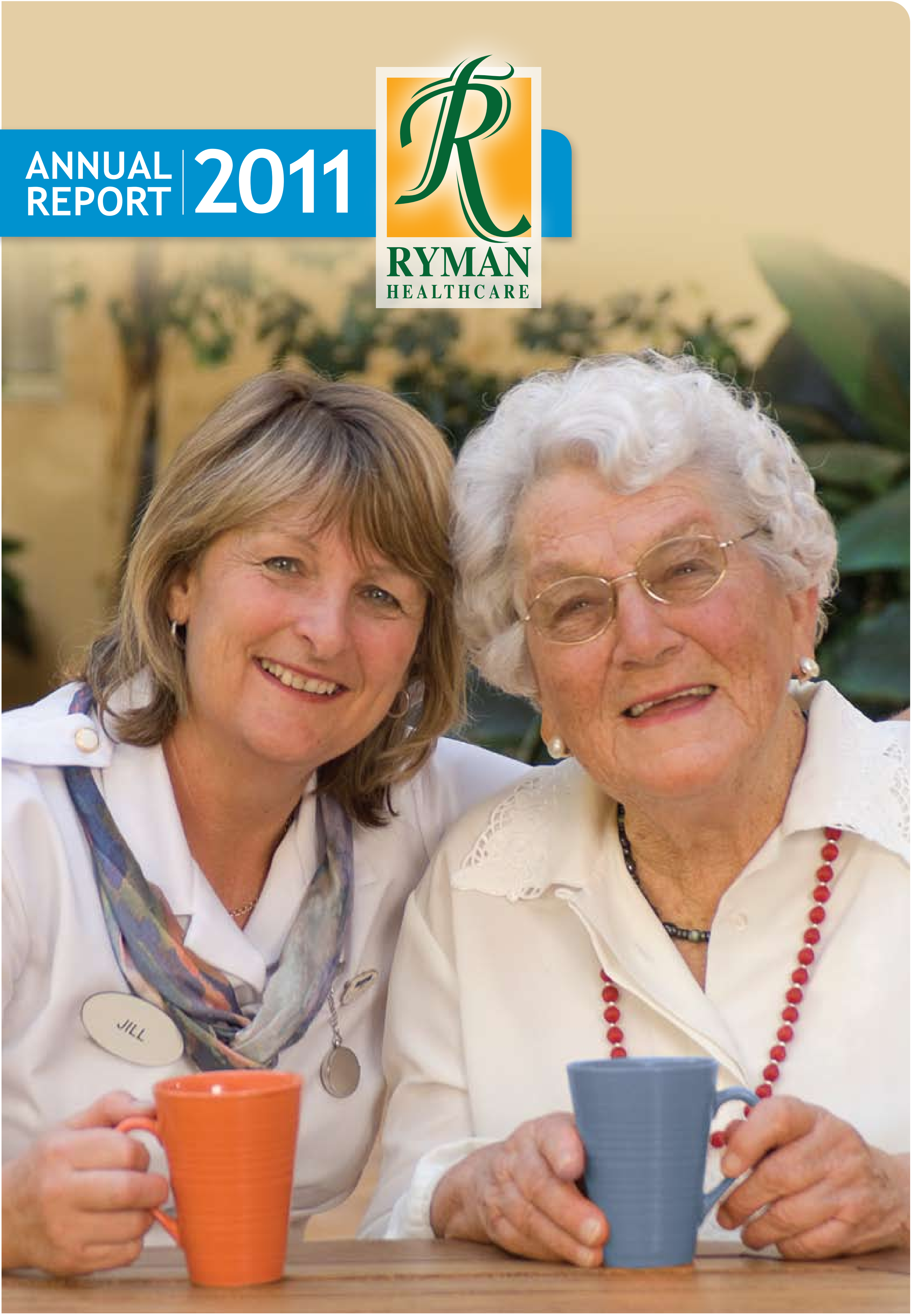
ANNUAL REPORT 2011

RYMAN HEALTHCARE



CONTENTS

RYMAN
HEALTHCARE

2011 Highlights

- Underlying Profit up 17% to $72.1 million
- Dividend lifted 18% to 7.2 cents per share
- Build rate lifted to 550 units/beds p.a
- Announced intention to build first village in Australia
- New site acquired in Waikanae

Financial Results

Dr David Kerr

I am delighted to report to you that we have again delivered on our medium term growth target, with underlying profits increasing 17% to a record $72 million. Unrealised valuation gains lifted the reported profit after tax to $100 million.

Operating cashflows were again strong at $133 million for the year, and the increasing value of the village assets helped boost shareholders equity by 24% to $566 million.

This very strong performance from the company was ahead of our own expectations, and in the face of a weak economy. The result reinforces the defensive nature of the company's trading activities and reflects the company's growing reputation for looking after its residents.

That another record result was also achieved in the midst of two major earthquakes in Christchurch, where we have five villages and our head office, further reinforces the strength of the business and our team.

Year ended 31 March 2011	$m
Underlying Profit	**72.1**
Plus Unrealised revaluations of RV units	+30.7
Less Deferred tax movement for the year	-2.6
Reported Net Profit after tax	**100.2**

The underlying profit growth has prompted the directors to lift the annual dividend by 18% to 7.2 cents per share, with the remaining 50% of the company's profits being retained for investment in new villages both in New Zealand and Australia. Our intention remains to increase dividends in line with the growth in underlying profits, and to maintain a conservatively geared balance sheet.

Business overview

The company recently announced a lift in its build rate to 550 units or beds per annum in New Zealand to meet the growing demand Ryman is experiencing.

We achieved our new build rate this year, which boosted our new sales by 50%, and allowed us to beat our medium term target of 15% underlying profit growth.

This year's expansion will also spark profit growth in the year ahead, as it also establishes new income streams from care fees, management fees and resales gains - making us very resilient to difficult economic conditions.

Our completed villages also contributed strongly to our growth, and represented 70% of our underlying profit. Half of our units and beds have been built in the last five years, which means that earnings from completed villages are set to continue to grow strongly.

The new Yvette Williams Retirement Village was successfully opened in Dunedin during the year; work commenced on new villages in both Gisborne and Tauranga; we recently acquired a site in Waikanae; and are actively seeking a site for our first village in Australia. The company is currently building across nine sites, has increased its landbank to over 2,100 units or beds, and is well placed to continue building at the new rate of 550 units or beds per annum for the foreseeable future.

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.

David Kerr and Jo Appleyard retire by rotation at this year's Annual Meeting, and are offering themselves for re-election. Warren Bell is seeking his first election to the Board by shareholders, having been appointed by the Directors during the year as an independent non executive director.

Warren is an experienced public and private company director, and was previously an audit partner with Deloitte. He is currently chairman of Hallenstein Glasson and St Georges Hospital, and is a director of a number of private companies. Warren has a very strong audit background and has considerable experience in the Australian marketplace through his involvement with Hallenstein Glasson. He steps into the vacancy which arose on the death of Michael Cashin late last year.

We are recommending that Deloitte be re-appointed as auditor for the 2012 financial year. Deloitte are engaged solely in an audit capacity to ensure that their independence is not impaired.

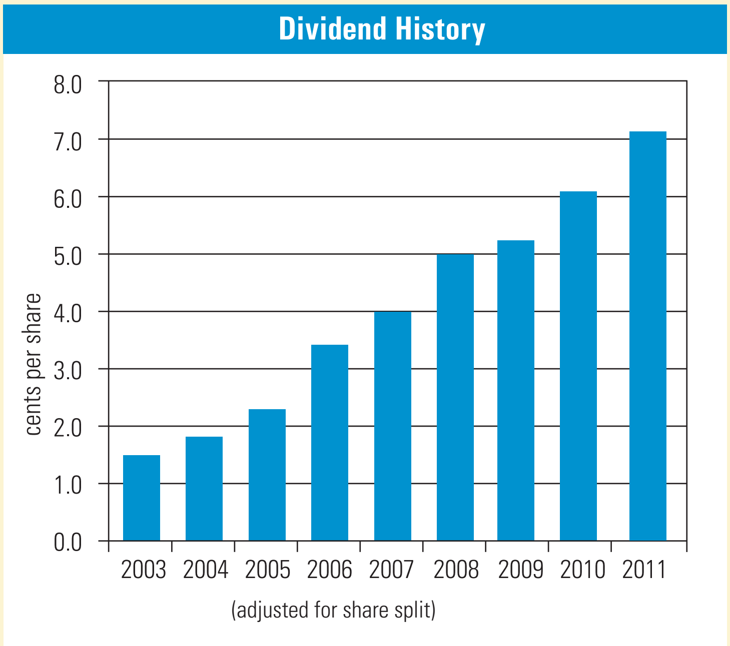
A notice of meeting has been issued together with this report, and we warmly welcome all shareholders to join us at the Annual Meeting of Shareholders to be held at Ngaio Marsh Retirement Village in Christchurch at 2pm on Tuesday 2 August.

