ANNUAL REPORT 2012

RYMAN HEALTHCARE

CONTENTS

RYMAN
HEALTHCARE

2012 Highlights

- Underlying Profit up 17% to $84.1 million
- Dividend lifted 17% to 8.4 cents per share
- Build rate in New Zealand lifted to 700 units/beds p.a
- Acquired first site in Australia
- Opened new villages in Tauranga and Gisborne

Financial Results

Dr David Kerr

I am delighted to report to you that we have again exceeded our medium term growth target, with underlying profits increasing 17% to a record $84 million. Unrealised valuation gains lifted the reported profit after tax to $121 million.

Operating cashflows grew 27% to a record $169 million for the year, and the increasing value of the village assets helped boost shareholders equity by 14% to $647 million.

The result was exceptional, given the major challenges in Christchurch over the past 18 months, and the team has responded with a performance which exceeds even our own targets.

The record profit also meant we achieved a decade of record results – something I will comment on later in this report.

Year ended 31 March 2012	$m
Underlying Profit	**84.1**
Plus Unrealised revaluations of RV units	+46.1
Less Deferred tax movement	-9.4
Reported Net Profit - IFRS	**120.8**

The underlying profit growth has prompted the directors to lift the annual dividend by 17% to 8.4 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 built 710 retirement units and aged care beds during the year, up 24% on the previous year, and well ahead of its target build rate of 550 units and beds per annum. We plan to continue building at this higher rate of 700 units and beds per annum.

Strong operating cashflows allowed the company to self-fund the bulk of its building activity. Bank facilities increased to meet the additional working capital required to build at a higher run-rate in New Zealand, and to fund the company's expansion into Australia.

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.

Kevin Hickman and Andrew Clements retire by rotation at this year's Annual Meeting, and are offering themselves for re-election. Profiles for Kevin and Andrew can be found in the Directors' section of this annual report.

In March 2012 Sid Ashton resigned from the Board and we will be seeking to replace Sid with an Australian based Director. The Board is currently reviewing suitable candidates. In addition we have appointed another Australian Director to our Australian subsidiary companies.

The remuneration of the Board has been reviewed and we are seeking shareholder approval for an increase in directors' fees from the level approved by shareholders in 2010. The proposal to be considered at the Annual Meeting is for total Directors' Fees to increase from $555,000 (for six New Zealand Directors) to $670,000 per annum (for five New Zealand Directors and two Australian Directors). We are proposing to allocate the proposed Directors' Fees of $670,000 as follows: $85,000 as the base Directors' Fees for all five New Zealand based non executive Directors; $10,000 additional Directors' Fees for the Chairman of the Audit and Financial Risk Committee; $85,000 additional Directors' Fees

for the Chairman of the Board and a further $150,000 for additional Australian based Directors for Ryman Healthcare Limited and the Australian subsidiaries.

We believe the proposal is reasonable, given the increased scale of the company and the larger demands placed on Directors. As you can see, the increase is largely the result of the need for us to appoint Australian based Directors.

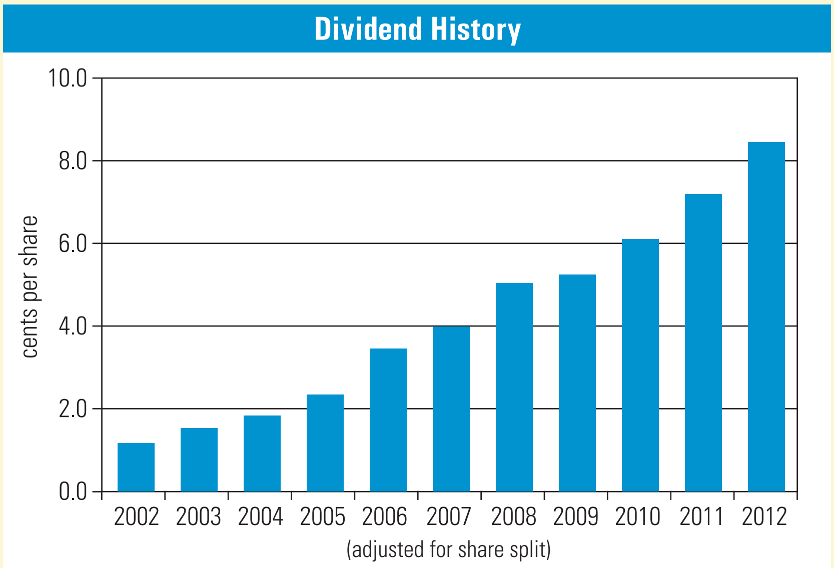
We are recommending that Deloitte be reappointed as auditor for the 2013 financial year. Deloitte are engaged solely in an audit capacity to ensure that their independence is not impaired.

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 Bob Owens Retirement Village in Tauranga at 2 pm on Tuesday 31 July.

Senior management share scheme

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 pages 15-16).

Under the current employee share purchase schemes the Board has resolved to provide financial assistance, by way of interest free loans of up to $3 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.

New share scheme for all staff

The Board is keen to encourage all staff members who have expressed an interest in becoming shareholders, and who want to share in the long term growth of Ryman. To help staff members with this aspiration, the Board is pleased to announce the introduction of a new employee share scheme which will be available for all staff.

To participate in the scheme staff may contribute a minimum of $1,000 (and up to a maximum amount of $10,000) towards the purchase of Ryman shares. In addition, the company will advance a non recourse interest free loan equal to 50% of the employee's contribution towards the share purchase. For example, if a staff member wishes to purchase $3,000 of shares, they will contribute $2,000 from their own funds and the company will lend a further $1,000. The loan is repayable when the staff member leaves the company.

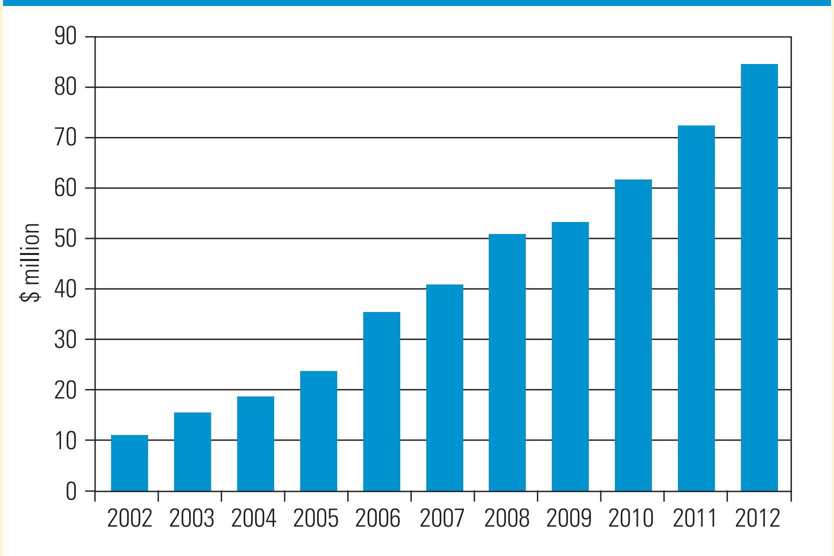
These shares will be acquired on market in August following the AGM. The Board believes that this new scheme will align staff and shareholder interests and that this will assist in developing a wider interest in the long term creation of shareholder value in the company.

A decade of record results

The result is a significant milestone, as it marks ten years in succession of record profit results for the company.

This is no mean feat, as many companies talk about double digit growth but only a tiny percentage of large companies reliably grow their bottom line year after year. In fact, a recent report in the Harvard Business Review highlighted that only 5 out of 2,350 large companies surveyed from around the world grew both their revenues and profits by 5% or more every year over the last 10 years.

Underlying Profit History



This growth is only possible because we have generated significant goodwill with our three most important stakeholders – our residents, our staff and our shareholders. We believe that sustainable long term success can only be achieved by looking after the interests of each of these three groups and gaining their loyal support.

We are committed to offering our residents the very best in retirement village living and aged care. Our Ryman Peace of Mind Guarantees are acknowledged as amongst the fairest and best terms in the sector, and our resident satisfaction surveys tell us each year that we are meeting and exceeding their expectations. For example, the fact that we guarantee a resident's base weekly fee in a retirement village unit will never increase provides our elderly residents with the security they deserve.

Our focus on continuing to lift the bar on the quality of our aged care delivery continues unabated. For example, during the year we introduced new auditing tools to further analyse resident health needs and these take our internal quality standards well above what is typically seen in the sector.

We are committed to providing pay rates to staff above those seen in the aged care sector, and paying annual increases above what the Government provides by way of aged care fee increases. Staff are further rewarded through increased pay for passing additional aged care qualifications, which we support them to study. The new share scheme provides staff with a further chance to participate in the company's growth.

