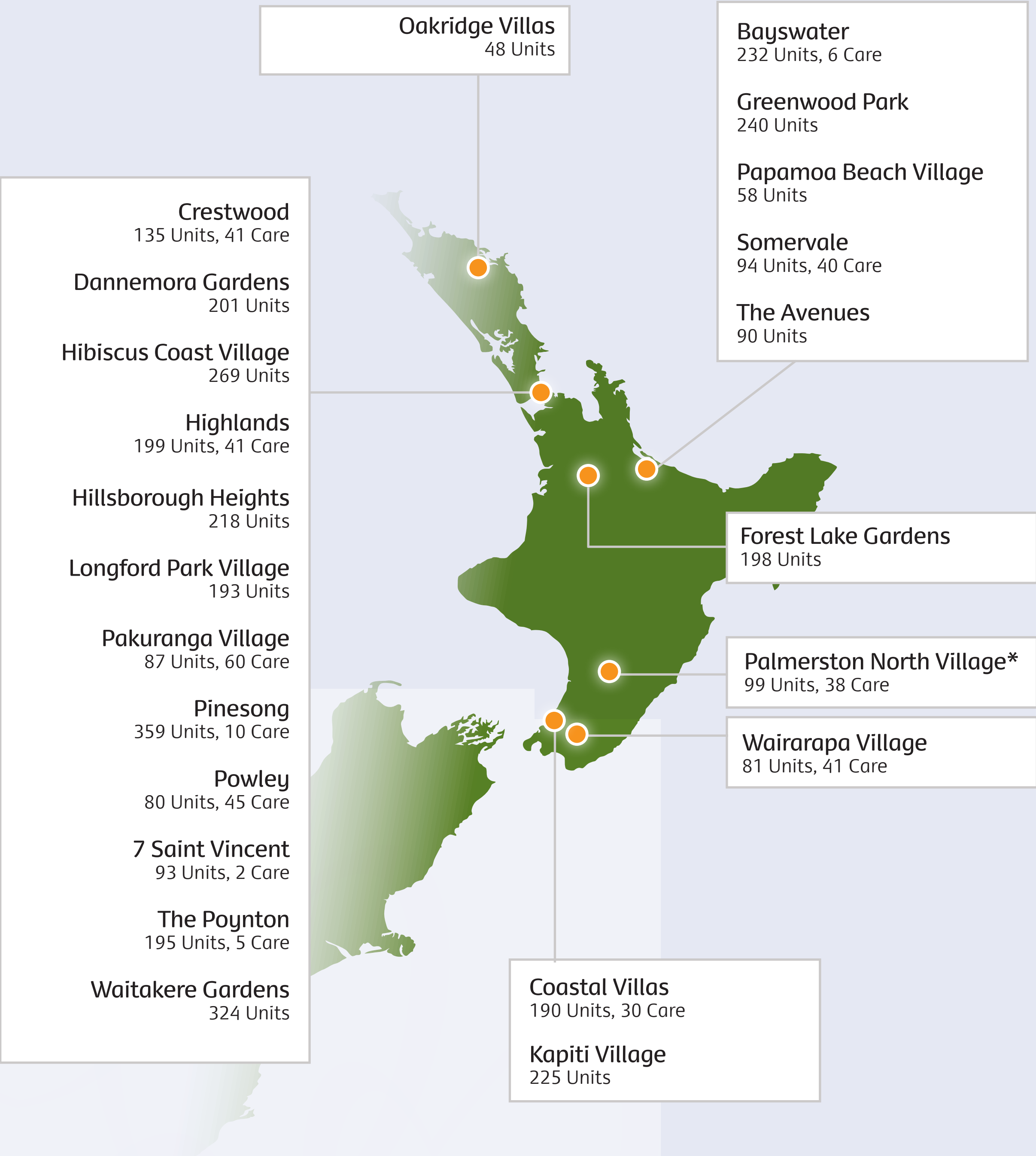
Chartered Accountants
25 February 2015

Auckland

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 (9) 355 8000, F: +64 (9) 355 8001, www.pwc.com/nz