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 Companies Act 1993, we disclose for the benefit of all shareholders the following proposal to provide financial assistance to the senior management team (refer page 10).

Under the current employee share purchase schemes the Board has resolved to provide financial assistance, by way of interest free loans of up to $2.05 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 and approach

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 approach to sustaining long term growth is to grow our capability every year.

To this end we have continued to grow the depth of the management team, with more regional support across the country in sales, operations and construction. Our focus is to promote from within Ryman so that we offer our own people opportunities to develop.

We also take a conservative approach to managing our financial capability, so that we are well placed to execute our growth plans. This approach has led us to the strongest financial position we have been in, with a bank debt to equity ratio of only 28%, strong bank facilities and relationships, and profitable activities.

Our announcement to enter the Australian aged care and retirement living market reflects a well considered belief that a Ryman village will be very successful in Australia. We are acutely aware that new markets present challenges, and can reassure you that we will only be progressing one new development in the first instance once we secure our first parcel of land. We have learnt a great deal about the Australian market already, through our own research, and believe the opportunity to be very significant in the long term.

Our focus on quality

Ryman Healthcare has a very good record and reputation in care provision, and we take issues of quality very seriously. We always attain our aged care certifications with very good results for each village, and actively encourage and financially reward additional training undertaken by our staff.

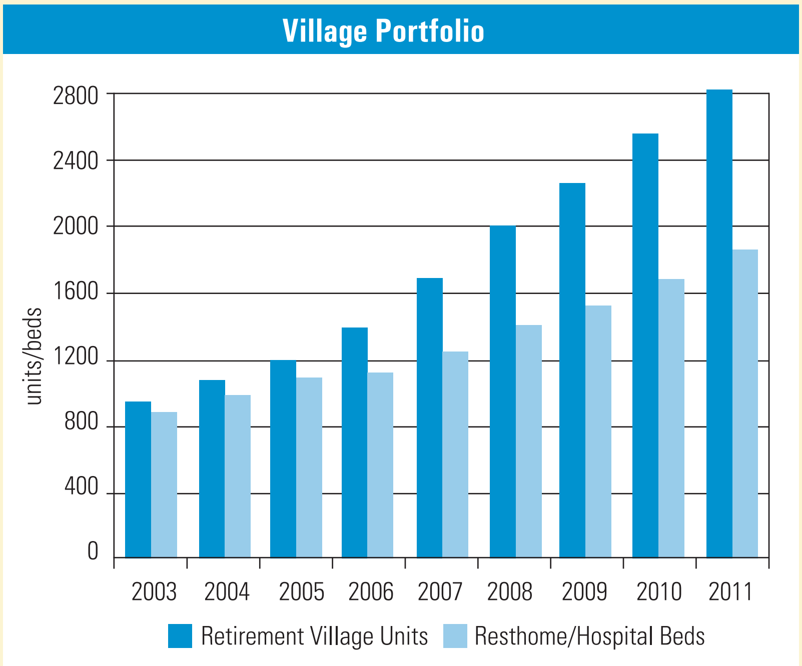
We also invest heavily in ensuring high quality standards, for example: we have our own Ryman Audit Program which sets higher standards than the Ministry of Health audits; we have our own spot audits of care facilities; annual Awards to staff for care excellence commenced this year (see page 11); and we have established a Clinical Advisory Committee with outside Professional and Academic input to keep our care provision at the leading edge.

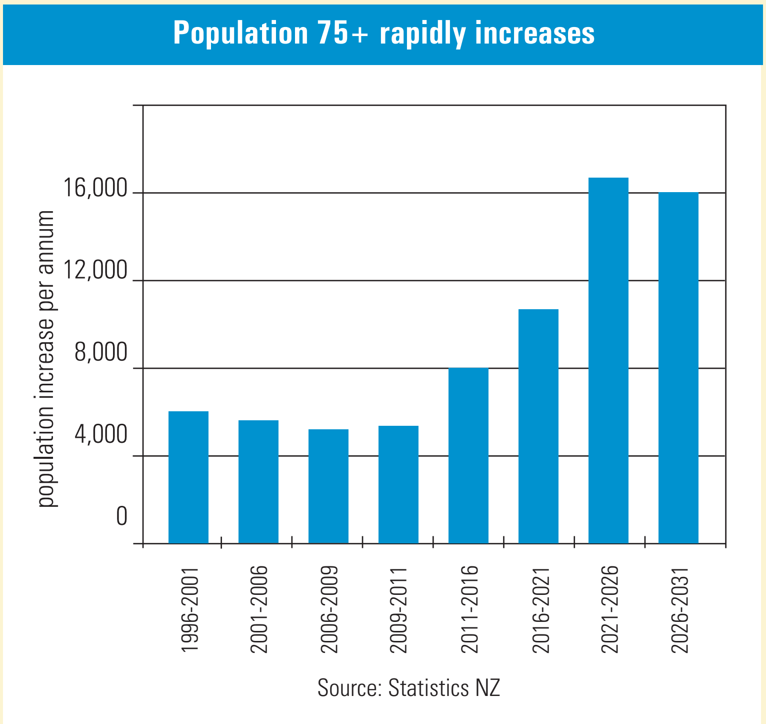
That is not to say it is possible to get it right all the time - our goal is to learn from what we do and lift the bar every year.

The opportunity

We are now entering a prolonged period where the elderly population in New Zealand 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.

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.





We plan to do this in three ways:

- Firstly, we will continue to see a growth-on-growth effect at completed villages.
- Secondly, we plan to continue rolling out new villages at our new rate of 550 new units and beds per annum in New Zealand.
- And finally, you can also expect to see us entering the lucrative Australian aged care and retirement village market, by carefully progressing our first development site once acquired.

Caring for the elderly is a rewarding and challenging job. Our success relies heavily on the trust of our residents and their families, and our shareholders. We never take this trust for granted, and look to repay it by continuing to provide the very best in retirement village living and aged care - while delivering growth in dividends and shareholder value to our shareholders.

Outlook

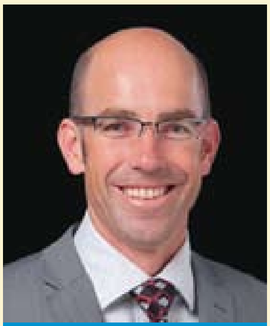
Our business model remains focused on generating strong cash flows, which in turn drives shareholder value. The best evidence of this is our performance over a long period of time. Since listing 12 years ago we have now built 3,850 units and beds, investing over $845 million - all of which has been funded out of operating cash flows, while profits and dividends have grown 12 fold.

As a result we have never had to seek fresh equity from you, our shareholders, to achieve our growth. Meanwhile, $200 million has now been paid to shareholders in dividends since we listed.

Our plan remains to achieve a medium term target of 15% growth in underlying profits for our shareholders.

In conclusion, I'm sure shareholders would join me in congratulating all the Ryman team on another very successful year. People make things happen, and the whole team at Ryman keeps on delivering great service to the elderly, whilst meeting challenging growth plans for shareholders.

Dr David Kerr
Chairman



Simon Challies

It is my pleasure to report to you on another outstanding year for Ryman Healthcare. The year was remarkable in many respects for our organisation, not least due to the impact of two major earthquakes in our home town.

Despite the earthquakes and a weak economy we managed to successfully meet all of our targets for the year and post a record profit, continuing an unbroken run which stretches back to 2002.

