ANNUAL REPORT 2013

RYMAN HEALTHCARE

CONTENTS

RYMAN HEALTHCARE

2013 Highlights

- Underlying profit breaks $100m mark
- Dividend lifted 19% to 10 cents per share
- Opened Diana Isaac village in Christchurch
- Achieved build target of 700 units and beds in New Zealand
- Acquired new sites at Petone and Birkenhead
- Commenced construction of first Melbourne village
- Appointed first Australian director
- Awarded Company of the Year

Underlying profit broke the $100m mark


Dr David Kerr

I am delighted to report to you on another successful year of growth for the company.

Our underlying profit of $100.2 million is a new record for the company and up 19% on last year. Unrealised valuation gains lifted the reported profit after tax to $137 million.

Operating cashflows grew 31% to $222 million, allowing the company to self-fund its building activity.

The company built 517 new retirement village units and 226 new aged care rooms during the year. This means that we achieved our target of opening 700 units and beds in New Zealand, and we also commenced construction of our first village in Melbourne.

We purchased an outstanding new site in the Auckland suburb of Birkenhead and you can expect to see more land acquisitions in the year ahead, as we lift our New Zealand landbank from three to four years' stock.

The company has lifted its underlying profit every year for the last eleven years – which is a significant achievement in itself. We have a growing balance sheet, low gearing and record operating cash flows, which means we are now in our strongest financial position ever.

Year ended 31 March	2013 $m	2012 $m
Underlying Profit	**100.2**	**84.1**
Plus Unrealised revaluations of RV units	+50.0	+46.1
Less Deferred tax movement	-13.5	-9.4
Reported Net Profit	**136.7**	**120.8**

Underlying profit excludes deferred taxation and unrealised gains on investment properties, because these items are non-cash and do not reflect the trading performance of the company. Underlying profit determines the dividend payout to shareholders, and is reconciled above.

Dividends have lifted 19%

The underlying profit growth has driven a lift to the annual dividend by 19% to 10 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. Shareholders' funds have nearly doubled since 2008 to $734m, and we have a bank debt to equity ratio of only 31%.

First Australian director appointed

In May we welcomed George Savvides to the Board, as an independent non executive director. George is our first Australian director and is Managing Director of Medibank, Australia's largest health insurer. George brings to the Board over 20 years of healthcare experience, in both the commercial and the public sectors. His local expertise will be invaluable as we seek to establish ourselves in the Australian market, and we were delighted that he accepted our invitation to join the Board.

Jo Appleyard and Warren Bell retire by rotation at this year's Annual Meeting, and are offering themselves for re-election. George Savvides is seeking his first election to the Board by shareholders, having been appointed by the Directors during the year.

Profiles for Jo, Warren and George can be found in the Directors' section of this annual report.

We are recommending that Deloitte be reappointed as auditor for the 2014 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 Diana Isaac Retirement Village at 3 pm on Tuesday 30 July.

A full and separate statement of corporate governance has been provided later in the annual report.

Management and staff will again be offered assistance to buy more shares

The Board wishes to continue to encourage the participation of management and 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 have included with this annual report disclosure of details regarding financial assistance of up to $4.5m that we intend to provide under the management and all staff schemes.

30 years of exceptional demographic growth is ahead of us

The company has doubled its underlying profits over the last five years. This has been achieved during a time where the 75+ population has been growing at a relatively flat rate of 5,000 per annum.

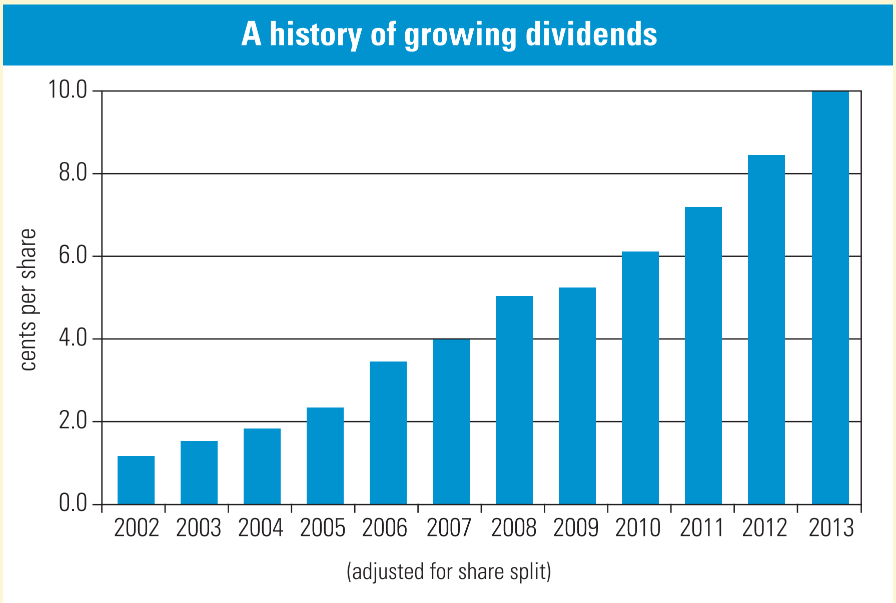
Over the next 10 years the rate of growth in the 75+ population lifts fourfold.

