ANNUAL REPORT 2010

RYMAN HEALTHCARE

CONTENTS

RYMAN
HEALTHCARE

2010 Highlights

- Realised Profit up 16% to $61.4 million
- Dividend lifted 16% to 6.1 cents per share
- Invested $120 million in new villages
- Opened three new villages
- New sites acquired in Christchurch and Tauranga

Financial Results

Dr David Kerr

I am delighted to report to you that we have again delivered on our medium term growth target, with realised profits increasing 16% to $61.4 million. Unrealised valuation gains lifted our overall reported profits 19% to $78.4 million.

Operating cash flows of $149 million were a particular highlight, up 31% on 2009, which enabled us to invest $120 million in new villages - while slightly reducing net bank debt to $141 million.

Our continued ability to generate strong cash flows means we are able to grow your dividend at the same rate as realised profits, with a total dividend for the year of 6.1 cents per share (or $30.5 million), up 16% on 2009. Our intention remains to increase dividends in line with the growth in realised profits, and to maintain a conservatively geared balance sheet.

Year ended 31 March 2010	$m
Realised Profit	**61.4**
Plus Unrealised revaluations of RV units	+23.6
Less Glamis impairment loss	-1.2
Less Deferred tax movement	-5.4
Reported Net Profit - IFRS	78.4

Importantly, the balance sheet just keeps on getting stronger, with shareholders equity increasing to $457 million, and bank debt to equity decreasing to 31% from 35% in 2009.

Business Overview

During the economic uncertainty over the last two years the Board made a deliberate and careful decision to continue with our expansion plans.

Our strong belief in the long term strength of Ryman's business model meant that we benefited from opening another three new villages this year – during a time when many other businesses curtailed their growth. We are now really starting to see the benefit from having continued to invest through the downturn.

The growth in the portfolio results in a growing tail of realised profits at completed villages across care fees, management fees and through the resales of occupancy rights for existing units – making us very resilient to difficult economic conditions. This is evident from our excellent result this year in what remained a challenging environment. Earnings from completed villages now account for over 75% of our realised profit.

Equally important, we have also continued to invest in our aged care training and systems to offer even better care for our residents.

Corporate Governance

A full and separate statement of corporate governance has been provided later in the annual report. We can report that our Charter was reviewed again this year, to ensure that it remains current.

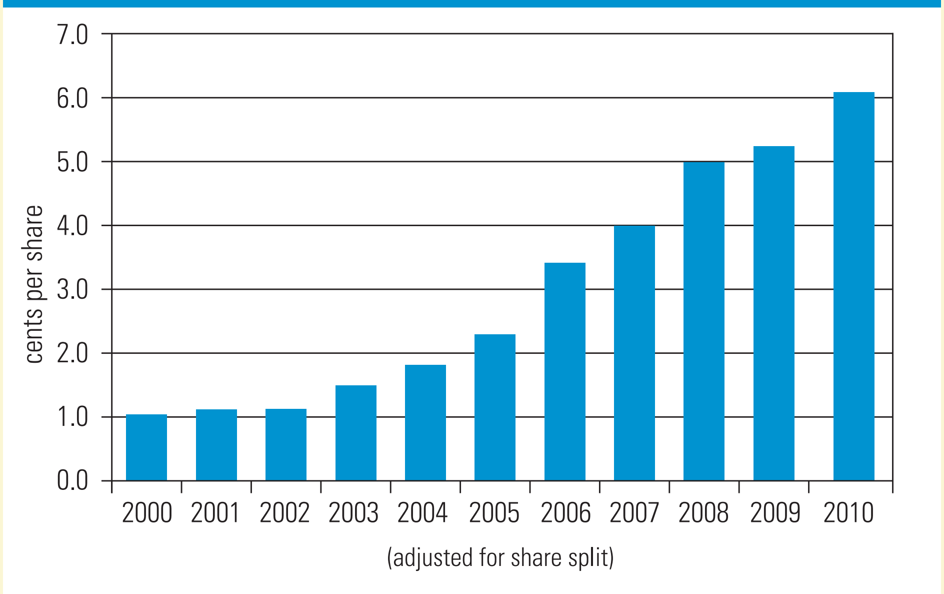
We were delighted to appoint Simon Challies, our Chief Executive since 2006, as Managing Director. This elevation to the Board reflects the excellent leadership skills Simon has displayed, as well as our confidence in his ability to deliver consistently strong results.

Don Trow, Andrew Clements and Kevin Hickman retire by rotation at this year's Annual Meeting. Kevin and Andrew will be offering themselves for re-election. After serving Ryman since listing on

Jane Mander Retirement Village

the NZX in 1999 it is with sadness to note that Don is taking this opportunity to step down from the Board. Don's financial expertise and insight has been highly valued around the Ryman Board table over that 11 year period, particularly during our transition to IFRS. We wish Don all the very best for the future.

Dividend History



There are no current intentions to search for an additional Board member, following the appointment of Jo Appleyard last year, and Simon this year. Andrew Clements has replaced Don on the Audit and Financial Risk Committee.

The remuneration of the Board has been reviewed and we are seeking shareholder approval for an increase in directors' fees from the level approved by shareholders in 2007 of $380,000 for the six Directors serving at that time. This pool was subsequently increased by $50,000 to $430,000 in January 2009 when Jo Appleyard was appointed by the Directors to the Board. The proposal to be considered at the Annual Meeting is for total Directors' Fees to increase from $430,000 to $555,000 per annum for six non executive Directors; the number

of non executive Directors decreases to six from seven, in light of Don Trow retiring from the Board and not seeking re-election. As noted above, there is no current intention to replace Don. We believe the proposal is reasonable, given the increased scale of the company and the larger demands placed on Directors.

We are recommending that Deloitte be reappointed as auditor for the 2011 financial year. Deloitte are engaged solely in an audit capacity to ensure that their independence is not impaired.

A notice of meeting has been issued together with this report, and we warmly welcome all shareholders to join us at the Annual Meeting of Shareholders to be held at Evelyn Page Retirement Village in Orewa at 1.30 pm on Thursday 29 July.

Employee Share Schemes

The Board wishes to continue to encourage the participation of senior staff in the long term success of the Company, and to align their interests with those of the shareholders. In accordance with section 79 of the Companies Act 1993, we disclose for the benefit of all shareholders the following proposal to provide financial assistance to the senior management team (see page 12).

Under the current employee share purchase schemes the Board has resolved to provide financial assistance, by way of interest free loans of up to $2.0 million over the next year, to the senior management team to enable them to acquire ordinary shares on-market. The terms of the financial assistance are set out more fully in Note 25 to the Financial Statements.

The Board has also resolved that they consider the giving of this financial assistance is on terms and conditions that are fair and reasonable, and is for the benefit of all shareholders.

Ryman's Strategy

We have a clear focus, which has not changed since we listed in 1999 – to be the leading provider of retirement and healthcare facilities for the elderly.

Our own people design, build and operate our villages, providing a quality service at a significant cost advantage compared to others in the sector. Each village offers a range of care options, to ensure the changing health requirements of our residents are met, and our residents benefit from our 25 years of experience.

Our business model remains focused on generating strong cash flows, which in turn drives shareholder value. We achieve this because all the costs for building each new village are fully funded from the sales of occupation rights from new units. A completed village thereafter provides us with a growing tail of realised profits.

The best evidence of this is our performance over a long period of time. Since listing 11 years ago we have built 2,200 retirement village units and 1,100 aged care beds, investing over $730 million – all of which has been funded out of operating cash flows.

As a result we have never had to seek fresh equity from you, our shareholders, to achieve our growth. Meanwhile, $165 million has now been paid to shareholders in dividends since we listed.

Our strong balance sheet and cash flows, together with secure bank funding for work in progress, is a key source of competitive advantage - at a time when many others are struggling with capital requirements.

The Opportunity

There remain many locations throughout New Zealand which are ideally suited for a Ryman village, and we are continuing to see a strong number of land opportunities from which we will continue to pick the best.

Most importantly, we are now entering a prolonged period where the elderly population will increase at a significantly faster rate than ever before. In fact, the number of people aged 75 years and over is set to increase on average by 12,000 per annum for the next 20 years.

Add to this the harsh reality that although we are living longer we are also somewhat frailer. Recent medical research estimates that men spend the last 6.8 years, and women the last 9.1 years, of their lives with the limiting diseases of old age. In addition, it is also expected that the incidence of dementia is set to rise by 50% and osteoporosis and osteoarthritis by 40% by 2025.

Our confidence in Ryman's future prospects is therefore not just the result of the quality of what we do - our purpose designed villages meet a very real, and growing, need in the community.

Outlook

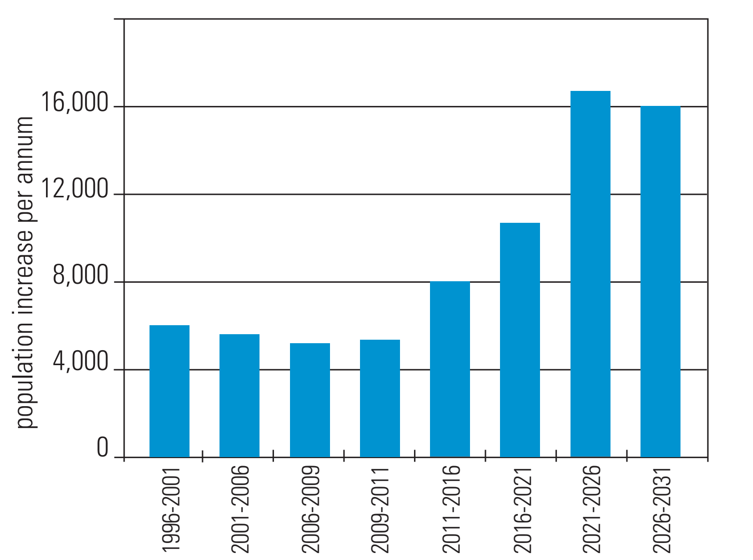
Sustainable business is about having the right balance between happy residents and happy shareholders. We have delivered another strong financial result for the year, and at the same time we have achieved even higher levels of satisfaction ratings from our residents and their families.

Our plan is to achieve our medium term target of 15% growth in realised profits for our shareholders in two ways.

Firstly, we will continue to see a growth-on-growth effect at completed villages, especially from those villages built in more recent years as they reach their full earning potential. It is worthy of note that nearly half of our units and beds have only been completed in the last five years.

Secondly, we plan to continue rolling out new villages at the rate of 450 new units and beds per annum. The building team has proven they can do this, having delivered this level of growth for four successive years, and our landbank is in good shape – with enough land to sustain our building programme for at least the next five years.

Growth Rate: Population 75+



Source: Statistics NZ

Selecting a retirement village or rest home is never an easy decision. We greatly appreciate the trust that residents and their families place in us to provide first class care and great surroundings. Likewise, we very much value the loyal support we have received from our shareholders over what have been challenging and volatile times in the financial markets.

Finally, I would like to thank all of our hardworking staff across New Zealand – they are the people who make this all possible, and provide great service to our residents.

Dr David Kerr
Chairman

It is my pleasure to report to you on another successful year for Ryman Healthcare. A year in which we reaped rewards from continuing to invest through the downturn in the economy.

Simon Challies

Care Services

Some of our greatest achievements for the year were in our care services. We invested heavily in care over the past year, in terms of quality systems, training and new facilities – reflecting our commitment to providing our residents with the very best care in the local community.

We also opened three new large-scale care facilities. At the start of the year we opened the Jean Sandel resthome and hospital in New Plymouth. This was followed in November by the Jane Mander resthome and hospital in Whangarei, and in February by the Evelyn Page resthome and hospital in Orewa. The care facilities at these villages will be completed in the coming year, and on completion each will offer more than 100 rooms at resthome, hospital and dementia level care.

We are very proud of the new care facilities – they feature some great new designs which improve the life of older New Zealanders and have raised the bar yet again on what can be expected from a resthome. The new dementia care facility at Whangarei is a standout – the décor and layout has combined to create a first class home for our residents.

We are also very proud of the new village teams that have developed over the past year. A strong commitment to high standards of care, to quality systems and a "resident first" attitude is apparent, and has resulted in a strong uptake in admissions.

Our emphasis on providing more hospital and dementia care will be apparent at the existing villages over the next couple of years, as we invest in extensions to the original care facilities.

In the immediate year ahead we will be building a hospital / dementia extension at Hilda Ross in Hamilton and a dementia extension at Edmund Hillary in Auckland.

This renewed emphasis also reflects the increasing demand for hospital and dementia services nationally, reflecting the growing older population.

