



Metlifecare Limited Annual Report 2002



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The Annual Meeting of Shareholders of Metlifecare Limited will be held at the Goldstar Room, 3rd Floor, Ellerslie Convention Centre, 80 -100 Ascot Avenue, Ellerslie, Auckland on Thursday, 1 May 2003, commencing at 4.00 pm.

Business Highlights

- Increase in net surplus from \$7.2 million to \$10.4 million
- Operating surplus (before interest, tax and unusual items) increased from \$10.3 to \$13.1 million
- Revenue exceeded \$100 million
- Operating cashflows of \$27.6 million, up 22.7%
- Record year for resales of villas and apartments in both number and revenue
- A 22% increase in the number of villas and apartments sales and resales
- \$1.1 million invested in resident amenities

Chairman's Report



The financial year ended 31 December 2002 saw growth in all business areas of the Company's retirement village operations.

Financial Results

Metlifecare continued to make good gains on the previous year, with an operating surplus (before interest, tax and unusual items) of \$13.1 million.

The net surplus was \$10.4 million, a 44% improvement on the previous year and a record result for Metlifecare. The surplus is even more impressive when unusual items are excluded from the 2001 result, highlighting a 58% increase in the surplus from \$6.6 million in 2001 to \$10.4 million in 2002.

	2002	2001
Total revenue	\$100.7M	\$82.2M
Operating surplus (before interest, tax and unusual items)	\$13.1M	\$10.3M
Net surplus	\$10.4M	\$7.2M

Total revenues of \$100.7 million were a record for Metlifecare and up on the previous year's revenue of \$82.2 million, due to a significant lift in sales and resales of villas and apartments.

At year-end, total assets stood at \$184.6 million (\$166.2 million in 2001), another record for Metlifecare. Total liabilities increased from \$69.5 million to \$70.7 million.

The Company's debt reduced by \$1.8 million to \$50.6 million (\$52.4 million in 2001). The level of debt at year-end included \$19.6 million attached to development activities. The demand for the Company's villas and apartments has provided an opportunity to accelerate the realisation of the Company's land for development.

As at 31 December 2002, the total value of all properties, including chattels, was \$433 million (\$388 million in 2001).

Dividend Policy

Consistent with previous announcements, no dividend will be paid.

Sale of Epsom and Browns Bay Care Facilities

In December 2002, Metlifecare entered into conditional contracts to sell its Metlifecare Epsom and Metlifecare Browns Bay facilities to a consortium of private investors. These contracts were settled in early 2003.

The sale of the two care facilities and serviced apartments was in line with Metlifecare's strategic business direction. This direction involves focusing on operating lifestyle retirement villages that provide a continuum of care from independent lifestyle options through to hospital level care, rather than having 'care' as a stand alone activity.

The facilities were sold for \$10.7 million plus \$1.2 million for surplus land adjacent to the Epsom facility. This realised a small profit on the current book value.

Staff

The improved financial results are a tribute to the continued hard work and commitment of Metlifecare's employees. The Directors would like to thank the Company's staff for the effort and contribution they made to the business during 2002.

The Directors approved an Executive Share Option Plan in 1998. During 2002, the Directors issued further options to senior executives and plan to continue to do so in the future.

Residents

The Directors would also like to extend a special message of thanks to Metlifecare's residents and their families for their continued support during 2002. Metlifecare will remain steadfast in striving to exceed service expectations across all areas of the business.

The interests and aspirations of our residents remains a key strategic consideration in the decision making process for the Board and the Senior Executive of Metlifecare.

Industry Involvement

The Company continues to remain actively involved in industry affairs, through its membership of Residential Care NZ Inc. and The Retirement Villages Association of New Zealand Inc. (RVA). Gavin Aleksich (Metlifecare's Chief Executive Officer) acts as Deputy President of the RVA and Graeme Benny (Metlifecare's General Manager Operations) is Executive Director of Residential Care New Zealand Inc.

Board of Directors

During 2002, the Board continued to work closely with Metlifecare's Senior Executive reviewing and developing the Company's strategic direction and providing corporate governance.

Pursuant to the Constitution of the Company, Robert W. Bryden and Brett C. Sutton retire by rotation and, being eligible, offer themselves for re-election in 2003.

Outlook

The future for Metlifecare looks very positive. The Directors remain committed to maximising shareholder value through growing the scale of the business, a continued focus on streamlining the operations of the business and excelling in quality service delivery.

The financial results achieved in 2002 were a planned outcome of the Strategic Review undertaken by the Company in 2000. Metlifecare continues to build on its already comprehensive portfolio of villas and apartments, high quality services, the scale of operations and its in depth industry expertise. A commitment to embracing a continuum of care to meet the ongoing needs of current and prospective residents places Metlifecare in a pre-eminent position within the industry.

We remain positive and enthusiastic about the year ahead and expect to deliver another solid result. As New Zealand's population continues to age, demand for high quality retirement villages and services will increase. Metlifecare is strongly positioned to convert this growth into demand for our retirement villages.

Metlifecare is focused on increasing shareholder value and maintaining its leadership position.

In 2003, Directors expect further improvement on the gains made during 2002.



Peter W. Fitzsimmons OBE
Chairman
10 March 2003



Chief Executive Officer's Report



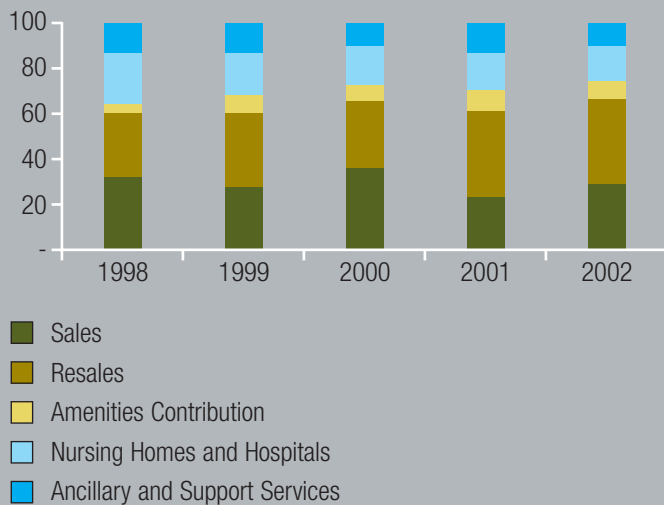
Introduction

2002 was a year of continued and sustained growth for Metlifecare. We have significantly improved on the previous year's operational and financial performance. In doing so, we also delivered a record result - posting a net surplus of \$10.4 million.

Business Overview

During 2002, revenue was generated from Metlifecare's two core business activities - Operations (Resales, Amenities Contribution, Nursing Homes and Hospitals, and Ancillary and Support Services) and Development (Sales).

Revenue from business activities (%)



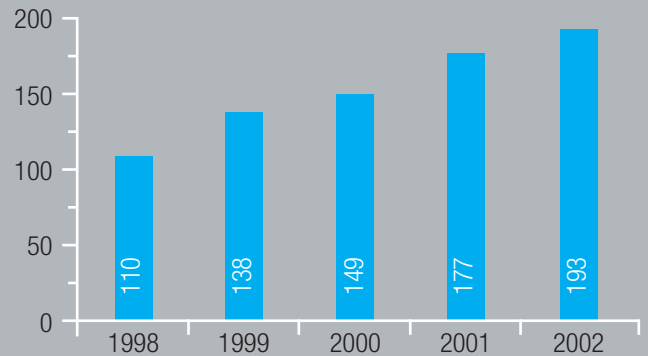
Operations

Metlifecare's core competency continues to be the day-to-day operational management of its retirement villages. During 2002, focus on core competencies and improving quality has again lead to improved operational and financial outcomes.

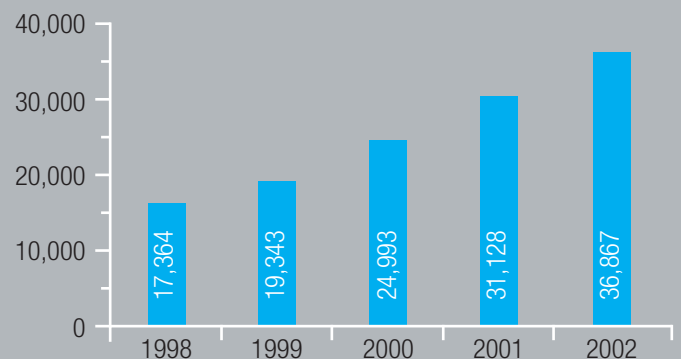
Resales

Continued demand for the Metlifecare brand and its high quality products and services resulted in an increase in resales revenue of 18% during 2002. This growth was due to a record number of resales and a lift in selling prices.

Resales (Number)



Revenue (\$000)



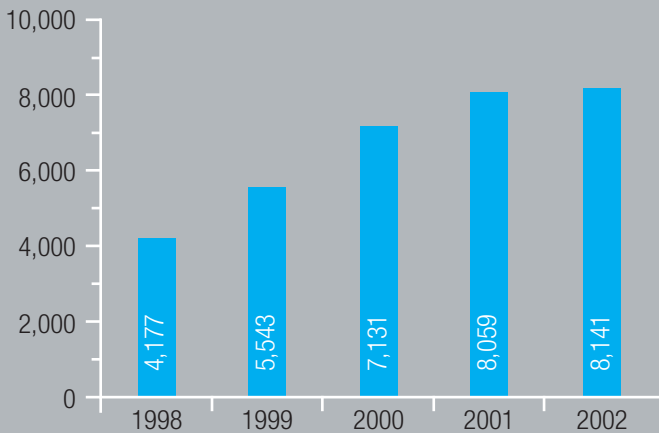
We forecast that the volume of resales will continue to grow, as the number of units managed by the Company increases.

Amenities Contribution

Metlifecare considers village amenities to be a critical component of the value-added retirement lifestyle it offers to residents. Metlifecare provides facilities of a particularly high standard and quality, and continues to develop additional amenities, as outlined later in this Annual Report.

The increase in the Amenities Contribution revenue is lower than previous years, due to the change in the treatment of GST adopted during the period. This change is in line with standard industry practice and has an overall favourable impact for the Company. A one-off write down of Amenities Contribution receivables of \$478,000 was recognised in the year as a result of this change.

Revenue from Amenities Contribution (\$'000)



Over time, the Amenities Contribution will continue to grow, as it is linked to increases in the number and market value of villas and apartments.

Enhanced Amenities for Residents

Metlifecare continued its programme of upgrading and refurbishing existing amenities, as well as developing new ones. Metlifecare invested \$1.1 million on new and existing amenities at various villages.

Notable achievements included the following:

- Opening a bowling green at Metlifecare Crestwood, Titirangi.
- Opening a bowling green, croquet green and barbeque area at Metlifecare Bayswater, Mount Maunganui.
- Opening a bowling and croquet green at Metlifecare Pinesong, Titirangi.

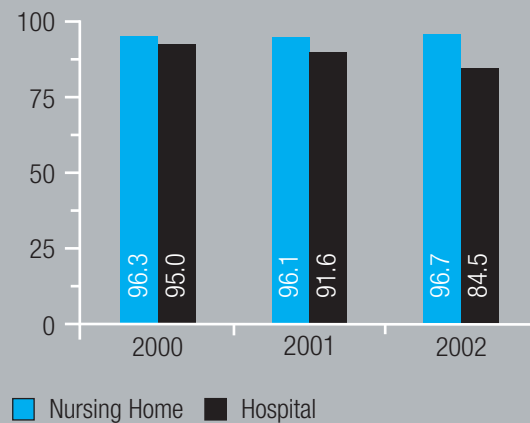
Nursing Homes and Hospitals (Care Facilities)

During 2002, occupancy levels for care facilities reduced slightly averaging 92.7% (94.8% for 2001) with nursing homes at 96.7% and hospitals at 84.5% (96.1% and 91.6% for 2001).