So, we are now at the point of inflection for the ageing of the 75+ population - and this significant lift will continue for the next three decades. In fact, Statistics NZ estimates the number of New Zealanders aged 75 plus will almost triple to 731,000 over the next thirty years. In Victoria the outlook is similar, with the number set to triple to 1.1 million.

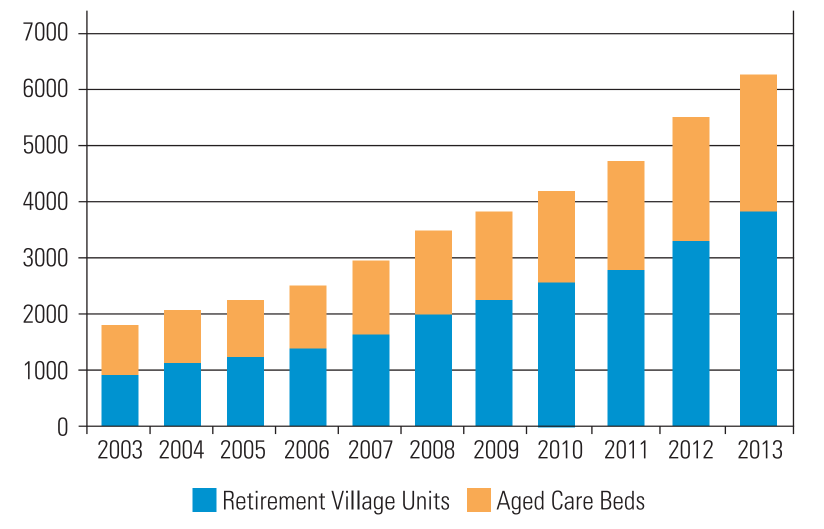
Increasing numbers of elderly will not be the only driver of long term growth for this company. Research shows that on average the last 6-7 years for males and 9 years for females are years with a long term illness and care needs. People will live longer in the future, but unfortunately those extra years will not be extra years in one's youth. The diseases of old age – diabetes, dementia, osteoporosis, osteoarthritis, to name a few – will require long term aged care solutions.

Preparing the company for something bigger

The size of the market opportunity ahead of us in NZ and Victoria means that we have been working hard to prepare the company for something even bigger.



Portfolio has tripled over past decade



Our business has a very long time horizon and it can take up to 10 years before you see normal levels of activity from when a new village first opens. This means that our tail of earnings from completed villages will continue to grow in the future, as a direct result of what we have already built over the last 10 years.

This model of sustainable profitable growth starts from having a very efficient and cost effective in-house design and construction team. As a result we achieve a healthy development margin when we build new villages – this in turn funds the construction of large scale aged care and community facilities at our villages. Villages are self funding.

The proof of our capital efficiency is demonstrated by our long term cash flows. We raised $25m in 1999 - and since then we have invested over $1.2bn building new villages and have paid out a growing dividend stream of $290m.

This means we have been growing the depth of the management team (which Simon covers in his Managing Director's report), along with building the financial strength of the company. We also have plans to lift the New Zealand landbank to four years' stock.

One of the ways we keep on building our financial strength is through our growing tail of earnings at completed villages.

Construction of our first Australian village in Wheelers Hill, Melbourne.

We have achieved this without raising any capital from our shareholders, and while maintaining a conservative balance sheet.

Our growing balance sheet and strong cash flows mean we are well positioned to fund the higher levels of working capital needed in the year ahead for a bigger scale business including opening Wheelers Hill and lifting the New Zealand landbank.

We are confident in our ability to deliver long term future growth

Our plan remains to achieve a medium term target of 15% growth in underlying profits, which will be driven by both our ongoing new build programme and from our completed villages as they continue to mature.

The company remains committed to building in New Zealand, to meet the growing need for both new aged care facilities and new housing for older people. We will continue to target a build rate in New Zealand of 700 units and beds per annum, and we see this as sustainable over the long term. The opportunity in Victoria is even bigger than New Zealand.

We are very grateful to our 3,500 staff who do a great job looking after our residents every day – whether this be through building first class villages, or by providing the care and support our residents deserve. During the year the company won the prestigious Deloitte / Management Magazine "Company of the Year" award. We took this as a reflection of the outstanding service of Ryman's staff to our residents over the years – which ultimately drives the success of the company.

More and more residents and their families place their trust in us every year, and this is a direct result of the reputation we have built over the last 25 years. We never lose sight of the importance of sustaining this trust. The team is up for building the same reputation in Victoria.

And finally thank you for your ongoing support as shareholders. In many ways we are only getting started!

Dr David Kerr
Chairman

Company of the year

Ryman Healthcare was named Company of the Year in the Deloitte/Management magazine Top 200 Awards for 2012.