Managing Growth

In 1999 the company was listed with the ambition of expanding into the North Island, and the Auckland market in particular. At the time the company owned 944 units/beds in the South Island, had earnt a profit of $6 million in the preceding year and had accumulated shareholders equity of $38 million.

If you wind the clock forward seven years to 2006, the company had established seven villages in the North Island, was building its second Auckland village and had amassed a portfolio of 2,488 units/beds. The company posted a 49% increase in profit to $35 million, and shareholders funds then stood at $243 million.

In that same year, 2006, the challenge was laid down to increase the rate of growth to 450 units/beds per annum. This was at a time when the economy was bubbling along, the residential real estate market was booming and credit was freely available. The catalyst for the increased growth rate was the new flagship village in Auckland, Edmund Hillary Retirement Village. This new village was the single largest project the company had undertaken to date.

Five years on the company has delivered on its promise of building 450 units/beds per annum, has doubled in size its portfolio to 4,738 units/beds, delivered an underlying profit of $72 million and increased shareholders equity to $566 million.

This growth was achieved in the face of a faltering economy, a very weak residential property market and the credit crunch, without the need to raise fresh capital from shareholders. Growth was possible as we had established a strong balance sheet with low debt, so in the midst of the credit crunch we were able to increase our bank debt facilities, and were able to invest heavily at a time when many of our competitors could not.

Operationally we have had to scale up over time to adapt to the larger scale and spread of the organisation, while at the same time maintaining the same commitment to quality, innovation and being responsive to the needs of our residents and their families.

We have built up the experience and competence in our design and construction team to the point where they can effectively manage nine different building sites across the country, and take advantage of the economies of scale which are created when you build at a higher rate. In 2011 they delivered 571 units/beds, an almost three-fold increase on their output five years ago.

Jenny Thiele (on left), "Manager of the Year" and "Village of the Year - Large" (Ngaio Marsh Village, Christchurch); and Joy Notman (on right), "Village of the Year – Medium" (Frances Hodgkins, Dunedin).

EVELYN PAGE RETIREMENT VILLAGE SERVICED APARTMENTS ATRIUM, OREWA |

The operations team has managed the establishment of seven new large-scale aged care facilities over the past five years, and has invested heavily in new systems and training to allow us to manage a portfolio which is almost twice the scale it was five years ago. The most tangible measures we have to determine our success are our resident/relative satisfaction surveys and our certification audit results. On both these measures we have made significant performance gains over the past five years.

We have built up a team of very capable and loyal managers, who, by managing their village well, give the senior management team the space they need to execute our growth plans.

From a sales and marketing perspective the organisation has grown as well. Our sales of occupation rights have grown over the past five years from $85 million to $235 million, and at the same time the team has become more effective. For example, although we are operating in a much weaker residential property market our stock of units available for resale at year end was only 22 units - a lower number than that achieved when the portfolio was half the scale it is now.

We have a reputation for running a relatively lean management structure, which we have scaled up incrementally as the company expands. There remains a firm focus on taking advantage of the efficiencies which can be gained when you replicate your business model, and on learning from our experiences so that we become even more effective.

Lift in Build Rate

We successfully built 571 new units/beds, up substantially on the 400-450 run rate achieved over the preceding four years, and by year end this new stock was almost fully occupied.

By year end we had secured a new site in Waikanae and received resource consent to build our Tauranga village, so we could confidently say that we had permanently lifted our build rate to 550 units/beds per annum.

To achieve this increased level of growth, you need a good spread of sites and/or larger scale villages. Right now we are building at nine sites (refer map), with a further two villages in the planning phase - Christchurch (Diana Isaac Village) and Waikanae.

In the year ahead you can expect to see us open new villages in Gisborne and Tauranga, and to start building our new Diana Isaac Village in Christchurch.

With the acquisition of the Waikanae site our landbank has lifted to 2,141 units/beds, spread across 12 sites, which is equivalent to four years of building activity at the current rate. We anticipate that in the coming year we will acquire at least one more site in New Zealand to supplement our landbank.

We have sufficient land-bank to sustain our rate of growth, however we are keen to acquire more sites as there is very little competition for development sites in New Zealand right now, and we are in a position to secure some great sites on good terms.

Ernest Rutherford Retirement Village, Stoke, Nelson

Australia

In August last year we announced our intention to establish a village in Australia, and that we had commenced our search for our first site.

We have identified Melbourne as our preferred location for our first village, and have been actively searching for our first site since then. The competitive landscape is different in Australia, however the approach we are taking is similar to that we employ in New Zealand. We identify communities which are not well serviced by either aged care facilities or retirement villages or both, and have a fast growing elderly demographic. There are a significant number of neighbourhoods which qualify under this criteria in Melbourne, and there is sufficient home equity in almost any Melbourne suburb to justify building a new facility, so the long term opportunity is significant.

The challenge presented by building and establishing a village in Australia is exciting, and one which the management team is ready for. It is a natural step in the growth and development of the organisation, having stepped up the rate of development in New Zealand successfully, and having built up a strong financial base.

New Dunedin Village

In March we opened our new village in Roslyn, named after Otago's golden girl, Yvette Williams. The village was built to replace the ageing Glamis Hospital, which was the only standalone aged care facility in the Ryman group. The Glamis residents are now enjoying the benefits of single rooms with full ensuites, stunning views, and being part of an integrated village.

Ryman Healthcare Senior Management Team

(Left to right): **Neil Prior,** Marketing Manager; **Simon Challies,** Managing Director; **Andrew Mitchell,** Development Manager; **Tom Brownrigg,** Construction Manager; **Debbie Versey,** Group Sales Manager; **Gordon MacLeod,** Chief Financial Officer; **Barbara Reynen,** Operations Manager; **Taylor Allison,** Design Manager; **Philip Mealings,** Property & Purchasing Manager.

Earthquake

With over 450 staff and almost 1,000 residents living in Christchurch the two major earthquakes took a significant toll emotionally on us. The September quake caused no significant property damage, however we were not so lucky in the February quake.

Our head office in Clarendon Tower was evacuated and fortunately all of the head office team escaped the CBD safely. We established alternative premises near the airport, recovered all of our electronic records and were quickly back to "normal" within days.

Four of the five villages suffered only minor damage, however Beckenham Courts suffered significant liquefaction which caused damage to both buildings and services. With the assistance of our Christchurch construction team and contractors we immediately undertook emergency repairs at Beckenham Courts to ensure that our residents could remain in their own homes.

The commitment shown by all the staff in Christchurch to each other, and the welfare of the residents, was remarkable. As a company we acknowledged this by paying a special bonus to say thank you and to lift spirits, and we also offered building and engineering assistance to those staff whose homes were severely damaged.

Ryman guarantee a trained workforce

In November our villages hosted graduation events for more than 250 caregivers who gained their National Certificate in Community Support. Ryman became the first New Zealand aged care provider to have our caregivers training programme ("Ryman Foundations") accredited to the National Qualifications Authority. This means we can now guarantee that every one of our caregivers holds an Aged Care Qualification.

Edmund Hillary Retirement Village, Remuera

The earthquake created an acute shortage of resthome beds in Christchurch, with over 700 residents displaced, and over 300 relocated out of town. Our response was to bring forward our plans for a 70 bed resthome and dementia care facility at Anthony Wilding, and to fast track our plans for a new village servicing North East Christchurch - the area worst affected by the February quake. We have already started building at Anthony Wilding, and expect to receive resource consent and start civil works on the new Diana Isaac Village in the next few weeks.

We were pleased to be able to give something back to the community again this year with the successful fundraising of $180,000 for the Hearing Association. Our residents and staff raised $90,000 which was matched dollar for dollar by the company.

Finally, I would like to acknowledge the remarkable efforts of the entire Ryman team over the past year. The commitment shown to looking after our residents' wellbeing is something which our residents and their families appreciate and see first hand every day. As a shareholder, I trust you can also feel very proud of your association.

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 General 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.

ANDREW CLEMENTS
B COM
DIRECTOR

Andrew (Clem) is an investor and professional director.

He is currently chairman of Orion Health, New Zealand Assets Management and Amadeus Asset Administration. He is also a director of a number of NZX listed and private companies including The New Zealand Refining Company and Revera. Clem was previously Managing Director of Emerald Capital Limited, a Canadian owned investment company from 1998 until 2008, and is a member of the Institute of Directors.