Occupancy levels were affected by the commissioning of new care facility beds at Paraparaumu and refurbishment of existing rooms at Wairarapa and Palmerston North. While the commissioning of new facilities and refurbishment programmes of existing facilities takes place, occupancy levels are affected, as rooms remain unoccupied.

The investment in care facilities saw the number and mix of the Company's nursing home and hospital beds change, with total bed numbers increasing to 521 (333 nursing home and 188 hospital) from 484 (350 nursing home and 134 hospital) in 2001.

Occupancy (%)



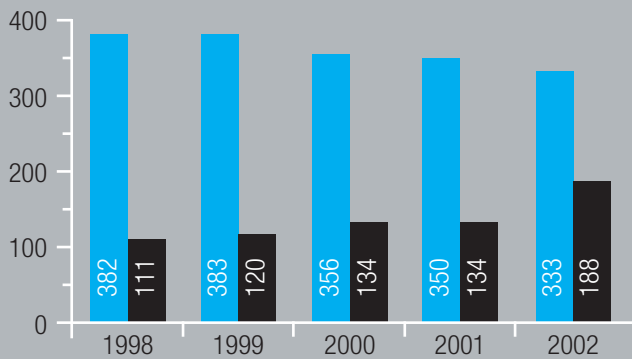
The ongoing development and refurbishment of Metlifecare's nursing homes, and hospitals is in response to immediate and anticipated demand for superior care services. As an organisation renowned for its quality retirement village operations, both current and prospective residents expect a high standard of care, when entering a Metlifecare nursing home or hospital. Metlifecare continues to be proactive in meeting head on market demands for such a level of care.

Our commitment to investing in nursing home and hospital care during 2002 included:

- Completion of the reconfiguration of the Care Facility at Metlifecare Palmerston North to a 20-bed hospital and 18-bed nursing home.
- Commissioning of a new 30-bed hospital at Metlifecare Coastal Villas, Paraparaumu.
- Conversion of four nursing home beds to four hospital beds at Metlifecare Wairarapa, Masterton.

A reconfiguration of beds available at nursing homes and hospitals resulted in an overall increase in bed numbers.

Care Facility beds (Number)



■ Nursing Home ■ Hospital

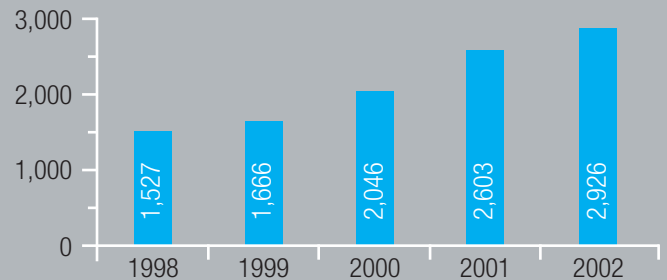
In December 2002, Metlifecare entered into conditional contracts to sell its Metlifecare Epsom (41 bed nursing home and 44 bed hospital) and Metlifecare Browns Bay (57 bed nursing home) facilities. The sale of the two care facilities was in line with Metlifecare's long-term strategic business direction of operating retirement lifestyle villages, rather than just "stand alone" hospital and nursing home facilities.

Ancillary and Support Services

Metlifecare provides a number of ancillary and support services. Metlifecare views this business activity as an important component of supporting the needs and continued independence of its residents.

These services range from domestic services, such as household cleaning and meals preparation, through to the provision of specialist home nursing care. Revenue generated from this source continued to climb during 2002.

Revenue (\$000)

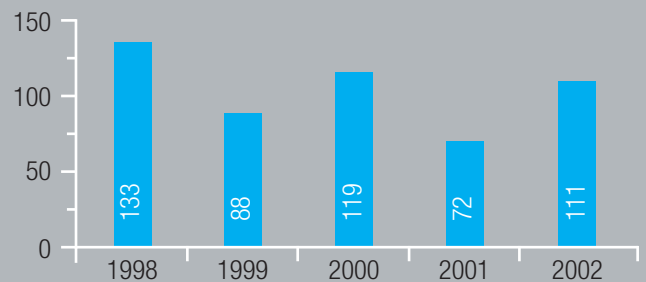


Development

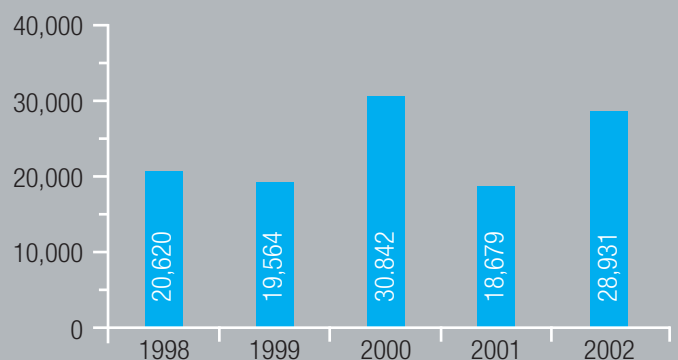
Sales

Metlifecare's development programme of building new villas and apartments is flexible to meet market demand. During 2002, Metlifecare increased performance from the Company's development activities. Both sales revenue and overall number of new villas and apartments grew significantly compared to 2001.

Sales (Number)



Revenue (\$000)



Major contributors to sales came from the following sites:

Metlifecare Bayswater

Located in Mount Maunganui, this village is situated near the Bayfair shopping centre. Continued demand for this prime location resulted in 30 villas being sold at this village.

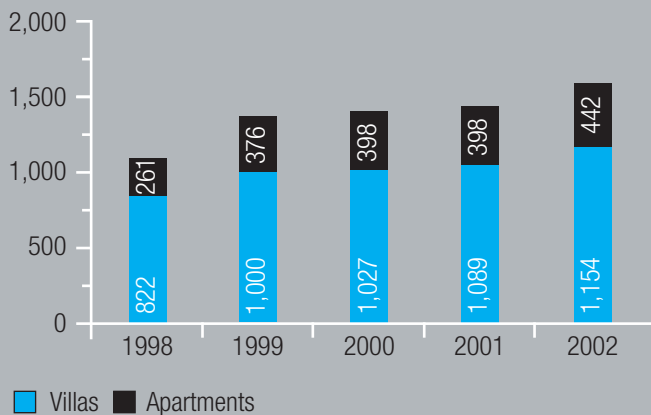
Metlifecare Pinesong

Set in park-like surroundings in Titirangi, Auckland, this village has special appeal for those people seeking an active lifestyle. During 2002, 69 villas and apartments were sold.

Expansion to Meet Demand

During 2002, Metlifecare enjoyed continued public demand for its retirement lifestyle options. To effectively meet this demand, the Company completed construction of 109 villas and apartments during the year. Metlifecare's portfolio of villas and apartments totalled 1,596 as at 31 December 2002.

Villas and Apartments (Number)



Cashflow and Debt

The Company's operating cashflows and debt position continued to improve.

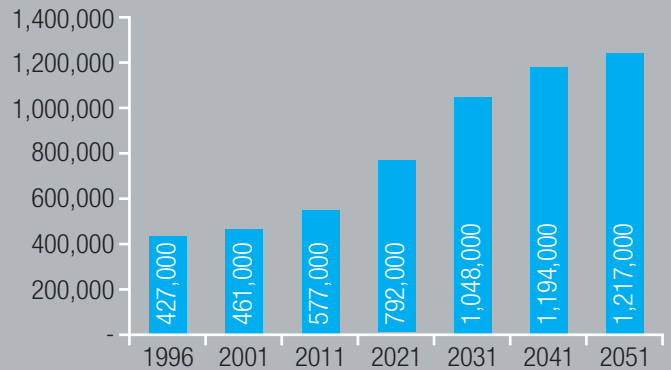
Operating cashflows for the year were up \$5.1 million (22.7%) to \$27.6 million, compared to \$22.5 million for 2001.

The Company's debt dropped during the year by \$1.8 million to \$50.6 million, compared to \$52.4 million in 2001. Of the total debt at year end, \$19.6 million was invested in development work in progress, compared to \$14.6 million in 2001.

Market Attractiveness

The demographic outlook remains positive, with the 2001 Census reporting New Zealand's population over 65 years of age was 461,000, an increase of 34,000 (8%) from the 1996 Census. The population over 65 years of age is forecast to treble reaching 1.217 million by the year 2051.

Population over 65 years of age



The New Zealand retirement village market is relatively young, when compared to international markets. The market penetration in New Zealand is approximately 3.5% and highlights the growth potential when compared to the USA market at 10%.

Metlifecare competes in a very fragmented market. There are many retirement village operators, with Metlifecare being the largest. Despite being the largest, Metlifecare only has approximately 11% market share.

Our People

Thank you

I wish to thank the people with whom I have had the pleasure of working with for their contribution to this year's result. These people include both our staff who deliver the products and services, and our residents who are the community and essence of our villages.

Metlifecare Award

During 2002, Metlifecare launched the inaugural 'Metlifecare Award'. This is one visible component of our effort to improve the quality of our service delivery. These monthly awards recognise and acknowledge employees who have exceeded expectations in the area of customer service.

Regulatory Environment

The first reading in Parliament of the Retirement Villages Bill was in February 2002. The Select Committee is expected to report back on the Bill to Parliament on 28 March 2003.

Under the Bill, the Government proposes that a readily understandable legal framework is created to protect the interests of current and future residents of retirement villages. The proposed legislation is intended to replace existing requirements of the Securities Act 1978 and its associated exemption regime.

Metlifecare is compliant with the Securities Act providing full disclosure to prospective residents, by way of its current village investment statements and registered prospectuses. Scheme statutory supervisors appointed to each village continue to protect the interests of residents. Furthermore, as an active member of the RVA, Metlifecare is bound by the Association's Code of Practice.

Metlifecare supports the introduction of the proposed legislation. The legislation should provide a consistent legal framework and establish consistent minimum operating standards for the industry. The legislation will have a minimal impact on Metlifecare due to the operating practices the Company currently employs.

The Future

I am pleased with the performance and record result achieved during 2002. As a leading provider of retirement and aged care services, Metlifecare is committed to achieving high standards and leading the industry in service excellence. Metlifecare continues to play a vital and active role in assisting the industry to educate and modify public perceptions associated with the retirement village lifestyle.

The outlook for the sector and Metlifecare is very positive. We are in a market that is attractive from both the perspective of forecast growth in the population 65 years of age and older, and the low market penetration compared to international markets.

We are focused on improving the quality and range of products and services that we can offer to our target market. This focus is already achieving improved and sustainable operating margins that will be enhanced further, as the scale of the Company's operations increases.

During 2002, we set ambitious targets and I am pleased to report that we achieved them. The growth in sales and resales of new and existing villas and apartments is a particularly pleasing result. We are confident that we will continue to excel in this area in the years ahead.

Our strong financial results and leadership position in the industry provide an excellent base for continued growth.

We are determined to build on the improved performance and deliver even better results in the future for both shareholders and residents.



Gavin Aleksich
Chief Executive Officer
10 March 2003

Executive Profiles

Gavin Aleksich Dip Com Nursing, BCom, DipBus (Marketing)

Chief Executive Officer

Gavin Aleksich heads a senior management team of highly experienced individuals and is responsible for setting the Company's strategy and achieving the Company's business objectives.