The judges commented that Ryman reported a record profit on top of a decade of record profits. This is not only outstanding in New Zealand but is achieved by few companies worldwide.

To celebrate, we commissioned a commemorative bottle of bubbly to give to each of the 3,500 plus Rymanians whose fantastic efforts and hard work have made achieving this prestigious award possible.

Above: Managing Director Simon Challies with Toni Myers, Publisher of Management Magazine.

A year of significant achievements

We achieved some great financial results over the past year. Cracking $100 million underlying profit was not an easy task, but once we've set ourselves a target like this we are determined to achieve it.

One of the strengths of the Ryman management team is that everyone is committed to achieving results – whether it's for our residents, for our staff, for the community or for our shareholders. Everyone knows their role, and they support each other to achieve the overall goals of the company.

The team have notched up some other pretty significant achievements over the past year.

We are very proud of our new Diana Isaac village in Christchurch. At a time when very little rebuild activity was taking place, we designed, obtained consent and built the bulk of this large scale village in record time. Our residents at Diana Isaac are delighted and so are we. The village is home for just on 400 residents already, with almost every room and unit occupied, just eighteen months after we started building.

During the year we took the step of lifting our caregiver pay rates substantially, which now makes us one of the top payers in aged care in New Zealand. This increase could only be sustained because the company is in such a strong financial position and we can rely on the wider village activities to support the aged care facility. We also launched our new share scheme for all staff. This scheme provides every staff member with an opportunity to receive financial assistance when they buy shares in the company.

Development approval was received for the first Melbourne village, which is no mean feat when you are planning to build a multi level village for up to 400 residents in an established residential neighbourhood. We commenced construction in January this year, will launch marketing in July, and expect our first residents to move in by April next year.

We achieved our build target

In New Zealand we achieved our build target of 700 units and beds comfortably, with 517 units and 226 beds being completed across eight sites. This reflected the pace of our development at Diana Isaac in particular. Sales of completed units were up accordingly to 506 units, plus there was a sizeable book of new unit pre-sales at year end.

To replenish the landbank we purchased two new sites, in Petone (Lower Hutt) and Birkenhead (Auckland). In both cases the sites are in older residential areas where there are very few opportunities to secure large sites, and not surprisingly also a significant deficit of retirement housing. We will be lodging planning applications for both sites in the very near future, and anticipate that we will be building on at least one of these sites within the next twelve months.

The new Waikanae village is on schedule to open at the end of July, and the early signs are very positive with 60 units either occupied or confirmed. We are expecting planning approval any day for the new Howick village, which has been named after the world famous race-car driver and constructor Bruce McLaren. There are over 300 people on the interest list for this village already, which gives you a sense of the pent up demand in the area for a new village offering the full continuum of care.

Our oldest village, Beckenham Courts, in Christchurch was the only village significantly affected by the earthquakes. The resthome and several townhouses sustained damage to their foundations which cannot be repaired, so we have embarked on a rebuild of the resthome. The village, which was built in 1990, will be substantially upgraded with the existing single level resthome being replaced by a three storey care centre offering resthome, hospital and dementia care. We are maintaining limited resthome services during the rebuild. During the 12 month transition we have offered all of the staff continuing employment in Christchurch and the residents who are unable to remain are being cared for at other Ryman villages.

Projected 75+ population growth (pa)

Preparing for something bigger

The demographic growth and resulting demand for new aged care and retirement units in New Zealand is compelling. The opportunity in Victoria is even larger again.

Our plan is to maintain our build rate of 700 units and beds in New Zealand, which in itself is increasing the scale of the portfolio at the rate of 10% per annum. By this time next year we anticipate that we will be in a position to commit to a roll out in Victoria, on the proviso that our first village at Wheelers Hill is off to a good start. Our aim for Victoria is to match our build rate in New Zealand, which will take some years to achieve.

Ryman Healthcare presenting a cheque for $230,000 to Macular Degeneration New Zealand (MDNZ).

From left: Simon Challies (Managing Director of Ryman Healthcare), Phillippa Pitcher (Business Manager of MDNZ), Sir Colin Meads (MDNZ Ambassador), Dr Dianne Sharpe (MDNZ Chairperson) and Ronny Taane (Hilda Ross Activities Coordinator).

We are preparing the company for this next growth phase now. We are recruiting and developing new managers, investing in better systems, increasing our landbank and making sure we are in the best financial shape we can be.

We have been building up our management capability over the past eighteen months to address the larger scale of the New Zealand operations, and to allow our senior management team to oversee the first Australian village. We have a very experienced and loyal senior team, who have given over 100 years collective service to Ryman.

Our mission is to build up a new group of senior managers who are just as capable and committed to the company, and can help us successfully manage our next phase of growth. We are making this investment early as it takes time to build up this expertise and for the new recruits to learn the Ryman way!