He is a trustee of the Graeme Dingle Foundation (an endowment fund for the Foundation for Youth), The New Zealand Football Foundation and The Mt Wellington Stadium Charitable Trust.

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.

WARREN BELL
M COM, CA
DIRECTOR

Warren Bell is an experienced public and private company director, and was previously an audit partner with Deloitte. He is currently chairman of Hallenstein Glasson and St Georges Hospital, and is a director of a number of private companies.

He has a very strong audit background and has considerable experience in the Australian marketplace through his involvement with Hallenstein Glasson.

SIDNEY ASHTON
ONZM, FCA
DIRECTOR

Sid Ashton is a Fellow of the New Zealand 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.

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

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.

		2011	2010	2009	2008	2007
Financial						
Underlying Profit	$m	72.1	61.4	53.0	50.5	40.7
Net Operating Cash Flows	$m	133.1	149.4	114.2	125.8	73.8
Net Assets	$m	565.8	456.6	408.2	372.2	260.5
Interest bearing Debt to Equity ratio	%	28%	31%	35%	39%	44%
Reported Net Profit After Tax	$m	100.2	78.4	66.1	72.6	59.4
Dividend per Share	Cents	7.2	6.1	5.25	5.0	4.0
Sales of Occupation Rights [1]	No.	699	631	597	578	480
New facilities						
Built during year:						
Resthome/Hospital Beds	No.	228	155	125	153	131
Retirement Village Units	No.	343	279	278	308	300
Land bank (to be developed) [2]	No.	2,141	1,897	1,790	1,767	1,715
Completed facilities						
Resthome/Hospital Beds	No.	1,852	1,674	1,519	1,394	1,241
Retirement Village Units	No.	2,886	2,543	2,264	1,986	1,678

1 New and existing retirement village units.

2 Includes retirement village units and resthome/hospital beds.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	Note	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
Care fees		105,753	90,499	2,034	2,011
Management fees		23,337	18,590	96	75
Interest received		501	549	7,967	6,288
Other income	1	59	59	43,616	38,433
Total revenue		**129,650**	**109,697**	**53,713**	**46,807**
Fair value movement of investment property	8	80,796	66,327	161	363
Total income		**210,446**	**176,024**	**53,874**	**47,170**
Operating expenses	2	(93,626)	(79,674)	(9,740)	(8,460)
Depreciation expense	3	(6,090)	(5,229)	(621)	(621)
Impairment loss	7	-	(1,176)	-	-
Finance costs	4	(7,958)	(6,129)	(7,910)	(6,054)
Total expenses		**(107,674)**	**(92,208)**	**(18,271)**	**(15,135)**
Profit before income tax		**102,772**	**83,816**	**35,603**	**32,035**
Income tax expense	5	(2,595)	(5,399)	82	(129)
Profit for the period		**100,177**	**78,417**	**35,685**	**31,906**
Earnings per share: Basic and Diluted (cents per share)	14	20.1	15.8		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	Note	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
Profit for the period		**100,177**	**78,417**	**35,685**	**31,906**
Fair value movement of interest rate swaps	15	(1,664)	578	(1,664)	578
Movement in deferred tax related to interest rate swaps	15	386	(173)	386	(173)
Revaluation of Property, plant and equipment (unrealised)	15	44,319	(2,147)	94	-
Deferred tax impact on revaluation reserve	15	435	(123)	30	-
Other comprehensive income		**43,476**	**(1,865)**	**(1,154)**	**405**
Total comprehensive income		**143,653**	**76,552**	**34,531**	**32,311**

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 2011

	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 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**
Balance at 1 April 2010	**33,290**	**83,303**	**(2,795)**	**(4,573)**	**347,329**	**456,554**
Total comprehensive income for the period	-	44,754	(1,278)	-	100,177	143,653
Treasury stock movement	-	-	-	(377)	-	(377)
Dividends paid to shareholders	-	-	-	-	(34,000)	(34,000)
Closing Balance at 31 March 2011	**33,290**	**128,057**	**(4,073)**	**(4,950)**	**413,506**	**565,830**
PARENT						
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**
Balance at 1 April 2010	**33,290**	**1,812**	**(2,795)**	**(4,573)**	**14,633**	**42,367**
Total comprehensive income for the period	-	124	(1,278)	-	35,685	34,531
Treasury stock movement	-	-	-	(377)	-	(377)
Dividends paid to shareholders	-	-	-	-	(34,000)	(34,000)
Closing Balance at 31 March 2011	**33,290**	**1,936**	**(4,073)**	**(4,950)**	**16,318**	**42,521**

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

		GROUP		PARENT	
	Note	2011	2010	2011	2010
		$000	$000	$000	$000
Assets					
Cash and cash equivalents		667	1,010	-	261
Trade and other receivables	6	77,394	44,226	919	400
Advances to subsidiaries	17	-	-	165,986	152,036
Advances to employees		2,084	1,653	2,084	1,653
Deferred tax asset (net)	5	-	-	1,053	555
Property, plant & equipment	7	322,858	247,309	27,808	13,775
Investment properties	8	1,206,312	1,035,162	6,033	5,846
Investments in subsidiaries	23	-	-	39,109	39,109
Total assets		**1,609,315**	**1,329,360**	**242,992**	**213,635**
Equity					
Issued capital	14	33,290	33,290	33,290	33,290
Asset revaluation reserve	15	128,057	83,303	1,936	1,812
Interest rate swap reserve	15	(4,073)	(2,795)	(4,073)	(2,795)
Treasury stock	15, 25	(4,950)	(4,573)	(4,950)	(4,573)
Retained earnings	15	413,506	347,329	16,318	14,633
Total equity		**565,830**	**456,554**	**42,521**	**42,367**
Liabilities					
Bank overdraft		-	-	161	-
Trade and other payables	10	37,920	24,537	31,713	20,469
Employee entitlements	11	5,980	5,300	1,025	967
Revenue in advance		16,858	13,170	85	79
Interest rate swaps	19	5,657	3,993	5,657	3,993
Bank loans (secured)	12	157,500	142,000	157,500	142,000
Occupancy advances (non interest bearing)	13	788,763	654,773	4,330	3,760
Deferred tax liability (net)	5	30,807	29,033	-	-
Total liabilities		**1,043,485**	**872,806**	**200,471**	**171,268**
Total equity and liabilities		**1,609,315**	**1,329,360**	**242,992**	**213,635**
Net tangible assets per share (cents)		113.2	91.3		

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

		GROUP		PARENT	
	Note	2011	2010	2011	2010
		$000	$000	$000	$000
Operating activities					
Receipts from residents	22	306,826	307,036	2,920	2,884
Interest received		578	337	7,963	6,284
Dividends received		-	-	36,000	31,750
Inter-company charges		-	-	7,615	6,671
Payments to suppliers and employees		(95,727)	(76,712)	(11,208)	(6,735)
Payments to residents		(70,343)	(74,725)	(722)	(805)
Interest paid		(8,249)	(6,495)	(8,201)	(6,419)
Net operating cash flows	22	**133,085**	**149,441**	**34,367**	**33,630**
Investing activities					
Repayment of advances from subsidiaries		-	-	14,521	39,983
Purchase of property, plant & equipment		(25,762)	(29,786)	(5,365)	(2,370)
Purchase of investment properties		(84,589)	(85,522)	(26)	(18)
Capitalised interest paid		(3,768)	(4,841)	-	-
Advances to employees		991	765	991	800
Advances to subsidiaries		-	-	(24,610)	(41,511)
Net investing cash flows		**(113,128)**	**(119,384)**	**(14,489)**	**(3,116)**
Financing activities					
Drawdown/(Repayment) of bank loans		15,500	(1,000)	15,500	(1,000)
Dividends paid		(34,000)	(27,750)	(34,000)	(27,750)
Purchase of treasury stock (net)		(1,800)	(1,600)	(1,800)	(1,600)
Net financing cash flows		**(20,300)**	**(30,350)**	**(20,300)**	**(30,350)**
Net (decrease)/increase in cash and cash equivalents		**(343)**	**(293)**	**(422)**	**164**
Cash and cash equivalents at the beginning of period		1,010	1,303	261	97
Cash and cash equivalents at the end of period		**667**	**1,010**	**(161)**	**261**

The accompanying notes form part of these financial statements.