Gavin brings to his role a wealth of knowledge and experience gained in the health and finance areas. He has worked in senior management roles in both the public and private sectors. As a result, he has a strong understanding of market requirements, coupled with a grounding in the practicalities of day-to-day healthcare and the needs of the aged.

Gavin is focused on lifting industry standards throughout the country and is Deputy President of The Retirement Villages Association of New Zealand Inc.

In 2002, he was awarded the New Zealand Retirement Village Manager of the Year at the Australasian Aged Care Industry Awards. The Award was in recognition of the significant progress achieved by Metlifecare.



Chris Hughes BCA, CA

Chief Financial Officer

Chris Hughes is Chief Financial Officer at Metlifecare and is responsible for the Company's financial, treasury and information technology functions.

Chris is focused on improving operating systems at Metlifecare and providing support to the company's Chief Executive Officer to implement the Company's strategic plan.

He brings to the position over 17 years' experience in senior finance roles both in New Zealand and Australia.



Richard Davis

General Manager Sales & Marketing

Richard manages Metlifecare's marketing and sales function.

Richard's main responsibility is managing the growth of the business by realising the value from Metlifecare's land bank, increasing resident numbers and maximising the value of Metlifecare's brand.

In this role Richard is also involved in researching current and potential markets and the development of Metlifecare's strategy.



Graeme Benny PhD

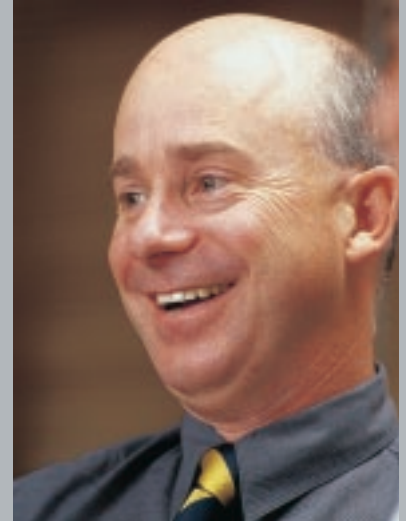
General Manager Operations

Graeme manages the Company's day-to-day operations, as well as the development of village and care services.

In his role, Graeme is responsible for maximising benefits for stakeholders, by ensuring that the Company achieves the right balance of operational activities.

With over 15 years' experience in the public health sector, Graeme has an in-depth understanding of the complexities of the care provider environment, and the unique challenges that exist when working in this area.

Graeme Benny is also the current Executive Director of Residential Care New Zealand Inc.



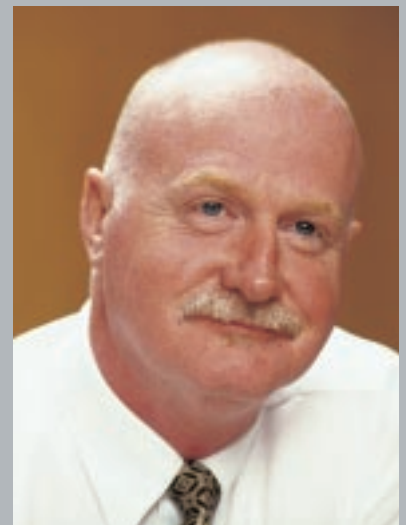
Bill Ross B.ARCH

General Manager Property Services

Bill is responsible for the development and maintenance of Metlifecare's property assets.

In his current role, Bill manages practical issues relating to the procurement, development, effective running and refurbishment of all of Metlifecare's properties.

With a background in hospitality, retail, design and development, he brings to his role over 20 years of property development and systems management experience gained in both the United Kingdom and New Zealand.



Directors' Profiles



Peter William Fitzsimmons OBE
Chairman

Peter Fitzsimmons is a company director and business advisor who has been involved with the retirement village industry for 20 years. He is the Chairman of Club Life Limited. Until late 1998, Mr Fitzsimmons was Managing Director of Metropolitan Life Assurance Company of N.Z. Limited where he worked in various executive and directorate roles. He is a former Chairman of the Life Office Association, past President of the Insurance Institute of N.Z. and a Director and Trustee of several private companies and national organisations. He chairs Metlifecare's Remuneration Committee.



Clifford James Cook
Deputy Chairman

Cliff Cook has over 25 years experience in the private healthcare industry and is the founder of Metlifecare Limited. As such, he has special responsibility for acquisitions and development within the Company. He is a founding and former executive member and Chairman of The Retirement Villages Association of New Zealand Inc. He was a founding member of Residential Care NZ Inc. (formerly New Zealand Licenced Rest Home Association (Inc.)) and has served on the Association's national executive. He has also worked in a number of industry advisory roles. He chairs Metlifecare's Acquisition and Development Committee and is a member of the Remuneration Committee.



Robert William Bryden BCA
Director

Robert Bryden is Managing Director of Todd Capital Limited. He has extensive investment experience in the telecommunications, energy and pay television industries. He is currently Chairman of IndeServe and Deputy Chairman of SKY Network Television Limited. He is a Director of Crown Castle Australia Holdings Pty Limited, CCAL Towers Pty Limited, Independent Newspapers Limited and Walker Wireless Limited. His recent Directorships include CLEAR Communications Limited, AAPT Limited, Power New Zealand Limited and WEL Energy Limited. He chairs Metlifecare's Audit Committee and is a member of the Remuneration Committee.



Dr Hylton LeGrice, OBE

MBChB, FRCS (Eng), FRACS, FRANZCO, FRCOphth, DO (Lond)
Director

Dr Hylton LeGrice is a prominent Auckland Surgeon and Company Director, with wide experience in both commercial and health-related fields. A Fellow of the Institute of Directors and past Chairman of the Auckland Medico-Legal Society, he has served as Chairman of Southern Cross Medical Care Society, Southern Cross Hospitals Trust, Southern Cross Benefits Limited, Aetna Health (NZ) Limited, The New Zealand Symphony Orchestra Ltd, and as a Director of Montana Group (NZ) Limited and Montana Wines Limited. He is a Director of several private companies. Dr LeGrice is a member of Metlifecare's Audit Committee, Acquisition and Development Committee and Remuneration Committee.



Michael Peter Stiassny CA, BCom, LLB

Director

Michael Stiassny is a Chartered Accountant and Senior Partner of Ferrier Hodgson & Co in Auckland - a chartered accountancy firm specialising in financial consulting work. Michael has significant experience in insolvency, investigating accountant work, company restructuring and due diligence. He currently holds, and has held, a number of public company directorships and is a member of the Institute of Directors. He is a member of Metlifecare's Acquisition and Development Committee and Audit Committee.



Brett Christopher Sutton BCA, ACA

Director

Brett Sutton is an Investment Manager with Todd Capital Limited. His experience includes involvement in the telecommunications, pay television, media, and aged care sectors. He is currently a Director of IndeServe Limited and an Alternate Director of Walker Wireless Limited. He is a member of Metlifecare's Acquisition and Development Committee.

Villages and Care Facilities

31 December 2002

Metlifecare Browns Bay*

3-7 Woodlands Crescent,
Browns Bay, Auckland
• 24 serviced apartments
• 57 bed nursing home

Metlifecare Crestwood

38 Golf Road,
Titirangi, Auckland
• 116 villas
• 14 serviced apartments
• 41 bed nursing home

Metlifecare Epsom*

3 Claude Road,
Epsom, Auckland
• 9 serviced apartments
• 41 bed nursing home
• 44 bed hospital

Metlifecare Highlands

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

Metlifecare Pakuranga

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

Metlifecare Pinesong

66 Avonleigh Road,
Titirangi, Auckland
• 78 villas
• 63 apartments

Metlifecare Powley

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

Metlifecare Remuera

7 Saint Vincent
7 St Vincent Avenue,
Remuera, Auckland
• 40 apartments

Metlifecare Bayswater

60 Maranui Street, Mt Maunganui
• 138 villas
• 3 apartments

Metlifecare Greenwood Park

10 Welcome Bay Road, Welcome Bay, Tauranga
• 201 villas

Metlifecare Somervale

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

Metlifecare Palmerston North

Grey and Carroll Streets,
Palmerston North (50% owned)
• 45 villas
• 50 serviced apartments
• 18 bed nursing home
• 20 bed hospital

Metlifecare Wairarapa

140 Chapel Street, Masterton
• 48 villas
• 25 serviced apartments
• 20 bed nursing home
• 16 bed hospital

Metlifecare Coastal Villas

Spencer Russell Drive off Rimu Road,
Paraparaumu
• 109 villas
• 32 serviced apartments
• 30 bed hospital

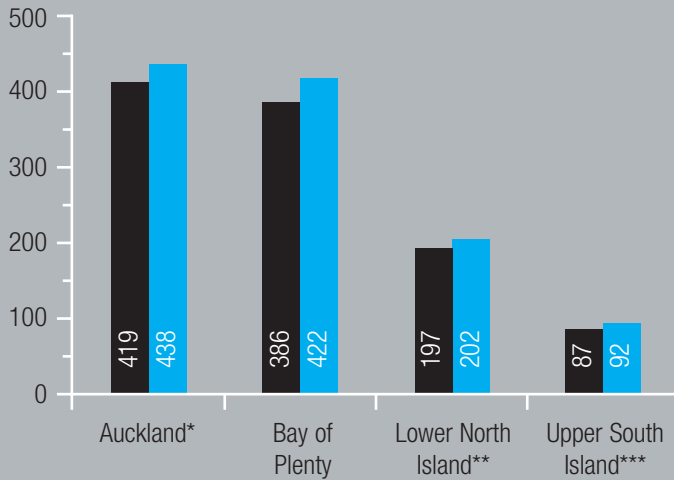
Metlifecare Oakwoods

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

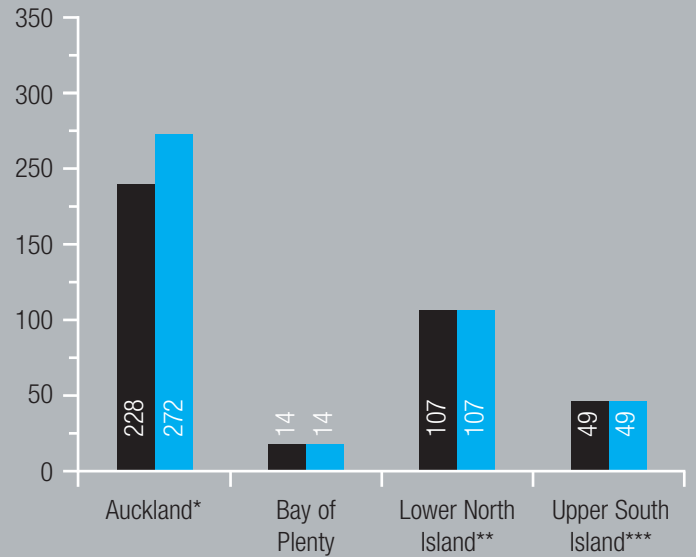
Care facility bed numbers above include licensed nursing home and hospital beds available.

* The assets and businesses of Metlifecare Browns Bay and Metlifecare Epsom were subject to conditional sale and purchase agreements at 31 December 2002, which were settled in early 2003.