Ironically this strong growth in demand is not being matched by growth in resthome/hospital capacity generally. Despite the new building activity we have undertaken over the past five years capacity nationally in the sector has shrunk. This contraction does not reflect demand – it reflects the significant investment required to build a new facility or to remodel an older facility at current costs. In contrast we are in a position to invest as the funding is provided from the retirement village.

In terms of quality we moved to an even more robust internal audit system, including unannounced audits every six months, to ensure we remain compliant and maintain consistently high standards. We also upgraded our information systems to provide us with more efficient and real time reporting. We have observed immediate gains from this change in approach.

We launched a new, more comprehensive, induction programme this year called Ryman Foundation Skills which we developed in-house. The new training programme has been approved by Careerforce (the Industry Training Organisation) and provides all of our caregiving staff with a nationally recognised level 2 qualification on completion. As part of our launch in March we offered existing staff the opportunity to undertake the programme as a refresher. In one month alone we had over 1300 staff complete the training, which was a real tribute to the dedication of our people.

Completed Villages

We made significant gains in earnings from our completed villages this year.

The gains were achieved as a result of several factors:

- our significant investment in care in recent years,
- an improvement in occupancy,
- a lift in the rate of government funding,
- the progressive introduction of premium room charges
- a new management fee structure for serviced apartments, and
- strong demand for our retirement village units.

At year end we had only 15 retirement village units available for occupation, across 21 villages and a portfolio of over 2,500 units. This was an excellent outcome, and underlines both the strong demographic growth and the great reputation our villages enjoy.

Our earnings from completed villages will continue to grow, especially at those villages built in recent years which are yet to reach maturity.

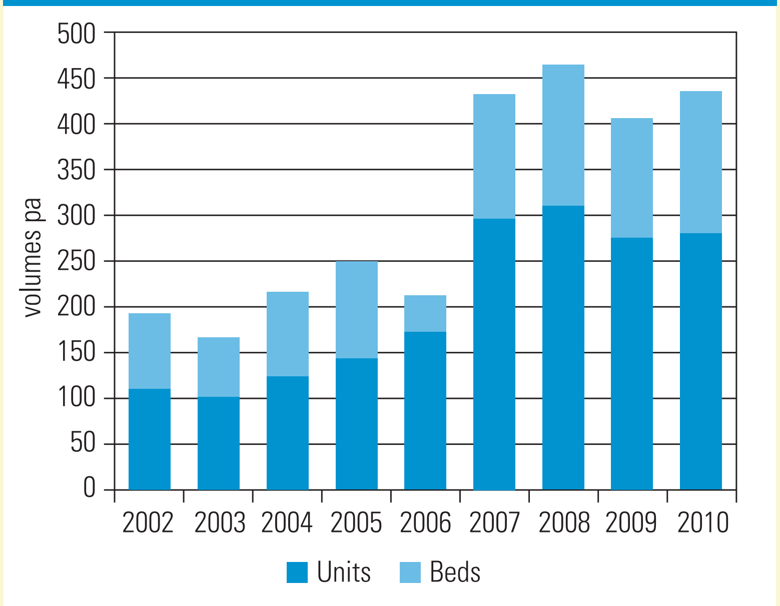
We are not reliant on prices lifting above current levels to achieve our target growth in earnings over the next few years, as we have healthy embedded gains still to realise across our villages. We estimate that we would realise an additional $140 million if all our units were reset to our current prices. In turn, our management fees also grow as pricing is reset to new levels.

New Building

In contrast to most of the construction sector we invested heavily in new sites and new buildings over the past year. Capital expenditure leapt from $83 million to $120 million, reflecting the large investment made in new villages at both Whangarei and Orewa, and the acquisition of new sites. This capital expenditure was all funded out of operating cashflows - a strong result in itself and a reflection of the company's ability to recycle its capital effectively.

Over the past four years we have consistently built just on 450 new units or beds per annum, and you can expect our level of building to continue at this rate for the foreseeable future. Our completion rate for units was slightly down in 2010 due to the timing of completion of several new apartment blocks, so you can expect to see us make up for that shortfall in the 2011 financial year.

Build Programme



The New Plymouth, Whangarei and Orewa villages have all started well in terms of unit sales, and building will continue at all three sites in the year ahead. We are also building at the Ernest Rutherford village in Nelson, the Edmund Hillary village in Auckland and will recommence building on land acquired adjacent to the Julia Wallace village in Palmerston North and at the Anthony Wilding village in Christchurch. We have started building the new village in Dunedin and due to start works in Gisborne. All up we plan to be building across nine sites in the year ahead.

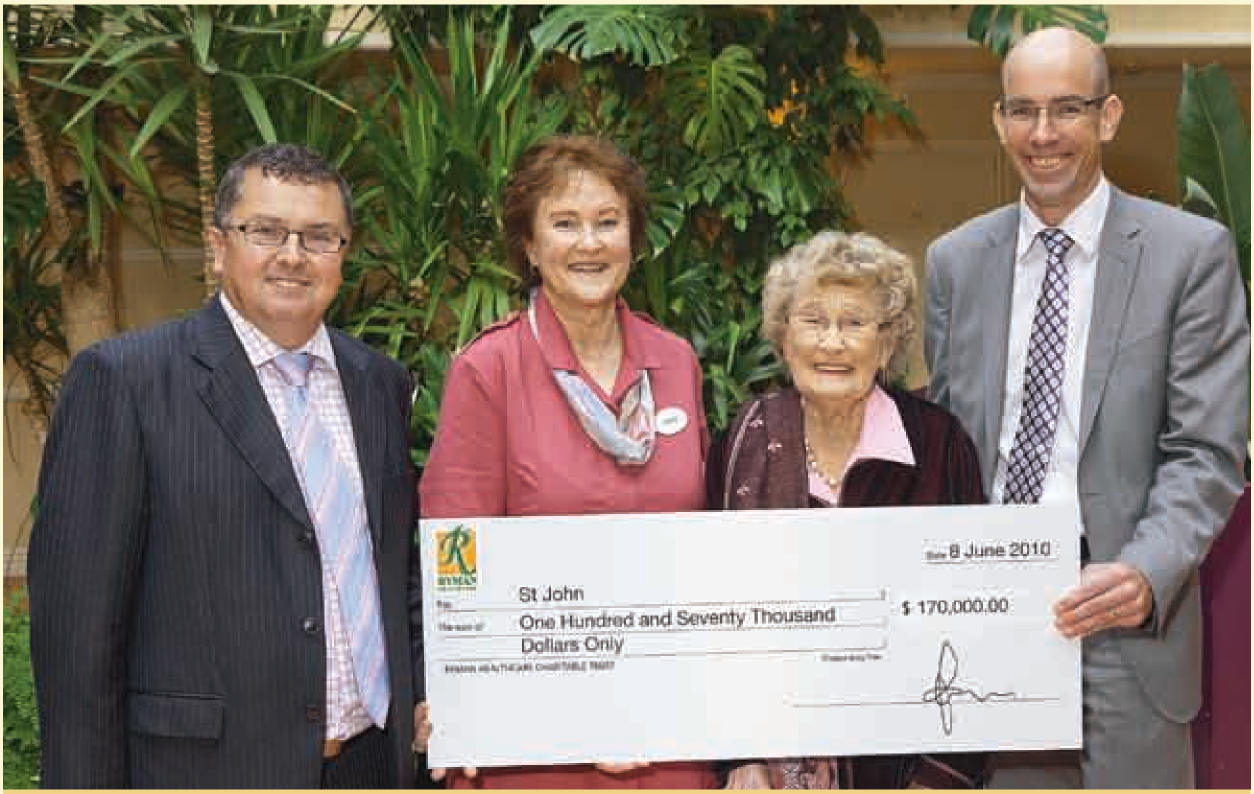
We wrote down the value of our Glamis Hospital in Dunedin at year end as the operations at this facility will transfer to the new Yvette Williams village on completion. The writedown reflects the change in use as the premises will no longer be used as an aged care hospital.

Jean Sandel Retirement Village Townhouses

New Land

In addition to the land adjoining the Anthony Wilding and Julia Wallace villages, we acquired new village sites in Christchurch and Tauranga. The new Christchurch village is adjoining the older suburbs of St Albans and Shirley and will be unrivalled in North East Christchurch in terms of care facilities, village amenities and quality. In Tauranga, we identified that the suburbs west of the city in particular were underserviced, and we identified what we considered was the best site in the area, in Bethlehem, for development of a new village.

These acquisitions provide the company with a pipeline of more than five years stock, and good spread in terms of new build options. It is proving to be a good time to be a buyer of land due to the lack of capital and therefore competition from other land developers.



$170,000 raised for Order of St John

Left to right: **Michael Brooke,** St John Community Programmes Director; **Chris Simmons**, Beckenham Courts Retirement Village staff member; **Eunice Louch,** Beckenham Courts Retirement Village resident; **Simon Challies,** Ryman Healthcare Managing Director.

Charity

Another strong year across the Company was capped by the successful fundraising of $170,000 for the Order of St John. Our residents and staff raised $85,000 which was matched dollar for dollar by the company.

Some of the most successful events this year were market days, walkathons and even a sunflower growing competition!

This was the twelfth year the company has raised funds for charity and ironically St John was the first recipient twelve years ago. This year we achieved a significant milestone as the total funds raised for charity now exceeds $1 million. Our charity for the coming year is the Hearing Association of New Zealand.

In addition to each of the villages supporting their own local community organisations, a number hosted concerts to raise funds for the Dame Malvina Major Foundation again this year.


KATIE

Ryman Healthcare Senior Management Team

Standing (left to right): **Debbie Versey**, Group Sales Manager; **Tom Brownrigg,** Construction Manager; **Andrew Mitchell,** Development Manager; **Philip Mealings**, Property/Purchasing Manager; **Taylor Allison,** Design Manager.

Seated (left to right): **Neil Prior,** Marketing Manager; **Barbara Reynen,** Operations Manager; **Simon Challies,** Managing Director; **Gordon MacLeod,** CFO.

Growth Plans

Our appetite for growth remains.

We plan to continue building 450 units / rooms per annum to meet the demands of a fast growing elderly population.

We have a strong balance sheet, a proven business model plus an enthusiasm and commitment to challenging ourselves and to being the first choice for elderly New Zealanders.

There are any number of communities around New Zealand which do not enjoy the option of a Ryman style village, and the older population is growing rapidly. The number of people aged 75 plus has grown at the rate of 5,000 per annum for the past two decades, a period in which we have enjoyed strong growth. Over the next two decades the 75 plus population is projected to grow at the rate of 12,000 per annum.

We look forward to delivering on our growth plans, offering great service to our residents and achieving great returns for our shareholders.

Simon Challies

Managing Director

DR DAVID KERR
MB CHB, FRNZCGP
CHAIRMAN

David Kerr is a General Practitioner who operates a private practice in Christchurch. He was the founding Chairman of Pegasus Medical Group from 1992 to 1998, representing 225 General Medical Practitioners in Christchurch, is an advisor to the Canterbury District Health Board and is a director of Pharmac Limited. David is a Trustee of Health Ed Trust NZ Inc., the leading education provider in the aged care sector.

David joined the Ryman Board in 1994 and has held the role of Chairman since 1999. David is a Fellow and Immediate Past President of the New Zealand Medical Association and has been awarded a Fellowship with Distinction by the Royal New Zealand College of Practitioners.

KEVIN HICKMAN
DIRECTOR

Kevin Hickman co-founded Ryman Healthcare in 1982, together with his business partner, John Ryder. Kevin has considerable experience as a director and manager of a diverse range of businesses in the private sector, including the retail, telecommunications and manufacturing sectors.

Kevin held the role of Managing Director in a joint capacity from 1982 and in his sole capacity from 2002 to 2006. Kevin's family trust remains a significant shareholder in the Company.

SIDNEY ASHTON
ONZM, FCA
DIRECTOR

Sid Ashton is a Fellow of the Institute of Chartered Accountants and is an Officer of the New Zealand Order of Merit.

Sid was a senior and founding partner of the Christchurch accountancy practice, Ashton Wheelans and Hegan, and held executive roles as Secretary and Chief Executive of Te Runanga o Ngai Tahu. He is currently Chairman of the Charities Commission and is a Member of the Nominating Committee for the Guardians of NZ Superannuation.

Sid joined the Ryman Board in 1994 and is Chairman of the Audit and Financial Risk Committee.

MICHAEL CASHIN
CA, CPA, FCIS,
DIP BUS ADMIN
DIRECTOR

Michael Cashin is a very experienced company director, having previously been Chairman of Housing New Zealand Ltd and At Work Insurance Ltd, and a director of Allied Farmers Ltd, Capital Properties Ltd and Centreport Ltd. Michael is currently a director of Cavotec MSL Holdings Limited and Property for Industry Limited, and is Chairman of Wellington Waterfront Limited.