Evelyn Page Retirement Village, Orewa

You, our shareholders, have been rewarded with growing dividends and share value. In fact, since we listed in 1999 the total shareholder returns have now reached 1600%, a compound annual growth rate in excess of 24% which is unrivalled on the NZX over this period. And we have never had to seek fresh equity from our shareholders to achieve our growth.

Outlook

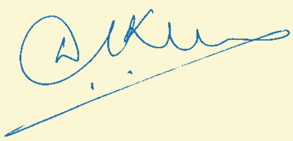
The growth drivers for Ryman are not just from our unique offering.

The NZ Government has recognised the need for an additional 12,000 – 20,000 aged care beds to meet the projected growth in demand over the next 15 years. In addition, Statistics NZ estimates the number of New Zealanders aged 75 plus will more than double from 250,000 to 516,000 over the next twenty years. In Australia the outlook is similar, with the number aged 75 plus set to double to 2.8 million.

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

We plan to do this through, firstly, the growth-on-growth effect at completed villages. Half of our units and beds have only been completed in the last five years, which means we can expect ongoing growth in our tail of earnings as these villages mature. Secondly, we are experiencing strong demand for our villages which has spurred us on to keep building at the rate of 700 units and beds per annum in New Zealand. And finally, we are excited about the potential for growing Ryman in Australia with development expected to commence at our first site in the year ahead.

The support of residents and their families remains the cornerstone of our success and our future. We are very grateful for the trust that they place in us every day. And finally I want to thank all the staff across Ryman for another outstanding year. They have shown once again an unwavering commitment to our residents while meeting the demands of a growing business.



Dr David Kerr
Chairman

It is my pleasure to report to you on another very successful year for Ryman Healthcare. A year in which the organisation faced, and overcame, some significant and unique challenges.

We started the year in our makeshift head office near the airport in Christchurch, with no access to our physical records at our head office in the CBD, and with our Christchurch team carrying significant personal stress as a result of the February 2011 earthquake.


Simon Challies

November, and complete the first stage of 24 townhouses at Diana Isaac by year end.

Outside of Christchurch we also experienced strong demand for our new villages, which fuelled our build programme and has placed us in a strong presales position for the new financial year. This surge in demand has given us the confidence to commit to building 700 units and beds in New Zealand on an ongoing basis.

We ended the year having completed a record build programme, opening six new aged care facilities, acquiring our first site in Australia, achieving record sales and a record profit result.

The achievements of the past year are testament to the commitment and "never give in" attitude of a remarkable group of people who I work with. I am very grateful to the whole Ryman team for their individual contribution and commitment to the residents, to each other and the company.

During the year our building activity was spread across ten sites, with the most significant milestones being the opening of the Kiri Te Kanawa Retirement Village in Gisborne and the Bob Owens Retirement Village in Tauranga.

The village portfolio at year end reached 5,448 aged care beds and retirement village units spread over 24 villages. The number of beds and units is now almost double that built five years ago, and is set to grow even more strongly as we are now building at the rate of 700 units and beds per annum in New Zealand.

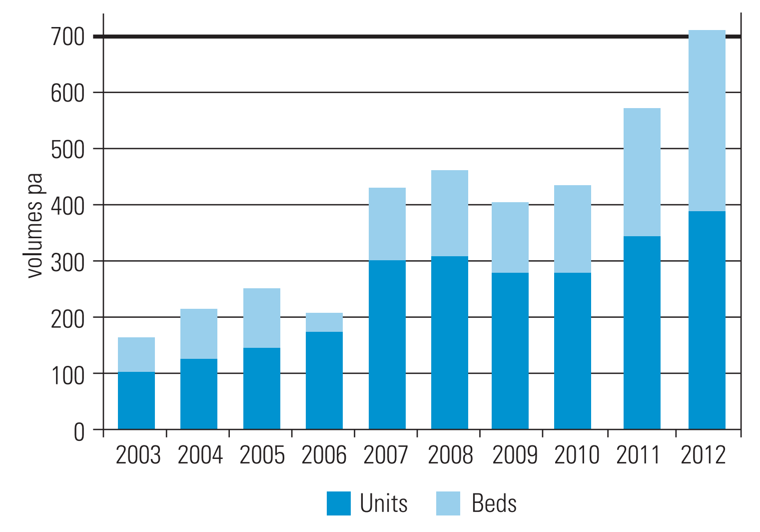
Record Build Programme

Our level of building activity has lifted significantly in the past two years - last year it lifted from 434 units/beds to 571, and this year it has lifted again to 710 units/beds.

The escalated build rate this year was primarily driven by the decision we made immediately after the Christchurch earthquake to bring forward our plans to build a new 70 bed care facility at Anthony Wilding, and to fast-track our plans for the new Diana Isaac Retirement Village.

Fortunately both sites were in good shape for building and we were able to open the new two-storey resthome/dementia facility at Anthony Wilding by the end of

Build Programme now at 700



Six New Aged Care Facilities

The operations team had a very industrious year, opening six new care facilities around the country. Two of these were at the new villages in Gisborne and Tauranga, the other four were in Christchurch, Auckland, New Plymouth and Hamilton.

We opened 322 beds in total, with the vast majority of these beds being established to provide hospital and dementia care. We also redesignated a number of existing resthome beds to hospital level care.

This emphasis on hospital and dementia care (as opposed to resthome care) arose as a number of our villages did not provide these services, and we were keen to be able to offer the full continuum of care to our residents. It also reflects the growing demand for both hospital and dementia level care, and the pricing signals given by the Government.

Aged Care Sector

Delivering consistently good care to our residents, and improving the quality of life of our aged care residents is the challenge we face every day in both our new and established villages. This challenge is exacerbated by the limited funding available from the Government for aged care, so we see it as our responsibility to improve our aged care earnings so that we have scope to pay our caregivers more and are able to continue to invest in aged care facilities in New Zealand.

In contrast to Australia there have been very few new aged care facilities built in New Zealand over the past decade, other than our own. In fact, our building activity has almost been matched by closures over the same period so capacity has not increased significantly. We have been able to build as the capital is provided by the retirement village component, and to achieve any level of return we have had to increase the scale of our new facilities to 100+ beds.

Looking at the year ahead we have just received resource consent for the new Waikanae village, and plan to have this village open by year end. The village has been named after one of New Zealand's most respected scientists and environmentalists, Sir Charles Fleming.

We acquired a site in Howick for a new village during the year, which combined with the new Melbourne site gives us a landbank of just over 2,200 units and beds. Both the Howick and Melbourne sites are currently in the planning approval phase.

We are actively seeking further sites in New Zealand to replenish the landbank, and aim to secure at least two new sites in the year ahead.

Bob Owens Retirement Village, Tauranga

Despite the DHB fee increases being limited to an average of 1.5% for the last three years, we have lifted our pay rates by 2.5% per annum consistently and in addition we have increased our incentives for our staff to complete training – training which is fully funded by the company.

Like every householder we have faced significant cost pressure due to general cost inflation, but we have also had to increase our staffing hours to address the increasing dependency of our residents.

These dynamics are proving extremely challenging for the whole aged care sector, as identified by the Aged Residential Care Service Review prepared for the Government in 2010, and the recent Human Rights Commission Inquiry.

Australia

In November we completed the acquisition of our first site in Melbourne. The 2.2 hectare site is located in the suburb of Wheelers Hill, very close to the shops and the local community facilities.

We had identified the Waverley area (which includes Wheelers Hill) as an area which has a fast growing elderly population and was already underserviced by aged care and retirement facilities.

We have planned a typical Ryman village which offers the full continuum of care, with 80 aged care beds and over 250 retirement units over 3-4 levels and to be built on a stage basis. We are currently awaiting planning approval and expect to start building the first stages this year.

We recognise that this first village will present a relatively steep learning curve for the company, and we are therefore not committing to any further sites until we have some "runs on the board" at this first village.

The Australian Government recently announced major reforms to aged care in response to a review conducted by their Productivity Commission. These reforms take effect over the next couple of years and overall we believe the changes will be positive for us.

Celebrating Excellence

Our aim is to be the first choice for retirement living and aged care services in each community we serve. We enjoy a very good reputation however we are not resting on our laurels.

For example, when we design a new village we are always trying to lift the bar. In practice, this means undertaking a disciplined and critical review of our

new facilities, inviting and considering the feedback from residents, relatives, prospective residents, our staff and the building team. It is often the smallest details which can make all the difference in the lives of our residents, and can make the difference between the product being affordable or not.

Our commitment to continuous improvement in our aged care services is reflected in our certification audit results. All of our established facilities have at least three years certification which is an excellent result. However three of the twelve facilities audited in the past eighteen months have been awarded four years certification, the equivalent of an excellence award from the Ministry of Health, and a status held by only 36 public and private healthcare facilities in New Zealand, including all Public Hospitals.