To sustain the New Zealand build rate with confidence we have decided we need a larger landbank and a larger spread of sites. In the year ahead we aim to achieve this by securing four new village sites in a mix of metropolitan and provincial locations. This is a one off lift, which will increase our landbank to 2,800 units and beds, or four years stock at the current build rate. This will allow the development team to turn their attention to Victoria in twelve months time.

We are committed to self-funding our development plans, and not diluting our existing shareholders wealth.

Giving back to the community

Our nominated charity this year was Macular Degeneration New Zealand (MDNZ) who proved to be a very popular choice. Their mission is to educate New Zealanders on how to reduce the risk of suffering from macular degeneration, and

Historic chapel to be saved

In March Ryman announced we are spending $1 million strengthening the historic Sacred Heart Chapel in Wanganui.

The Chapel, built in 1918, is part of the Jane Winstone Retirement Village, and it has a special place within the Wanganui community and the village residents.

In its current state the chapel is rated at less than 15% of the current building standards and was closed last year when it was found to be an earthquake risk. To make it safe, engineers came up with a plan to upgrade and reinforce the building without destroying its character.

The work is expected to be finished within six to eight months, and the chapel will then be open again for all to enjoy.

Above: Sister Catherine Shelton and Simon Challies after the announcement that the chapel would be saved.

what steps can be taken to slow down or halt the progression of the disease.

The residents and staff raised $115,000, which was matched dollar for dollar by the company, giving a total of $230,000 for MDNZ. Cancer Society of New Zealand has been selected as next year's charity.

When we purchased the old Sacred Heart College site in Wanganui we agreed to retain the historic chapel as part of the village. Since then the chapel has been made available to the community for services, weddings and concerts.

Following the Christchurch earthquake we assessed the chapel against the current code and it didn't measure up well so we made the decision to close pending a decision on its future. We were able to identify a way in which we could upgrade the structure without destroying the essential character of the chapel, so a commitment was made to invest close to $1m to preserve and strengthen the chapel.

We are also contributing to the community in other ways.

We give a massive boost to the local economy every time we build a new village, both during the construction phase and in terms of employment, services and supplies once the village is open. A typical village will cost $100 million to build and then creates over 120 permanent jobs on completion.

One of the issues the Government is grappling with is how to create new housing which is affordable, and how to limit urban sprawl and the additional infrastructure demands which this places on our major cities. A Ryman village will typically result in 400 family homes being freed up in an established residential area – homes which are close to existing schools, reserves, shops and transport networks. The village itself is a case study in good land utilization, which provides many of the community amenities sought by a retiree within the village boundaries.

By managing the design and build ourselves we can offer retirees in the local area the opportunity

Village of the Year: Hilda Ross Retirement Village
From left: Village Manager Vicki Webb, Chairman David Kerr, and Regional Manager Wendy Taylor

Ryman Healthcare Annual Awards 2013

Outstanding Nursing Achievement: Adrienne Sincock (Diana Isaac) with Operations Manager Barbara Reynen-Rose

From left: Sales Advisors of the Year, Angus McPhee and Chrissie Baker (Edmund Hillary) with Managing Director Simon Challies

Caregiver of the Year:
Dianne Thompson (Rowena Jackson) with Director Andrew Clements

Excellence in Construction Health and Safety:
Matt Crawford (Edmund Hillary) with Director Jo Appleyard

Allied Employee of the Year: Jason van der Hulst (Jane Mander) with Group Sales Manager Debbie Versey

Village Manager of the Year:
Jenny Thiele (Diana Isaac), pictured with Director Kevin Hickman

to downsize to a home which is more manageable, and to live in a community where they feel safe and supported, at a very good price. Over 80% of New Zealand retirees are mortgage free home owners so it is common for our residents to free up some cash when they move to the village.

We continue to invest in new aged care facilities, and offer the full continuum of care at our villages as we believe this gives us a significant point of difference. Our residents want to know that we can look after them, even if their health deteriorates.

The Government and the District Health Boards are generally very supportive of our plans to build as they recognise that there is a growing need, and that the current Government subsidy is insufficient to attract capital to invest in stand alone aged care facilities. The last Government review of the sector undertaken in 2010 identified the need for an extra 12,000 and up to 20,000 aged care beds by 2026.

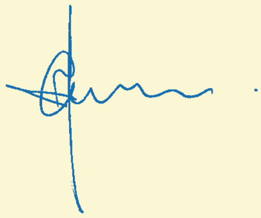
We are able to build a large scale care facility within the village very cost effectively, and can rely on the village to provide the necessary capital.

Aiming for a rollout in Victoria

We have achieved a great deal in the past year, for our shareholders, our residents, our staff and the communities we serve.

By this time next year we aim to be in a position to commit to a rollout in Victoria, while at the same time maintaining our growth path in NZ. We are preparing for this eventuality now, by grooming a new group of senior managers, by increasing our NZ landbank and by consistently strengthening our balance sheet. This move will represent a major step for the company - but at the same time it's a natural step in the evolution of the company.

There are thirty years of extraordinary demographic growth ahead of us, and we are ready and willing to meet the needs and demands of older people on both sides of the Tasman.