Michael has considerable experience in the public health sector as a Crown representative on the boards of several Crown Health Enterprises.

Michael joined the Board of Ryman in 1999, at the time the Company was listed on the stock exchange.

ANDREW CLEMENTS
B COM
DIRECTOR

Andrew Clements is a Director of Zeus Capital Limited, a significant shareholder of the Company. Andrew is also a director of a number of private and public companies including The New Zealand Refining Company and Orion Corporation Limited.

Andrew has diverse treasury and operational experience having held management roles in Ceramco and Goodman Fielder Wattie in New Zealand and Asia.

Andrew was appointed to the Board of Ryman in 2000.

PROFESSOR DONALD TROW
B COM FCA
DIRECTOR

Don Trow holds the position of Emeritus Professor of Accountancy at Victoria University, having been a professor since 1971. Don has a long standing involvement with the accountancy profession and has the rare distinction of being a Life Member of the Institute of Chartered Accountants as well as being elected a Distinguished Fellow of the Institute of Directors.

Don has been a director of Ryman since 1999, and retires from the Board at the Annual Meeting.

JO APPLEYARD
LLB (HONS)
DIRECTOR

Jo Appleyard is a partner with Chapman Tripp, and is a skilled advocate and litigator specialising in commercial, employment and resource management law.

Jo has acted for the Company for a number of years on employment and resource management matters, both of which are pivotal to the success of the Company. Jo brings to the Board an in-depth knowledge of the Company's activities, together with wider commercial experience.

Jo joined the Board in January 2009.

SIMON CHALLIES
LLB, B COM, CA
MANAGING DIRECTOR

Simon Challies was appointed Managing Director on 18 May 2010, having previously held the position of Chief Executive.

A qualified chartered accountant, Simon joined Ryman Healthcare on listing in 1999 as CFO/Company Secretary and was promoted to General Manager/CFO in 2003 before taking the role of Chief Executive in 2006.

FIVE YEAR SUMMARY

		NZ IFRS				PREVIOUS GAAP [1]
		2010	2009	2008	2007	2006
Financial						
Realised Profit	$m	61.4	53.0	50.5	40.7	35.1
Net Operating Cash Flows	$m	149.4	114.2	125.8	73.8	55.4
Net Assets	$m	456.6	408.2	372.2	260.5	243.7
Interest bearing Debt to Equity ratio	%	31%	35%	39%	44%	28%
Reported Net Profit After Tax	$m	78.4	66.1	72.6	59.4	35.1
Dividend per Share [2]	Cents	6.1	5.25	5.0	4.0	3.4
Sales of Occupation Rights [3]	No.	631	597	578	480	355
New facilities						
Built during year:						
Resthome/Hospital Beds	No.	155	125	153	131	33
Retirement Village Units	No.	279	278	308	300	175
Land bank (to be developed) [4]	No.	1,897	1,790	1,767	1,715	1,653
Completed facilities						
Resthome/Hospital Beds	No.	1,674	1,519	1,394	1,241	1,110
Retirement Village Units	No.	2,543	2,264	1,986	1,678	1,378

1 Comparative amounts for 2006 are shown in accordance with Previous NZ Generally Accepted Accounting Practice ('Previous NZ GAAP').

2 Adjusted for 5:1 share split in January 2007.

3 New and existing retirement village units.

4 Includes retirement village units and resthome/hospital beds.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

		GROUP		PARENT	
	Note	2010 $000	2009 $000	2010 $000	2009 $000
Care fees		90,499	77,085	2,011	1,907
Management fees		18,590	14,446	75	101
Interest received		549	781	6,288	5,525
Other income	1	59	89	38,433	32,963
Total revenue		**109,697**	**92,401**	**46,807**	**40,496**
Fair value movement of investment property	8	66,327	57,198	363	158
Total income		**176,024**	**149,599**	**47,170**	**40,654**
Operating expenses	2	(79,674)	(70,592)	(8,460)	(8,040)
Depreciation expense	3	(5,229)	(4,500)	(621)	(586)
Impairment loss	7	(1,176)	-	-	-
Finance costs	4	(6,129)	(5,067)	(6,054)	(5,014)
Total expenses		**(92,208)**	**(80,159)**	**(15,135)**	**(13,640)**
Profit before income tax		**83,816**	**69,440**	**32,035**	**27,014**
Income tax expense	5	(5,399)	(3,372)	(129)	(4,452)
Net profit for the period		**78,417**	**66,068**	**31,906**	**22,562**
Earnings per share: Basic and Diluted (cents per share)	14	15.8	13.3		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2010

	Note	Group 2010	Group 2009	Parent 2010	Parent 2009
Profit for the period		**78,417**	**66,068**	**31,906**	**22,562**
Fair value movement of interest rate swaps	15	578	(5,265)	578	(5,265)
Movement in deferred tax related to interest rate swaps	15	(173)	1,579	(173)	1,579
Revaluation reserve reversal	15	(2,147)	-	-	-
Deferred tax impact on revaluation reserve	15	(123)	-	-	43
Other comprehensive income		**(1,865)**	**(3,686)**	**405**	**(3,643)**
Total comprehensive income		**76,552**	**62,382**	**32,311**	**18,919**

Note: all profit and total comprehensive income is attributable to Parent Company shareholders and is from continuing operations.

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Issued Capital	Asset Revaluation Reserve	Interest Rate Swap Reserve	Treasury Stock	Retained Earnings	Total Equity
	$000	$000	$000	$000	$000	$000
GROUP						
Balance at 1 April 2008	**33,290**	**85,573**	**486**	**(3,739)**	**256,594**	**372,204**
Total comprehensive income for the period	-	-	(3,686)	-	66,068	62,382
Treasury stock movement	-	-	-	(384)	-	(384)
Dividends paid to shareholders	-	-	-	-	(26,000)	(26,000)
Closing Balance at 31 March 2009	**33,290**	**85,573**	**(3,200)**	**(4,123)**	**296,662**	**408,202**
Balance at 1 April 2009	**33,290**	**85,573**	**(3,200)**	**(4,123)**	**296,662**	**408,202**
Total comprehensive income for the period	-	(2,270)	405	-	78,417	76,552
Treasury stock movement	-	-	-	(450)	-	(450)
Dividends paid to shareholders	-	-	-	-	(27,750)	(27,750)
Closing Balance at 31 March 2010	**33,290**	**83,303**	**(2,795)**	**(4,573)**	**347,329**	**456,554**
PARENT						
Balance at 1 April 2008	**33,290**	**1,769**	**486**	**(3,739)**	**13,915**	**45,721**
Total comprehensive income for the period	-	43	(3,686)	-	22,562	18,919
Treasury stock movement	-	-	-	(384)	-	(384)
Dividends paid to shareholders	-	-	-	-	(26,000)	(26,000)
Closing Balance at 31 March 2009	**33,290**	**1,812**	**(3,200)**	**(4,123)**	**10,477**	**38,256**
Balance at 1 April 2009	**33,290**	**1,812**	**(3,200)**	**(4,123)**	**10,477**	**38,256**
Total comprehensive income for the period	-	-	405	-	31,906	32,311
Treasury stock movement	-	-	-	(450)	-	(450)
Dividends paid to shareholders	-	-	-	-	(27,750)	(27,750)
Closing Balance at 31 March 2010	**33,290**	**1,812**	**(2,795)**	**(4,573)**	**14,633**	**42,367**

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2010

	Note	GROUP 2010 $000	GROUP 2009 $000	PARENT 2010 $000	PARENT 2009 $000
Assets					
Cash and cash equivalents		1,010	1,303	261	97
Trade and other receivables	6	44,226	67,261	400	93
Advances to subsidiaries	17	-	-	152,036	155,894
Advances to employees		1,653	1,267	1,653	1,301
Deferred tax asset (net)	5	-	-	555	857
Property, plant & equipment	7	247,309	221,710	13,775	6,547
Investment properties	8	1,035,162	882,246	5,846	5,465
Investments in subsidiaries	23	-	-	39,109	39,109
Total assets		**1,329,360**	**1,173,787**	**213,635**	**209,363**
Equity					
Issued capital	14	33,290	33,290	33,290	33,290
Asset revaluation reserve	15	83,303	85,573	1,812	1,812
Interest rate swap reserve	15	(2,795)	(3,200)	(2,795)	(3,200)
Treasury stock	15, 25	(4,573)	(4,123)	(4,573)	(4,123)
Retained earnings	15	347,329	296,662	14,633	10,477
Total equity		**456,554**	**408,202**	**42,367**	**38,256**
Liabilities					
Trade and other payables	10	24,537	21,991	20,469	19,045
Employee entitlements	11	5,300	4,460	967	831
Revenue in advance		13,170	8,293	79	69
Interest rate swaps	19	3,993	4,571	3,993	4,571
Bank loans (secured)	12	142,000	143,000	142,000	143,000
Occupancy advances (non interest bearing)	13	654,773	559,932	3,760	3,591
Deferred tax liability (net)	5	29,033	23,338	-	-
Total liabilities		**872,806**	**765,585**	**171,268**	**171,107**
Total equity and liabilities		**1,329,360**	**1,173,787**	**213,635**	**209,363**
Net tangible assets per share (cents)		91.3	81.6		

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2010

	Note	GROUP 2010 $000	GROUP 2009 $000	PARENT 2010 $000	PARENT 2009 $000
Operating activities					
Receipts from residents	22	307,036	244,673	2,884	3,082
Interest received		337	611	6,284	5,520
Dividends received		-	-	31,750	27,000
Inter-company charges		-	-	6,671	5,914
Payments to suppliers and employees		(76,712)	(68,675)	(6,735)	(7,054)
Payments to residents		(74,725)	(57,115)	(805)	(509)
Interest paid		(6,495)	(5,254)	(6,419)	(5,202)
Net operating cash flows	22	**149,441**	**114,240**	**33,630**	**28,751**
Investing activities					
Repayment of advances from subsidiaries		-	-	39,983	39,405
Purchase of property, plant & equipment		(29,786)	(10,849)	(2,370)	(468)
Purchase of investment properties		(85,522)	(65,831)	(18)	(37)
Capitalised interest paid		(4,841)	(6,888)	-	-
Advances to employees		765	262	800	227
Advances to subsidiaries		-	-	(41,511)	(35,633)
Net investing cash flows		**(119,384)**	**(83,306)**	**(3,116)**	**3,494**
Financing activities					
Repayment of bank loans		(1,000)	(4,500)	(1,000)	(4,500)
Dividends paid		(27,750)	(26,000)	(27,750)	(26,000)
Purchase of treasury stock (net)		(1,600)	(1,650)	(1,600)	(1,650)
Net financing cash flows		**(30,350)**	**(32,150)**	**(30,350)**	**(32,150)**
Net (decrease)/increase in cash and cash equivalents		**(293)**	**(1,216)**	**164**	**95**
Cash and cash equivalents at the beginning of period		1,303	2,519	97	2
Cash and cash equivalents at the end of period		**1,010**	**1,303**	**261**	**97**

The accompanying notes form part of these financial statements.

STATEMENT OF ACCOUNTING POLICIES

Statement of compliance

The financial statements presented are those of Ryman Healthcare Limited ("the Company"), and its subsidiaries ("the Group"). Ryman Healthcare Limited is a profit-oriented entity incorporated in New Zealand and develops, owns and operates integrated retirement villages, resthomes and hospitals for the elderly within New Zealand. Ryman Healthcare Limited is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit-oriented entities.

The financial statements also comply with International Financial Reporting Standards ("IFRS").

Basis of preparation

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2010, and the comparative information presented in these financial statements for the year ended 31 March 2009.

The information is presented in thousands of New Zealand dollars.

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Group, with the exceptions that:

- certain property, plant and equipment are subject to revaluation (refer note 7).
- investment property is measured at fair value (refer note 8).
- certain financial assets and liabilities are measured at fair value (refer note 19).

Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from direct sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following accounting policies and notes:

STATEMENT OF ACCOUNTING POLICIES

Valuation of property, plant and equipment - policy (e) and note 7.

Valuation of investment property - policy (d) and note 8.

Management fees - policy (b).

Utilisation of tax losses – policy (l).

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements of the Group and the Company.

(a) Basis of consolidation – purchase method

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Company (the parent entity) and its subsidiaries as defined in NZ IAS-27 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in note 23 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

All significant inter-company transactions and balances are eliminated in full on consolidation.

In the Company's financial statements, investments in subsidiaries are recognised at their cost, less any adjustment for impairment.

(b) Revenue recognition

Care fees
Care facility and retirement village service fees are recognised on an accruals basis.

Management fees
Management fees in respect of retirement village units are recognised on a straight line basis over the period of service, being the greater of the expected period of tenure, or the contractual right to revenue.