SUMMARY OF SIGNIFICANT 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 2011, and the comparative information presented in these financial statements for the year ended 31 March 2010.

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:

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

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

Management fees – policy (b).

Expected manner of realisation of assets and liabilities and utilisation of tax losses – policy (l), policy (r) and note 5.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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).

(e) Property, plant & equipment

Property, plant & equipment comprises completed care facilities, corporate assets and land and care facilities under development. All property, plant & equipment is 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Advances to subsidiaries and advances to employees are on the same basis.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Deferred Tax

Subsequent to changes in depreciation allowances for buildings announced in the May 2010 Budget, the method to estimate the taxable element included within the carrying amount of investment properties has been reviewed. This has resulted in a decrease to the deferred taxation liability ascribed to investment properties of $14.3 million in the current year. It is not practicable to determine the effect of this change in estimate for future periods. In addition, due to the changes in depreciation allowances for buildings there has been an increase to the deferred taxation liability ascribed to fixed assets of $24.2 million in the current year.

The Directors note that deferred taxation is a non cash item, which does not affect the prospects or cash flows of the company in any way. There have been no changes made to comparatives.

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

(s) Adoption of new and revised Standards and Interpretations

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 2011

	Note	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
1. Other Income					
Dividends received		-	-	36,000	31,750
Other income		59	59	7,616	6,683
Total Other income		**59**	**59**	**43,616**	**38,433**
2. Operating Expenses					
Employee costs		59,463	49,894	6,384	5,806
Property related expenses		12,322	10,479	247	265
Other operating costs (see below)		21,841	19,301	3,109	2,389
Total		**93,626**	**79,674**	**9,740**	**8,460**
Other operating costs include:					
Auditor's remuneration to Deloitte comprises:					
- audit of financial statements		120	115	23	22
- audit related services*		5	3	5	3
Directors Fees		499	430	499	430
Doubtful Debts		-	-	-	-
Donations^		191	187	20	13
Lease and rental payments		426	389	259	267

* primarily relates to work undertaken in respect of the Group's interim financial statements
^ no donations have been made to any political parties (2010: $Nil)

	Note	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
3. Depreciation					
Buildings		2,965	2,322	75	75
Plant and Equipment		1,135	954	376	319
Furniture and Fittings		1,772	1,686	50	51
Motor Vehicles		218	267	120	176
Total		**6,090**	**5,229**	**621**	**621**
4. Finance Costs					
Total interest paid on bank loans		9,237	8,393	9,189	8,318
Release of interest rate swap reserve	15	2,489	2,577	2,489	2,577
Amount of interest capitalised		(3,768)	(4,841)	-	-
Transferred to subsidiaries		-	-	(3,768)	(4,841)
Net interest expense on bank loans		**7,958**	**6,129**	**7,910**	**6,054**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	GROUP		PARENT	
	2011	2010	2011	2010
	$000	$000	$000	$000
5. Income Tax				
(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:				
Investment properties (Policy (r))	(14,326)	686	(121)	43
Property, plant and equipment (Policy (r))	24,178	5,624	391	11
Other	(4,922)	(911)	(312)	75
Reduction in tax rate	(2,335)	-	(40)	-
Total income tax expense/(credit)	**2,595**	**5,399**	**(82)**	**129**

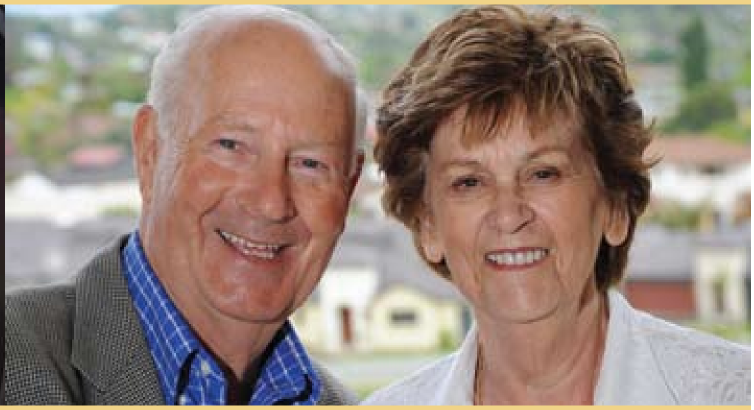
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
Profit before income tax expense	102,772	83,816	35,603	32,035
Income tax expense calculated at 30%	30,832	25,145	10,681	9,610
Tax effect of:				
Non-taxable dividends	-	-	(10,800)	(9,525)
Non-taxable income	(24,239)	(19,898)	(48)	(109)
Other	(1,663)	152	125	153
Reduction in tax rate	(2,335)	-	(40)	-
Total tax expense/(credit)	**2,595**	**5,399**	**(82)**	**129**

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. The corporate tax rate in New Zealand was changed from 30% to 28% with effect from 1 April 2011. This revised rate has not impacted the current tax payable for the current financial year but will do so in future periods. However, the impact of the change in tax rate has been taken into account in the measurement of deferred taxes at the end of the reporting period.

Total Group tax losses available amounted to $51.0 million (2010: $38.9 million) and Parent $1.4 million (2010: $0.3 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 (2010: $Nil).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

5. Income Tax (continued)

GROUP	2011		2010	
	%	$000	%	$000
Reconciliation of effective tax rate				
Profit before tax		102,772		83,816
Income tax using the corporate tax rate	30.0%	30,832	30.0%	25,145
Non-taxable income	(23.6)%	(24,239)	(23.7)%	(19,898)
Other	(1.6)%	(1,663)	0.2%	152
Reduction in tax rate	(2.3)%	(2,335)	-	-
Total income tax expense	**2.5%**	**2,595**	**6.5%**	**5,399**

PARENT	2011		2010	
	%	$000	%	$000
Reconciliation of effective tax rate				
Profit before tax		35,603		32,035
Income tax using the corporate tax rate	30.0%	10,681	30.0%	9,610
Non-taxable dividends	(30.3)%	(10,800)	(29.7)%	(9,525)
Non-taxable income	(0.1)%	(48)	(0.3)%	(109)
Other	0.3%	125	0.4%	153
Reduction in tax rate	(0.1)%	(40)	-	-
Total income tax expense	**(0.2)%**	**(82)**	**0.4%**	**129**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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 - 2011				
Property, plant & equipment	(12,862)	(21,718)	435	(34,145)
Investment properties	(34,233)	15,653	-	(18,580)
Deferred management fee revenue in advance	3,951	769	-	4,720
Interest rate swap	1,198	-	386	1,584
Other	1,252	70	-	1,322
Tax value of loss carry-forwards recognised	11,661	2,631	-	14,292
Total deferred taxation	**(29,033)**	**(2,595)**	**821**	**(30,807)**
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)**
PARENT - 2011				
Property, plant & equipment	(706)	(319)	30	(995)
Investment properties	(274)	132	-	(142)
Deferred management fee revenue in advance	24	-	-	24
Interest rate swap	1,198	-	386	1,584
Other	219	(26)	-	193
Tax value of loss carry-forwards recognised	94	295	-	389
Total deferred taxation	**555**	**82**	**416**	**1,053**
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**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

5. Income Tax (continued)

	GROUP		PARENT	
	2011 $000	2010 $000	2011 $000	2010 $000
(c) Imputation credit memorandum account				
Opening balance	46	34	-	-
Resident withholding tax (refunded) paid	(16)	12	-	-
Closing balance	**30**	**46**	**-**	**-**
Imputation credits available directly and indirectly to shareholders of the parent company, through:				
Parent company	-	-	-	-
Subsidiaries	30	46	-	-
	30	**46**	**-**	**-**

6. Trade and Other Receivables

	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
Trade debtors	75,805	43,270	919	332
Other receivables	1,589	956	-	68
Total receivables	**77,394**	**44,226**	**919**	**400**