We critically analyse the responses we receive from our residents and relatives in our annual satisfaction surveys, taking action to address issues which arise at a both local village level and at a group-wide level, where appropriate. This means that all of our 6,000 plus residents gain the advantage of our experience, and the new ideas developed.

The relentless pursuit of excellence and performance gains is something which is ingrained in the psyche of the company. You cannot stand still, or else you will be overtaken by your competitors, and, when you have the right people they are motivated by achieving at a high level.

We celebrate the achievement of excellence at our annual awards, where we recognise the top performing villages and the top performers in individual disciplines.

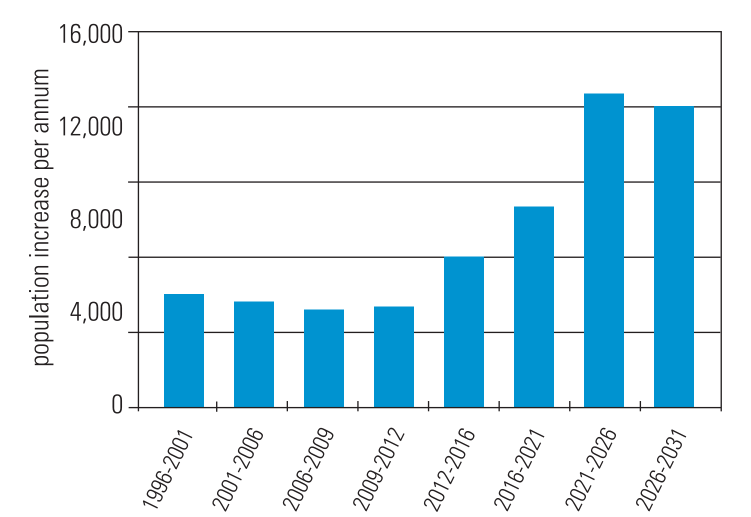
Outlook

The company's footprint has almost doubled in the past five years as have the number of people – there are now over 3,000 staff serving 6,000 plus residents.

At our new build rate the number of Ryman residents in New Zealand is expected to reach 10,000 five years from now, at a time when the first of the baby boomers will be celebrating their 70th birthdays.

Ironically the growth the company has experienced over the past five years has come at a time when the older population has not grown dramatically. Over the past 15 years the 75 plus population has grown at the rate of 5,000 per annum. In contrast over the next five years we will see this growth rate double to 10,000 per annum – a reflection of the mini baby boom which took place between 1937 and 1945. And lift again to 16,000 per annum when the baby boomers start turning 75 in 2021.

Population 75+ rapidly increases



Source: Statistics NZ

Matt Hutchinson (Winner) & Matt Crawford (Finalist), Excellence in Health & Safety

Ryman Healthcare Annual Awards 2012

Our Annual Ryman Awards are always a special occasion and these awards recognise and acknowledge staff and villages who make an outstanding contribution to Ryman's success through their passion, dedication and commitment to quality. Many of the winners were genuinely shocked and humbly accepted their awards, graciously citing others as their support.

Dale Tweedie, Outstanding Nursing Achievement

Wendy Taylor, Village Manager of the Year

Sue Miller, Hero of the Year

Julie Crofts, Sales Advisor of the Year (Established Village)

Sharon Denniston, Allied Employee of the Year

Liz Turner, Sales Advisor of the Year (New Development)

Sharyn Ward, Caregiver of the Year

Trudy Shepard – Award for Excellence

Jenny Thiele & Joy Notman, Village of the Year, Ngaio Marsh (large) and Frances Hodgkins (medium)

Ryman Healthcare present a cheque for $200,000 to Osteoporosis New Zealand. From left: Simon Challies (Managing Director), Tracey Sprott (Rita Angus Village Manager), Jennifer Button (Past chair of Osteoporosis), and Glenis Walker and Val Hansen, Rita Angus Retirement Village residents.

The company is well positioned to serve this rapidly growing segment of our society. We are often asked whether we will reach saturation point in the New Zealand market if we keep building at the current rate. The answer is no – Ryman currently represents 9.5% of the aged care and retirement village market, and if the market expands in line with the 75 plus population then in 2031 Ryman will be only 17.0% of the market. At which time the market is likely to be entering its strongest growth phase as the first baby boomers reach the ripe old age of 85.

Add to the mix our planned expansion into Australia and you will appreciate that the opportunities for the company are immense. To achieve our goals we are expanding the management team, and actively recruiting and identifying talented people who can help us drive the organisation in the future. We are also increasing our investment in information systems to provide ourselves with better information and the ability to efficiently manage a larger scale organisation.

We are excited about the opportunities and challenges which lie ahead for the company. We have a great team of people, who are committed to serving the residents, who are striving to achieve results for the company and are very proud to be part of the success story which is Ryman.

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, 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 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.

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 joined the Board in January 2009.

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 Corporation Limited, 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 chairman of The New Zealand Football Foundation and a trustee of The Mt Wellington Stadium Charitable Trust.

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.

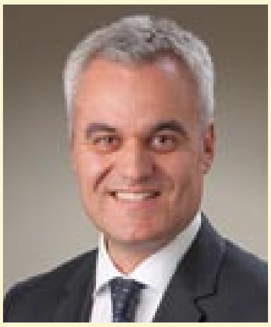
Warren joined the Ryman Board in 2011 and is Chariman of the Audit & Financial Risk Committee.

SIMON CHALLIES
LLB, B COM, CA
MANAGING DIRECTOR

Simon joined the company in 1999 as Chief Financial Officer, and was appointed Chief Executive in 2006 and then Managing Director in 2010.

Simon holds a Bachelor of Commerce and Law from the University of Canterbury and is a Chartered Accountant.

MANAGEMENT PROFILES



GORDON MACLEOD
CHIEF FINANCIAL OFFICER / COMPANY SECRETARY

Gordon joined the company in 2007. He was previously a Corporate Finance Partner with Pricewaterhouse Coopers and a Finance Director of a London listed hi-tech engineering company. Gordon holds a Bachelor of Commerce from the University of Canterbury and is a Chartered Accountant.

BARBARA REYNEN
OPERATIONS MANAGER

Barbara joined the company in 1992 as a Nurse Manager at Glamis Hospital in Dunedin. In 1997 she was appointed the Ryman Director of Nursing and in 2002 was promoted to Operations Manager. Barbara is a Registered Nurse, holds an Advanced Diploma in Nursing, a Post Graduate Diploma in Management and a Masters in Health Sciences (endorsed in Gerontology).

DEBBIE VERSEY
GROUP SALES MANAGER

Debbie joined Ryman in 1990 as a Village Administrator, following a 10 year career in the banking sector.

Debbie moved into a sales role in 1998, and was promoted to Group Sales Manager in 2002.

TAYLOR ALLISON
DESIGN MANAGER

Taylor joined the company in 2000 as head of design. He has over 30 years design experience and also worked in the civil and structural design fields.

TOM BROWNRIGG
CONSTRUCTION MANAGER

Tom joined Ryman in 2006. He has over 20 years experience in the construction industry both in NZ and the UK, in roles ranging from a carpenter to a project manager, and in both residential and commercial construction.

ANDREW MITCHELL
DEVELOPMENT MANAGER

Andrew joined Ryman in 2007 after several years as a Regional Development Manager for Sunrise Senior Living in the UK. Andrew holds a Bachelor of Commerce in Valuation and Property Management from Lincoln University.

PHILIP MEALINGS
PROPERTY / PURCHASING MANAGER

Philip joined Ryman in 2000 as Property/Purchasing Manager, after several years as purchasing manager with Ben Rumble Communications.

JENN POSKITT
MARKETING MANAGER

Jenn joined Ryman in 2009 as Marketing Co-ordinator and was promoted to her current role in 2011. Jenn holds a Bachelor of Science (Marketing and Management) from Oklahoma State University.