The expected periods of tenure, based on historical experience across our villages, are estimated to be seven years for independent units and three to four years for serviced units

Interest received
Interest income is recognised in the income statement as it accrues, using the effective interest method.

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for use.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

(d) Investment properties

Investment properties include land and buildings, equipment and furnishings relating to retirement village units and community facilities, including units and facilities under development. They are intended to be held for the long term to earn rental income and for capital appreciation.

Retirement village units and community facilities are revalued on a semi-annual basis and restated to fair value as determined by an independent registered valuer. Any change in fair value is taken to the income statement. The fair value is determined using discounted cash flow methodology.

Rental income from investment properties, being the management fee and retirement village service fees, is accounted for in accordance with accounting policy (b).

Investment property work in progress is now recorded within investment property at fair value, this is a change from the previous years accounting policy, refer to accounting policy (r) - Changes in Accounting Policies.

STATEMENT OF ACCOUNTING POLICIES

(e) Property, plant & equipment

Property, plant & equipment comprises completed care facilities, corporate assets and land and care facilities under development. All property, plant & equipment are initially recorded at cost. Typically these costs include the cost of land, materials, wages and interest incurred during the period that is required to complete and prepare the asset for its intended use.

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are incurred. Capitalisation of borrowing costs continues until the assets are substantially ready for their intended use.

Following initial recognition at cost, completed care facility land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement in which case the increase is credited to the income statement to the extent of the decrease previously charged.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

In addition, any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(f) Depreciation

Depreciation is provided on all property, plant & equipment, other than freehold land, at straight line ("SL") 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:

Buildings	2% SL
Plant and equipment	10-20% SL
Furniture and fittings	20% SL
Motor vehicles	20% SL

No depreciation is provided in respect of investment properties.

(g) Impairment of assets

At each interim and annual balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

STATEMENT OF ACCOUNTING POLICIES

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately unless the asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately unless the asset is carried at fair value in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Operating leases

Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement on a straight line basis over the periods of expected benefit.

(i) Revenue in advance

Revenue in advance represents those amounts by which the management fees over the contractual period exceed recognition of the management fee based on expected tenure.

(j) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, cash in banks and on demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. This includes all call borrowing such as bank overdrafts used by the Group as part of its day-to-day cash management.

Trade and other receivables
Trade receivables are measured at amortised cost less any impairment. This is equivalent to fair value being the receivable face (or nominal) value, less appropriate allowances for estimated irrecoverable amounts (which are recognised in the Income Statement when there is objective evidence that the receivable is impaired). The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Occupancy advances
Occupation Agreements confer to residents the right of occupancy of the retirement village unit for life, or until the resident terminates the agreement.

Amounts payable under Occupation Agreements ("occupancy advances") are non interest bearing and recorded as a liability in the balance sheet, net of management fees receivable. The resident occupancy advance is initially recognised at fair value and subsequently at amortised cost. As the resident may terminate their occupancy with limited notice, and the occupancy advance is not interest bearing, it has demand features and is therefore carried at face value, which is the original advance received. The advance is repayable following both termination of the Occupation Agreement and settlement of a new occupancy advance for the same retirement village unit.

STATEMENT OF ACCOUNTING POLICIES

Trade and other payables
Trade and other payables are measured at amortised cost. This is equivalent to the face (or nominal) value of payables which is assumed to approximate to their fair value.

Interest bearing loans and borrowings
Loans and borrowings are initially recorded at fair value, plus directly attributable transaction costs. Subsequent to initial recognition, loans and borrowings are measured at amortised cost, with any differences from the initial amount recognised and the redemption value being recognised in profit and loss using the effective interest rate method. In practice this means that Group interest bearing borrowings are recognised at face (or nominal) value due to the repayment and cost of borrowing terms associated with them.

Interest rate swaps
The Group enters into interest rate swaps to manage cash flow interest rate risk.

Interest rate swaps are initially recognised at fair value on the date a contract is entered into and are subsequently remeasured to their fair value at each reporting date. When Group swap arrangements meet the requirements of cash flow hedge accounting, changes in the fair value of interest rate swaps are recognised directly in equity until such time as those future cash flows occur.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit.

Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The face (or nominal) value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

(k) Employee entitlements

A liability for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave is accrued and recognised in the balance sheet when it is probable that settlement will be required and they are capable of being measured reliably. The liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

(l) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid.

Deferred tax
Deferred tax is provided using the comprehensive balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided for in respect of non depreciating assets included within property, plant and equipment and investment properties.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates expected to apply in the period of settlement, based on tax rates enacted or substantively enacted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

STATEMENT OF ACCOUNTING POLICIES

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax assets and liabilities on a net basis.

(m) Treasury stock

Shares purchased on market under the senior management share scheme are treated as treasury stock on acquisition at cost. On vesting to the employee, treasury stock shares are credited to equity and an employee advance is recorded initially at fair value and subsequently at amortised cost. Any loss on disposal by the employee which accrues to the Company is taken directly against equity. The directors estimate the fair value of these employee advances when purchasing the shares on market, which is then spread over the employee's three year vesting period and taken to the income statement.

(n) Consumables

Purchases of supplies by the villages are expensed in the period they are incurred.

(o) Maintenance costs

Maintenance costs are accounted for in the period they are incurred.

(p) Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of Goods and Services Tax ("GST"), which is consistent with the method used in the Income Statement. Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and includes all call borrowing such as bank overdrafts used by Group as part of their day-to-day cash management.

Operating activities represent all transactions and other events that are not investing or financing activities, and includes receipts and repayments of occupancy advances.

Investing activities are those activities relating to the acquisition and disposal of investments and any other property, plant and equipment or investment properties. Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing the Company's equity capital.

(q) GST

Revenues, expenses and assets and liabilities are recognised net of the amount of GST except that:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Changes in accounting policies

There has been one change to accounting policies during the year.

NZ IAS 40 - Investment Property - has been amended to require that investment property work in progress is recorded within investment property at fair value; previously, this was recorded as property, plant and equipment at cost until completion at which time it was transferred to investment property. Investment property work in progress is required to be measured at fair value unless fair value cannot be reliably measured, in which case cost is used until completion.

STATEMENT OF ACCOUNTING POLICIES

Investment property work in progress has been fair valued at cost as at 31 March 2009 and 2010. Previously reported investment property at 31 March 2009 has therefore increased by $51.7 million, as it now includes investment property work in progress. Property, plant and equipment has decreased by the same amount and accordingly, there has been no impact on reported profit or shareholders equity. In addition, the allocation of investing activities presented in the cash flow statement between property, plant and equipment and investment property has also changed accordingly.

(s) Adoption of new and revised Standards and Interpretations

The following new accounting standards have impacted current year disclosures and accounting policies in the financial statements:

- NZ IAS 1 - Presentation of Financial Statements (revised 2007)

  This has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In particular there is a new Consolidated Statement of Changes in Equity and a new more detailed Consolidated Statement of Comprehensive Income.

- NZ IAS 40 - Investment Property

  See accounting policy above.

- NZ IFRS 8 - Operating Segments

  This is a disclosure Standard that has resulted in a minor changes to the Group's segment disclosures (see note 24).

- Amendments to NZ IFRS 7 - Financial Instruments - Disclosures

  The amendments to NZ IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

We are not aware of any standards in issue but not yet effective which would materially impact the amounts recognised or disclosed in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Note	GROUP 2010 $000	GROUP 2009 $000	PARENT 2010 $000	PARENT 2009 $000
1. Other Income					
Dividends received		-	-	31,750	27,000
Other income		59	89	6,683	5,963
Total Other income		**59**	**89**	**38,433**	**32,963**
2. Operating Expenses					
Employee costs		49,894	43,713	5,806	5,382
Property related expenses		10,479	9,939	265	262
Other operating costs (see below)		19,301	16,940	2,389	2,396
Total		**79,674**	**70,592**	**8,460**	**8,040**
Other operating costs include:					
Auditor’s remuneration to Deloitte comprises:					
- audit of financial statements		115	115	22	20
- audit related services*		3	3	3	3
Directors Fees		430	388	430	388
Doubtful Debts		-	-	-	-
Donations^		187	126	13	8
Lease and rental payments		389	346	267	272

* primarily relates to work undertaken in respect of the Group’s interim financial statements
^ no donations have been made to any political parties (2009: $Nil)

	Note	GROUP 2010 $000	GROUP 2009 $000	PARENT 2010 $000	PARENT 2009 $000
3. Depreciation					
Buildings		2,322	2,009	75	72
Plant and Equipment		954	836	319	298
Furniture and Fittings		1,686	1,397	51	45
Motor Vehicles		267	258	176	171
Total		**5,229**	**4,500**	**621**	**586**
4. Finance Costs					
Total interest paid on bank loans		8,393	11,973	8,318	11,920
Release of interest rate swap reserve	15	2,577	(18)	2,577	(18)
Amount of interest capitalised		(4,841)	(6,888)	-	-
Transferred to subsidiaries		-	-	(4,841)	(6,888)
Net interest expense on bank loans		**6,129**	**5,067**	**6,054**	**5,014**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

5. Income Tax

	GROUP		PARENT	
	2010 $000	2009 $000	2010 $000	2009 $000
(a) Income tax recognised in income statement				
Tax expense comprises:				
Current tax expense	-	-	-	-
Prior period adjustment	-	-	-	-
Deferred tax expense				
- Origination and reversal of temporary differences	5,399	3,372	129	4,452
Total income tax expense/(credit)	**5,399**	**3,372**	**129**	**4,452**
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
Profit before income tax expense	83,816	69,440	32,035	27,014
Income tax expense calculated at 30%	25,145	20,832	9,610	8,104
Tax effect of:				
Non-taxable dividends	-	-	(9,525)	(8,100)
Non-taxable income	(19,898)	(17,159)	(109)	(47)
Other	152	(301)	153	4,495
Total tax expense/(credit)	**5,399**	**3,372**	**129**	**4,452**

Non-taxable income principally arises in respect of the fair value movement of investment property.

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

Total Group tax losses available amounted to $38.9 million (2009: $39.5 million) and Parent $0.3 million (2009: $0.7 million). Recognition of the deferred tax asset is based on utilisation of tax losses to date, combined with expected taxable earnings in future periods. There are no unrecognised tax losses (2009: $Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

5. Income Tax (continued)

GROUP	2010		2009	
	%	$000	%	$000
Reconciliation of effective tax rate				
Profit before tax		83,816		69,440
Income tax using the corporate tax rate	30.0%	25,145	30.0%	20,832
Non-taxable income	(23.7)%	(19,898)	(24.7)%	(17,159)
Other	0.2%	152	(0.4)%	(301)
Total income tax expense	**6.5%**	**5,399**	**4.9%**	**3,372**

PARENT	2010		2009	
	%	$000	%	$000
Reconciliation of effective tax rate				
Profit before tax		32,035		27,014
Income tax using the corporate tax rate	30.0%	9,610	30.0%	8,104
Non-taxable dividends	(29.7)%	(9,525)	(29.9)%	(8,100)
Non-taxable income	(0.3)%	(109)	(0.2)%	(47)
Other	0.4%	153	16.6%	4,495
Total income tax expense	**0.4%**	**129**	**16.5%**	**4,452**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

5. Income Tax (continued)

(b) Taxable and deductible temporary differences arise from the following:

	Opening Balance	Recognised in income	Recognised in equity	Closing Balance
	$000	$000	$000	$000
GROUP - 2010				
Property, plant & equipment	(12,052)	(687)	(123)	(12,862)
Investment properties	(28,609)	(5,624)	-	(34,233)
Deferred management fee revenue in advance	2,488	1,463	-	3,951
Interest rate swap	1,371	-	(173)	1,198
Other	1,073	179	-	1,252
Tax value of loss carry-forwards recognised	12,391	(730)	-	11,661
Total deferred taxation	**(23,338)**	**(5,399)**	**(296)**	**(29,033)**
GROUP - 2009				
Property, plant & equipment	(11,257)	(795)	-	(12,052)
Investment properties	(22,144)	(6,465)	-	(28,609)
Deferred management fee revenue in advance	2,105	383	-	2,488
Interest rate swap	(208)	-	1,579	1,371
Other	848	225	-	1,073
Tax value of loss carry-forwards recognised	9,111	3,280	-	12,391
Total deferred taxation	**(21,545)**	**(3,372)**	**1,579**	**(23,338)**
PARENT - 2010				
Property, plant & equipment	(664)	(42)	-	(706)
Investment properties	(263)	(11)	-	(274)
Deferred management fee revenue in advance	21	3	-	24
Interest rate swap	1,371	-	(173)	1,198
Other	193	26	-	219
Tax value of loss carry-forwards recognised	199	(105)	-	94
Total deferred taxation	**857**	**(129)**	**(173)**	**555**
PARENT - 2009				
Property, plant & equipment	(627)	(80)	43	(664)
Investment properties	(252)	(11)	-	(263)
Deferred management fee revenue in advance	21	-	-	21
Interest rate swap	(208)	-	1,579	1,371
Other	173	20	-	193
Tax value of loss carry-forwards recognised	4,580	(4,381)	-	199
Total deferred taxation	**3,687**	**(4,452)**	**1,622**	**857**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