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 (2010: $Nil Group and Parent).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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 - 2011	$000	$000	$000	$000	$000	$000	$000
Gross carrying amount							
Balance at 1 April 2010	87,022	116,729	37,270	11,222	9,806	1,826	263,875
Additions	5,227	22,803	3,922	2,192	2,904	272	37,320
Revaluation	44,319	(8,251)	-	-	-	-	36,068
Balance at 31 March 2011	**136,568**	**131,281**	**41,192**	**13,414**	**12,710**	**2,098**	**337,263**
Accumulated Depreciation							
Balance at 1 April 2010	-	(5,286)	-	(4,292)	(5,543)	(1,445)	(16,566)
Current year depreciation	-	(2,965)	-	(1,135)	(1,772)	(218)	(6,090)
Revaluation	-	8,251	-	-	-	-	8,251
Balance at 31 March 2011	**-**	**-**	**-**	**(5,427)**	**(7,315)**	**(1,663)**	**(14,405)**
Total Book Value	**136,568**	**131,281**	**41,192**	**7,987**	**5,395**	**435**	**322,858**
GROUP - 2010							
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**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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 - 2011	$000	$000	$000	$000	$000	$000	$000
Gross carrying amount							
Balance at 1 April 2010	221	3,765	7,596	3,926	397	978	16,883
Additions	-	28	14,538	638	48	34	15,286
Transfers to subsidiary companies	-	-	(726)	-	-	-	(726)
Revaluation	94	(229)	-	-	-	-	(135)
Balance at 31 March 2011	**315**	**3,564**	**21,408**	**4,564**	**445**	**1,012**	**31,308**
Accumulated Depreciation							
Balance at 1 April 2010	-	(154)	-	(1,949)	(260)	(745)	(3,108)
Current year depreciation	-	(75)	-	(376)	(50)	(120)	(621)
Revaluation	-	229	-	-	-	-	229
Balance at 31 March 2011	**-**	**-**	**-**	**(2,325)**	**(310)**	**(865)**	**(3,500)**
Total Book Value	**315**	**3,564**	**21,408**	**2,239**	**135**	**147**	**27,808**
PARENT - 2010							
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**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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 2011 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 11% to 15%), together with observed transactional evidence in respect of the market value per care bed (ranging from $67,000 to $121,000 per care bed) in estimating and determining fair value.

Property under development includes land held pending development of a retirement village amounted to $21.4 million (2010: $10.2 million) and Parent $20.4 million (2010: $7.3 million) and is valued at cost.

Interest of $3.8 million (2010: $4.8 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 (2010: 7.28% 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 plus additions since the last valuation.

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 2011	28,034	113,835	**141,469**	237	1,886	**2,123**
Carrying amount						
Carrying amount at 31 March 2010	22,807	93,997	**116,804**	237	1,933	**2,170**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

8. Investment Properties

	GROUP		PARENT	
	2011 $000	2010 $000	2011 $000	2010 $000
At fair value				
Balance at beginning of financial year	1,035,162	882,246	5,846	5,465
Additions at fair value	90,354	86,589	26	18
Fair value movement				
Realised	50,167	42,724	256	241
Unrealised	30,629	23,603	(95)	122
	80,796	**66,327**	**161**	**363**
Net movement for the year	171,150	152,916	187	381
Balance at end of financial year	**1,206,312**	**1,035,162**	**6,033**	**5,846**

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 2011. 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 $37.2 million (2010: $67.1 million), which has been fair valued at cost by CB Richard Elllis Limited.

Operating expenses

Direct operating expenses arising from investment property that generated income from management fees during the period amounted to $2.1 million (2010: $2.4 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 2011 was 11.65% (2010: 11.15%).


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

10. Trade & Other Payables

	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
Trade payables	22,155	17,438	19,048	15,265
Other payables	15,765	7,099	12,665	5,204
Total trade and other payables	**37,920**	**24,537**	**31,713**	**20,469**

Trade payables are typically paid within 30 days of invoice date or 20th of the month following invoice date.
Other payables at 31 March 2011 for both the Group and Parent includes $14.7 million (2010: $5.5 million) in relation to the purchase of land.

11. Employee Entitlements

	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
Holiday pay accrual and other benefits	5,980	5,300	1,025	967

12. Borrowings

	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
Bank loans (secured)	157,500	142,000	157,500	142,000
Less than 1 year	9,000	2,500	9,000	2,500
Within 1-2 years	148,500	139,500	148,500	139,500
Average interest rates	5.70%	5.44%	5.70%	5.44%

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 2011

13. Occupancy Advances (non interest bearing)

	GROUP		PARENT	
	2011	2010	2011	2010
	$000	$000	$000	$000
Gross occupancy advances	880,966	726,767	4,927	4,326
Less: management fees & resident loans	(92,203)	(71,994)	(597)	(566)
Closing Balance	**788,763**	**654,773**	**4,330**	**3,760**

Gross occupancy advances are non interest bearing.

14. Share Capital

Issued and paid up capital consists of 500,000,000 fully paid ordinary shares (2010: 500,000,000) less treasury stock of 2,614,600 shares (2010: 2,422,541 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 497,385,400 ordinary shares (2010: 497,654,221 shares), having adjusted for treasury stock.

15. Reserves

	GROUP 2011	GROUP 2010	PARENT 2011	PARENT 2010
Asset Revaluation Reserve				
Opening Balance	83,303	85,573	1,812	1,812
Revaluation	44,319	-	94	-
Deferred tax	435	(123)	30	-
Impairment loss	-	(2,147)	-	-
Closing Balance	**128,057**	**83,303**	**1,936**	**1,812**
Interest Rate Swap Reserve				
Opening Balance	(2,795)	(3,200)	(2,795)	(3,200)
Valuation of interest rate swap	(4,153)	(1,999)	(4,153)	(1,999)
Released to income statement	2,489	2,577	2,489	2,577
Net Fair Value movement	**(1,664)**	**578**	**(1,664)**	**578**
Deferred tax movement on interest rate swap reserve	386	(173)	386	(173)
Closing Balance	**(4,073)**	**(2,795)**	**(4,073)**	**(2,795)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

15. Reserves (continued)

	GROUP		PARENT	
	2011 $000	2010 $000	2011 $000	2010 $000
Treasury Stock				
Opening Balance	(4,573)	(4,123)	(4,573)	(4,123)
Acquisitions	(1,800)	(1,600)	(1,800)	(1,600)
Vesting/forfeiture of shares	1,423	1,150	1,423	1,150
Closing Balance	**(4,950)**	**(4,573)**	**(4,950)**	**(4,573)**
Retained Earnings				
Opening Balance	347,329	296,662	14,633	10,477
Net profit attributable to shareholders	100,177	78,417	35,685	31,906
Dividends paid	(34,000)	(27,750)	(34,000)	(27,750)
Closing Balance	**413,506**	**347,329**	**16,318**	**14,633**

16. Dividends

	GROUP & PARENT			
	2011 Cents per share	2011 Total $000	2010 Cents per share	2010 Total $000
Recognised amounts				
Final dividend paid - prior year	3.40	17,000	2.85	14,250
Interim dividend paid - current year	3.40	17,000	2.70	13,500
		34,000		**27,750**
Unrecognised amounts				
Final dividend - current year	3.80	19,000	3.40	17,000
Full year dividend - current year	**7.20**	**36,000**	**6.10**	**30,500**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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.

Salaries and consulting fees paid to directors
Payments to directors are disclosed in note 18.

	GROUP		PARENT	
	2011	2010	2011	2010
	$000	$000	$000	$000
Transactions involving the parent entity				
Dividend revenue				
Dividends received from subsidiary companies	-	-	36,000	31,750
Intercompany charges by parent to subsidiary company				
Interest charge	-	-	7,913	6,249
Management fees	-	-	4,080	3,240
Balances owing by				
Subsidiary companies	-	-	165,986	152,036
Transactions with companies associated to directors				
Rental expense	7	-	7	-

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.

In March 2011 Ryman Healthcare Limited entered into an office lease agreement with Airport Business Park Christchurch Limited ('the Airport Business Park'). Kevin Hickman has a financial interest in this agreement through a trust which is a shareholder of the Airport Business Park. Mr Hickman is also a director of the Airport Business Park. Key terms of the agreement are rental of $116,800 per annum (excluding GST) for two years, with a two year right of renewal. Warren Bell is a trustee of certain Airport Business Park shareholders, but has no personal financial interest.