		2012	2011	2010	2009	2008
Financial						
Underlying Profit	$m	84.1	72.1	61.4	53.0	50.5
Net Operating Cash Flows	$m	169.2	133.1	149.4	114.2	125.8
Net Assets	$m	647.2	565.8	456.6	408.2	372.2
Interest bearing Debt to Equity ratio	%	33%	28%	31%	35%	39%
Reported Net Profit After Tax	$m	120.8	100.2	78.4	66.1	72.6
Dividend per Share	Cents	8.4	7.2	6.1	5.25	5.0
Sales of Occupation Rights [1]	No.	780	699	631	597	578
New facilities						
Built during year:						
Resthome/Hospital Beds	No.	322	228	155	125	153
Retirement Village Units	No.	388	343	279	278	308
Land bank (to be developed) [2]	No.	2,229	2,141	1,897	1,790	1,767
Completed facilities						
Resthome/Hospital Beds	No.	2,174	1,852	1,674	1,519	1,394
Retirement Village Units	No.	3,274	2,886	2,543	2,264	1,986

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 2012

		GROUP		PARENT	
	Note	2012 $000	2011 $000	2012 $000	2011 $000
Care fees		126,869	105,753	2,128	2,034
Management fees		27,253	23,337	120	96
Interest received		662	501	6,587	7,967
Other income	1	393	59	49,984	43,616
Total revenue		**155,177**	**129,650**	**58,819**	**53,713**
Fair value movement of investment property	8	101,857	80,796	313	161
Total income		**257,034**	**210,446**	**59,132**	**53,874**
Operating expenses	2	(112,820)	(93,626)	(10,726)	(9,740)
Depreciation expense	3	(6,995)	(6,090)	(636)	(621)
Finance costs	4	(7,066)	(7,958)	(7,033)	(7,910)
Total expenses		**(126,881)**	**(107,674)**	**(18,395)**	**(18,271)**
Profit before income tax		**130,153**	**102,772**	**40,737**	**35,603**
Income tax expense	5	(9,382)	(2,595)	(399)	82
Profit for the period		**120,771**	**100,177**	**40,338**	**35,685**
Earnings per share: Basic and Diluted (cents per share)	14	24.3	20.1		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2012

	Note	Group 2012	Group 2011	Parent 2012	Parent 2011
Profit for the period		**120,771**	**100,177**	**40,338**	**35,685**
Fair value movement of interest rate swaps	15	(670)	(1,664)	(670)	(1,664)
Movement in deferred tax related to interest rate swaps	15	188	386	188	386
Revaluation of Property, plant and equipment (unrealised)	7, 15	-	44,319	-	94
Gain on hedge of foreign owned subsidiary net assets	15	161	-	-	-
Gains/(losses) on translation of foreign operations	15	(161)	-	-	-
Deferred tax impact on revaluation reserve	15	-	435	-	30
Other comprehensive income		**(482)**	**43,476**	**(482)**	**(1,154)**
Total comprehensive income		**120,289**	**143,653**	**39,856**	**34,531**

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 2012

	Issued Capital	Asset Revaluation Reserve	Interest Rate Swap Reserve	Foreign Currency Translation Reserve	Treasury Stock	Retained Earnings	Total Equity
	$000	$000	$000	$000	$000	$000	$000
GROUP							
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**
Balance at 1 April 2011	**33,290**	**128,057**	**(4,073)**	**-**	**(4,950)**	**413,506**	**565,830**
Total comprehensive income for the period	-	-	(482)	-	-	120,771	120,289
Treasury stock movement	-	-	-	-	(400)	-	(400)
Dividends paid to shareholders	-	-	-	-	-	(38,500)	(38,500)
Closing Balance at 31 March 2012	**33,290**	**128,057**	**(4,555)**	**-**	**(5,350)**	**495,777**	**647,219**
PARENT							
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**
Balance at 1 April 2011	**33,290**	**1,936**	**(4,073)**	**-**	**(4,950)**	**16,318**	**42,521**
Total comprehensive income for the period	-	-	(482)	-	-	40,338	39,856
Treasury stock movement	-	-	-	-	(400)	-	(400)
Dividends paid to shareholders	-	-	-	-	-	(38,500)	(38,500)
Closing Balance at 31 March 2012	**33,290**	**1,936**	**(4,555)**	**-**	**(5,350)**	**18,156**	**43,477**

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

		GROUP		PARENT	
	Note	2012 $000	2011 $000	2012 $000	2011 $000
Assets					
Cash and cash equivalents		2,771	667	193	-
Trade and other receivables	6	91,786	77,394	36	919
Advances to subsidiaries	17	-	-	203,103	165,986
Advances to employees		2,420	2,084	2,420	2,084
Deferred tax asset (net)	5	-	-	842	1,053
Property, plant & equipment	7	382,295	322,858	24,394	27,808
Investment properties	8	1,434,225	1,206,312	6,358	6,033
Investments in subsidiaries	23	-	-	46,078	39,109
Total assets		**1,913,497**	**1,609,315**	**283,424**	**242,992**
Equity					
Issued capital	14	33,290	33,290	33,290	33,290
Asset revaluation reserve	15	128,057	128,057	1,936	1,936
Interest rate swap reserve	15	(4,555)	(4,073)	(4,555)	(4,073)
Foreign currency translation reserve	15	-	-	-	-
Treasury stock	15, 25	(5,350)	(4,950)	(5,350)	(4,950)
Retained earnings	15	495,777	413,506	18,156	16,318
Total equity		**647,219**	**565,830**	**43,477**	**42,521**
Liabilities					
Bank overdraft		-	-	-	161
Trade and other payables	10	50,485	37,920	35,205	31,713
Employee entitlements	11	7,436	5,980	1,064	1,025
Revenue in advance		20,267	16,858	104	85
Interest rate swaps	19	6,327	5,657	6,327	5,657
Bank loans (secured)	12	213,234	157,500	192,809	157,500
Occupancy advances (non interest bearing)	13	928,528	788,763	4,438	4,330
Deferred tax liability (net)	5	40,001	30,807	-	-
Total liabilities		**1,266,278**	**1,043,485**	**239,947**	**200,471**
Total equity and liabilities		**1,913,497**	**1,609,315**	**283,424**	**242,992**
Net tangible assets per basic and diluted share (cents)		130.1	113.2		

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2012

	Note	GROUP 2012 $000	GROUP 2011 $000	PARENT 2012 $000	PARENT 2011 $000
Operating activities					
Receipts from residents	22	371,796	306,826	3,685	2,920
Interest received		572	578	6,426	7,963
Dividends received		-	-	42,000	36,000
Inter-company charges		-	-	7,982	7,615
Payments to suppliers and employees		(109,028)	(95,727)	(9,159)	(11,208)
Payments to residents		(86,937)	(70,343)	(874)	(722)
Interest paid		(7,232)	(8,249)	(7,042)	(8,201)
Net operating cash flows	22	**169,171**	**133,085**	**43,018**	**34,367**
Investing activities					
Repayment of advances from subsidiaries		-	-	38,239	14,521
Purchase of property, plant & equipment		(75,018)	(25,762)	(1,868)	(5,365)
Purchase of investment properties		(103,069)	(84,589)	(11)	(26)
Capitalised interest paid		(5,478)	(3,768)	(156)	-
Advances to employees		1,389	991	1,389	991
Investment in subsidiaries		-	-	(6,970)	-
Advances to subsidiaries		-	-	(67,971)	(24,610)
Net investing cash flows		**(182,176)**	**(113,128)**	**(37,348)**	**(14,489)**
Financing activities					
Drawdown of bank loans		55,734	15,500	35,309	15,500
Dividends paid		(38,500)	(34,000)	(38,500)	(34,000)
Purchase of treasury stock (net)		(2,125)	(1,800)	(2,125)	(1,800)
Net financing cash flows		**15,109**	**(20,300)**	**(5,316)**	**(20,300)**
Net increase/(decrease) in cash and cash equivalents		**2,104**	**(343)**	**354**	**(422)**
Cash and cash equivalents at the beginning of period		667	1,010	(161)	261
Cash and cash equivalents at the end of period		**2,771**	**667**	**193**	**(161)**

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 and Australia. 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 2012, and the comparative information presented in these financial statements for the year ended 31 March 2011.

The information is presented in thousands of New Zealand dollars.

All reference to AUD refers to Australian 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) 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.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Income and expenses for each subsidiary whose functional currency is not New Zealand dollars are translated at exchange rates which approximate the rates at the actual dates of the transactions. Assets and liabilities of such subsidiaries are translated at exchange rates prevailing at balance date. All resulting exchange difference are recognised in the foreign currency translation reserve which is a separate component of equity.

(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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

recorded at cost. Typically these costs include the cost of land, materials, wages and interest incurred during the period that is required to complete and prepare the asset for its intended use.

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

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

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

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

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

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

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

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

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

(f) Depreciation

Depreciation is provided on all property, plant & equipment, other than freehold land, at straight line ("SL") rates calculated to allocate the assets' cost or valuation, less estimated residual value, over their estimated useful lives, commencing from the time the assets are held ready for use, as follows:

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

No depreciation is provided in respect of investment properties.

(g) Impairment of assets

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

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(h) Operating leases

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

(i) Revenue in advance

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

(j) Financial instruments

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

at amortised cost, with any differences from the initial amount recognised and the redemption value being recognised in profit and loss using the effective interest rate method. In practice this means that Group interest bearing borrowings are recognised at face (or nominal) value due to the repayment and cost of borrowing terms associated with them.