5. Income Tax (continued)

	GROUP		PARENT	
	2010	2009	2010	2009
	$000	$000	$000	$000
(c) Imputation credit memorandum account				
Opening balance	34	22	-	-
Resident withholding tax paid	12	12	-	-
Imputation credits forgone	-	-	-	-
Closing balance	**46**	**34**	**-**	**-**
Imputation credits available directly and indirectly to shareholders of the parent company, through:				
Parent company	-	-	-	-
Subsidiaries	46	34	-	-
	46	**34**	**-**	**-**

6. Trade and Other Receivables

Trade debtors	43,270	66,476	332	72
Other receivables	956	785	68	21
Total receivables	**44,226**	**67,261**	**400**	**93**

Debtors are non-interest bearing, although the Group has the right to charge interest in respect of overdue settlements of occupancy advances or overdue care fees. Debtors principally comprise amounts due in respect of occupancy advances and care fees. Occupancy advances are payable by residents on occupation of a retirement village unit. Care fees are received from residents (payable four weekly in advance) and various government agencies. Government agency payment terms vary, but are typically paid fortnightly in arrears in respect of care services provided to residents. There is no significant concentration of credit risk as trade debtors are either individual residents or government agencies. No allowance has been made for doubtful debts in either the Group or Parent (2009: $Nil Group and Parent).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

7. Property, Plant & Equipment

	Freehold Land At Valuation	Buildings At Valuation	Property Under Development At Cost	Plant & Equipment At Cost	Furniture & Fittings At Cost	Motor Vehicles At Cost	Total
GROUP - 2010	$000	$000	$000	$000	$000	$000	$000
Gross carrying amount							
Balance at 1 April 2009	87,759	107,578	16,950	9,537	8,314	1,733	231,871
Additions	1,410	9,151	20,320	1,685	1,492	93	34,151
Revaluation reversal	(2,147)	-	-	-	-	-	(2,147)
Balance at 31 March 2010	**87,022**	**116,729**	**37,270**	**11,222**	**9,806**	**1,826**	**263,875**
Accumulated Depreciation							
Balance at 1 April 2009	-	(2,009)	-	(3,223)	(3,751)	(1,178)	(10,161)
Current year depreciation	-	(2,322)	-	(954)	(1,686)	(267)	(5,229)
Impairment loss	-	(955)	-	(115)	(106)	-	(1,176)
Balance at 31 March 2010	**-**	**(5,286)**	**-**	**(4,292)**	**(5,543)**	**(1,445)**	**(16,566)**
Total Book Value	**87,022**	**111,443**	**37,270**	**6,930**	**4,263**	**381**	**247,309**
GROUP - 2009							
Gross carrying amount							
Balance at 1 April 2008	86,285	96,347	12,468	7,980	6,788	1,595	211,463
Additions	1,474	11,231	4,482	1,557	1,526	138	20,408
Disposals at cost	-	-	-	-	-	-	-
Balance at 31 March 2009	**87,759**	**107,578**	**16,950**	**9,537**	**8,314**	**1,733**	**231,871**
Accumulated Depreciation							
Balance at 1 April 2008	-	-	-	(2,387)	(2,354)	(920)	(5,661)
Current year depreciation	-	(2,009)	-	(836)	(1,397)	(258)	(4,500)
Impairment loss	-	-	-	-	-	-	-
Balance at 31 March 2009	**-**	**(2,009)**	**-**	**(3,223)**	**(3,751)**	**(1,178)**	**(10,161)**
Total Book Value	**87,759**	**105,569**	**16,950**	**6,314**	**4,563**	**555**	**221,710**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

7. Property, Plant & Equipment (continued)

	Freehold Land At Valuation	Buildings At Valuation	Property Under Development At Cost	Plant & Equipment At Cost	Furniture & Fittings At Cost	Motor Vehicles At Cost	Total
PARENT - 2010	$000	$000	$000	$000	$000	$000	$000
Gross carrying amount							
Balance at 1 April 2009	202	3,711	388	3,415	367	951	9,034
Additions	19	54	7,208	511	30	27	7,849
Transfers to subsidiary companies	-	-	-	-	-	-	-
Balance at 31 March 2010	**221**	**3,765**	**7,596**	**3,926**	**397**	**978**	**16,883**
Accumulated Depreciation							
Balance at 1 April 2009	-	(79)	-	(1,630)	(209)	(569)	(2,487)
Current year depreciation	-	(75)	-	(319)	(51)	(176)	(621)
Balance at 31 March 2010	**-**	**(154)**	**-**	**(1,949)**	**(260)**	**(745)**	**(3,108)**
Total Book Value	**221**	**3,611**	**7,596**	**1,977**	**137**	**233**	**13,775**
PARENT - 2009							
Gross carrying amount							
Balance at 1 April 2008	198	3,578	755	2,846	337	831	8,545
Additions	4	133	388	569	30	120	1,244
Transfers to subsidiary companies	-	-	(755)	-	-	-	(755)
Balance at 31 March 2009	**202**	**3,711**	**388**	**3,415**	**367**	**951**	**9,034**
Accumulated Depreciation							
Balance at 1 April 2008	-	(7)	-	(1,332)	(164)	(398)	(1,901)
Current year depreciation	-	(72)	-	(298)	(45)	(171)	(586)
Balance at 31 March 2009	**-**	**(79)**	**-**	**(1,630)**	**(209)**	**(569)**	**(2,487)**
Total Book Value	**202**	**3,632**	**388**	**1,785**	**158**	**382**	**6,547**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

7. Property, Plant & Equipment (continued)

All completed resthomes and hospitals included within the definition of property, plant & equipment were revalued to fair value based on an independent valuation report prepared by registered valuers, CB Richard Ellis Limited, as at 31 March 2008 in accordance with NZ IAS 16. These revaluations are undertaken every three years, unless there is sustained market evidence of a significant change in fair value. Significant assumptions used by the valuer include capitalisation of earnings (utilising capitalisation rates ranging from 9% to 17%), together with observed transactional evidence in respect of the market value per care bed (ranging from $75,000 to $130,000 per care bed) in estimating and determining fair value.

Property under development including land held pending development of a retirement village amounted to $10.2 million (2009: $2.7 million) and is valued at cost.

Interest of $4.8 million (2009: $6.9 million) has been capitalised during the period of construction in the current year. The weighted average capitalisation rate on funds borrowed is 7.28% per annum (2009: 8.24% per annum).

The assets shown at cost are head office assets, care facility assets under development, plant and equipment, furniture and fittings and motor vehicles.

During the year, the Group carried out a review of the recoverable amount of the care facility assets of Glamis Private Hospital Limited, pending relocation of its residents in 2011 to Yvette Williams Retirement Village in Dunedin when it is completed. The review led to an impairment loss of $1.2 million (2009: $nil), which has been recognised in the income statement. The estimated recoverable amount of the relevant assets has been determined in consultation with the Group's registered valuers, CB Richard Ellis Limited.

The carrying amount at which each revalued class of property, plant and equipment would have been carried had the assets been measured under historical cost is as follows:

	GROUP			PARENT		
	Freehold Land	Buildings	Total	Freehold Land	Buildings	Total
	$000	$000	**$000**	$000	$000	**$000**
Carrying amount						
Carrying amount at 31 March 2010	22,807	93,997	**116,804**	237	1,933	**2,170**
Carrying amount						
Carrying amount at 31 March 2009	21,397	87,168	**108,565**	218	1,954	**2,172**


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

8. Investment Properties

	GROUP		PARENT	
	2010	2009	2010	2009
	$000	$000	$000	$000
At fair value				
Balance at beginning of financial year	882,246	755,255	5,465	5,270
Additions at fair value	86,589	69,793	18	37
Fair value movement				
Realised	42,724	40,774	241	225
Unrealised	23,603	16,424	122	(67)
	66,327	**57,198**	**363**	**158**
Net movement for the year	152,916	126,991	381	195
Balance at end of financial year	**1,035,162**	**882,246**	**5,846**	**5,465**

Realised fair value gains arise from the sale and resale of occupancy advances to residents. Investment properties are not depreciated and are fair valued.

The carrying value of completed investment property is the fair value as determined by an independent valuation report prepared by registered valuers CB Richard Ellis Limited, as at 31 March 2010. This report combines discounted future cash flows and occupancy advances received from residents in respect of practically complete retirement village units for which there is an unconditional occupation agreement. Significant assumptions used by the valuer include long term house price inflation (which ranges from 1% to 3% nominal) and discount rate (which ranges from 13% to 16%). Principal assumptions are unchanged from the prior year. Investment property includes investment property work in progress of $95.5 million (2009: $76.0 million), which has been fair valued at cost.

Operating expenses

Direct operating expenses arising from investment property that generated income from management fees during the period amounted to $2.4 million (2009: $1.9 million). There was no investment property that did not generate income from management fees during the period for both Group and Parent.

Security

Residents make interest free advances ("Occupancy Advances") to the retirement villages in exchange for the right of occupancy to retirement village units. Under the terms of the Occupancy Agreement, the resident receives a unit title for life and a first mortgage over the residual interest for security purposes, or a first mortgage is held over the individual title by the statutory supervisor pending availability of individual unit titles.

9. Bank Overdraft

The bank overdraft facilities are secured by a general security agreement and mortgages over the freehold Land and Buildings of the Group in the same manner as the bank loans (see note 12). The interest rate on all overdraft facilities at 31 March 2010 was 11.15% (2009: 11.15%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

10. Trade & Other Payables

	GROUP		PARENT	
	2010 $000	2009 $000	2010 $000	2009 $000
Trade payables	17,438	12,633	15,265	10,560
Other payables	7,099	9,358	5,204	8,485
Total trade and other payables	**24,537**	**21,991**	**20,469**	**19,045**

Trade payables are typically paid within 30 days of invoice date or 20th of the month following invoice date. Other payables at 31 March 2010 include $5.5 million in relation to the purchase of land (2009: $8.2 million).

11. Employee Entitlements

Holiday pay accrual and other benefits	5,300	4,460	967	831

12. Borrowings

Bank loans (secured)	142,000	143,000	142,000	143,000
Less than 1 year	2,500	-	2,500	-
Within 1-2 years	139,500	143,000	139,500	143,000
Average interest rates	5.44%	5.98%	5.44%	5.98%

The bank loans are secured by a general security agreement over the parent and subsidiary companies and supported by first mortgages over the freehold Land and Buildings (excluding retirement village unit titles provided as security to residents - refer note 8).

The subsidiary companies listed at note 23 have all provided guarantees in respect of the Group's secured loans as parties to the general security agreement.

The average interest rates disclosed above exclude the impact of interest rate swap agreements as described in note 19.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

13. Occupancy Advances (non interest bearing)

	GROUP		PARENT	
	2010	2009	2010	2009
	$000	$000	$000	$000
Gross occupancy advances	726,767	614,108	4,326	4,085
Less: management fees & resident loans	(71,994)	(54,176)	(566)	(494)
Closing Balance	**654,773**	**559,932**	**3,760**	**3,591**

Gross occupancy advances are non interest bearing.

14. Share Capital

Issued and paid up capital consists of 500,000,000 fully paid ordinary shares (2009: 500,000,000) less treasury stock of 2,422,541 shares (2009: 2,238,312 shares) (refer to note 25). All shares rank equally in all respects.

Basic and diluted earnings per share has been calculated on the basis of 497,654,221 ordinary shares (2009: 497,686,306), having adjusted for treasury stock.