18. Key Management Personnel Compensation

	2011	2010
Compensation		
Short term employee benefits (senior management team)	1,818	2,209
Directors fees	499	430
Salaries and Consulting fees to directors	553	62
Total Key Management Personnel and Directors' Compensation	**2,870**	**2,701**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

18. Key Management Personnel Compensation (continued)

Key management personnel are the senior management team of the Group and include 8 senior management team members (2010: 9). In addition, NZ IAS 24 requires directors fees to be included within key management personnel compensation. It should be noted that all Directors (except for the Managing Director) are non-executive and are not involved in the day to day operations of the Group. Salaries and Consulting fees to directors includes remuneration paid to the Managing Director, who was previously the Chief Executive.

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

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	
	2011 $000	2010 $000	2011 $000	2010 $000
Financial assets				
Loans and receivables (including cash equivalents)	80,145	46,889	168,989	154,350
	80,145	**46,889**	**168,989**	**154,350**
Financial liabilities				
Amortised cost	990,163	826,610	194,729	167,196
Derivative instruments in designated hedge accounting relationships (interest rate swaps)	5,657	3,993	5,657	3,993
	995,820	**830,603**	**200,386**	**171,189**

(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 2011 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 2011 was $80.1 million (2010: $46.9 million) and there were no material overdue debtors as at 31 March 2011 (2010: $Nil). Financial assets comprise:

Cash and cash equivalents	667	1,010	-	261
Trade and other receivables	77,394	44,226	919	400
Advances to subsidiaries	-	-	165,986	152,036
Advances to employees	2,084	1,653	2,084	1,653
	80,145	**46,889**	**168,989**	**154,350**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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 2011 the Company had an interest rate swap agreement in place with a total notional principal amount of $96.0 million (2010: $70.0 million). The agreement effectively changes the Company's interest rate exposure on the principal of $96.0 million (2010: $70.0 million) from a floating rate to a fixed rate of 5.94% (2010: 6.58%). The fair value of the agreement at 31 March 2011 was a liability of $5.7 million (2010: liability of $4.0 million). The interest rate swap agreement covers notional debt amounts for a term of five years at a composite interest rate of 5.94% (2010: 6.58%).

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	
	2011	2010	2011	2010
	%	%	$000	$000
Less than 1 year	5.94%	6.58%	96,000	70,000
1 to 2 years	5.94%	6.58%	78,200	70,000
2 to 3 years	5.94%	6.58%	64,000	56,000
3 to 4 years	5.94%	6.58%	48,000	42,000
4 to 5 years	5.94%	6.58%	32,000	28,000

(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 $75.9 million (2010: $71.8 million) of New Zealand dollar undrawn facilities at its disposal to further reduce liquidity risk. In addition there was an undrawn loan facility of AUD$30 million (2010: AUD$Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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							
	2011				2010			
	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	-	34,172	3,748*	37,920	-	19,037	5,500*	24,537
Employee entitlements	-	5,980	-	5,980	-	5,300	-	5,300
Interest rate swaps	-	5,657	-	5,657	-	3,993	-	3,993
Bank loans (secured)	-	10,108	148,500	158,608	-	3,635	139,500	143,135
Occupancy advances (non interest bearing)	-	89,471	699,292	788,763	-	83,439	571,334	654,773
	-	**145,388**	**851,540**	**996,928**	**-**	**115,404**	**716,334**	**831,738**

* 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 (2010:$2.8 million) overdraft facility that is secured. Interest would be payable at the 3 month BKBM rate plus a specified margin.
- A loan facility of NZ$230.0 million (2010: NZ$210.0 million) of which NZ$35.0 million (2010: NZ$35.0 million) is for 1 year and NZ$195.0 million (2010: NZ$175.0 million) is for 2 years. The loan facility of NZ$230.0 million is provided by ANZ National Bank Ltd (NZ$153.3 million) and Commonwealth Bank of Australia (NZ$76.7 million) in accordance with the terms of a syndicated loan agreement. In addition there is an undrawn loan facility of AUD$30 million which will be used to fund the company's initial land purchase and early development in Australia (2010: AUD$Nil).

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 2011

19. Financial Instruments (continued)

(c) Liquidity Risk (continued)

CONTRACTUAL MATURITY DATES

	2011				2010			
	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:								
Bank overdraft	-	161	-	161	-	-	-	-
Trade & other payables	-	27,965	3,748*	31,713	-	14,969	5,500*	20,469
Employee entitlements	-	1,025	-	1,025	-	967	-	967
Interest rate swaps	-	5,657	-	5,657	-	3,993	-	3,993
Bank loans (secured)	-	10,108	148,500	158,608	-	3,635	139,500	143,135
Occupancy advances (non interest bearing)	-	725	3,605	4,330	-	741	3,019	3,760
	-	**45,641**	**155,853**	**201,494**	**-**	**24,305**	**148,019**	**172,324**

* relates to 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 2011 would decrease/increase by $430,175 (2010: decrease/increase by $367,040) 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 2011 and 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

20. Commitments

Capital Expenditure Commitments

The Group and Parent had commitments relating to the acquisition of land and construction contracts amounting to $19.7 million as at 31 March 2011 (2010: $10.9 million).

Operating Lease and Other Commitments

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

	GROUP		PARENT	
	2011	2010	2011	2010
	$000	$000	$000	$000
Commitments within:				
Less than 1 year	374	257	374	257
Between 1 and 5 years	631	771	631	771
More than 5 years	-	-	-	-
	1,005	**1,028**	**1,005**	**1,028**

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 (2010: $7.7 million).

21. Contingent Liabilities

The Group had no contingent liabilities as at 31 March 2011 (2010: $Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	GROUP		PARENT	
	2011 $000	2010 $000	2011 $000	2010 $000
Net profit after tax	**100,177**	**78,417**	**35,685**	**31,906**
Adjusted for:				
Fair value movement of investment properties	(80,796)	(66,327)	(161)	(363)
Non-cash items:				
Depreciation	6,090	5,229	621	621
Impairment	-	1,176	-	-
Deferred tax	2,595	5,399	(82)	129
Movements in balance sheet items:				
Accrued management fees	(15,281)	(11,907)	(4)	(55)
Trade and other payables	495	2,040	(1,643)	1,363
Trade and other receivables	(33,834)	22,949	(688)	(340)
Employee entitlements	680	840	59	136
Occupancy advances	152,959	111,625	580	233
Net operating cash flows	**133,085**	**149,441**	**34,367**	**33,630**

Net operating cash flows for the Group includes occupancy advance receipts from retirement village residents of $201.8 million (2010: $216.3 million) and Parent $0.9 million (2010: $0.9 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

24. Segment Information

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. 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 $40.8 million (2010: $36.3 million); Parent $1.0 million (2010: $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 non executive 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 2,614,600 fully allocated shares, which represents 0.52% of the total shares on issue (2010: 2,422,541 fully allocated shares which represented 0.48% 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 2011

25. Employee Share Scheme (continued)

The following reconciles the shares purchased on market under the scheme at the beginning and end of the financial year:

	2011 Number of Shares	2010 Number of Shares
Balance at beginning of the financial year	2,422,541	2,238,312
Purchased on market during the year	872,148	839,100
Forfeited during the financial year	-	(58,280)
Vested during the financial year	(680,089)	(596,591)
Balance at end of the financial year	**2,614,600**	**2,422,541**

Shares were purchased under the scheme in August 2010 at a price of $2.06 per share. Remaining shares held by the scheme were purchased in August 2009 ($1.90) and August 2008 ($1.72).

Shares vested in August 2010 were originally purchased at $2.09 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; this balance includes $871,000 owing by the Managing Director in respect of the share scheme.

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 3.8 cents per share or $19.0 million, with no imputation credits attached, to be paid on 24 June 2011.

27. Authorisation

The directors authorised the issue of these financial statements on 18 May 2011.

S.B. Ashton

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

D. Kerr

David Kerr
Chairman

Independent Auditor's Report to the Shareholders of Ryman Healthcare Limited

Report on the Financial Statements

We have audited the financial statements of Ryman Healthcare Limited and group on pages 18 to 49, which comprise the consolidated and separate balance sheets of Ryman Healthcare Limited, as at 31 March 2011, the consolidated and separate income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, 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 2011, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2011:

- 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.