Simon Challies
Managing Director

Jane Mander Retirement Village, Whangarei

RITA ANGUS RETIREMENT VILLAGE RESIDENTS, WELLINGTON |

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.

Prior to her appointment as a director, Jo had 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 Genesis Power Limited. 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.

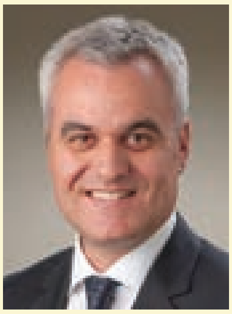
Simon holds a Bachelor of Commerce and Law from the University of Canterbury and is a Chartered Accountant.

GEORGE SAVVIDES
BE (Hons), MBA, FAICD
DIRECTOR

George is Managing Director of Medibank, Australia's largest health insurer, and has twenty years experience in the Australian healthcare industry.

He is Chairman of World Vision Australia and Arrow Leadership Australia. He also represents Australia as the Vice President on the Council of the International Federation of Health Plans and is a member of the Australian Institute for Population Ageing Research.

George lives in Melbourne and is a Fellow of the Australian Institute of Directors. He joined the Board in 2013.



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.

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.

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.

PHILIP MEALINGS
PROPERTY / PURCHASING MANAGER

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

BARBARA REYNEN-ROSE
OPERATIONS MANAGER

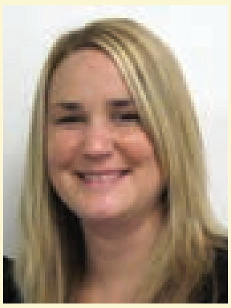
Barbara joined the company in 1992 as a Nurse Manager at Glamis Hospital in Dunedin. In 1997 she was appointed the Ryman Director of Nursing and in 2002 was promoted to Operations Manager. Barbara is a Registered Nurse, holds an Advanced Diploma in Nursing, a Post Graduate Diploma in Management and a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

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.

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.



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.

FIVE YEAR SUMMARY

		2013	2012	2011	2010	2009
Financial						
Underlying Profit	$m	100.2	84.1	72.1	61.4	53.0
Net Operating Cash Flows	$m	222.2	169.2	133.1	149.4	114.2
Net Assets	$m	734.5	647.2	565.8	456.6	408.2
Interest bearing Debt to Equity ratio	%	31%	33%	28%	31%	35%
Reported Net Profit After Tax	$m	136.7	120.8	100.2	78.4	66.1
Dividend per Share	Cents	10.0	8.4	7.2	6.1	5.25
Villages						
Sales of Occupation Rights [1]	No.	985	780	699	631	597
New builds:						
Aged Care Beds	No.	226	322	228	155	125
Retirement Village Units	No.	517	388	343	279	278
Land bank (to be developed) [2]	No.	2,402	2,229	2,141	1,897	1,790
Portfolio:						
Aged Care Beds	No.	2,400	2,174	1,852	1,674	1,519
Retirement Village Units	No.	3,791	3,274	2,886	2,543	2,264

1 New and existing retirement village units.

2 Includes retirement village units and aged care beds.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	Note	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
Care fees		148,386	126,869	2,146	2,128
Management fees		31,986	27,253	150	120
Interest received		629	662	6,020	6,587
Other income	1	272	393	58,309	49,984
Total revenue		**181,273**	**155,177**	**66,625**	**58,819**
Fair value movement of investment property	8	118,935	101,857	217	313
Total income		**300,208**	**257,034**	**66,842**	**59,132**
Operating expenses	2	(132,066)	(112,820)	(12,622)	(10,726)
Depreciation expense	3	(8,386)	(6,995)	(795)	(636)
Finance costs	4	(9,477)	(7,066)	(7,718)	(7,033)
Total expenses		**(149,929)**	**(126,881)**	**(21,135)**	**(18,395)**
Profit before income tax		**150,279**	**130,153**	**45,707**	**40,737**
Income tax expense	5	(13,549)	(9,382)	(39)	(399)
Profit for the period		**136,730**	**120,771**	**45,668**	**40,338**
Earnings per share					
Basic (cents per share)	14	27.3	24.2		
Diluted (cents per share)	14	27.5	24.3		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013

	Note	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
Profit for the period		**136,730**	**120,771**	**45,668**	**40,338**
Fair value movement of interest rate swaps	15	(169)	(670)	(169)	(670)
Movement in deferred tax related to interest rate swaps	15	47	188	47	188
Revaluation of Property, plant and equipment (unrealised)	7, 15	(3,257)	-	-	-
Deferred tax impact on revaluation reserve	15	774	-	-	-
Gain on hedge of foreign owned subsidiary net assets	15	180	161	-	-
Gains/(losses) on translation of foreign operations	15	(180)	(161)	-	-
Other comprehensive income		**(2,605)**	**(482)**	**(122)**	**(482)**
Total comprehensive income		**134,125**	**120,289**	**45,546**	**39,856**