15. Reserves

Asset Revaluation Reserve				
Opening Balance	85,573	85,573	1,812	1,769
Deferred tax	(123)	-	-	43
Impairment loss (see note 7)	(2,147)	-	-	-
Closing Balance	**83,303**	**85,573**	**1,812**	**1,812**
Interest Rate Swap Reserve				
Opening Balance	(3,200)	486	(3,200)	486
Valuation of interest rate swap	(1,999)	(5,247)	(1,999)	(5,247)
Released to income statement	2,577	(18)	2,577	(18)
Net Fair Value movement	**578**	**(5,265)**	**578**	**(5,265)**
Deferred tax movement on interest rate swap reserve	(173)	1,579	(173)	1,579
Closing Balance	**(2,795)**	**(3,200)**	**(2,795)**	**(3,200)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

15. Reserves (continued)

	GROUP		PARENT	
	2010 $000	2009 $000	2010 $000	2009 $000
Treasury Stock				
Opening Balance	(4,123)	(3,739)	(4,123)	(3,739)
Acquisitions	(1,600)	(1,650)	(1,600)	(1,650)
Vesting/forfeiture of shares	1,150	1,266	1,150	1,266
Closing Balance	**(4,573)**	**(4,123)**	**(4,573)**	**(4,123)**
Retained Earnings				
Opening Balance	296,662	256,594	10,477	13,915
Net profit attributable to shareholders	78,417	66,068	31,906	22,562
Dividends paid	(27,750)	(26,000)	(27,750)	(26,000)
Closing Balance	**347,329**	**296,662**	**14,633**	**10,477**

16. Dividends

	GROUP & PARENT			
	2010 Cents per share	2010 Total $000	2009 Cents per share	2009 Total $000
Recognised amounts				
Final dividend paid – prior year	2.85	14,250	2.80	14,000
Interim dividend paid – current year	2.70	13,500	2.40	12,000
		27,750		**26,000**
Unrecognised amounts				
Final dividend – current year	3.40	17,000	2.85	14,250
Full year dividend – current year	**6.10**	**30,500**	**5.25**	**26,250**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

17. Related Party Transactions

Parent company:
The parent entity in the group is Ryman Healthcare Limited.

Equity interests in related parties:
Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 23 to the financial statements.

	GROUP		PARENT	
	2010 $000	2009 $000	2010 $000	2009 $000
Transactions involving the parent entity				
Dividend revenue				
Dividends received from subsidiary companies	-	-	31,750	27,000
Salaries and consulting fees				
Paid to shareholder directors	62	100	62	100
Intercompany charges by parent to subsidiary company				
Interest charge	-	-	6,249	5,291
Management fees	-	-	3,240	2,640
Balances owing by				
Subsidiary companies	-	-	152,036	155,894

Ryman Healthcare Limited has provided funding on an unsecured basis to subsidiary companies which is on-call and repayable on demand. Advances owing by subsidiary companies arise due to the parent company providing funding for the development of new villages. Interest was charged at rates of 0% - 8.5% at the discretion of Ryman Healthcare Limited. No related party debts have been written off or forgiven during the year.

18. Key Management Personnel Compensation

	GROUP 2010 $000	GROUP 2009 $000	PARENT 2010 $000	PARENT 2009 $000
Compensation				
Short term employee benefits (senior management team)	2,209	2,386	2,209	2,386
Directors fees	430	388	430	388
Consulting fees to director	62	100	62	100
Total Key Management Personnel and Directors Compensation	**2,701**	**2,874**	**2,701**	**2,874**

Key management personnel are the senior management team of the Group and include 9 senior management team members (2009: 11). In addition, NZ IAS 24 requires directors fees to be included within key management personnel compensation. It should be noted that all Directors are non-executive and are not involved in the day to day operations of the Group.

In addition, the Company provides certain senior employees with limited recourse loans on an interest free basis to assist employee's participation in the Company share scheme. Refer note 25 for details.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

19. Financial Instruments

The financial instruments consist of cash & cash equivalents, trade & other receivables, trade and other payables, occupancy advances, subsidiary advances, employee entitlements, employee advances, loans and interest rate swaps.

Categories of financial instruments	GROUP		PARENT	
	2010	2009	2010	2009
	$000	$000	$000	$000
Financial assets				
Loans and receivables (including cash equivalents)	46,889	69,831	154,350	157,385
	46,889	**69,831**	**154,350**	**157,385**
Financial liabilities				
Amortised cost	826,610	729,383	167,196	166,467
Derivative instruments in designated hedge accounting relationships (interest rate swaps)	3,993	4,571	3,993	4,571
	830,603	**733,954**	**171,189**	**171,038**

(a) Credit Risk Management

Credit risk is the risk of the failure of a debtor or counterparty to honour its contractual obligation resulting in financial loss to the Group.

Financial assets, which potentially subject the Group to concentrations of credit risk consist principally of cash, bank balances, trade and other receivables and interest rate swaps. The maximum credit risk at 31 March 2010 is the fair value of these assets. The Group's cash equivalents are placed with high credit quality financial institutions. The Group does not require collateral from its debtors. The Directors consider the Group's exposure to any concentration of credit risk to be minimal, given that (typically) the occupation of a retirement village unit does not take place until an occupation advance has been received; care fees are payable four weekly in advance when due from residents; and care fees not due from residents are paid by Government agencies.

The total credit risk to the Group as at 31 March 2010 was $46.9 million (2009: $69.8 million) and there were no material overdue debtors as at 31 March 2010 (2009: $Nil). Financial assets comprise:

Cash and cash equivalents	1,010	1,303	261	97
Trade and other receivables	44,226	67,261	400	93
Advances to subsidiaries	-	-	152,036	155,894
Advances to employees	1,653	1,267	1,653	1,301
	46,889	**69,831**	**154,350**	**157,385**


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

19. Financial Instruments (continued)

(b) Interest Rate Risk

The interest rate applicable to the bank overdraft is variable. The interest rates applicable to the bank loans are reviewed at each three monthly rollover. The Group seeks to obtain the most competitive rate of interest at all times.

The Company has entered into an interest rate swap agreement in order to provide an effective cash flow hedge against floating interest rate variability on a defined portion of core Group debt. At 31 March 2010 the Company had an interest rate swap agreement in place with a total notional principal amount of $70.0 million (2009: $70.0 million). The agreement effectively changes the Company's interest rate exposure on the principal of $70.0 million (2009: $70.0 million) from a floating rate to a fixed rate of 6.58% (2009: 6.57%). The fair value of the agreement at 31 March 2010 was a liability of $4.0 million (2009: liability of $4.6 million). The interest rate swap agreement covers notional debt amounts for a term of five years at a composite interest rate of 6.58% (2009: 6.57%).

The balance of the interest rate swap reserve is expected to be released to the Income Statement over the maturity profile of the underlying debt as detailed in the table below.

The notional principal amounts and remaining terms of interest rate swap contracts outstanding at 31 March are as follows:

Cash flow hedges

	GROUP & PARENT			
Outstanding	Average contracted fixed interest rate		Notional principal amount	
	2010	2009	2010	2009
	%	%	$000	$000
Less than 1 year	6.58%	6.57%	70,000	70,000
1 to 2 years	6.58%	6.57%	70,000	70,000
2 to 3 years	6.58%	6.57%	56,000	70,000
3 to 4 years	6.58%	6.57%	42,000	56,000
4 to 5 years	6.58%	6.57%	28,000	42,000

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages the liquidity risk on occupancy advances through the contractual requirements in the occupation agreement, whereby the occupancy advance is not required to be repaid following termination of the agreement until receipt of the new occupancy advance from the incoming resident, or at the end of three years following termination, whichever is earlier.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and by regularly monitoring forecast and actual cash flows and the maturity profiles of financial assets and liabilities. At balance date the Group had $71.8 million (2009: $50.6 million) of undrawn facilities at its disposal to further reduce liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

19. Financial Instruments (continued)

(c) Liquidity Risk (continued)

Maturity Profile

The following table details the Group's exposure to liquidity risk (including contractual interest obligations in respect of bank loans):

	CONTRACTUAL MATURITY DATES							
	2010				2009			
	On Demand	Less than 1 Year	Greater than 1 Year	Total	On Demand	Less than 1 Year	Greater than 1 Year	Total
GROUP	$000	$000	$000	$000	$000	$000	$000	$000
Financial liabilities:								
Trade & other payables	-	19,037	5,500*	24,537	-	21,991	-	21,991
Employee entitlements	-	5,300	-	5,300	-	4,460	-	4,460
Interest rate swaps	-	3,993	-	3,993	-	4,571	-	4,571
Bank loans (secured)	-	3,635	139,500	143,135	-	1,138	143,000	144,138
Occupancy advances (non interest bearing)	-	83,439	571,334	654,773	-	62,040	497,892	559,932
	-	**115,404**	**716,334**	**831,738**	**-**	**94,200**	**640,892**	**735,092**

* relates to deferred settlement amounts in respect of an unconditional land purchase.

Gross occupancy advances are non interest bearing. An occupancy advance is not required to be repaid following termination of the occupation agreement until receipt of the new occupancy advance from the incoming resident, or at the end of three years following termination, whichever is earlier. The above figures have been calculated on the anticipated level of occupancy advance repayments based on historical experience. To date, new occupancy advances received have always exceeded repaid occupancy advances (net of management fees), and represent a positive net operating cash flow to the Group.

The Group maintains the following lines of credit:

- $2.8 million (2009:$2.3 million) overdraft facility that is secured. Interest would be payable at the 3 month BKBM rate plus a specified margin.
- A loan facility of $210.0 million (2009: $190.0 million) of which $35.0 million (2009: $35.0 million) is for 1 year and $175.0 million (2009: $155.0 million) is for 2 years. The loan facility of $210.0 million is provided by ANZ National Bank Ltd ($140.0 million) and Commonwealth Bank of Australia ($70.0 million) in accordance with the terms of a syndicated loan agreement.

The Group renews its facilities on an annual basis to ensure an appropriate portion matures on a rolling two year basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

19. Financial Instruments (continued)

(c) Liquidity Risk (continued)

CONTRACTUAL MATURITY DATES

	2010				2009			
	On Demand	Less than 1 Year	Greater than 1 Year	Total	On Demand	Less than 1 Year	Greater than 1 Year	Total
PARENT	$000	$000	$000	$000	$000	$000	$000	$000
Financial liabilities:								
Trade & other payables	-	14,969	5,500*	20,469	-	19,045	-	19,045
Employee entitlements	-	967	-	967	-	831	-	831
Interest rate swaps	-	3,993	-	3,993	-	4,571	-	4,571
Bank loans (secured)	-	3,635	139,500	143,135	-	1,138	143,000	144,138
Occupancy advances (non interest bearing)	-	741	3,019	3,760	-	704	2,887	3,591
	-	**24,305**	**148,019**	**172,324**	**-**	**26,289**	**145,887**	**172,176**

* includes $5.5 million in respect of deferred settlement amounts in respect of an unconditional land purchase.

(d) Fair Values

The carrying amounts of financial instruments in the Group and Parent's balance sheet are the same as their fair value in all material aspects due to the demand features of these instruments and/or their interest rate profiles.

The fair value of interest rate swaps is derived using inputs supplied by third parties that are observable, either directly (i.e. prices) or indirectly (i.e. derived from prices). Therefore the Group has categorised these liabilities as Level 2 under the fair value hierarchy contained within the amendment to NZ IFRS 7.

(e) Market Risk

The Group is primarily exposed to interest rate risk, refer note 19 (b).

Based on the Group's average net level of interest bearing debt, the Group and Parent's profit and equity for the year ended 31 March 2010 would decrease/increase by $367,040 (2009: decrease/increase by $399,650) if there was a movement of plus/(minus) 50 basis points. This is mainly attributable to the Group and Parent's exposure to interest rates on its variable borrowings.

(f) Capital Management

The Group's capital includes share capital, reserves and retained earnings. The objective of the Group's capital management is to ensure a strong credit rating to support business growth and maximise shareholder value.

The Group's capital is managed at Parent Company level. The Group is subject to capital requirements imposed by its bank through covenants agreed as part of the lending facility arrangements. The Group has met all externally imposed capital requirements for the twelve months ended 31 March 2010 and 31 March 2009.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

The Group's capital structure is managed and adjustments are made, with Board approval, to the structure in light of economic conditions at the time. There were no changes to objectives, policies or processes during the year.

20. Commitments

Capital Expenditure Commitments

The Group had commitments relating to the acquisition of land and construction contracts amounting to $10.9 million as at 31 March 2010 (2009: $11.6 million).

Operating Lease and Other Commitments

Operating Lease expenditure committed to but not recognised in the financial statements.

	GROUP		PARENT	
	2010	2009	2010	2009
	$000	$000	$000	$000
Commitments within:				
Less than 1 year	257	248	257	248
Between 1 and 5 years	771	-	771	-
More than 5 years	-	-	-	-
	1,028	**248**	**1,028**	**248**

The Group has an ongoing commitment for maintaining the land and buildings of the integrated retirement villages, resthomes and hospitals. In addition, the Group and Parent have bond commitments in respect of developing villages which amount to $7.7 million (2009: $8.5 million).