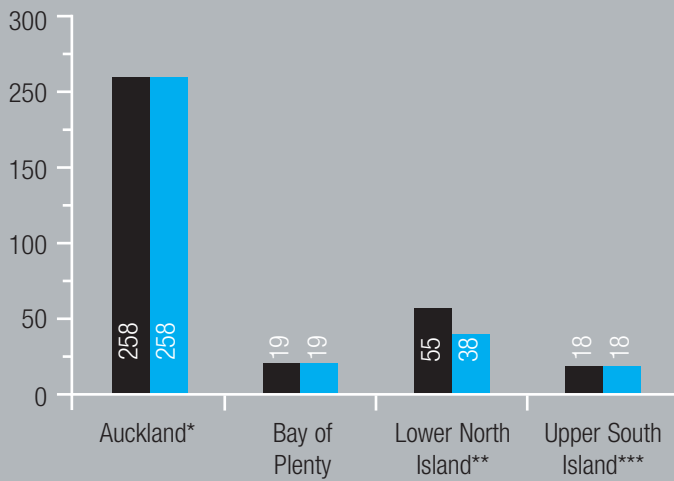
Villas by region



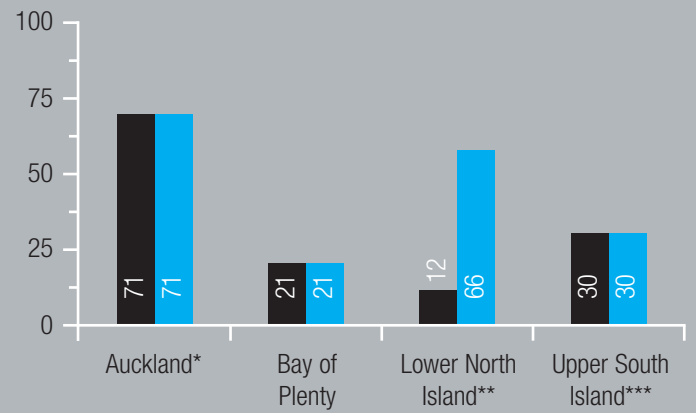
Apartments by region



Nursing Home Beds by region



Hospital Beds by region



■ 2001 ■ 2002

* Auckland statistics include Metlifecare Browns Bay and Metlifecare Epsom, the assets and businesses of which were subject to conditional sale and purchase agreements at 31 December 2002, which were settled in early 2003.

** Palmerston North, Masterton, Paraparaumu

*** Richmond, Nelson

Key Financial Summary

Years ended 31 December

Financial Highlights (\$m)	1995	1996	1997	1998	1999	2000	2001	2002
Gross revenues	25.9	34.7	46.8	63.3	69.2	86.0	82.2	100.7
Operating surplus before unusual items	0.9	3.3	6.4	6.7	3.1	2.7	6.6	10.4
Net surplus for the year	0.5	3.3	6.4	8.5	1.5	0.5	7.2	10.4
Cash flow from operations	3.9	6.6	9.5	15.2	12.5	25.3	22.5	27.6
Shareholders' equity	32.3	42.4	59.4	73.2	73.6	69.5	94.3	112.0
Net debt	13.6	24.3	30.1	57.1	82.5	72.8	52.4	50.6
Property revaluations (taken to reserves)	5.0	8.3	17.0	8.4	7.7	6.0	5.9	18.9
Total assets	69.5	82.6	105.8	152.2	179.8	161.2	166.2	184.6

Financial Statistics

Return on shareholders' equity	1.8%	8.9%	12.5%	12.8%	2.1%	0.7%	7.4%	9.1%
Dividends per share	1.0c	3.0c	5.0c	6.0c	1.5c	-	-	-
Gearing (debt to debt + equity)	29.6%	36.5%	33.6%	43.8%	52.5%	50.8%	35.1%	30.8%

Sales and Resales*

Number of sales	60	57	83	133	88	119	72	111
Number of resales	63	103	112	110	138	149	177	193

* Including Metlifecare Palmerston North (50% owned).

Financial Statements

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Statements of Financial Performance

For the year ended 31 December 2002

		GROUP		COMPANY	
	NOTE	2002 \$000	2001 \$000	2002 \$000	2001 \$000
OPERATING REVENUES		100,699	82,176	9,593	6,710
OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION	2	10,475	7,514	(3,652)	1,483
Taxation Expense	3	-	-	-	-
SURPLUS/(DEFICIT) AFTER TAXATION		10,475	7,514	(3,652)	1,483
Minority Interest in Surplus	5	(122)	(300)	-	-
NET SURPLUS/(DEFICIT)		10,353	7,214	(3,652)	1,483

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

Statements of Movements in Equity

For the year ended 31 December 2002

	GROUP		COMPANY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
EQUITY AT BEGINNING OF THE YEAR	96,666	70,729	69,479	47,459
Net Surplus/(Deficit)	10,353	7,214	(3,652)	1,483
Other movements during the year	(18)	-	-	-
Revaluation of Property, Plant and Equipment	-	(86)	-	-
Revaluation of Investment Properties	18,932	5,925	-	-
Realised Surplus transferred to Statement of Financial Performance	(11,622)	(8,829)	-	-
Revaluation of Amounts Payable to Residents under terms of Occupation Licences	17	25	-	-
Total Recognised Revenues and Expenses	17,662	4,249	(3,652)	1,483
(Decrease)/Increase in Minority Interest	(396)	1,151	-	-
Increase in Share Capital	-	20,537	-	20,537
EQUITY AT END OF THE YEAR	113,932	96,666	65,827	69,479

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

Statements of Financial Position

As at 31 December 2002

		GROUP		COMPANY	
	NOTE	2002 \$000	2001 \$000	2002 \$000	2001 \$000
EQUITY					
Share Capital	4	43,410	43,410	43,410	43,410
Reserves	5	35,240	27,931	-	-
Accumulated Surplus	5	33,308	22,955	22,417	26,069
Shareholders' Equity		111,958	94,296	65,827	69,479
Minority Interest	5	1,974	2,370	-	-
Total Equity		113,932	96,666	65,827	69,479
NON CURRENT LIABILITIES					
Bank Advances (Secured)	6	50,300	41,410	49,000	40,598
Other Advances	10	915	915	-	-
Refundable Occupation Licences	11	2,773	3,386	-	-
Amortising Liabilities to Residents	9	1,037	1,307	-	-
Finance Leases (Secured)	7	3	25	-	20
Total Non Current Liabilities		55,028	47,043	49,000	40,618
CURRENT LIABILITIES					
Bank Overdraft (Secured)	6	318	-	185	-
Creditors and Accruals	8	10,233	6,888	1,245	1,116
Bank Advances (Secured)	6	300	10,970	-	10,670
Finance Leases (Secured)	7	22	130	20	128
Refundable Occupation Licences	11	4,629	4,259	-	-
Amortising Liabilities to Residents	9	186	246	-	-
Total Current Liabilities		15,688	22,493	1,450	11,914
Total Equity and Liabilities		184,648	166,202	116,277	122,011

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

	NOTE	GROUP		COMPANY	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
NON CURRENT ASSETS					
Investment Properties	12	88,347	82,381	-	-
Property, Plant and Equipment	13	41,405	37,726	568	758
Investment in Subsidiaries	14	-	-	23,079	25,994
Amounts Due from Subsidiary Companies	15	-	-	91,412	93,183
Other Non Current Assets	16	25,883	20,889	883	883
Total Non Current Assets		155,635	140,996	115,942	120,818
CURRENT ASSETS					
Cash at Bank		642	1,704	-	950
Inventory	17	13,830	13,963	-	-
Debtors and Prepayments	18	14,541	9,539	335	243
Total Current Assets		29,013	25,206	335	1,193
Total Assets		184,648	166,202	116,277	122,011



Peter W Fitzsimmons OBE
Chairman
10 March 2003



Robert W Bryden
Director
10 March 2003

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

Statements of Cash Flows

For the year ended 31 December 2002

	GROUP		COMPANY	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from Customers	91,544	79,509	-	-
Interest Received	82	63	6,081	3,221
Management Fees Received	-	-	3,512	4,504
Taxation Received	-	-	-	1
	91,626	79,572	9,593	7,726
Cash was applied to:				
Payments to Customers	(30,391)	(24,370)	-	-
Payments to Suppliers	(15,482)	(15,380)	(3,919)	(3,729)
Payments to Employees	(15,755)	(14,020)	(2,437)	(1,801)
Taxation Paid	(3)	(1)	-	-
Interest Paid	(2,409)	(3,278)	(3,152)	(677)
	(64,040)	(57,049)	(9,508)	(6,207)
Net cash flow from operating activities	27,586	22,523	85	1,519
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Sale of Property, Plant and Equipment	313	22	179	-
Sale of Investment Properties	1,148	-	-	-
Repayment of Advances made to Subsidiaries	-	-	6,187	1,118
	1,461	22	6,366	1,118
Cash was applied to:				
Purchase and Development of Property, Plant and Equipment	(4,726)	(3,172)	(319)	(524)
Capitalised Interest	(858)	(932)	-	-
Investment Property Developments in Progress	(11,829)	(7,370)	-	-
Purchase of Investment Properties	(11,235)	(9,900)	-	-
Increase in Subsidiaries Equity	-	-	(5,000)	(1,000)
	(28,648)	(21,374)	(5,319)	(1,524)
Net cash flow from investing activities	(27,187)	(21,352)	1,047	(406)

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

	GROUP		COMPANY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Rights Issue	-	20,536	-	20,536
Bank Advances	488	-	-	-
	488	20,536	-	20,536
Cash was applied to:				
Repayment of Bank Advances	(2,267)	(19,202)	(2,267)	(19,439)
Net cash flow from financing activities	(1,779)	1,334	(2,267)	1,097
Net increase/(decrease) in cash held				
Add cash at the beginning of the year	1,704	(801)	950	(1,260)
Cash at the end of the year	324	1,704	(185)	950
Cash comprises cash balances held with banks in New Zealand:				
Cash at Bank	642	1,704	-	950
Bank Overdraft	(318)	-	(185)	-
	324	1,704	(185)	950

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

Statements of Cash Flows

For the year ended 31 December 2002

	GROUP		COMPANY	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
RECONCILIATION OF NET SURPLUS/(DEFICIT) WITH NET CASH FLOW FROM OPERATING ACTIVITIES				
Net Surplus/(Deficit)	10,353	7,214	(3,652)	1,483
Add back development cost of sales (Investing Activity)	23,333	14,550	-	-
Adjust for timing differences in Occupation Licence Repurchases	263	1,747	-	-
	33,949	23,511	(3,652)	1,483
Non-cash items				
Depreciation	2,356	2,216	301	267
Writedown of Investment in Subsidiaries	-	-	2,915	-
Writedown of Intercompany Receivable	-	-	630	-
Goodwill Amortisation	89	89	-	-
Minority Interest	122	300	-	-
Net (Surplus)/Deficit on Sale of Property, Plant and Equipment	49	1	28	1
Net (Surplus)/Deficit on Sale of Investment Property	(214)	-	-	-
Development Feasibility Costs Written Off	-	253	-	-
	2,402	2,859	3,874	268
Movement in Working Capital Items				
Debtors and Prepayments	(4,348)	1,639	(93)	281
Creditors and Accruals	3,345	43	129	113
Amortising Liabilities to Residents	(329)	(536)	-	-
Other Receivables	(5,734)	(5,794)	-	-
Taxation Receivable	(3)	(1)	-	1
Working Capital Items Relating to Investing Activities	(1,696)	802	(173)	(627)
	(8,765)	(3,847)	(137)	(232)
Net cash flow from operating activities	27,586	22,523	85	1,519

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

Accounting Policies and Notes to the Financial Statements

For the year ended 31 December 2002

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The financial statements for the "Company" are for Metlifecare Limited as a separate legal entity.

The consolidated statements for the "Group" are for the economic entity comprising Metlifecare Limited and its subsidiaries.