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 2013

	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 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 (Note 16)	-	-	-	-	-	(38,500)	(38,500)
Closing Balance at 31 March 2012	**33,290**	**128,057**	**(4,555)**	**-**	**(5,350)**	**495,777**	**647,219**
Balance at 1 April 2012	**33,290**	**128,057**	**(4,555)**	**-**	**(5,350)**	**495,777**	**647,219**
Total comprehensive income for the period	-	(2,483)	(122)	-	-	136,730	134,125
Treasury stock movement	-	-	-	-	(1,375)	-	(1,375)
Dividends paid to shareholders (Note 16)	-	-	-	-	-	(45,500)	(45,500)
Closing Balance at 31 March 2013	**33,290**	**125,574**	**(4,677)**	**-**	**(6,725)**	**587,007**	**734,469**
PARENT							
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 (Note 16)	-	-	-	-	-	(38,500)	(38,500)
Closing Balance at 31 March 2012	**33,290**	**1,936**	**(4,555)**	**-**	**(5,350)**	**18,156**	**43,477**
Balance at 1 April 2012	**33,290**	**1,936**	**(4,555)**	**-**	**(5,350)**	**18,156**	**43,477**
Total comprehensive income for the period	-	-	(122)	-	-	45,668	45,546
Treasury stock movement	-	-	-	-	(1,375)	-	(1,375)
Dividends paid to shareholders (Note 16)	-	-	-	-	-	(45,500)	(45,500)
Closing Balance at 31 March 2013	**33,290**	**1,936**	**(4,677)**	**-**	**(6,725)**	**18,324**	**42,148**

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2013

		GROUP		PARENT	
	Notes	2013 $000	2012 $000	2013 $000	2012 $000
Assets					
Cash and cash equivalents		527	2,771	-	193
Trade and other receivables	6	103,478	91,786	188	36
Advances to subsidiaries	17	-	-	197,580	203,103
Advances to employees	25	3,387	2,420	3,387	2,420
Deferred tax asset (net)	5	-	-	850	842
Property, plant & equipment	7	411,062	382,295	14,896	24,394
Investment properties	8	1,684,183	1,434,225	6,598	6,358
Investments in subsidiaries	23	-	-	56,682	46,078
Total assets		**2,202,637**	**1,913,497**	**280,181**	**283,424**
Equity					
Issued capital	14	33,290	33,290	33,290	33,290
Asset revaluation reserve	15	125,574	128,057	1,936	1,936
Interest rate swap reserve	15	(4,677)	(4,555)	(4,677)	(4,555)
Foreign currency translation reserve	15	-	-	-	-
Treasury stock	15,25	(6,725)	(5,350)	(6,725)	(5,350)
Retained earnings	15	587,007	495,777	18,324	18,156
Total equity		**734,469**	**647,219**	**42,148**	**43,477**
Liabilities					
Bank overdraft	9	-	-	573	-
Trade and other payables	10	35,794	50,485	23,797	35,205
Employee entitlements	11	9,005	7,436	1,236	1,064
Revenue in advance		23,678	20,267	96	104
Interest rate swaps	19	6,496	6,327	6,496	6,327
Bank loans (secured)	12	225,987	213,234	201,233	192,809
Occupancy advances (non interest bearing)	13	1,114,479	928,528	4,602	4,438
Deferred tax liability (net)	5	52,729	40,001	-	-
Total liabilities		**1,468,168**	**1,266,278**	**238,033**	**239,947**
Total equity and liabilities		**2,202,637**	**1,913,497**	**280,181**	**283,424**
Net tangible assets per basic share (cents)	14	146.9	129.4		
Net tangible assets per diluted share (cents)	14	147.6	130.1		

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

		GROUP		PARENT	
	Note	2013 $000	2012 $000	2013 $000	2012 $000
Operating activities					
Receipts from residents	22	481,575	371,796	3,235	3,685
Interest received		543	572	6,016	6,426
Dividends received		-	-	50,000	42,000
Inter-company charges		-	-	8,228	7,982
Payments to suppliers and employees		(130,615)	(109,028)	(11,217)	(9,159)
Payments to residents		(119,808)	(86,937)	(578)	(874)
Interest paid		(9,477)	(7,232)	(7,718)	(7,042)
Net operating cash flows	22	**222,218**	**169,171**	**47,966**	**43,018**
Investing activities					
Repayment of advances from subsidiaries		-	-	45,879	38,239
Purchase of property, plant & equipment		(56,777)	(75,018)	(2,667)	(1,868)
Purchase of investment properties		(128,089)	(103,069)	(23)	(11)
Capitalised interest paid		(4,508)	(5,478)	(223)	(156)
Advances to employees		(966)	1,389	(966)	1,389
Investment in subsidiaries		-	-	(10,604)	(6,970)
Advances to subsidiaries		-	-	(41,677)	(67,971)
Net investing cash flows		**(190,340)**	**(182,176)**	**(10,281)**	**(37,348)**
Financing activities					
Drawdown of bank loans		12,753	55,734	8,424	35,309
Dividends paid		(45,500)	(38,500)	(45,500)	(38,500)
Purchase of treasury stock (net)		(1,375)	(2,125)	(1,375)	(2,125)
Net financing cash flows		**(34,122)**	**15,109**	**(38,451)**	**(5,316)**
Net (decrease)/increase in cash and cash equivalents		**(2,244)**	**2,104**	**(766)**	**354**
Cash and cash equivalents at the beginning of period		2,771	667	193	(161)
Cash and cash equivalents at the end of period		**527**	**2,771**	**(573)**	**193**

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 2013, and the comparative information presented in these financial statements for the year ended 31 March 2012.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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.