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

Interest rate swaps are initially recognised at fair value on the date a contract is entered into and are subsequently remeasured to their fair value at each reporting date. When Group swap arrangements meet the requirements of cash flow hedge accounting, changes in the fair value of interest rate swaps are recognised in other comprehensive income and accumulated as a separate component of 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.

Hedges of a Net Investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for by including the gains or losses on the hedging instrument relating to the effective portion of the hedge in other comprehensive income while any gains or losses relating to the ineffective portion of the hedge are recognised in profit or loss.

(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 in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or 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 (or refundable).

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(m) Treasury stock

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

(n) Consumables

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

(o) Maintenance costs

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

(p) Statement of Cash Flows

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

Operating activities represent all transactions and other events that are not investing or financing activities, and includes receipts and repayments of occupancy advances. Investing activities are those activities relating to the acquisition and disposal of investments and any other property, plant and equipment or investment properties. Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing the Company's equity capital.

(q) GST

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

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

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

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

(r) Foreign Currency Translation

Functional and Presentation Currency
Both the functional and presentation currency of Ryman Healthcare Limited and its New Zealand subsidiaries is New Zealand dollars ($).

Transactions and Balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences on foreign currency borrowings relating to the effective portion of a hedge of a net investment in foreign operations and differences arising on

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

translation of a foreign operation are recognised in other comprehensive income and accumulated in reserves.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

(s) Changes in accounting policies

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

(t) Adoption of new and revised Standards and Interpretations

In the current year, the Group adopted all mandatory new and amended Standards and Interpretations. None of the new and amended Standards and Interpretations had an impact on these financial statements.

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 2012

	Note	GROUP 2012 $000	GROUP 2011 $000	PARENT 2012 $000	PARENT 2011 $000
1. Other Income					
Dividends received		-	-	42,000	36,000
Other income		393	59	7,984	7,616
Total Other income		**393**	**59**	**49,984**	**43,616**
2. Operating Expenses					
Employee costs		71,136	59,463	7,190	6,384
Property related expenses		15,671	12,322	319	247
Other operating costs (see below)		26,013	21,841	3,217	3,109
Total		**112,820**	**93,626**	**10,726**	**9,740**
Other operating costs include:					
Auditor's remuneration to Deloitte comprises:					
- audit of financial statements		120	120	22	23
- audit related services*		1	5	1	5
Directors Fees		555	499	555	499
Doubtful Debts		-	-	-	-
Donations^		195	191	19	20
Lease and rental payments		302	426	100	259

* primarily relates to work undertaken in respect of the Group's interim financial statements
^ no donations have been made to any political party (2011: $Nil)

	Note	GROUP 2012 $000	GROUP 2011 $000	PARENT 2012 $000	PARENT 2011 $000
3. Depreciation					
Buildings		3,142	2,965	74	75
Plant and Equipment		1,364	1,135	436	376
Furniture and Fittings		2,275	1,772	69	50
Motor Vehicles		214	218	57	120
Total		**6,995**	**6,090**	**636**	**621**
4. Finance Costs					
Total interest paid on bank loans		9,506	9,237	8,747	9,189
Release of interest rate swap reserve	15	3,038	2,489	3,038	2,489
Amount of interest capitalised		(5,478)	(3,768)	(156)	-
Transferred to subsidiaries		-	-	(4,596)	(3,768)
Net interest expense on bank loans		**7,066**	**7,958**	**7,033**	**7,910**


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	GROUP		PARENT	
	2012	2011	2012	2011
	$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	4,023	(14,326)	(2)	(121)
Property, plant and equipment	2,065	24,178	25	391
Other	3,294	(4,922)	376	(312)
Reduction in tax rate	-	(2,335)	-	(40)
Total income tax expense/(credit)	**9,382**	**2,595**	**399**	**(82)**
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
Profit before income tax expense	130,153	102,772	40,737	35,603
Income tax expense calculated at 28% (2011: 30%)	36,443	30,832	11,406	10,681
Tax effect of:				
Non-taxable dividends	-	-	(11,760)	(10,800)
Non-taxable income	(28,520)	(24,239)	(88)	(48)
Other	1,459	(1,663)	841	125
Reduction in tax rate	-	(2,335)	-	(40)
Total tax expense/(credit)	**9,382**	**2,595**	**399**	**(82)**

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 28% (2011: 30%) payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

Total Group tax losses available amounted to $35.2 million (2011: $51.0 million) and Parent $Nil (2011: $1.4 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 (2011: $Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

5. Income Tax (continued)

GROUP

	2012		2011	
	%	$000	%	$000
Reconciliation of effective tax rate				
Profit before tax		130,153		102,772
Income tax using the corporate tax rate	28.0%	36,443	30.0%	30,832
Non-taxable income	(21.9)%	(28,520)	(23.6)%	(24,239)
Other	1.1%	1,459	(1.6)%	(1,663)
Reduction in tax rate	-	-	(2.3)%	(2,335)
Total income tax expense	**7.2%**	**9,382**	**2.5%**	**2,595**

PARENT

	2012		2011	
	%	$000	%	$000
Reconciliation of effective tax rate				
Profit before tax		40,737		35,603
Income tax using the corporate tax rate	28.0%	11,406	30.0%	10,681
Non-taxable dividends	(28.9)%	(11,760)	(30.3)%	(10,800)
Non-taxable income	(0.2)%	(88)	(0.1)%	(48)
Other	2.1%	841	0.3%	125
Reduction in tax rate	-	-	(0.1)%	(40)
Total income tax expense	**1.0%**	**399**	**(0.2)%**	**(82)**


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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 - 2012				
Property, plant & equipment	(34,145)	(2,065)	-	(36,210)
Investment properties	(18,580)	(4,023)	-	(22,603)
Deferred management fee revenue in advance	4,720	955	-	5,675
Interest rate swap	1,584	-	188	1,772
Other	1,322	191	-	1,513
Tax value of loss carry-forwards recognised	14,292	(4,440)	-	9,852
Total deferred taxation	**(30,807)**	**(9,382)**	**188**	**(40,001)**
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)**
PARENT - 2012				
Property, plant & equipment	(995)	(25)	-	(1,020)
Investment properties	(142)	2	-	(140)
Deferred management fee revenue in advance	24	6	-	30
Interest rate swap	1,584	-	188	1,772
Other	193	7	-	200
Tax value of loss carry-forwards recognised	389	(389)	-	-
Total deferred taxation	**1,053**	**(399)**	**188**	**842**
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**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

5. Income Tax (continued)

	GROUP		PARENT	
	2012	2011	2012	2011
	$000	$000	$000	$000
(c) Imputation credit memorandum account				
Opening balance	30	46	-	-
Resident withholding tax (refunded) paid	(12)	(16)	-	-
Closing balance	**18**	**30**	**-**	**-**
Imputation credits available directly and indirectly to shareholders of the parent company, through:				
Parent company	-	-	-	-
Subsidiaries	18	30	-	-
	18	**30**	**-**	**-**

6. Trade and Other Receivables

	GROUP 2012	GROUP 2011	PARENT 2012	PARENT 2011
Trade debtors	90,283	75,805	36	919
Other receivables	1,503	1,589	-	-
Total receivables	**91,786**	**77,394**	**36**	**919**

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 (2011: $Nil Group and Parent).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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 - 2012	$000	$000	$000	$000	$000	$000	$000
Gross carrying amount							
Balance at 1 April 2011	136,568	131,281	41,192	13,414	12,710	2,098	337,263
Additions	2,294	15,327	42,833	2,289	3,168	521	66,432
Balance at 31 March 2012	**138,862**	**146,608**	**84,025**	**15,703**	**15,878**	**2,619**	**403,695**
Accumulated Depreciation							
Balance at 1 April 2011	-	-	-	(5,427)	(7,315)	(1,663)	(14,405)
Current year depreciation	-	(3,142)	-	(1,364)	(2,275)	(214)	(6,995)
Balance at 31 March 2012	**-**	**(3,142)**	**-**	**(6,791)**	**(9,590)**	**(1,877)**	**(21,400)**
Total Book Value	**138,862**	**143,466**	**84,025**	**8,912**	**6,288**	**742**	**382,295**
GROUP - 2011							
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**


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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 - 2012	$000	$000	$000	$000	$000	$000	$000
Gross carrying amount							
Balance at 1 April 2011	315	3,564	21,408	4,564	445	1,012	31,308
Additions	-	215	15,832	821	281	19	17,168
Transfers to subsidiary companies	-	-	(19,946)	-	-	-	(19,946)
Balance at 31 March 2012	**315**	**3,779**	**17,294**	**5,385**	**726**	**1,031**	**28,530**
Accumulated Depreciation							
Balance at 1 April 2011	-	-	-	(2,325)	(310)	(865)	(3,500)
Current year depreciation	-	(74)	-	(436)	(69)	(57)	(636)
Balance at 31 March 2012	**-**	**(74)**	**-**	**(2,761)**	**(379)**	**(922)**	**(4,136)**
Total Book Value	**315**	**3,705**	**17,294**	**2,624**	**347**	**109**	**24,394**
PARENT - 2011							
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**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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 including land held pending development of a retirement village amounted to $49.3 million (2011: $21.4 million) and Parent $16.3 million (2011: $20.4 million) and is valued at cost.