21. Contingent Liabilities

The Group had no contingent liabilities as at 31 March 2010 (2009: $Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

22. Reconciliation of Net Profit after tax with Net Cashflow from Operating Activities

	GROUP		PARENT	
	2010 $000	2009 $000	2010 $000	2009 $000
Net profit after tax	**78,417**	**66,068**	**31,906**	**22,562**
Adjusted for:				
Fair value movement of investment properties	(66,327)	(57,198)	(363)	(158)
Non-cash items:				
Depreciation	5,229	4,500	621	586
Impairment	1,176	-	-	-
Deferred tax	5,399	3,372	129	4,452
Movements in balance sheet items:				
Accrued management fees	(11,907)	(9,521)	(55)	(24)
Trade and other payables	2,040	945	1,363	664
Trade and other receivables	22,949	(9,374)	(340)	567
Employee entitlements	840	526	136	110
Occupancy advances	111,625	114,922	233	(8)
Net operating cash flows	**149,441**	**114,240**	**33,630**	**28,751**

Net operating cash flows include occupancy advance receipts from retirement village residents of $216.3 million (2009: $167.0 million).

23. Subsidiary Companies

All trading subsidiaries operate in the aged care sector in New Zealand, are 100% owned, and have a balance date of 31 March. The operating subsidiaries are:

Anthony Wilding Retirement Village Limited
Beckenham Courts Retirement Village Limited
Edmund Hillary Retirement Village Limited
Ernest Rutherford Retirement Village Limited
Evelyn Page Retirement Village Limited
Frances Hodgkins Retirement Village Limited
Grace Joel Retirement Village Limited
Hilda Ross Retirement Village Limited
Jane Mander Retirement Village Limited
Jane Winstone Retirement Village Limited
Jean Sandel Retirement Village Limited
Julia Wallace Retirement Village Limited
Kiri Te Kanawa Retirement Village Limited
Malvina Major Retirement Village Limited
Margaret Stoddart Retirement Village Limited
Ngaio Marsh Retirement Village Limited
Rita Angus Retirement Village Limited
Rowena Jackson Retirement Village Limited
Ryman Napier Limited
Shona McFarlane Retirement Village Limited
Yvette Williams Retirement Village Limited
(trading as Glamis Private Hospital)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

24. Segment Information

Adoption of NZ IFRS 8 Operating Segments

The Group has adopted NZ IFRS 8 Operating Segments, with effect from 1 April 2009. NZ IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (which is the Board of Directors ('the Board')), in order to allocate resources to the segment and to assess its performance.

Products and Services from which Reportable Segments derive their Revenues

The Ryman Group operates in one industry, being the provision of integrated retirement villages for the elderly in New Zealand. The service provision process for each of the villages is similar, the class of customer and methods of distribution and regulatory environment is consistent across all the villages.

Segment Revenues and Results

The accounting policies of the reportable segment are the same as the Group's accounting policies described in Note 1. As there is only one reportable segment for the Group the segment profit represents profit earned for the segment after all costs including all administration costs, directors' salaries, interest revenue, finance costs and income tax expense. The Board makes resource allocation decisions to this segment based on the expected cash flows and results of Group operations as a whole. No operations were discontinued during the year. For the purposes of monitoring segment performance and allocating resources to the segment, the Board monitors the tangible, intangible and financial assets attributable to the segment. All assets are allocated to the reportable segment.

Information about Major Customers

Included in total revenue are revenues which arose from sales to the Group's largest customers as follows:

The Group derives care fee revenue in respect of eligible Government subsidised aged care residents who receive Resthome, Hospital or Dementia level care. Government aged care subsidies received from the Ministry of Health included in Group care fees amounted to $36.3 million (2009: $31.5 million); Parent $1.0 million (2009: $1.0 million). There are no other significant customers.

25. Employee Share Scheme

The Company operates an employee share scheme for certain senior employees, other than Directors, to purchase ordinary shares in the Company.

The Company provides the employees with limited recourse loans on an interest free basis to assist employees' participation in the scheme. These shares are treated as treasury stock when purchased on market due to the features of the scheme.

The loans are applied to the purchase of shares on market, so the number of shares and the consideration for each share is determined by the market price at that time. The scheme holds 2,422,541 fully allocated shares, which represents 0.48% of the total shares on issue (2009: 2,238,312 fully allocated shares which represented 0.45% of the total shares on issue).

Shares purchased under the scheme are held by two Directors as custodians and the shares carry the same rights as all other ordinary shares. The loan is repayable in the event that the employee is no longer employed by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

25. Employee Share Scheme (continued)

	2010 Number of Shares	2009 Number of Shares
Balance at beginning of the financial year	2,238,312	2,464,459
Purchased on market during the year	839,100	961,633
Forfeited during the financial year	(58,280)	-
Vested during the financial year	(596,591)	(1,187,780)
Balance at end of the financial year	**2,422,541**	**2,238,312**

Shares were purchased under the scheme in August 2009 at a price of $1.90 per share. Remaining shares held by the scheme were purchased in August 2008 ($1.72) and August 2007 ($2.09).

Shares vested in August 2009 were originally purchased at $1.76 per share and are now held directly by employees. The amounts owed by employees in respect of these vested shares are included within Advances to Employees.

The Directors estimate the fair value of each employee advance granted at the time of the purchase of shares on market on behalf of the selected employee. Due to the on market purchase and sale features of the scheme, and the scheme agreement arrangements, the Directors consider any such value to be immaterial. Shares subject to this scheme vest three years from the date of purchase.

26. Subsequent Events

The directors resolved to pay a final dividend of 3.40 cents per share or $17.0 million, with no imputation credits attached, to be paid on 25 June 2010.

27. Authorisation

The directors authorised the issue of these financial statements on 18 May 2010.

Sidney Ashton
Non Executive Director & Chair of Audit and Financial Risk Committee

David Kerr
Chairman

We have audited the financial statements on pages 18 to 49. The financial statements provide information about the past financial performance and financial position of Ryman Healthcare Limited and Group as at 31 March 2010. This information is stated in accordance with the accounting policies set out on pages 22 to 28.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of Ryman Healthcare Limited and Group as at 31 March 2010 and of the results of operations and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board of Directors.

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;

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

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain 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.

Other than in our capacity as auditor we have no relationship with or interests in Ryman Healthcare Limited or any of its subsidiaries.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by Ryman Healthcare Limited as far as appears from our examination of those records; and
- the financial statements on pages 18 to 49:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards; and
  - give a true and fair view of the financial position of Ryman Healthcare Limited and Group as at 31 March 2010 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 18 May 2010 and our unqualified opinion is expressed as at that date.

Deloitte

Chartered Accountants
Christchurch, New Zealand.

The Board's primary role is to effectively represent and promote the interests of Shareholders with a view to adding long-term value to the Company's shares.

The Directors are responsible for the corporate governance practices of the Company. The practices adopted by the Board are prescribed in a Charter which sets out the protocols for operation of the Board, and in the Code of Ethics which sets out the manner in which directors and the senior management team should conduct themselves.

The Charter is consistent with the NZX Corporate Governance Best Practice Code and is reviewed annually.

The Board of Directors

The Board currently carries out its responsibilities according to the following mandate:

- the Board should comprise a majority of non-executive directors;
- at least a third of the directors should be independent - in the sense of being independent of management and free from any business or other relationship or circumstance that could materially interfere with the exercise of a director's independent judgement;
- the chairman of the Board should be a non-executive director;
- directors should possess a broad range of skills, qualifications and experience, and remain current on how to best perform their duties as directors;
- information of sufficient content, quality and timeliness as the Board considers necessary shall be provided by management to allow the Board to effectively discharge its duties;
- the effectiveness and performance of the Board and its individual members should be re-evaluated on an annual basis.

The Board entirely consists of non-executive directors, with the exception of the Managing Director. David Kerr, Don Trow, Sidney Ashton, Michael Cashin, Andrew Clements and Jo Appleyard are all independent directors as defined by the NZX Listing Rules. More information on the directors, including their interests, qualifications and shareholdings, is provided in the Directors' Disclosures section of this report.

The primary responsibilities of the Board include:

- ensuring that the Company's goals are clearly established and that strategies are in place for achieving them;
- establishing policies for strengthening the performance of the Company including ensuring that management is proactively seeking to build the business;
- monitoring the performance of management;
- appointing the Managing Director, setting the terms of the Managing Director's employment contract;
- deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Company's financial statements are true and fair and otherwise conform with law;
- ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
- ensuring that the Company has appropriate risk management/regulatory compliance policies in place.

Independent Professional Advice

With the prior approval of the Chairman, each director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings to assist in fulfilling their duties and responsibilities as directors.

Board Committees

The Board has four standing committees, being the audit and financial risk, remuneration/nominations, treasury and independent directors committees. Each committee operates under specific terms of reference approved by the Board, and any recommendations they make are recommendations to the Board. The terms of reference for each committee are reviewed annually.

Audit and Financial Risk Committee

The Audit and Financial Risk Committee (AFRC) makes recommendations to the Board on the appointment of external auditors, to ensure that they are independent and to also ensure that the Company provides for five yearly rotation of the lead audit partner.

The AFRC consists of three non-executive directors, at least two of whom must be independent directors. The members are currently Sidney Ashton (Chair), Don Trow and Michael Cashin, who are all members of the Institute of Chartered Accountants, and are all independent directors.

Don Trow retires from the board on 29 July 2010, and will be replaced on the AFRC by Andrew Clements, who is also an independent director.

The committee provides a forum for the effective communication between the Board and external auditors. The committee has a number of specific responsibilities, including:

- reviewing the appointment of the external auditor, the annual audit plan, and addressing any recommendations arising out of the audit;
- reviewing all financial information to be issued to the public, and any dividend proposals;
- ensuring that appropriate financial systems and internal controls are in place.

The committee generally invites the Managing Director, Chief Financial Officer and the external auditors to attend AFRC meetings. The committee also meets and receives regular reports from the external auditors without management present, concerning any matters which arise in connection with the performance of their role.

Remuneration & Nominations Committee

The committee comprises David Kerr (Chair) and Michael Cashin, who are both independent directors.

The Remuneration & Nominations Committee objectives are to:

- assist the Board in the establishment of remuneration policies and practices for the Company;
- assist in discharging the Board's responsibilities relative to reviewing the Managing Director's and directors' remuneration;
- advise and assist the Managing Director in remuneration setting for the senior management team; and
- regularly review, and recommend changes to the composition of the Board, and identify and recommend individuals for nomination as members of the Board and its committees.

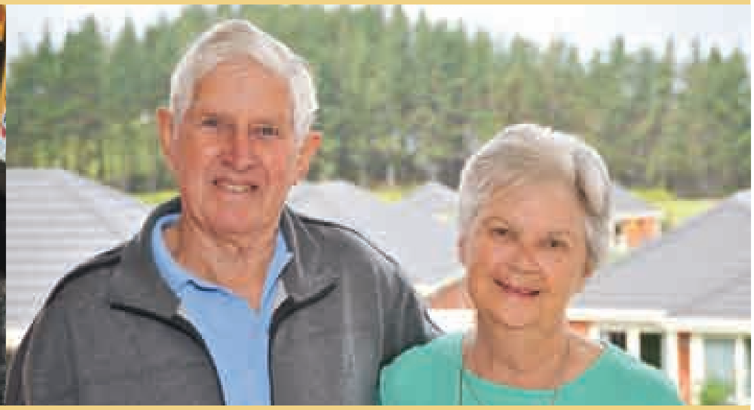
Particulars of the directors' and senior management's remuneration are set out in the Directors' Disclosures section of this report.

Treasury Committee

The Treasury Committee is responsible for overseeing our treasury policies and monitoring our debt and equity position. The members are Michael Cashin and Andrew Clements.

Independent Directors Committee

The Committee is convened as required and will comprise of those non-executive directors who are considered to be independent in regard to addressing significant conflicts of interest and any other matters referred by the Board.



Reporting & Disclosure

The Board focuses on providing accurate, adequate and timely information both to existing shareholders and to the market generally. This enables all investors to make informed decisions about the Company. All significant announcements made to the NZX, and reports issued, are posted on the Company's website for ease of reference.

The directors' shareholdings and all trading of shares during the year is disclosed in the section headed Directors' Disclosures. The NZX is advised immediately if a director or officer trades in the Company's shares.

Directors, senior employees, their families and related parties must seek Board approval to trade in the Company's shares, and trading is limited to two "window" periods. They are between the full year announcement date and 31 August, and between the half year announcement date and 31 January each year.

Risk Management

The Board is responsible for the Company's system of internal controls to manage the key risks identified.

The Group operates an extensive internal accreditation programme which addresses such wide ranging issues as service delivery, health and safety, and administration. Internal audits are undertaken on a regular basis. The results of these audits and critical indicators are reported to the Board on a regular basis.

Through the AFRC, the Board considers the recommendations and advice of external auditors, and ensures that those recommendations are investigated and, where considered necessary, appropriate action is taken.