Deloitte

Chartered Accountants
18 May 2011
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, Jo Appleyard, Sidney Ashton, Warren Bell and Andrew Clements 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), Warren Bell and Andrew Clements, who are all independent directors. Sidney and Warren are members of the New Zealand Institute of Chartered Accountants.

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), Andrew Clements and Kevin Hickman.

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 Warren Bell 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

Jo Appleyard

Partner: Chapman Tripp - legal advisor to the Company
Member: NZX Disciplinary Committee

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*

Warren Bell

Chairman: Hallenstein Glasson Holdings Ltd Group
Chairman: St Georges Hospital Inc
Chairman: Selwyn Investment Holdings Limited
Director: Timaru District Holdings Limited
Director: Meadow Mushrooms Group of Companies
Director: Cyprus Enterprises Limited
Director: Maling & Company Limited
Director: New Zealand Racing Board
Director: Sabina Limited
Director: Palms Services Limited
Director: Golflinks Limited
Director: Bilderford Holdings Limited
Director: Warren Bell Limited
Trustee: Emerald Trust (part shareholder of Airport Business Park)
Trustee: Waiwetu Trust (part shareholder of Airport Business Park)

Michael Cashin[1]

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

Simon Challies

None

* *Denotes positions no longer held*
1. *No longer a board member, positions shown are those held while still on the board.*

Andrew Clements

Principal-Director and Shareholder: Zeus Management Limited
Director: Zeus Capital Limited & its wholly owned Subsidiaries*
Director: The New Zealand Refining Company Limited
Chairman: Orion Corporation Limited
Director: Revera Limited
Director: Antipodes Wing Limited
Principal-Director and Shareholder: Jacon Investments Limited
Trustee: Graeme Dingle Foundation
Chairman: NZ Asset Management Limited
Director: RDGP Limited
Chairman: Amadeus Asset Administration Limited
Chairman: New Zealand Football Foundation
Trustee: The Mt Wellington Stadium Charitable Trust

Kevin Hickman

Trustee: The Hickman Family Trust
Director: James Lloyd Developments Limited
Director: Valachi Downs Limited
Director/Shareholder: 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
Trustee: Waiwetu Trust (part shareholder of Airport Business Park)

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

Donald Trow[1]

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

Specific Disclosures

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.

The Company was granted a waiver by NZX on 15 June 2010 from NZSX Listing Rule 7.6.4(b)(iii) in relation to the provision of financial assistance to the Managing Director in accordance with the Company's employee share scheme (see note 25 to the financial statements for details of the scheme).

Shareholdings

Director	Relevant Interest 2011	Relevant Interest 2010
Jo Appleyard	78,700[1]	28,700[1]
Sidney Ashton	1,000,000[2]	1,000,000[2]
Simon Challies	1,768,672[3]	n/a
Andrew Clements	1,600,000[4]	10,000,000[5]
Kevin Hickman	35,834,955[6]	35,834,955[6]
David Kerr	250,000[7]	200,000[7]

1 Held as trustee of The Appleyard and Larkin Family Trust
2 Shares held by S B Ashton and J E Ashton
3 1,027,743 shares held by D Kerr as custodian of Ryman Healthcare Employee Share Purchase Scheme
4 Held by Jacon Investments Ltd
5 Held by Zeus Delta Ltd
6 Held as a trustee of The Hickman Family Trust
7 Shares held by DW & DJ Kerr and The DW Kerr Family Trust

Directors Remuneration

Directors remuneration paid during the financial year:

Director	Directors Fees	Salaries, Bonuses & Consulting Fees
Jo Appleyard	$66,667	-
Sidney Ashton[1]	$76,667	-
Warren Bell [1, 2]	$14,167	-
Michael Cashin[3]	$48,333	-
Simon Challies	-	$502,519
Andrew Clements[1]	$73,333	-
Kevin Hickman	$66,667	$50,000
David Kerr	$133,333	-
Donald Trow[4]	$20,000	-

1 Member of Audit and Financial Risk Committee
2 Joined board in February 2011
3 Passed away during year, remunerated to November 2010
4 Retired at 2010 AGM

Directors of Subsidiary Companies

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

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	Remuneration	No. of Employees	Remuneration	No. of Employees
$320,000 - $330,000	1	$210,000 - $220,000	1	$130,000 - $140,000	3
$300,000 - $310,000	1	$170,000 - $180,000	1	$120,000 - $130,000	6
$290,000 - $300,000	1	$160,000 - $170,000	3	$110,000 - $120,000	4
$220,000 - $230,000	1	$140,000 - $150,000	2	$100,000 - $110,000	9

Share Dealing

Director	Nature of Interest	Shares Acquired /(Disposed)	Consideration	Date
David Kerr	Beneficial	50,000	$2.07	11 August 2010
Jo Appleyard	Beneficial	25,000	$2.06	17 August 2010
Simon Challies	Beneficial	125,264	$2.06	17 August 2010
Jo Appleyard	Beneficial	25,000	$2.15	19 November 2010
Andrew Clements	Non-beneficial	1,600,000	$2.15	23 November 2010
Andrew Clements	Non-beneficial	(10,000,000)	$2.15	23 November 2010

David Kerr, as custodian of the Ryman Healthcare Employee Share Purchase Scheme, acquired 872,148 shares during the year, disposed of 680,089 shares during the year, and held 2,614,600 shares in total at 31 March 2011 (also refer note 25). Andrew Clements became a joint custodian with David Kerr on 29 April 2011.

Top 20 Shareholders as at 31 May 2011

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	G A Cumming	35,499,900	7.10%
4	Tea Custodians Limited [2]	26,366,972	5.27%
5	Tainui Group Holdings Limited	22,500,000	4.50%
6	Citibank Nominees (NZ) Limited [2]	18,845,966	3.77%
7	National Nominees New Zealand Limited [2]	15,116,137	3.02%
8	Premier Nominees Ltd - ING Wholesale Australasian Share Fund A/C [2]	13,607,910	2.72%
9	HSBC Nominees (New Zealand) Limited [2]	13,255,564	2.65%
10	Custodial Services Limited No. 3 A/C	12,882,004	2.58%
11	833763 Alberta Incorporated	12,450,000	2.49%
12	MFL Mutual Fund Limited [2]	10,476,393	2.10%
13	NZ Superannuation Fund Nominees Limited [2]	10,451,825	2.09%
14	Premier Nominees Ltd - ING Wholesale Equity Selection Fund [2]	4,906,767	0.98%
15	Forsyth Barr Custodians Limited	4,649,185	0.93%
16	FNZ Custodians Limited	4,618,663	0.92%
17	Masfen Securities Limited	4,400,000	0.88%
18	Walter and Jeanette Yovich	4,233,970	0.85%
19	Custodial Services Limited No. 2 A/C	4,208,178	0.84%
20	Custodial Services Limited No. 18 A/C	4,175,452	0.84%
		298,479,841	**59.70%**

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 31 May 2011

Size of Shareholding	Number of Shareholders		Shares Held	
1 - 1000	1,416	12.08%	1,049,437	0.21%
1001 - 5000	5,208	44.41%	16,270,768	3.25%
5001 - 10000	2,364	20.16%	18,826,553	3.77%
10001 - 50000	2,348	20.02%	51,206,745	10.24%
50001 - 100000	200	1.71%	14,173,506	2.84%
100001 and Over	190	1.62%	398,472,991	79.69%
Total	**11,726**	**100.00%**	**500,000,000**	**100.00%**

Substantial Security Holder Notices Received as at 31 May 2011

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
G A Cumming	35,499,900	7.10%	26 December 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.

Head Office / Registered Office

Airport Business Park, 92b Russley Road, Christchurch
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, Warren Bell,
Simon Challies (Managing Director), Andrew Clements,
Kevin Hickman, David Kerr (Chairman)

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

Bob Owens Retirement Village
112 Carmichael Road, Bethlehem, Tauranga
Ph: (07) 579 3041

Diana Isaac Retirement Village
Off East Ellington Drive, Shirley, Christchurch
Ph: (03) 386 3018

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

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
12 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

ANNUAL REPORT 2011

RYMAN HEALTHCARE

NGAIO MARSH RETIREMENT VILLAGE, CHRISTCHURCH