Interest of $5.5 million (2011: $3.8 million) has been capitalised during the period of construction in the current year. The weighted average capitalisation rate on funds borrowed is 6.48% per annum (2011: 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 2012	30,328	126,020	**156,348**	237	2,027	**2,264**
Carrying amount						
Carrying amount at 31 March 2011	28,034	113,835	**141,869**	237	1,886	**2,123**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

8. Investment Properties

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
At fair value				
Balance at beginning of financial year	1,206,312	1,035,162	6,033	5,846
Additions	126,056	90,354	12	26
Fair value movement				
Realised	55,762	50,167	339	256
Unrealised	46,095	30,629	(26)	(95)
	101,857	**80,796**	**313**	**161**
Net movement for the year	227,913	171,150	325	187
Balance at end of financial year	**1,434,225**	**1,206,312**	**6,358**	**6,033**

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 2012. 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 $57.9 million (2011: $37.2 million), which has been fair valued at cost by CB Richard Ellis Limited.

Operating expenses

Direct operating expenses arising from investment property that generated income from management fees during the period amounted to $2.3 million (2011: $2.1 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 2012 was 11.65% (2011: 11.65%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

10. Trade & Other Payables

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Trade payables	24,752	22,155	22,098	19,048
Other payables	25,733	15,765	13,107	12,665
Total trade and other payables	**50,485**	**37,920**	**35,205**	**31,713**

Trade payables are typically paid within 30 days of invoice date or 20th of the month following invoice date. Other payables at 31 March 2012 for the Group includes $21.4 million (2011: $14.7 million) and Parent includes $14.9 million (2011: $14.7 million) in relation to the purchase of land.

11. Employee Entitlements

Holiday pay accrual and other benefits	7,436	5,980	1,064	1,025

12. Borrowings

Bank loans (secured) – NZD	186,000	157,500	186,000	157,500
Bank loans (secured) – AUD in NZD	27,234	-	6,809	-
Total bank loans (secured)	**213,234**	**157,500**	**192,809**	**157,500**
Less than 1 year	25,000	9,000	25,000	9,000
Within 1-2 years	188,234	148,500	167,809	148,500
Average interest rates – NZD	4.83%	5.70%	4.83%	5.70%
Average interest rates – AUD	7.15%	-	7.15%	-

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 2012

13. Occupancy Advances (non interest bearing)

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Gross occupancy advances	1,042,710	880,966	5,112	4,927
Less: management fees & resident loans	(114,182)	(92,203)	(674)	(597)
Closing Balance	**928,528**	**788,763**	**4,438**	**4,330**

Gross occupancy advances are non interest bearing.

14. Share Capital

Issued and paid up capital consists of 500,000,000 fully paid ordinary shares (2011: 500,000,000) less treasury stock of 2,467,900 shares (2011: 2,614,600 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 497,532,100 ordinary shares (2011: 497,385,400 shares), having adjusted for treasury stock.

15. Reserves

	GROUP 2012 $000	GROUP 2011 $000	PARENT 2012 $000	PARENT 2011 $000
Asset Revaluation Reserve				
Opening Balance	128,057	83,303	1,936	1,812
Revaluation	-	44,319	-	94
Deferred tax	-	435	-	30
Closing Balance	**128,057**	**128,057**	**1,936**	**1,936**
Interest Rate Swap Reserve				
Opening Balance	(4,073)	(2,795)	(4,073)	(2,795)
Valuation of interest rate swap	(3,708)	(4,153)	(3,708)	(4,153)
Released to income statement	3,038	2,489	3,038	2,489
Net Fair Value movement	**(670)**	**(1,664)**	**(670)**	**(1,664)**
Deferred tax movement on interest rate swap reserve	188	386	188	386
Closing Balance	**(4,555)**	**(4,073)**	**(4,555)**	**(4,073)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

15. Reserves (continued)

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Treasury Stock				
Opening Balance	(4,950)	(4,573)	(4,950)	(4,573)
Acquisitions	(2,125)	(1,800)	(2,125)	(1,800)
Vesting/forfeiture of shares	1,725	1,423	1,725	1,423
Closing Balance	**(5,350)**	**(4,950)**	**(5,350)**	**(4,950)**
Foreign Currency Translation Reserve				
Opening Balance	-	-	-	-
Gain on hedge of foreign owned subsidiary net assets	161	-	-	-
Loss on translation of net assets of foreign owned subsidiary	(161)	-	-	-
Closing Balance	**-**	**-**	**-**	**-**
Retained Earnings				
Opening Balance	413,506	347,329	16,318	14,633
Net profit attributable to shareholders	120,771	100,177	40,338	35,685
Dividends paid	(38,500)	(34,000)	(38,500)	(34,000)
Closing Balance	**495,777**	**413,506**	**18,156**	**16,318**

16. Dividends

	GROUP & PARENT			
	2012 Cents per share	2012 Total $000	2011 Cents per share	2011 Total $000
Recognised amounts				
Final dividend paid - prior year	3.80	19,000	3.40	17,000
Interim dividend paid - current year	3.90	19,500	3.40	17,000
		38,500		**34,000**
Unrecognised amounts				
Final dividend - current year	4.50	22,500	3.80	19,000
Full year dividend - current year	**8.40**	**42,000**	**7.20**	**36,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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	
	2012 $000	2011 $000	2012 $000	2011 $000
Transactions involving the parent entity				
Dividend revenue				
Dividends received from subsidiary companies	-	-	42,000	36,000
Intercompany charges by parent to subsidiary company				
Interest charge	-	-	6,412	7,913
Management fees	-	-	4,080	4,080
Balances owing by				
Subsidiary companies	-	-	203,103	165,986
Transactions with companies associated to directors				
Rental expense	85	7	85	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% - 7.0% (2011: 0% - 8.5%) at the discretion of Ryman Healthcare Limited. No related party debts have been written off or forgiven during the year.

In August 2011 Ryman Healthcare Limited entered into a new 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 $490,740 per annum (excluding GST) for eight years, with a two year right of renewal (2011: $116,800 for 2 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

	2012	2011
Compensation		
Short term employee benefits (senior management team)	1,905	1,818
Directors fees	555	499
Salaries and Consulting fees to directors	701	553
Total Key Management Personnel and Directors' Compensation	**3,161**	**2,870**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

18. Key Management Personnel Compensation (continued)

Key management personnel are the senior management team of the Group and include 8 senior management team members (2011: 8). 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.

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 and cash equivalents, trade and 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	
	2012 $000	2011 $000	2012 $000	2011 $000
Financial assets				
Loans and receivables (including cash equivalents)	96,977	80,145	205,752	168,989
	96,977	**80,145**	**205,752**	**168,989**
Financial liabilities				
Amortised cost	1,199,683	990,163	233,516	194,729
Derivative instruments in designated hedge accounting relationships (interest rate swaps)	6,327	5,657	6,327	5,657
	1,206,010	**995,820**	**239,843**	**200,386**

(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, advances to employees and interest rate swaps. The maximum credit risk at 31 March 2012 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 2012 was $97.0 million (2011: $80.1 million) and there were no material overdue debtors as at 31 March 2012 (2011: $Nil). Financial assets comprise:

Cash and cash equivalents	2,771	667	193	-
Trade and other receivables	91,786	77,394	36	919
Advances to subsidiaries	-	-	203,103	165,986
Advances to employees	2,420	2,084	2,420	2,084
	96,977	**80,145**	**205,752**	**168,989**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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 2012 the Company had an interest rate swap agreement in place with a total notional principal amount of $101.0 million (2011: $96.0 million). The agreement effectively changes the Company's interest rate exposure on the principal of $101.0 million (2011: $96.0 million) from a floating rate to a fixed rate of 5.44% (2011: 5.94%). The fair value of the agreement at 31 March 2012 was a liability of $6.3 million (2011: liability of $5.7 million). The interest rate swap agreement covers notional debt amounts for a term of five years at a composite interest rate of 5.44% (2011: 5.94%).

No interest rate swaps have been taken out in respect of the Australian dollar borrowings.