Code of Ethics

As part of the Board's commitment to the highest standards of behaviour and accountability, the Company has adopted a code of ethics to guide directors and senior management in carrying out their duties and responsibilities. The code addresses such matters as:

- relations with residents (and their families), suppliers and employees
- acceptance of gifts or other benefits
- conflicts of interest
- protection of company assets
- compliance with laws and policies
- confidentiality
- reporting breaches

General Disclosures

Kevin Hickman

Trustee: The Hickman Family Trust
Director: James Lloyd Developments Limited
Director: Valachi Downs Limited
Director: Rita May Limited
Director: Airport Business Park Chch Limited
Director: Little Wing Trading Company Limited
Director: Russley Estates No.1 Limited
Director: Russley Estates No.2 Limited
Shareholder: Antipodes Wing Limited

David Kerr

Chairman: Centre Care Limited
Advisor: Canterbury District Health Board
Consultant: Pegasus Health
Trustee: Health Ed Trust NZ Inc
Advisor: Medical Protection Society Limited
Director: Pharmac Limited
Director: New Zealand Medical Association Services Limited

Michael Cashin

Director: Cavotec MSL Holdings Limited
Director: Cavotec Group Holdings NV
Director: Cashin Corporate Services Limited
Director: Property for Industry Limited
Chairman: Wellington Waterfront Limited
Chairman: Shared Services Establishment Board (Ministry of Health)
Trustee: The J Campbell Barrett Wellington Anaesthesia Trust
Trustee: JM Cashin Resettlement Trust

Sidney Ashton

Chair: Charities Commission
Trustee: Diabetes Training & Research Trust
Member: Nominating Committee for the Guardians of NZ Superannuation
Director: Lamb & Hayward Limited
Member: Creative New Zealand Arts Board

Donald Trow

Chairman: Advisory Committee to Statutory Managers of Equiticorp Group
Consultant: Opus International Consultants Limited
Emeritus Professor of Accountancy: Victoria University of Wellington
Chairman: Wellington Presbyterian-Methodist Halls of Residence Trust (Everton Hall)
Chairman: Audit & Investment Committee, Royal Society of New Zealand

Andrew Clements

Managing Director: Emerald Capital Limited*
Director: Zeus Capital Limited & its wholly owned Subsidiaries
Director: The New Zealand Refining Company Limited
Chairman: Orion Corporation Limited
Director: Fusion Electronics*
Director: Revera Limited
Director: Antipodes Wing Limited
Director: Jacon Investments Limited
Trustee: Foundation for Youth Development*
Trustee: Graeme Dingle Foundation

Jo Appleyard

Partner: Chapman Tripp - legal advisor to the Company

* Denotes positions no longer held

Specific Disclosures

The Company had received a notice under section 145 (2) of the Companies Act 1993 to the effect that information received by Andrew Clements, in his capacity as a director, would be disclosed to the directors of Emerald Capital Holdings Limited. This notice was withdrawn on 31 July 2009.

In accordance with the Company's constitution and the Companies Act 1993, the Company has provided insurance for, and indemnities to, directors of the Company.

Shareholdings

Director	Relevant Interest 2010	Relevant Interest 2009
Kevin Hickman	35,834,955[1]	35,834,955[1]
David Kerr	200,000[2]	167,590[2]
Donald Trow	185,185[3]	185,185[3]
Michael Cashin	200,020[4]	200,020[4]
Sidney Ashton	1,000,000[5]	1,000,000[5]
Andrew Clements	10,000,000[6]	10,000,000[6]
Jo Appleyard	28,700[7]	-

1 Held as a trustee of The Hickman Family Trust
2 Shares held by DW & DJ Kerr and The DW Kerr Family Trust
3 Held as a trustee of The Don Trow Family Trust
4 Held by Animato Enterprises Limited
5 Shares held by S B Ashton and J E Ashton
6 Held by Zeus Delta Ltd
7 Held as trustee of The Appleyard and Larkin Family Trust

Directors of Subsidiary Companies

David Kerr, Kevin Hickman, Simon Challies and Gordon MacLeod are directors of all the Company's subsidiaries.

Directors Remuneration

Directors remuneration paid during the financial year:

Director	Directors Fees	Consulting Fees
Kevin Hickman	$50,000	$62,500
David Kerr (Chairman)	$100,000	-
Donald Trow[1]	$60,000	-
Michael Cashin[1]	$60,000	-
Sidney Ashton[1]	$60,000	-
Andrew Clements	$50,000	-
Jo Appleyard	$50,000	-

1 member of Audit and Financial Risk Committee

Employees Remuneration

The number of employees or former employees of the Company and the Group, not being directors, who received remuneration and other benefits valued at or exceeding $100,000 during the financial year under review were:

Remuneration	No. of Employees
$500,000 - $510,000	1
$290,000 - $300,000	1
$270,000 - $280,000	1
$260,000 - $270,000	1
$220,000 - $230,000	1
$200,000 - $210,000	1
$180,000 - $190,000	1
$160,000 - $170,000	2
$150,000 - $160,000	1
$140,000 - $150,000	1
$130,000 - $140,000	4
$120,000 - $130,000	3
$110,000 - $120,000	6
$100,000 - $110,000	4

Share Dealing

Director	Nature of Interest	Shares Acquired	Consideration	Date
Jo Appleyard	Beneficial	12,500	$1.58	10 June 2009
David Kerr	Beneficial	32,410	$1.58	8 July 2009
Jo Appleyard	Beneficial	16,200	$1.85	7 August 2009

David Kerr and Michael Cashin, as custodians of the Ryman Healthcare Employee Share Purchase Scheme, acquired 839,100 shares during the year, disposed of 654,871 shares during the year, and held 2,422,541 shares in total at 31 March 2010 (also refer note 25).

Top 20 Shareholders as at 1 June 2010

Rank	Registered Shareholder	No. of Ordinary Shares Held	% of Ordinary Shares Held
1	Ngai Tahu Capital Limited	40,000,000	8.00%
2	K J Hickman, J Hickman, J W D Ryder & J A Callaghan[1]	35,834,955	7.17%
3	Garlow Management Incorporated	25,918,980	5.18%
4	833763 Alberta Incorporated	24,950,000	4.99%
5	Tainui Group Holdings Limited	22,500,000	4.50%
6	Tea Custodians Limited[2]	19,169,436	3.83%
7	G A Cumming	14,999,900	3.00%
8	Custodial Services Limited	13,108,625	2.62%
9	MFL Mutual Fund Limited[2]	12,570,073	2.51%
10	NZ Superannuation Fund Nominees Limited[2]	11,028,169	2.21%
11	Premier Nominees Ltd - ING Wholesale Australasian Share Fund A/C[2]	10,639,461	2.13%
12	National Nominees New Zealand Limited[2]	10,034,677	2.01%
13	Zeus Delta Limited	10,000,000	2.00%
14	HSBC Nominees (New Zealand) Limited[2]	9,350,835	1.87%
15	Mark Gardiner	8,639,659	1.73%
16	Kristin Blakely-Kozman	8,639,659	1.73%
17	Lindsay Blakely	8,639,659	1.73%
18	Rebecca Vandepeer	8,639,659	1.73%
19	Scott Gardiner	8,639,659	1.73%
20	Premier Nominees Ltd - ING Wholesale Equity Selection Fund[2]	6,134,444	1.23%
		309,437,850	**61.90%**

1 Held as trustees of the Hickman Family Trust

2 Held by New Zealand Central Securities Depository Ltd as custodian

Distribution of Shareholders as at 1 June 2010

Size of Shareholding	Number of Shareholders		Shares Held	
1 - 1,000	1,244	12.08%	932,018	0.19%
1,001 - 5,000	4,481	43.53%	13,959,883	2.79%
5,001 - 10,000	2,055	19.96%	16,335,414	3.27%
10,001 - 50,000	2,143	20.82%	46,944,983	9.39%
50,001 - 100,000	200	1.94%	14,423,095	2.88%
100,001 and Over	172	1.67%	407,404,607	81.48%
Total	**10,295**	**100.00%**	**500,000,000**	**100.00%**

Substantial Security Holder Notices Received as at 1 June 2010

Shareholder	Relevant Interest	%	Date of Notice
Ngai Tahu Capital Limited[1]	62,500,000	12.50%	8 February 2008
Tainui Group Holdings Limited[1]	62,500,000	12.50%	8 February 2008
ING (NZ) Limited[2]	43,894,371	8.78%	30 November 2009
K J Hickman, J Hickman, J W D Ryder & J A Callaghan[3]	35,834,955	7.17%	21 November 2006
H Anthony Arrell and Arthur Richard Andrew Scarce[4]	25,918,980	5.18%	5 March 2010

1 Relevant interest pursuant to a letter agreement dated 8 February 2008 between Ngai Tahu Capital Limited and Tainui Group Holdings Limited.

2 Notice provided by ANZ National Bank Limited, ING (NZ) Holdings Limited, ING (NZ) Limited.

3 Held as trustees of The Hickman Family Trust.

4 Shares registered in the name of Garlow Management Incorporated.

Head Office / Registered Office
Level 11, Clarendon Tower, Cnr Worcester St & Oxford Tce
PO Box 771, Christchurch
Telephone: 64 3 366 4069, Fax: 64 3 366 4861
Email: ryman@rymanhealthcare.co.nz
Website: www.rymanhealthcare.co.nz

Auditor
Deloitte

Bankers
ANZ National Bank
Commonwealth Bank of Australia

Share Registrar
Link Market Services, PO Box 91976, Auckland 1142
Telephone: 64 9 375 5998, Fax: 64 9 375 5990
Email: Lmsenquiries@linkmarketservices.com

Directors
Jo Appleyard, Sidney Ashton, Michael Cashin, Andrew Clements, Kevin Hickman, David Kerr (Chairman), Donald Trow

Managing Director
Simon Challies

CFO & Company Secretary
Gordon MacLeod

Villages

Anthony Wilding Retirement Village
5 Corbett Crescent, Aidanfield,Christchurch
Ph: (03) 338 5820

Beckenham Courts Retirement Village
222 Colombo Street, Beckenham, Christchurch
Ph: (03) 337 2702

Edmund Hillary Retirement Village
221 Abbotts Way, Remuera, Auckland
Ph: (09) 570 0070

Ernest Rutherford Retirement Village
49 Covent Drive, Stoke, Nelson
Ph: (03) 538 0880

Evelyn Page Retirement Village
30 Ambassador Glade, Orewa, Auckland
Ph: (09) 421 1915

Frances Hodgkins Retirement Village
40 Fenton Crescent, St Clair, Dunedin
Ph: (03) 455 0277

Glamis Hospital
28 Montpellier Street, Mornington, Dunedin
Ph: (03) 477 6966

Grace Joel Retirement Village
184 St Heliers Bay Road, St Heliers, Auckland
Ph: (09) 575 1572

Hilda Ross Retirement Village
30 Ruakura Road, Hamilton
Ph: (07) 855 9542

Jane Mander Retirement Village
262 Fairway Drive, Kamo West, Whangarei
Ph: (09) 435 3850

Jane Winstone Retirement Village
49 Oakland Avenue, St Johns Hill, Wanganui
Ph: (06) 345 6783

Jean Sandel Retirement Village
71 Barrett Road, Whalers Gate, New Plymouth
Ph: (06) 751 4420

Julia Wallace Retirement Village
28 Dogwood Way, Clearview Park, Palmerston North
Ph: (06) 354 9262

Kiri Te Kanawa Retirement Village
Gwyneth Place, Riverdale, Gisborne
Ph: (06) 863 3636

Malvina Major Retirement Village
134 Burma Road, Khandallah, Wellington
Ph: (04) 478 3754

Margaret Stoddart Retirement Village
23 Bartlett Street, Riccarton, Christchurch
Ph: (03) 348 4955

Ngaio Marsh Retirement Village
95 Grants Road, Christchurch
Ph: (03) 352 5140

Princess Alexandra Retirement Village
145 Battery Road, Napier
Ph: (06) 835 9085

Rita Angus Retirement Village
66 Coutts Street, Kilbirnie, Wellington
Ph: (04) 387 7626

Rowena Jackson Retirement Village
40 O'Byrne Street North, Waikiwi, Invercargill
Ph: (03) 215 9988

Shona McFarlane Retirement Village
66 Mabey Road, Lower Hutt.
Ph: (04) 577 1090

Woodcote Retirement Village
29 Woodcote Avenue, Hornby, Christchurch
Ph: (03) 349 8788

Yvette Williams Retirement Village
383 Highgate, Roslyn, Dunedin
Ph: (03) 464 0390

RYMAN HEALTHCARE

ANNUAL REPORT 2010

EVELYN PAGE RETIREMENT VILLAGE TOWNHOUSES