Statutory Base

Metlifecare Limited is a Company registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978. These financial statements have been prepared under the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

Measurement Base

The measurement base adopted is that of historical cost adjusted by the revaluation of certain assets.

Accounting Policies

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The accounting policies that materially affect the measurement of financial performance, financial position and cash flow are set out below.

a) Basis of Consolidation

The consolidated financial statements are prepared from the financial statements of Metlifecare Limited and its subsidiaries, being companies that Metlifecare Limited controls directly, indirectly or beneficially.

The purchase method of consolidation has been used in respect of all subsidiaries. All material transactions between Group companies are eliminated on consolidation.

b) Revenue Recognition

i) Nursing Home, Hospital and Service Fees and Village Outgoings

Nursing Home, Hospital and Service Fees and Village Outgoings are recognised on an accruals basis.

ii) Occupation Licences - Sale of New Units and Serviced Apartments

Revenues from initial sales of Occupation Licences for new units and serviced apartments are recognised when the Group has an unconditional sale contract and practical completion has been achieved. Surpluses and deficits from the sale of Occupation Licences are recognised as the difference between the Occupation Licence revenue and those costs directly related to developing the new units (including the cost of construction, land cost allocation and capitalised interest).

iii) Occupation Licences - Resale of Units and Serviced Apartments

Revenues from resales of Occupation Licences for existing units and serviced apartments are recognised when the Group has an unconditional resale contract. Surpluses and deficits from the resale of Occupation Licences are recognised as the difference between the Occupation Licence revenue and the cost of repurchasing occupancy rights (including the cost of the Group's obligation for refurbishment costs, where applicable).

Accounting Policies and Notes to the Financial Statements (continued)

For the year ended 31 December 2002

iv) Lifecare Contributions

Lifecare Contributions are amortised to the Statement of Financial Performance over the period set out in the Lifecare Agreement (generally 48 months) while the resident is in occupation, such that the recorded liability at balance date reflects the refundable or unamortised portion of the contribution. New documentation for sales and resales of Occupation Licences was introduced in the first half of 1996 which replaced Lifecare with Amenities Contribution.

The non-current and current portions of the liability are stated as determined by an independent actuary.

v) Amenities Contribution

An Amenities Contribution is payable by the residents of the Group's units and serviced apartments for the right to share in the use and enjoyment of the Common Facilities. The Amenities Contribution accrues monthly and is taken to income at the rate for units of 5.50% p.a. or 5.75% p.a. over four years to a maximum of 22% or 23% of the value of the Occupation Licence, and for serviced apartments at the rate of 8.33% p.a. over three years to a maximum of 25% of the value of the Occupation Licence.

The Amenities Contribution is payable by the resident at the time of repayment by the Group to the resident of the Occupation Licence.

The non current and current portions of the asset are stated as determined by an independent actuary.

vi) Other Revenues

At two villages acquired in 1998, 20% of the amount paid by the resident on entering the village is amortised to the Statement of Financial Performance monthly over the period set out in the respective agreement. At Metlifecare Bayswater, Village Facility Fees are amortised over 10 years and at Metlifecare Greenwood Park, Licence to Occupy Fees are principally amortised over 50 months. Should the resident leave during this period, the unamortised portion is refundable.

At both villages, standard Metlifecare documentation was introduced post acquisition for new sales and resales and the Amenities Contribution principles are applied.

c) Investment Properties

Investment Properties include freehold land and buildings intended to be held for the long term relating to units and serviced apartments and the common facilities provided for use by residents of units and serviced apartments which are occupied by residents under various Occupation Licences. Group owned equipment and furnishings provided for the use of residents under the terms of their Occupation Licences are also included under this heading.

Investment Properties are initially recorded at cost whilst being developed. Prior to completion of a development project individual units and serviced apartments are completed and sold. The units and serviced apartments sold are revalued to the sale price, which represents market value. Completed projects are subsequently revalued on an annual basis and restated to current market values as determined by an independent registered valuer. Interest incurred during the period that is required to complete and prepare the Investment Property for its intended use is capitalised as part of the total cost.

Investment Properties are not depreciated. Any surplus or deficit determined by the annual revaluation is taken directly to Reserves. Investment Properties are stated in the Statement of Financial Position net of the refundable Occupation Licences which are not firm obligations to repurchase and repay.

d) Inventory

The costs of new units and apartments under construction or completed, but awaiting sale of Occupation Licences, are excluded from Investment Properties and are classified as a Current Asset under the heading "Inventory". Occupation Licences repurchased awaiting resale are classified similarly. The carrying value of inventory is the lower of cost or net realisable value.

e) Property, Plant and Equipment

Property, Plant and Equipment comprise nursing homes, hospitals and administrative facilities.

The group has four classes of Property, Plant and Equipment:

Freehold Land; Freehold Buildings; Plant, Furniture and Equipment and Motor Vehicles.

All Property, Plant and Equipment is initially recorded at cost. Interest incurred during the period that is required to complete and prepare the asset for its intended use, is capitalised as part of the total cost. Care facilities are carried at valuation as determined by an independent registered valuer as at 31 December 2001.

f) Depreciation

Depreciation is provided on a straight line basis on all tangible Property, Plant and Equipment, other than freehold land and certain other minor items, at rates calculated to allocate the assets' cost or valuation, less estimated residual value, over their estimated useful lives, commencing from the time the assets are held ready for use, as follows:

Freehold Buildings	25 - 50 years
Plant, Furniture and Equipment	5 - 10 years
Motor Vehicles	5 - 7 years

No depreciation is provided for in respect of items such as linen, soft furnishing and cutlery, in respect of which the cost of renewal is charged against earnings when incurred.

g) Refundable Occupation Licences

Occupation Licences confer the right of occupancy of the unit or serviced apartment until such time as the Group repurchases occupancy rights.

Amounts payable under Occupation Licence repurchase arrangements, which are firm obligations, are shown in the Statement of Financial Position as liabilities separated between non current and current as determined by an independent actuary. Amounts which are payable only on resale of the Occupation Licence, or under an option to repurchase, are deducted from the Investment Properties to which they relate.

h) Amortising Liabilities to Residents

The lump sum payment made by residents in respect of Lifecare Contributions, Village Facility Fees and Licence to Occupy fees are refundable on a pro rata basis if residents give up their right to occupancy within the period set out in the terms of their Agreement. Amounts estimated to be payable within one year of balance date are classified as a Current Liability. The remaining balance is classified as a Non Current Liability.

i) Trade Debtors

Trade Debtors are valued at expected realisable value after writing off any debts considered uncollectable and providing for any debts considered doubtful.

j) Investments

Investments in Subsidiaries are stated at cost in the parent Company financial statements.

Accounting Policies and Notes to the Financial Statements (continued)

For the year ended 31 December 2002

k) Impairment

Annually, the Company's directors assess the carrying value of each asset. Where the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down. The impairment loss is recognised in the Statement of Financial Performance.

l) Taxation

The taxation expense shown in the Statement of Financial Performance includes both current and deferred taxation, and is calculated after deducting all available allowances. Deferred taxation, calculated using the liability method on a partial basis, is provided to cover future taxation benefits and liabilities arising from the reversal of timing differences between deductions under the Group's accounting policies and those allowed under income tax legislation. Debit balances in the deferred taxation account are recognised only to the extent that there is virtual certainty of their recovery in future periods.

m) Long Term Maintenance Provision

The terms of the Occupation Licences provide that the Company will maintain the land and buildings of each village. Residents pay for the long term maintenance through the weekly occupation charge at a rate determined from the long term maintenance plan. The provision represents payments received from residents not yet expended on long term maintenance in accordance with the plan.

n) Lease Commitments

Finance Leases

Assets under finance leases are recognised as non-current assets in the Statement of Financial Position. Leased assets are recognised initially at the lower of the present value of minimum lease payments or their fair value. A corresponding liability is established and each lease payment is allocated between the liability and interest expense. Leased assets are depreciated on the same basis as equivalent plant, furniture and equipment.

Operating Leases

Leases that are not finance leases are classified as operating leases. Operating leases are recognised as an expense in the periods the amounts are payable.

o) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of net tangible and identifiable intangible assets at the time of acquisition of a business.

Goodwill is amortised by the straight line method over the period of 8 years during which the expected benefits will be received.

p) Goods and Services Tax (GST)

The Statement of Financial Performance and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

q) Share Issue Costs

Costs associated with the issue of shares are recognised as a reduction of the amount collected per share.

r) Financial Instruments

Financial Instruments carried in the Statement of Financial Position include cash and bank balances, investments, receivables, trade creditors and borrowings. The particular recognition methods are disclosed in individual policy statements associated with each item. The net differential paid or received on interest swaps and options is recognised as a component of interest expense.

s) *Statement of Cash Flows*

The following are the definitions of the terms used in the Statement of Cash Flows:

- i) Operating activities include all transactions and other events that are not investing or financing activities.
- ii) Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments can include securities not falling within the definition of cash.
- iii) Financing activities are those activities that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- iv) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

t) *Changes in Accounting Policies*

During the year the Company changed its accounting policy in relation to the valuation of Property, Plant and Equipment. Previously, the company revalued Property, Plant and Equipment, being mainly its care facilities, on an annual basis. These revaluations have over the long term, been immaterial and uneconomic to collate. Effective 1 January 2002 Property, Plant and Equipment are no longer revalued. The carrying value of these assets is based on the most recent independent valuation with additions in the current financial year recorded at cost.

There have been no other changes in accounting policies during the year.

Accounting Policies and Notes to the Financial Statements (continued)

For the year ended 31 December 2002

2. OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION

	GROUP		COMPANY	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
Operating Surplus/(Deficit) before Taxation is stated:				
After Charging/(Crediting):				
Depreciation				
Buildings	615	552	-	-
Plant, Furniture & Equipment	1,585	1,505	301	267
Motor Vehicles	156	159	-	-
Total depreciation	2,356	2,216	301	267
Audit fees	86	81	18	22
Other services provided by auditors	59	15	59	-
Change in doubtful debts provision				
- provided	23	(2)	-	-
- charged	-	16	-	-
Directors' fees				
- parent	170	170	170	170
- 50% subsidiary	20	20	-	-
Goodwill amortisation	89	89	-	-
Rent and operating lease costs	367	434	310	305
Interest				
- bank advances	3,200	3,945	3,111	3,883
- bank and other short term borrowings	43	77	40	61
- finance leases	9	46	4	1
- advances to subsidiaries	-	-	(6,078)	(6,626)
- capitalised	(858)	(932)	-	-
- received	(81)	(85)	(3)	(10)
- facility fees	373	689	360	682
Development feasibility costs written off	12	253	-	-
Restructuring costs	176	192	176	192
Management fees	-	-	(3,492)	(3,465)
Loss on sale of Property, Plant and Equipment	49	1	28	1
Provision for long term maintenance released	-	(381)	-	-
Life insurance proceeds – Key Man	-	(1,015)	-	(1,015)
Writedown of Investment in Subsidiaries	-	-	2,915	-
Writedown of Intercompany Receivable	-	-	630	-

3. TAXATION

	GROUP		COMPANY	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
a) Taxation Expense is calculated as follows:				
Operating Surplus/(Deficit) before Taxation	10,475	7,514	(3,652)	1,483
Taxation at 33%	3,457	2,480	(1,205)	489
Adjusted by the taxation effect of:				
Revenue not liable for taxation	(262)	(86)	-	-
Timing differences not previously brought to account	(1,645)	(1,652)	15	(6)
Expenditure not deductible for taxation	126	337	1,170	-
Construction costs not deductible for taxation	7,580	4,801	-	-
Repurchase costs not deductible for taxation	7,389	5,805	-	-
Repurchase obligations deductible	(21,708)	(16,436)	-	-
Taxation losses carried forward not recognised	5,063	4,751	20	(483)
Taxation Expense	-	-	-	-
The Taxation Expense is represented by:				
- Current Taxation	-	-	-	-
- Deferred Taxation	-	-	-	-
	-	-	-	-
b) Available Taxation Losses				
Unrecognised taxation losses carried forward and available to be set off against future assessable income	109,196	93,944	5,586	5,544
Taxation Effect at 33%	36,035	31,001	1,843	1,829

The future benefit of taxation losses not recognised is subject to the requirements of Income Tax Legislation being met.