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 differences 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The fair value is determined using discounted cash flow methodology.

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

(e) Property, plant & equipment

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

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Trade and other payables

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

Interest bearing loans and borrowings

Loans and borrowings are initially recorded at fair value, plus directly attributable transaction costs. Subsequent to initial recognition, loans and borrowings are measured at amortised cost, with any differences from the initial amount recognised and the redemption value being recognised in profit and loss using the effective interest rate method. In practice this means that Group interest 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 significant 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.

Bob Owens Retirement Village, Tauranga

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	Note	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
1. Other Income					
Dividends received		-	-	50,000	42,000
Other income		272	393	8,309	7,984
Total Other income		**272**	**393**	**58,309**	**49,984**
2. Operating Expenses					
Employee costs (see below)		83,526	71,136	8,448	7,190
Property related expenses		19,589	15,671	408	319
Other operating costs (see below)		28,951	26,013	3,766	3,217
Total		**132,066**	**112,820**	**12,622**	**10,726**
Employee costs and other operating costs include:					
Post employment benefits (Kiwisaver)		1,075	839	236	189
Auditor's remuneration to Deloitte comprises:					
- audit of financial statements		127	120	22	22
- audit related services*		1	1	1	1
Directors Fees		524	555	503	555
Doubtful Debts		-	-	-	-
Donations^		234	195	22	19
Lease and rental payments		550	302	337	100

* primarily relates to work undertaken in respect of the Group's interim financial statements
^ no donations have been made to any political party (2012: $Nil)

	Note	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
3. Depreciation					
Buildings		3,765	3,142	82	74
Plant and Equipment		1,645	1,364	541	436
Furniture and Fittings		2,729	2,275	130	69
Motor Vehicles		247	214	42	57
Total		**8,386**	**6,995**	**795**	**636**
4. Finance Costs					
Total interest paid on bank loans		11,313	9,506	9,643	8,747
Release of interest rate swap reserve	15	2,672	3,038	2,672	3,038
Amount of interest capitalised		(4,508)	(5,478)	(223)	(156)
Interest recharged to subsidiaries		-	-	(4,374)	(4,596)
Net interest expense on bank loans		**9,477**	**7,066**	**7,718**	**7,033**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $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	785	4,023	11	(2)
Property, plant and equipment	8,498	2,065	67	25
Other	4,266	3,294	(39)	376
Total income tax expense	**13,549**	**9,382**	**39**	**399**
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	150,279	130,153	45,707	40,737
Income tax expense calculated at 28%	42,078	36,443	12,798	11,406
Tax effect of:				
Non-taxable dividends	-	-	(14,000)	(11,760)
Non-taxable income	(33,302)	(28,520)	(61)	(88)
Other	4,773	1,459	1,302	841
Total tax expense	**13,549**	**9,382**	**39**	**399**

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% (2012: 28%) payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

Total Group tax losses available amounted to $15.7 million (2012: $35.2 million) and Parent $Nil (2012: $Nil). 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 (2012: $Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

5. Income Tax (continued)

GROUP	2013		2012	
	%	$000	%	$000
Reconciliation of effective tax rate				
Profit before tax		150,279		130,153
Income tax using the corporate tax rate	28.0%	42,078	28.0%	36,443
Non-taxable income	(22.2)%	(33,302)	(21.9)%	(28,520)
Other	3.2%	4,773	1.1%	1,459
Total income tax expense	**9.0%**	**13,549**	**7.2%**	**9,382**

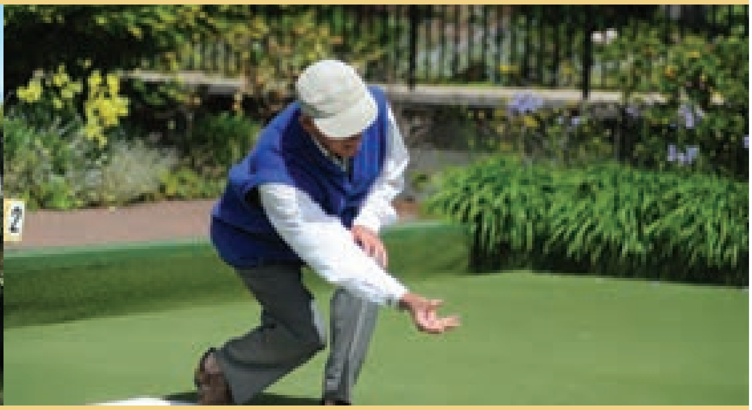
PARENT	2013		2012	
	%	$000	%	$000
Reconciliation of effective tax rate				
Profit before tax		45,707		40,737
Income tax using the corporate tax rate	28.0%	12,798	28.0%	11,406
Non-taxable dividends	(30.6)%	(14,000)	(28.9)%	(11,760)
Non-taxable income	(0.1)%	(61)	(0.2)%	(88)
Other	2.8%	1,302	2.1%	841
Total income tax expense	**0.1%**	**39**	**1.0%**	**399**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