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	
	2012	2011	2012	2011
	%	%	$000	$000
Less than 1 year	5.44%	5.94%	101,000	96,000
1 to 2 years	5.44%	5.94%	85,000	78,200
2 to 3 years	5.44%	5.94%	69,000	64,000
3 to 4 years	5.44%	5.94%	53,000	48,000
4 to 5 years	5.44%	5.94%	37,000	32,000

(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 $68.7 million (2011: $75.9 million) of New Zealand dollar cash and undrawn facilities and AUD$44.1 million (2011: AUD$30.0 million) of Australian dollar cash and undrawn facilities at its disposal to further reduce liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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							
	2012				2011			
	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	-	50,485	-	50,485	-	34,172	3,748*	37,920
Employee entitlements	-	7,436	-	7,436	-	5,980	-	5,980
Interest rate swaps	-	6,327	-	6,327	-	5,657	-	5,657
Bank loans (secured)	-	26,459	188,234	214,693	-	10,108	148,500	158,608
Occupancy advances (non interest bearing)	-	99,096	829,432	928,528	-	89,471	699,292	788,763
	-	**189,803**	**1,017,666**	**1,207,469**	**-**	**145,388**	**851,540**	**996,928**

* 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 (2011:$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$250.0 million (2011: NZ$230.0 million) of which NZ$35.0 million (2011: NZ$35.0 million) is for 1 year and NZ$215.0 million (2011: NZ$195.0 million) is for 2 years. The loan facility of NZ$250.0 million is provided by ANZ National Bank Ltd (2012: NZ$165.0 million; 2011: NZ$153.3 million) and Commonwealth Bank of Australia (2012: $85.0 million; 2011: NZ$76.7 million) in accordance with the terms of a syndicated loan agreement.
- A loan facility of AUD$65.0 million (2011: AUD$30.0m) of which all is for 2 years. The loan facility is provided by ANZ National Bank Ltd AUD$43.4 million (2011: AUD$20.0 million) and Commonwealth Bank of Australia AUD$21.6 million (2011: AUD$10.0 million) in accordance with the terms of a syndicated loan agreement. These facilities have been used to fund development of the first village in Australia.

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 2012

19. Financial Instruments (continued)

(c) Liquidity Risk (continued)

	CONTRACTUAL MATURITY DATES							
	2012				2011			
	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	-	35,205	-	35,205	-	27,965	3,748*	31,713
Employee entitlements	-	1,064	-	1,064	-	1,025	-	1,025
Interest rate swaps	-	6,327	-	6,327	-	5,657	-	5,657
Bank loans (secured)	-	26,336	167,809	194,145	-	10,108	148,500	158,608
Occupancy advances (non interest bearing)	-	454	3,984	4,438	-	725	3,605	4,330
	-	**69,386**	**171,793**	**241,179**	**-**	**45,641**	**155,853**	**201,494**

* 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 (note 19 (b)) and foreign currency risk (note 19 (f)) .

Based on the Group's average net level of interest bearing debt, the Group and Parent's comprehensive income for the year ended 31 March 2012 would decrease/increase by $492,721 (2011: decrease/increase by $430,175) 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. A movement in the NZD / AUD rate would not affect the Parent or Group's total comprehensive income because all fluctuations are currently taken directly to other comprehensive income and a perfectly effective hedge is in place.

(f) Foreign Currency Risk

Foreign currency risk is the risk that the value of the Group's assets, liabilities and financial performance will fluctuate due to changes in foreign currency rates.

The Group is primarily exposed to currency risk as a result of its subsidiary in Australia.

The risk to the Group is that the value of the overseas subsidiary's financial positions and financial performances will fluctuate in economic terms and as recorded in the consolidated accounts due to changes in the overseas exchange rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(f) Foreign Currency Risk (continued)

The Group economically hedges the currency risk relating to its Australian subsidiary by holding a portion of its bank borrowings in Australian dollars. Any foreign currency movement in the net assets of the Australian subsidiary is offset by an opposite movement in the Australian dollar debt.

At year end, the parent company had an Australian currency loan of AUD$5.4 million (2011: $Nil), which was designated as a hedge of the net assets of the Australian subsidiary.

(g) 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 2012 and 31 March 2011.

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

20. Commitments

Capital Expenditure Commitments

The Group and Parent had commitments relating to the acquisition of land and construction contracts amounting to $15.5 million as at 31 March 2012 (2011: $19.7 million).

Operating Lease and Other Commitments

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

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Commitments within:				
Less than 1 year	362	374	362	374
Between 1 and 5 years	1,963	631	1,963	631
More than 5 years	1,636	-	1,636	-
	3,961	**1,005**	**3,961**	**1,005**

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 $3.0 million (2011: $7.7 million).

21. Contingent Liabilities

The Group had no contingent liabilities as at 31 March 2012 (2011: $Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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

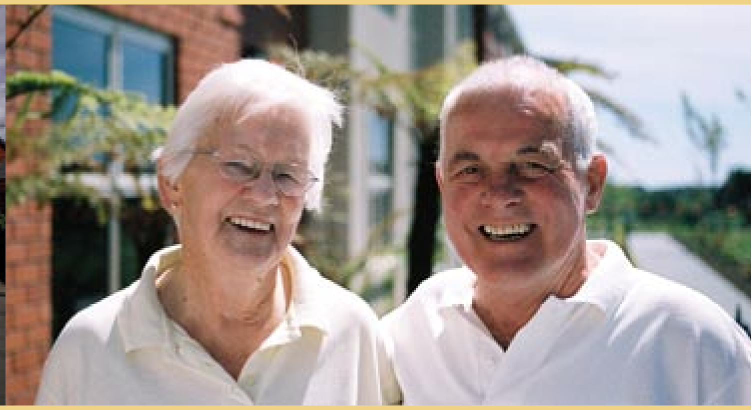
	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Net profit after tax	**120,771**	**100,177**	**40,338**	**35,685**
Adjusted for:				
Fair value movement of investment properties	(101,857)	(80,796)	(313)	(161)
Non-cash items:				
Depreciation	6,995	6,090	636	621
Deferred tax	9,382	2,595	399	(82)
Unrealised foreign exchange (gain)/loss	-	-	(161)	-
Movements in balance sheet items:				
Accrued management fees	(16,118)	(15,281)	(37)	(4)
Trade and other payables	1,938	495	1,094	(1,643)
Trade and other receivables	(14,531)	(33,834)	859	(688)
Employee entitlements	1,456	680	39	59
Occupancy advances	161,135	152,959	164	580
Net operating cash flows	**169,171**	**133,085**	**43,018**	**34,367**

Net operating cash flows for the Group includes occupancy advance receipts from retirement village residents of $244.6 million (2011: $201.8 million) and Parent $1.6 million (2011: $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. In addition, the Group acquired land in Melbourne, Australia, in November 2011 which is intended to be developed into an integrated retirement village, ownership of which is held through Ryman Healthcare (Australia) Pty Limited. The operating subsidiaries are:

- Anthony Wilding Retirement Village Limited
- Beckenham Courts Retirement Village Limited
- Bob Owens Retirement Village Limited
- Castle Recruitment (2011) Limited
- Diana Isaac 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 Healthcare (Australia) Pty 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 2012

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. In addition, the Group acquired land in Melbourne, Australia, in November 2011 which is intended to be developed into an integrated retirement village.

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 $58.4 million (2011: $40.8 million); Parent $1.2 million (2011: $1.0 million). There are no other significant customers.

Geographical Information

All net assets of the Group and Parent are held in New Zealand except for AUD$5.4 million (2011: $Nil) in Australia which are held by the Group.

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 2,467,900 fully allocated shares, which represents 0.49% of the total shares on issue (2011: 2,614,600 fully allocated shares which represented 0.52% 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 2012

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:

	2012 Number of Shares	2011 Number of Shares
Balance at beginning of the financial year	2,614,600	2,422,541
Purchased on market during the year	836,628	872,148
Forfeited during the financial year	-	-
Vested during the financial year	(983,328)	(680,089)
Balance at end of the financial year	**2,467,900**	**2,614,600**

Shares were purchased under the scheme in August 2011 at a price of $2.54 per share. Remaining shares held by the scheme were purchased in August 2010 ($2.06) and August 2009 ($1.90).

Shares vested in August 2011 were originally purchased at $1.72 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 $1,006,176 (2011: $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 4.5 cents per share or $22.5 million, with no imputation credits attached, to be paid on 22 June 2012.

27. Authorisation

The directors authorised the issue of these financial statements on 16 May 2012.

Warren Bell
Non Executive Director & Chair of Audit Committee

David Kerr
Chairman

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

Deloitte.