There are timing differences that give rise to a deferred taxation liability under the partial basis of net \$9.8 million (2001: \$8.7 million). This liability has not been recognised in the Statement of Financial Position, as it is able to be offset against the available tax losses disclosed above.

Additional disclosure is made, under the partial basis of accounting for deferred taxation, of the gross unrecognised timing differences totalling net \$63.2 million (2001: \$50.1million). This includes an amount of net \$22.0 million (2001: \$15.6million) that would only crystallise if freehold land and buildings were sold at their carrying values.

The Directors consider that it is highly unlikely that an event would occur that would crystallise the unrecognised deferred tax liability, except for the two villages which have been sold post balance date as disclosed in Note 22.

The deferred tax liability of \$1.4 million that crystallises on disposal of these two villages will be offset by available losses.

Accounting Policies and Notes to the Financial Statements (continued)

For the year ended 31 December 2002

4. SHARE CAPITAL

	GROUP AND COMPANY	
	2002 \$000	2001 \$000
Issued and Fully Paid Capital		
Balance at beginning of year	43,410	22,873
Rights issue made during the year	-	20,537
Balance at end of year	43,410	43,410

There were 86,448,541 shares on issue at balance date (2001: 86,448,541).

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

Number of Options December 2002	Number of Options December 2001	Exercise Price	Expiry Date
214,000	222,000	\$2.16	20 May 2003
400,000	450,000	\$1.24	23 May 2006
200,000	200,000	\$1.20	1 January 2006
200,000	Nil	\$1.20	1 January 2007
100,000	Nil	\$1.26	23 May 2007

5. EQUITY

	GROUP		COMPANY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Investment Property Revaluation Reserve				
Balance at 1 January	21,539	24,449	-	-
Realised Surplus transferred to Statement of Financial Performance	(11,622)	(8,860)	-	-
Revaluations during the year	18,932	5,962	-	-
Revaluation of Amounts Payable to Residents under terms of Licences to Occupy	17	25	-	-
Transfer to Property, Plant and Equipment Revaluation Reserve	-	(37)	-	-
Balance at 31 December	28,866	21,539	-	-
Property, Plant and Equipment Revaluation Reserve				
Balance at 1 January	5,557	5,612	-	-
Realised Surplus transferred to Statement of Financial Performance	-	31	-	-
Revaluations during the year	-	(123)	-	-
Transfer from Investment Property Revaluation Reserve	-	37	-	-
Other movements during the year	(18)	-	-	-
Balance at 31 December	5,539	5,557	-	-
Other Reserves				
Balance at beginning and end of year	835	835	-	-
Total Reserves	35,240	27,931	-	-
Accumulated Surplus				
Balance at 1 January	22,955	15,741	26,069	24,586
Net surplus/(deficit)	10,353	7,214	(3,652)	1,483
Balance at 31 December	33,308	22,955	22,417	26,069
Minority Interests				
Balance at 1 January	2,370	1,219		
Share of surplus in subsidiaries	122	300		
Share of revaluation of Investment Property during the year	(518)	885		
Share of revaluation of Property, Plant and Equipment during the year	-	(34)		
Balance at 31 December	1,974	2,370		

Accounting Policies and Notes to the Financial Statements (continued)

For the year ended 31 December 2002

6. BANK ADVANCES

	GROUP		COMPANY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Total Advances	50,600	52,380	49,000	51,268
Less: Current Portion	300	10,970	-	10,670
Non Current Portion	50,300	41,410	49,000	40,598
The Non Current Portion falls due for repayment as follows:				
- One to Two Years	50,300	40,898	49,000	40,598
- Two to Five Years	-	512	-	-
	50,300	41,410	49,000	40,598

The advances, which are subject to a first priority to the Scheme Supervisors as described in Note 12, are secured by a first and only registered mortgage over certain of the Group's freehold properties and a first and only registered debenture over the assets and business undertakings of certain Group companies.

In addition, certain operating subsidiaries have given unlimited guarantees to the Group's bankers in respect of the borrowings of Metlifecare Limited. Metlifecare Limited has guaranteed the bank borrowings of the 50% owned subsidiary Metlifecare Palmerston North Limited. Actual borrowings at balance date were \$1,770,529 (2001: \$1,048,888).

A Negative Pledge Deed has been entered into by certain subsidiaries in favour of the Bank of New Zealand, 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.

Interest on loans and advances is charged using the Prime Committed Cash Advance Facility rate plus a margin. Interest rates applicable in the year ranged from 6.48% to 6.62 % per annum (2001: 5.55% to 8.37% per annum).

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

7. LEASE COMMITMENTS

	GROUP		COMPANY	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
a) Finance Leases				
Finance Lease commitments are payable as follows:				
- Within One Year	22	130	20	128
- One to Two Years	3	22	-	20
- Two to Five Years	-	3	-	-
	25	155	20	148

Finance leases are secured over the assets to which they relate (refer Note 13). The finance rate is 9.95% to 12.25%.

b) Non Cancellable Operating Leases

Non Cancellable Operating Lease commitments are payable as follows:

- Within One Year	309	298	309	298
- One to Two Years	27	296	27	296
- Two to Five Years	34	58	34	58
	370	652	370	652

8. CREDITORS AND ACCRUALS

	GROUP		COMPANY	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
Trade Creditors	3,514	2,147	253	126
Sundry Creditors and Accruals	4,365	2,595	592	642
Employee Entitlements	1,559	1,340	400	348
Provisions for Long Term Maintenance	795	806	-	-
	10,233	6,888	1,245	1,116

Movements in provisions for long term maintenance are as follows:

Balance at 1 January	806	913	-	-
Amounts incurred during the year	(721)	(700)	-	-
Additional provision made during the year	710	974	-	-
Amounts released during the year	-	(381)	-	-
	795	806	-	-

Accounting Policies and Notes to the Financial Statements (continued)

For the year ended 31 December 2002

9. AMORTISING LIABILITIES TO RESIDENTS

	GROUP		COMPANY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
The liabilities amortise as follows: (refer Notes 1 (b) (iv) and (vi))				
Current	186	246	-	-
Non Current	1,037	1,307	-	-
	1,223	1,553	-	-

The non current and current portions of the significant Amortising Liabilities to Residents balances are stated as determined by an independent actuary, Mr P. Davies, of Davies Financial & Actuarial Limited.

10. OTHER ADVANCES

Other advances represent a shareholder advance from The New Zealand Guardian Trust Company Limited in its capacity as trustee for The Palmerston North Maori Reserves to the 50% owned subsidiary Metlifecare Palmerston North Limited. This advance is unsecured, interest free and repayable on demand and has been classified as a Non Current Liability as it is not expected to be called up within the next 12 months.

11. REFUNDABLE OCCUPATION LICENCES

	GROUP		COMPANY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Amounts payable to residents where there is no firm obligation on the Group to repurchase have been deducted from Investment Properties (Refer Note 12) and may be analysed as follows:				
Repayable on resale only	275,421	237,368	-	-
Repayable under options to repurchase	13,948	16,488	-	-
	289,369	253,856	-	-

Amounts repayable to residents under firm obligation repurchase arrangements within 12 months of the resident leaving the village are shown separately as a liability in the Statement of Financial Position. The non current and current portions of the liability are stated as determined by an independent actuary, Mr P. Davies, of Davies Financial & Actuarial Limited as follows:

Current	4,629	4,259	-	-
Non Current	2,773	3,386	-	-
	7,402	7,645	-	-

12. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Completed Facilities at net current values	318,839	304,050	-	-
Development Properties	72,707	46,150	-	-
Less: Inventory (Refer Note 17)	(13,830)	(13,963)	-	-
Less: Refundable Occupation Licences (Refer Note 11)	(289,369)	(253,856)	-	-
	88,347	82,381	-	-

The net current values of completed facilities are represented by either:

- i) the aggregate expected selling price of all completed units' occupation licences, with Community Facilities valued at replacement cost, as assessed by an independent registered valuer; or
- ii) an agreed selling price.

Development properties are recorded at cost for unsold units and at last selling price for sold units.

External finance costs capitalised during the year amounted to \$711,714 (2001: \$727,988).

Memoranda of Encumbrance in favour of the Scheme Supervisors of the village owning subsidiary companies are registered 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 Managers of the village schemes to observe obligations under the Deeds of Participation, Occupation Licences and Lifecare Agreements.

In relation to Metlifecare Greenwood Park Limited freehold land is subject to a first registered mortgage charge to the Scheme Supervisor, Covenant Trustee Company Limited to secure the Amounts Payable to Residents under Repurchase Arrangements.

In relation to Metlifecare Powley Limited a first mortgage in favour of the Scheme Supervisor is registered over the freehold land of the Company to protect the interests of residents in the event of failure by Metlifecare Powley Limited as Managers of the Village Scheme to observe obligations under the Deed of Participation and Occupation Licence Agreements.

At balance date the Group had 1,567 allotted securities (31 December 2001: 1,460) with a carrying value of \$296,770,713 (31 December 2001: \$261,501,265) and 29 unallotted securities (31 December 2001: 27) with a value of \$4,821,056 (31 December 2001: \$4,403,593).

Accounting Policies and Notes to the Financial Statements (continued)

For the year ended 31 December 2002

13. PROPERTY, PLANT AND EQUIPMENT

	AT COST \$000	AT VALUATION \$000	ACCUMULATED DEPRECIATION \$000	NET BOOK VALUE \$000
2002				
Group				
Freehold Land	5,546	5,770	-	11,316
Freehold Buildings	3,501	22,715	627	25,589
Plant, Furniture and Equipment	14,589	-	10,382	4,207
Motor Vehicles	1,129	-	836	293
	24,765	28,485	11,845	41,405
Company				
Plant, Furniture and Equipment	1,879	-	1,311	568
	1,879	-	1,311	568
2001				
Group				
Freehold Land	3,001	5,850	-	8,851
Freehold Buildings	1,281	22,915	13	24,183
Plant, Furniture and Equipment	12,680	-	8,310	4,370
Motor Vehicles	986	-	664	322
	17,948	28,765	8,987	37,726
Company				
Plant, Furniture and Equipment	1,813	-	1,065	748
Motor Vehicles	22	-	12	10
	1,835	-	1,077	758

The majority of land and buildings are carried on the basis of a valuation determined by an independent registered valuer on 31 December 2001, which is consistent with fair value as at 31 December 2002.

Property, Plant and Equipment subject to finance leases included in Group Property, Plant and Equipment above:

2002				
Plant, Furniture and Equipment	11	-	5	6
Motor Vehicles	176	-	96	80
	187	-	101	86
2001				
Plant, Furniture and Equipment	936	-	542	394
Motor Vehicles	259	-	109	150
	1,195	-	651	544

External finance costs of \$146,488 (2001: \$204,090) were capitalised into Property, Plant and Equipment during the year.