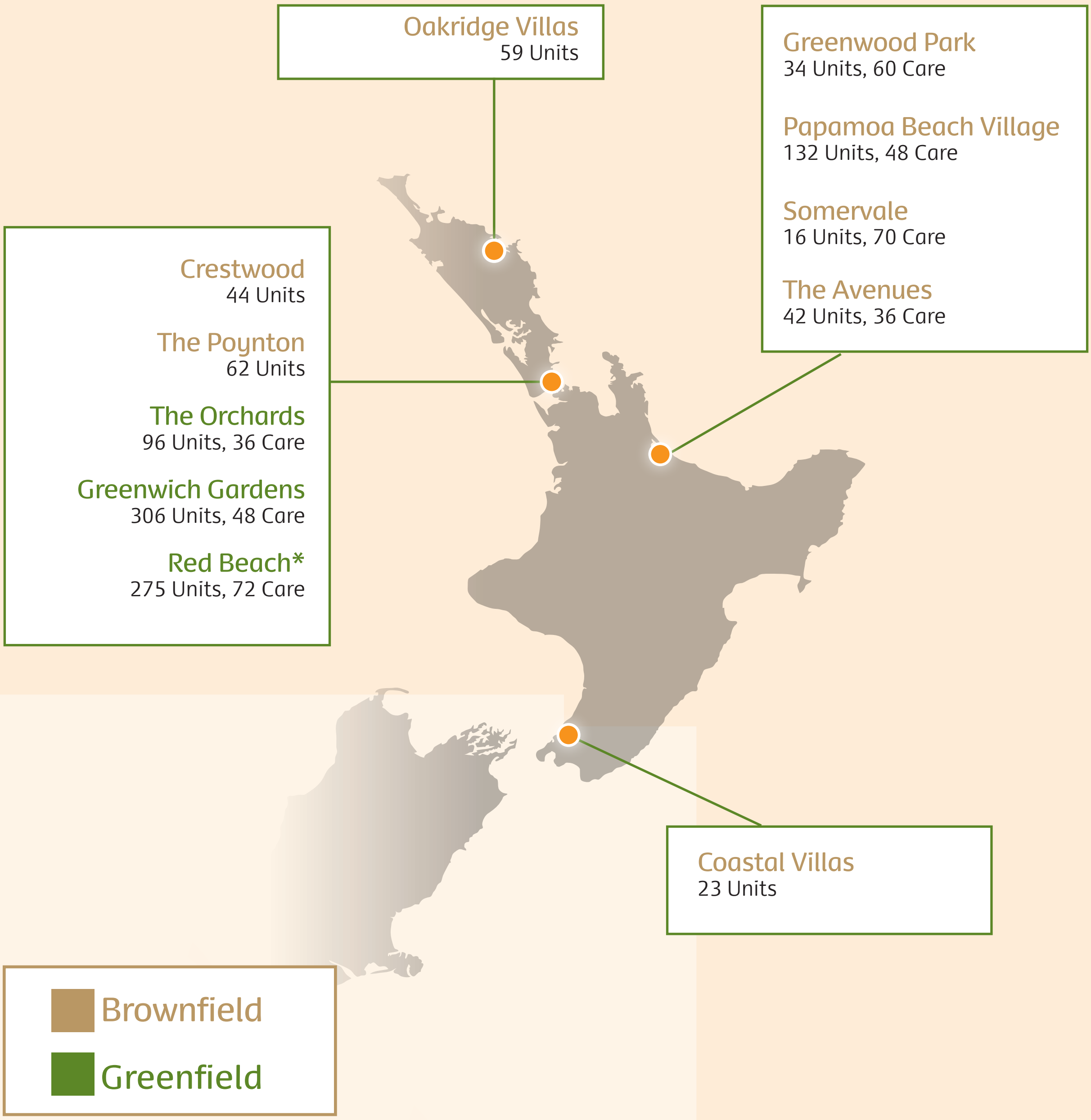
7 Saint Vincent

Family of Villages



* On 31 December 2014 Metlifecare Palmerston North Limited joint venture's shareholding consisted of Metlifecare (50%) and The New Zealand Guardian Trust Company Limited (50%)

Construction and Development Locations



* Conditional acquisition signed on 13 January 2015

Directory

Directors

Kim Ellis
Chair

Chris Aiken

Kevin Baker

Alistair Ryan

William Smales

Carolyn Steele

Dr Noeline Whitehead

Executive Team

Alan Edwards
Chief Executive Officer

Tristram van der Meijden
Chief Financial Officer

Andrew Peskett
General Counsel & Company Secretary

Grant Arbuckle
General Manager Development & Assets

Richard Callander
General Manager Operations (commenced 26 January 2015)

Jan Martin
General Manager Sales

Blanka Ros
General Manager Marketing

Lisa Tonner
General Manager People & Performance

Auditor

PricewaterhouseCoopers
PwC Tower
188 Quay Street, Auckland 1142

Registered Office (New Zealand)

Level 4, 20 Kent Street
Newmarket, Auckland 1023
Postal Address: PO Box 37463
Parnell, Auckland 1151
Telephone: 09 539 8000
Facsimile: 09 539 8001
www.metlifecare.co.nz

Registered Office (Australia)

Level 20, 385 Bourke Street
Melbourne, VIC 3000
Australia
Telephone: +61 3 9670 6123
Facsimile: +61 3 9670 5670

Solicitors

Chapman Tripp
Level 35, ANZ Centre
23 Albert Street, Auckland 1010

Minter Ellison Rudd Watts
Level 20, Lumley Centre
88 Shortland Street, Auckland 1010

Bankers

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

Bank of New Zealand
Corporate & Institutional Banking, Level 4
BNZ Tower, 80 Queen Street, Auckland 1010

ASB Bank Limited
ASB North Wharf, 12 Jellicoe Street
Auckland 1010

Share Registrar New Zealand

Computershare Investor Services Pty Limited
Level 2, 159 Hurstmere Road, Takapuna
Auckland 0622
Postal Address: Private Bag 92119
Victoria Street West, Auckland 1142
Investor Enquiries: 09 488 8777
www.computershare.co.nz/investorcentre

Share Registrar Australia

Computershare Investor Services Pty Limited
Postal Address: GPO Box 3329, Melbourne
Victoria 3001, Australia
Investor Enquiries (Freephone): 1 800 501 366
enquiry@computershare.co.nz

Papamoa Beach Village

www.metlifecare.co.nz