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 statements of financial position of Ryman Healthcare Limited, as at 31 March 2012, 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' Responsibility 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 2012, 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 2012:

- we have obtained all the information and explanations we have required; and
- 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
16 May 2012
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, 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 Warren Bell (Chair), David Kerr and Andrew Clements, who are all independent directors. Sidney Ashton was chair of the AFRC until his retirement as a director on the 28th March 2012. Warren and Sidney 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[1]
Chair: Charities Commission*
Trustee: Diabetes Training & Research Trust
Director: Lamb & Hayward Limited

Warren Bell
Chairman: Hallenstein Glasson Holdings Ltd Group
Chairman: St Georges Hospital Inc
Chairman: Selwyn Investment Holdings Limited
Chairman: Sicon Ltd
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)

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: 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 Assets Management Limited
Director: RDGP Limited
Chairman: Amadeus Asset Administration Limited
Chairman: New Zealand Football Foundation
Trustee: The Mt Wellington Stadium Charitable Trust
Bare Trustee: Ryman Healthcare Share Scheme (jointly with David Kerr)

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: Eco Central
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
Bare Trustee: Ryman Healthcare Share Scheme (jointly with Andrew Clements)

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 2012	2011
Jo Appleyard	78,700[1]	78,700[1]
Simon Challies	1,913,953[2]	1,768,672[2]
Andrew Clements	1,600,000[3]	1,600,000[3]
Kevin Hickman	35,834,955[4]	35,834,955[4]
David Kerr	250,000[5]	250,000[5]
Warren Bell	25,000[6]	-

1 Held as trustee of The Appleyard and Larkin Family Trust
2 973,339 shares held by D Kerr as custodian of Ryman Healthcare Employee Share Purchase Scheme
3 Held by Jacon Investments Ltd
4 Held as a trustee of The Hickman Family Trust
5 Shares held by DW & DJ Kerr and The DW Kerr Family Trust
6 Shares held by Warren James Bell

Directors Remuneration

Directors remuneration paid during the financial year:

Director	Directors Fees	Salaries, Bonuses & Consulting Fees
Jo Appleyard	$75,000	-
Sidney Ashton[1, 2]	$85,000	-
Warren Bell [1]	$85,000	-
Simon Challies	-	$650,842
Andrew Clements[1]	$85,000	-
Kevin Hickman	$ 75,000	$50,000
David Kerr[1]	$150,000	-

1 Member of Audit and Financial Risk Committee
2 Retired on 28 March 2012

Directors of Subsidiary Companies

David Kerr, Kevin Hickman, Simon Challies and Gordon MacLeod are directors of all the Company's subsidiaries, except for Ryman Healthcare (Australia) Pty Ltd where Jeremy Dixon is a director instead of Kevin Hickman.

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
$350,000 - $360,000	1	$190,000 - $200,000	1	$120,000 - $130,000	4
$300,000 - $310,000	1	$180,000 - $190,000	1	$110,000 - $120,000	2
$270,000 - $280,000	1	$170,000 - $180,000	2	$100,000 - $110,000	6
$240,000 - $250,000	1	$150,000 - $160,000	1		
$220,000 - $230,000	1	$130,000 - $140,000	4		

Share Dealing

Director	Nature of Interest	Shares Acquired /(Disposed)	Consideration	Date
Simon Challies	Beneficial	145,281	$2.53	11 August 2011
Warren Bell	Beneficial	25,000	$2.59	22 August 2011
Sidney Ashton	Beneficial	(291,689)	$2.70	28 December 2011 to 5 January 2012
Sidney Ashton	Beneficial	(37,000)	$2.78	11 to 17 January 2012
Sidney Ashton	Beneficial	(46,153)	$2.80	19 January 2012

David Kerr and Andrew Clements, as joint custodians of the Ryman Healthcare Employee Share Purchase Scheme, acquired 836,628 shares during the year, disposed of 983,328 shares during the year and held 2,467,900 shares in total at 31 March 2012 (also refer note 25).

Top 20 Shareholders as at 29 May 2012

Rank	Registered Shareholder	No. of Ordinary Shares Held	% of Ordinary Shares Held
1	G A Cumming	50,949,900	10.19%
2	K J Hickman, J Hickman, J W D Ryder & J A Callaghan [1]	35,834,955	7.17%
3	Ngai Tahu Capital Limited	30,000,000	6.00%
4	Tea Custodians Limited [2]	26,247,291	5.25%
5	Citibank Nominees (NZ) Limited [2]	21,404,699	4.28%
6	Custodial Services Limited No. 3 A/C	16,565,139	3.31%
7	Premier Nominees Ltd - ING Wholesale Australasian Share Fund A/C [2]	14,585,413	2.92%
8	J P Morgan Chase Bank [2]	14,069,972	2.81%
9	NZ Superannuation Fund Nominees Limited [2]	11,737,364	2.35%
10	Accident Compensation Corporation [2]	11,422,654	2.28%
11	MFL Mutual Fund Limited [2]	9,048,633	1.81%
12	HSBC Nominees (New Zealand) Limited [2]	6,703,275	1.34%
13	FNZ Custodians Limited	6,317,102	1.26%
14	Forsyth Barr Custodians Limited	5,632,197	1.13%
15	National Nominees New Zealand Limited [2]	5,504,231	1.10%
16	Custodial Services Limited No. 2 A/C	5,345,515	1.07%
17	Custodial Services Limited No. 18 A/C	4,867,050	0.97%
18	Cogent Nominees Limited No. 40 A/C [2]	4,732,159	0.95%
19	Masfen Securities Limited	4,400,000	0.88%
20	Walter and Jeanette Yovich	4,202,225	0.84%
		289,569,774	**57.91%**

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 29 May 2012

Size of Shareholding	Number of Shareholders		Shares Held	
1 - 1000	1605	12.21%	1,154,813	0.23%
1001 - 5000	5977	45.48%	18,153,310	3.63%
5001 - 10000	2640	20.09%	20,751,410	4.15%
10001 - 50000	2506	19.07%	53,607,082	10.72%
50001 - 100000	217	1.65%	15,405,020	3.08%
100001 and Over	197	1.50%	390,928,365	78.19%
Total	**13,142**	**100.00%**	**500,000,000**	**100.00%**

Substantial Security Holder Notices Received as at 29 May 2012

Shareholder	Relevant Interest	%	Date of Notice
G A Cumming	50,949,900	10.19%	23 December 2011
ING (NZ) Limited [1]	43,894,371	8.78%	30 November 2009
K J Hickman, J Hickman, J W D Ryder & J A Callaghan [2]	35,834,955	7.17%	21 November 2006
Ngai Tahu Capital Limited	30,000,000	6.00%	3 May 2012

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

2 Held as trustees of The Hickman Family Trust.

Head Office / Registered Office

Airport Business Park, 92b Russley Road, Christchurch
PO Box 771, Christchurch
Telephone: 0800 588 222, 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 / ASB Bank

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, 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

Beckenham Courts Retirement Village
222 Colombo Street, Beckenham, Christchurch

Bob Owens Retirement Village
112 Carmichael Road, Bethlehem, Tauranga

Charles Fleming Retirement Village
112 Parata Street, Waikanae

Diana Isaac Retirement Village
Lady Isaac Way, Shirley, Christchurch

Edmund Hillary Retirement Village
221 Abbotts Way, Remuera, Auckland

Ernest Rutherford Retirement Village
49 Covent Drive, Stoke, Nelson

Evelyn Page Retirement Village
30 Ambassador Glade, Orewa, Auckland

Frances Hodgkins Retirement Village
40 Fenton Crescent, St Clair, Dunedin

Grace Joel Retirement Village
184 St Heliers Bay Road, St Heliers, Auckland

Hilda Ross Retirement Village
30 Ruakura Road, Hamilton

Jane Mander Retirement Village
262 Fairway Drive, Kamo West, Whangarei

Jane Winstone Retirement Village
49 Oakland Avenue, St Johns Hill, Wanganui

Jean Sandel Retirement Village
71 Barrett Road, Whalers Gate, New Plymouth

Julia Wallace Retirement Village
28 Dogwood Way, Clearview Park, Palmerston North

Kiri Te Kanawa Retirement Village
12 Gwyneth Place, Riverdale, Gisborne

Malvina Major Retirement Village
134 Burma Road, Khandallah, Wellington

Margaret Stoddart Retirement Village
23 Bartlett Street, Riccarton, Christchurch

Ngaio Marsh Retirement Village
95 Grants Road, Christchurch

Princess Alexandra Retirement Village
145 Battery Road, Napier

Rita Angus Retirement Village
66 Coutts Street, Kilbirnie, Wellington

Rowena Jackson Retirement Village
40 O'Byrne Street North, Waikiwi, Invercargill

Shona McFarlane Retirement Village
66 Mabey Road, Lower Hutt.

Woodcote Retirement Village
29 Woodcote Avenue, Hornby, Christchurch

Yvette Williams Retirement Village
383 Highgate, Roslyn, Dunedin

For more information on any of the Ryman Healthcare retirement villages please phone 0800 588 222

RYMAN HEALTHCARE

ANNUAL REPORT 2012

EVELYN PAGE RETIREMENT VILLAGE, OREWA