14. INVESTMENT IN SUBSIDIARIES

The Company's Investment in Subsidiaries comprises shares at cost.

Operating subsidiaries are:

Metlifecare Bayswater Limited

Metlifecare Browns Bay Limited

Metlifecare Coastal Villas Limited

Metlifecare Crestwood Limited

Metlifecare Epsom Limited

Metlifecare Greenwood Park Limited

Metlifecare Highlands Limited

Metlifecare Oakwoods Limited

Metlifecare Pakuranga Limited

Metlifecare Pinesong Limited

Metlifecare Powley Limited

Metlifecare Remuera Limited

Metlifecare Somervale Limited

Metlifecare Wairarapa Limited

All these subsidiaries are 100% owned and have balance dates of 31 December.

Metlifecare Palmerston North Limited

This subsidiary is 50% owned and has a balance date of 31 December.

Due to high level involvement in the management and funding of operations, the Directors consider it appropriate to account for the 50% owned Metlifecare Palmerston North Limited as a consolidated in-substance subsidiary using the purchase method of consolidation.

The principal activity of each subsidiary is the provision of care to the aged.

Accounting Policies and Notes to the Financial Statements (continued)

For the year ended 31 December 2002

15. AMOUNTS DUE TO AND FROM SUBSIDIARY COMPANIES

These advances are unsecured and repayable with a minimum of 12 months notice.

Interest charges are calculated monthly based on the average Prime Committed Cash Advance Facility rates. Interest rates applicable in the year ranged from 5.42% to 6.60% per annum (2001: 5.58% to 7.65% per annum).

Amounts due to and from subsidiary companies have been classified as Non Current Assets/Liabilities as they are not expected to be realised within the next 12 months.

16. OTHER NON CURRENT ASSETS

	GROUP		COMPANY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Loans to Residents	2,119	2,125	-	-
Amenities Contribution Receivable (Refer Note 1(b)(v))	23,447	18,358	-	-
Amount due from 50% owned Subsidiary	-	-	883	883
Goodwill	317	406	-	-
	25,883	20,889	883	883

Loans to Residents:

This represents advances to residents which are made at effective interest rates that range from nil per cent to the current bank rate for residential first mortgage loans. At balance date 57% (2001: 62%) of the total advances had an effective interest rate of nil. These advances are secured by a right of set off in respect of amounts payable to residents pursuant to the terms of Occupation Licences. Based on occupancy trends, these loans are likely to be repaid on average in 5 years.

17. INVENTORY

	GROUP		COMPANY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Unit and serviced apartment developments in progress	9,009	9,559	-	-
Repurchased Occupation Licences held for resale	1,795	998	-	-
Occupation Licences for completed units and serviced apartments available for sale	3,026	3,406	-	-
	13,830	13,963	-	-

18. DEBTORS AND PREPAYMENTS

	GROUP		COMPANY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Trade Debtors	979	934	-	-
Less: Provision for Doubtful Debts	(58)	(35)	-	-
Sundry Debtors and Prepayments	10,649	6,323	330	237
Amenities Contribution Receivable (Refer Note 1(b)(v))	2,952	2,301	-	-
Taxation Receivable	19	16	5	6
	14,541	9,539	335	243

19. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Estimated capital commitments contracted for at balance date but not provided for	3,090	3,257	21	7

20. RELATED PARTY TRANSACTIONS

Metlifecare Limited paid 22% (2001: 22%) of its rental expense for its Support Office premises to IAF Properties NZ Limited of which Mr C.J. Cook is a Director.

Further related party transactions are set out in the Interests Register on page 47.

21. CONTINGENT GAIN

A claim has been lodged against the principal consultant in respect of a development site for failure to properly administer the remediation requirements relating to the site. Legal advisers to the Group consider it is probable that the claim will be successful.

22. POST BALANCE DATE EVENTS

At balance date the Company had entered into conditional agreements to sell its Epsom and Browns Bay facilities. Subsequent to year end these sales were settled at an amount that recovered their carrying value.

23. SEGMENT INFORMATION

The Group operates in one industry, the provision of care to the aged. All operations are carried out in New Zealand.

Accounting Policies and Notes to the Financial Statements (continued)

For the year ended 31 December 2002

24. FINANCIAL INSTRUMENTS

At balance date the Group and the Company had the following financial assets; cash and bank balances, debtors (trade and sundry), amenities contribution receivable, related party receivables, loans to residents and the following financial liabilities; creditors (trade and sundry), bank advances, finance leases, related party payables and amortising liabilities to residents.

Credit Risk

The values attached to each financial asset in the Statement of Financial Position represent the maximum credit risk. Except as disclosed in the Financial Statements, no collateral is held with respect to any financial assets. There are no significant concentrations of credit risk.

Fair Value

The fair value of all financial instruments recognised in the Statement of Financial Position is their carrying value with the exception of the amenities contribution (note 16), amortising liabilities to residents (note 9) and refundable occupation licences (note 11). These assets and liabilities are settled when residents depart and as such are interrelated. The costs and complexity in establishing the assumptions associated in calculating the fair value for these assets is considered to outweigh the benefits to the readers of the financial statements.

Interest Rate Risk

The interest rate applicable to the bank overdraft is variable. The interest rates applicable to the bank advances are reviewed at each rollover. The Company seeks to obtain the most competitive market rate of interest at all times.

Metlifecare Limited has entered into interest rate swap agreements to reduce the impact of changes in interest rates on its floating rate long term debt. At balance date the Company had the following interest rate swap and option agreements outstanding with the Bank of New Zealand:

2002

Group and Company

Notional Principal Amount	Effective Interest Rate	Maturity	Type
\$12 million	6.57%	January 2004	Swap
\$5 million	5.90%-6.45%	July 2003	Option
\$7 million	5.68%	February 2003	Swap
\$3 million	6.27%	February 2004	Swap

2001

Group and Company

Notional Principal Amount	Effective Interest Rate	Maturity	Type
\$6 million	6.45%-7.05%	July 2002	Option
\$5 million	6.55%-7.10%	July 2003	Option
\$6 million	7.03%	July 2004	Swap

Auditors' Report to the shareholders of Metlifecare Limited

We have audited the financial statements on pages 19 to 43. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 31 December 2002 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 26 to 30.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 December 2002 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as auditors and tax advisors.

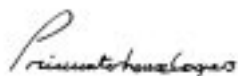
Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 19 to 43:
 - i) comply with generally accepted accounting practice in New Zealand; and
 - ii) give a true and fair view of the financial position of the Company and Group as at 31 December 2002 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 10 March 2003 and our unqualified opinion is expressed as at that date.



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Corporate Governance

The following corporate governance policies, practices and processes have been adopted or followed by the company.

The Board of Directors, elected by shareholders, supervises the management of Metlifecare. The Board, therefore, sets objectives, strategies, business plans and budgets, and manages performance against those benchmarks.

The Board delegates day-to-day management of the Company to the Chief Executive Officer and senior management team. The Board meets monthly and, as required, for other matters. The Board met 12 times during 2002.

The Board has three standing committees - Audit, Remuneration, and Acquisition and Development. Membership of the committees is included in the Directors' profiles on pages 13 and 14. These committees meet as required.

The Audit Committee assists the Board by reviewing the financial statements and other financial information provided to shareholders, the market and other external parties. It also monitors the Company's internal control systems, as developed by management and reviews the external audit process.

The Remuneration Committee is responsible for providing advice to the Board on the remuneration, employment conditions and performance management of the Chief Executive Officer and members of the senior management team.

The Acquisition and Development Committee considers and reports to the Board on propositions relating to major acquisitions and property development.

The Company has a Directors' and Officers' Liability insurance policy in place for its Directors and the Directors of each of its subsidiary companies and has given indemnities to its Directors and to those Directors which it has appointed to its subsidiary companies.

Interests Register

(a) General Disclosures

The following Directors of Metlifecare Limited gave general notice of their interests, or cessation of interests, in the following entities, pursuant to section 140(2) of the Companies Act 1993 and are, therefore, to be regarded as interested in any transaction which may be entered into with any of those entities.

Director	Entity	Nature of Interest
R.W. Bryden	Todd Capital Limited	Director/Officer
	Todd Communications Limited and various other subsidiaries of The Todd Corporation Limited	Director
	SKY Network Television Limited	
	Independent Newspapers Limited	
	Walker Wireless Limited	
	eVentures New Zealand Limited	
	Crown Castle Australia Holdings Pty Limited	
	CCAL Towers Pty Limited	
	IndeServe Limited	Chairman
C.J. Cook	NSI Management Limited	Shareholder
	Metlifecare Limited through Private Health Care (NZ) Limited	
	Metlifecare Palmerston North Limited	Director
	All wholly owned subsidiary companies of Metlifecare Limited	
	NSI Management Limited	
	IAF Properties NZ Limited	
	Private Health Care (NZ) Limited	
	Clifford Cook Family Trust	Trustee
Susanna Cook Family Trust		
P.W. Fitzsimmons	Metlifecare Limited	Shareholder
	Club Life Limited	Chairman
	Metlifecare Palmerston North Limited	Director
	All wholly owned subsidiary companies of Metlifecare Limited	
	The New Zealand Flower and Garden Show Limited	
	Myriad Limited	
	Lowery Supa Cutters Limited	
	Taradale Property Group Limited (R)	
	North Shore Domain and North Harbour Stadium Trust	Chairman/Trustee
Dr H. LeGrice	Metlifecare Limited	Shareholder
	Southern Cross Healthcare (R)	Chairman
	Southern Cross Benefits Limited (R)	
	Southern Cross Hospitals Trust (R)	
	Aetna Health (NZ) Limited (R)	
	Resolution Investments Limited	Director
	Northern Club	President
	Moorfields Trust	Trustee

M.P. Stiasny	Metrowater Limited	Chairman
	Vector Limited	
	Ferrier Hodgson & Co	Partner
B.C. Sutton	Various Subsidiaries of	Director
	The Todd Corporation Limited	
	IndeServe Limited	
	SKY Network Television Limited (R)	Alternate
	Walker Wireless Limited	
	The Todd Corporation Limited	Officer
	The Todd Corporation Superannuation Plan (R)	Trustee

(R) Resigned/Retired as a Director/Trustee

(b) Specific Disclosures

During the year there were no specific disclosures by the Directors of any interests in transactions entered into by the Company.

(c) Indemnity and Insurance

In accordance with the Companies Act 1993, Metlifecare Limited has effected insurance in respect of its Directors and the Directors of each of its subsidiary companies and has given indemnities to its Directors and to those Directors which it has appointed to its subsidiary companies.

(d) Use of Company Information

During the year the Board received no notices from Directors of the Company requesting to use Company information.

Other Director Information

DIRECTORS' SHARE DEALINGS

During the year the Directors named below disclosed to the Board under Section 148 of the Companies Act 1993 particulars of the following acquisitions or dispositions of relevant interests in ordinary shares in the Company:

Director	Nature of Relevant Interest	Number of Shares Acquired (or Disposed)	Consideration Paid (or Received) \$ Per Share	Date of Acquisition or Disposal
C.J. Cook	Beneficial Interest	(20,405,013)	-	27 June 2002
	Beneficial Interest	20,405,013	-	27 June 2002

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

as at 31 December 2002

Director	Beneficial Interest	Non-Beneficial Interest	Held By Associated Persons
R.W. Bryden	-	23,313,345 ¹	30,215,026 ²
C.J. Cook	23,313,345	30,215,026 ¹	-
P.W. Fitzsimmons	22,748	-	-
Dr H. LeGrice	186,800	-	114,660
	-	-	1,680,000
B.C. Sutton	-	23,313,345 ¹	30,215,026 ²

Notes:

The same shares may be included in more than one category.

- Under the terms of a Pre-emptive Agreement, dated 9 November 1999, entered into between each of C.J. Cook, Private Health Care (NZ) Limited and Todd Capital Limited, interests associated with C.J. Cook and Todd Capital Limited granted rights of pre-emption, drag along and carry along provisions in respect of the shares held by each party in the Company. Under the terms of a Joint Venture Agreement, dated 24 September 1999, entered into between each of C.J. Cook, Private Health Care (NZ) Limited and Todd Capital Limited, interests associated with C.J. Cook and Todd Capital Limited agreed to a stand-still arrangement of five years.
- Held by Todd Lifecare Limited. R.W. Bryden is a Director of Todd Capital Limited and other subsidiaries of The Todd Corporation Limited. B.C. Sutton is a Director of subsidiaries of The Todd Corporation Limited.

REMUNERATION OF DIRECTORS

Remuneration and other benefits paid to Directors during the year.

Director	Directors' Fees \$	Management Fees and Allowances \$
R.W. Bryden	30,000	
C.J. Cook	-	265,844
P.W. Fitzsimmons	50,000	
Dr H. LeGrice	30,000	
M.P. Stiasny	30,000	
B.C. Sutton	30,000	
	170,000	265,844

Remuneration and other benefits paid to Directors of Metlifecare Palmerston North Limited (50% owned subsidiary) during the year.

Director	Directors' Fees \$
G.N. Aleksich	5,000 ¹
C.J. Cook	5,000 ¹
P.W. Fitzsimmons	5,000
C.P. Hohaia	5,000
Dr R.H.N. Love	5,000
B.F. Mahoney	5,000 ²
	30,000

1. Directors Fees paid to Metlifecare Limited.
2. Directors Fees paid to The New Zealand Guardian Trust Company Limited.

Other Director Information (continued)

SUBSIDIARY COMPANY DIRECTORS

The following persons held the office of Director of the Company's wholly owned subsidiaries during the year. No Director of any wholly owned subsidiary Company received any Director's fees or other benefits as a Director of a subsidiary:

P.W. Fitzsimmons, C.J. Cook, G.N. Aleksich, C.E. Hughes

Subsidiaries (Wholly owned)

Bay of Plenty Retirement Village Limited	Metlifecare Crestwood Limited	Metlifecare Powley Limited
Castleburgh Investments Limited	Metlifecare Epsom Limited	Metlifecare Remuera Limited
Hazlewood Holdings Limited	Metlifecare Greenwood Park Limited	Metlifecare Somervale Limited
Metcare Limited	Metlifecare Highlands Limited	Metlifecare Wairarapa Limited
Metlifecare Bayswater Limited	Metlifecare Oakwoods Limited	Paraparaumu Retirement Village Limited
Metlifecare Beechworth Limited	Metlifecare Pakuranga Limited	Provider Care NZ Limited
Metlifecare Browns Bay Limited	Metlifecare Papatoetoe Limited	The Wellington Retirement Village Limited
Metlifecare Coastal Villas Limited	Metlifecare Pinesong Limited	Third Age Care Limited

Subsidiary (50% owned)

The following persons held the office of Director of Metlifecare Palmerston North Limited, the Company's 50% owned subsidiary during the year.

P.W. Fitzsimmons, C.J. Cook, G.N. Aleksich, Dr R.H.N. Love, B.F. Mahoney, C.P. Hohaia, C.E. Hughes (Alternate), M.A. Kinder (Alternate, resigned)

Other Statutory Information

EMPLOYEES REMUNERATION OVER \$100,000

The number of employees or former employees, not being directors, who received remuneration and other benefits valued at or exceeding \$100,000 during the year are stated below.

Remuneration	Number of Employees
\$110,000 - \$120,000	2
\$140,000 - \$150,000	1
\$150,000 - \$160,000	1
\$190,000 - \$200,000	1
\$280,000 - \$290,000	1

NEW ZEALAND STOCK EXCHANGE WAIVERS

During the 2002 year, in relation to the sale of the Metlifecare Browns Bay and Metlifecare Epsom facilities, the Market Surveillance Panel of the New Zealand Stock Exchange granted the Company a waiver from Listing Rule 10.1.1, to enable named recipients to undertake due diligence, in relation to a proposal to acquire aged care facility businesses from the Company. The waiver was granted on the following conditions:

1. That the Panel is informed of the identity of each recipient in advance;
2. On the assumption that a Confidentiality Deed in the form provided by the Company is entered into by the Company and the recipient;
3. That any affiliates are specifically named in the Deed or any schedule thereto.

Shareholder Information

as at 3 March 2003

TWENTY LARGEST SHAREHOLDERS

Shareholders	Number of Fully Paid Ordinary Shares	Percentage of Issued and Paid Up Share Capital
Todd Lifecare Limited	30,215,026	34.95
Private Health Care (NZ) Limited	23,313,345	26.97
Citibank Nominees (New Zealand) Limited	6,431,187*	7.44
United Healthcare Limited	6,272,585	7.26
Royal & SunAlliance Life and Disability (New Zealand) Limited	3,170,481*	3.67
Sapphire Equities Limited	2,726,832	3.15
Resolution Investments Limited	1,680,000	1.94
Custody and Investment Nominees Limited	1,556,403*	1.80
National Nominees New Zealand Limited	1,167,824*	1.35
The New Zealand Guardian Trust Company Limited		
- Guardian Trust Investment Limited	1,160,935*	1.34
Forbar Custodians Limited A/C - 1354	346,416	0.40
Arthur Derrick Riley and Eunice Joy Riley	338,660	0.39
Janet Backhouse	323,010	0.37
Sun Alliance Life Limited	319,857*	0.37
Mini Nominees Limited	200,000	0.23
Dr Hylton LeGrice and Angela Lindsay	186,800	0.22
Martin Boyd Hamilton Reesby	178,500	0.21
Greg Hinton	173,416	0.20
United Healthcare Limited (Account 2)	155,570	0.18
Peter Whitlock Westaway	125,000	0.15
TOTAL	80,041,847	92.59

* Shareholdings held in New Zealand Central Securities Depository Limited. Total holdings in New Zealand Central Securities Depository Limited were 13,996,443 (16.19%).

SPREAD OF HOLDINGS

Size of Holdings	Number of Shareholders	%	Number of Shares Held	%
1 - 999	115	12.33	59,968	0.07
1,000 - 4,999	474	50.80	1,082,124	1.25
5,000 - 9,999	156	16.72	1,008,893	1.17
10,000 - 99,999	165	17.69	3,921,049	4.54
100,000 - 999,999	13	1.39	2,681,889	3.10
1,000,000 +	10	1.07	77,694,618	89.87
TOTAL	933	100.00	86,448,541	100.00

Shareholder Information (continued)

as at 3 March 2003

SUBSTANTIAL SECURITY HOLDERS

The following information is given pursuant to section 26 of the Securities Markets Act 1988.

The persons who, according to the file kept by the Company pursuant to section 25 of the Securities Markets Act 1988, are substantial security holders in the Company as at 3 March 2003 are as follows:

Substantial Security Holders	Number of Shares	Percentage of Shares
Todd Capital Limited	53,528,371 ¹	61.92
Todd Lifecare Limited	53,528,371 ¹	61.92
C.J. Cook	53,528,371 ²	61.92
Private Health Care (NZ) Limited	53,528,371 ²	61.92
C.J. Cook, S.C. Cook and B.P. Keene (Clifford Cook Family Trust)	53,528,371 ²	61.92
C.J. Cook, S.C. Cook and B.P. Keene (Susanna Cook Family Trust)	53,528,371 ²	61.92
United Healthcare Limited	14,958,761 ³	17.30
E.J. Watson	14,958,761 ⁴	17.30
New Zealand Funds Management Limited	12,231,929 ⁵	14.15
New Zealand Guardian Trust Funds Management Limited	4,782,529	5.53

Notes:

Pursuant to the provisions of the Securities Markets Act 1988, more than one relevant interest can exist in the same voting securities.

1. Including 23,313,345 shares in which a relevant interest is held by virtue of the Pre-emptive and Joint Venture Agreements, referred to on page 49.
2. Including 30,215,026 shares in which a relevant interest is held by virtue of the Pre-emptive and Joint Venture Agreements, referred to on page 49.
3. Including 5,803,774 shares in which a relevant interest is held by virtue of an agreement with The New Zealand Equity Trust, The New Zealand Property and Infrastructure Trust, The Principles of Wealth Fund and The New Zealand Major Companies Fund (through and by the manager of those funds, New Zealand Funds Management Limited) dated 19 June 2000. Under such agreement each party agrees not to sell their shares in Metlifecare Limited for a period of three years unless the same offer is obtained for the other party. These shares are held by Citibank Nominees (New Zealand) Limited.

Including 2,726,832 shares held by Sapphire Equities Limited. Sapphire Equities Limited and United Healthcare Limited are wholly owned subsidiaries of Cullen Investments Limited and are deemed to have a relevant interest in each others shares in Metlifecare Limited.

4. On 13 November 2002, as part of an internal restructuring of the Cullen Investment group of companies, the Valley Trust (which is under the effective control of Mr E. J. Watson) became the indirect owner of United Healthcare Limited and Sapphire Equities Limited, as a consequence, Mr Watson acquired a relevant interest in the voting securities, beneficially owned by those companies and in the non-beneficial relevant interest held by United Healthcare Limited in voting securities held by funds associated with New Zealand Funds Management Limited, as manager.
5. Including 6,428,155 shares in which a relevant interest is held by virtue of an agreement with United Healthcare Limited as noted in 3 above.

The total number of voting securities of the Company on issue at 3 March 2003 was 86,448,541 ordinary shares fully paid.

Directory

Directors

As at 31 December 2002

Peter William Fitzsimmons OBE
Chairman

Clifford James Cook
Deputy Chairman

Robert William Bryden

Dr Hylton LeGrice OBE

Michael Peter Stiasny

Brett Christopher Sutton

Audit Committee

Robert William Bryden
Chairman

Dr Hylton LeGrice OBE

Michael Peter Stiasny

Acquisition & Development Committee

Clifford James Cook
Chairman

Dr Hylton LeGrice OBE

Michael Peter Stiasny

Brett Christopher Sutton

Remuneration Committee

Peter William Fitzsimmons OBE
Chairman

Robert William Bryden

Clifford James Cook

Dr Hylton LeGrice OBE

Chief Executive Officer

Gavin Noel Aleksich

Auditors

PricewaterhouseCoopers
PricewaterhouseCoopers Tower
188 Quay Street
Auckland

Solicitors

Simpson Grierson
Simpson Grierson Building
92-96 Albert Street
Auckland

Hesketh Henry
41 Shortland Street
Auckland

Bankers

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

Registered Office

Level 3
81 Carlton Gore Road
Newmarket
Auckland

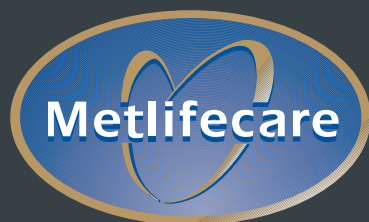
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Telephone: (09) 379 8070
Facsimile: (09) 377 2471
www.metlifecare.co.nz

Share Registrar

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

Private Bag 92119
Auckland
Telephone: (09) 488 8700
Facsimile: (09) 488 8787
Investor Enquiries: (09) 488 8777



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