5. Income Tax (continued)

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

	Opening Balance $000	Recognised in income $000	Recognised in equity $000	Closing Balance $000
GROUP - 2013				
Property, plant & equipment	(36,210)	(8,509)	774	(43,945)
Investment properties	(22,603)	(785)	-	(23,388)
Deferred management fee revenue in advance	5,675	950	-	6,625
Interest rate swap	1,772	-	47	1,819
Other	1,513	253	-	1,766
Tax value of loss carry-forwards recognised	9,852	(5,458)	-	4,394
Total deferred taxation	**(40,001)**	**(13,549)**	**821**	**(52,729)**
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)**
PARENT - 2013				
Property, plant & equipment	(1,020)	(67)	-	(1,087)
Investment properties	(140)	(11)	-	(151)
Deferred management fee revenue in advance	30	(2)	-	28
Interest rate swap	1,772	-	47	1,819
Other	200	41	-	241
Tax value of loss carry-forwards recognised	-	-	-	-
Total deferred taxation	**842**	**(39)**	**47**	**850**
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**



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

5. Income Tax (continued)

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
(c) Imputation credit memorandum account				
Opening balance	18	30	-	-
Resident withholding tax paid/(refunded)	4	(12)	-	-
Closing balance	**22**	**18**	**-**	**-**
Imputation credits available directly and indirectly to shareholders of the parent company, through:				
Parent company	-	-	-	-
Subsidiaries	22	18	-	-
	22	**18**	**-**	**-**

6. Trade and Other Receivables

	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
Trade debtors	102,628	90,283	188	36
Other receivables	850	1,503	-	-
Total receivables	**103,478**	**91,786**	**188**	**36**

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 (2012: $Nil Group and Parent).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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 - 2013	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount							
Balance at 1 April 2012	138,862	146,608	84,025	15,703	15,878	2,619	403,695
Additions	190	3,054	38,414	1,972	1,460	500	45,590
Transfer from Property under development	9,049	39,638	(53,346)	1,343	3,316	-	-
Transfer from Property under development to Investment Property	-	-	(4,915)	-	-	-	(4,915)
Revaluation	(490)	(2,767)	-	-	-	-	(3,257)
Disposals	(75)	(367)	-	(188)	(330)	-	(960)
Balance at 31 March 2013	**147,536**	**186,166**	**64,178**	**18,830**	**20,324**	**3,119**	**440,153**
Accumulated Depreciation							
Balance at 1 April 2012	-	(3,142)	-	(6,791)	(9,590)	(1,877)	(21,400)
Current year depreciation	-	(3,765)	-	(1,645)	(2,729)	(247)	(8,386)
Disposals	-	36	-	237	422	-	695
Balance at 31 March 2013	**-**	**(6,871)**	**-**	**(8,199)**	**(11,897)**	**(2,124)**	**(29,091)**
Total Book Value	**147,536**	**179,295**	**64,178**	**10,631**	**8,427**	**995**	**411,062**
GROUP - 2012							
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**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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 - 2013	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount							
Balance at 1 April 2012	315	3,779	17,294	5,385	726	1,031	28,530
Additions	-	272	6,071	891	300	5	7,539
Transfers to subsidiary companies (at cost)	-	-	(16,242)	-	-	-	(16,242)
Balance at 31 March 2013	**315**	**4,051**	**7,123**	**6,276**	**1,026**	**1,036**	**19,827**
Accumulated Depreciation							
Balance at 1 April 2012	-	(74)	-	(2,761)	(379)	(922)	(4,136)
Current year depreciation	-	(82)	-	(541)	(130)	(42)	(795)
Balance at 31 March 2013	**-**	**(156)**	**-**	**(3,302)**	**(509)**	**(964)**	**(4,931)**
Total Book Value	**315**	**3,895**	**7,123**	**2,974**	**517**	**72**	**14,896**
PARENT - 2012							
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 (at cost)	-	-	(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**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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.

Beckenham Courts has been revalued downwards to reflect earthquake damage. The insurance claim is currently in progress.

Property under development includes land held pending development of a retirement village amounted to $17.0 million (2012: $49.3 million) and Parent $6.6 million (2012: $16.3 million) and is valued at cost.

Interest for the Group of $4.5 million (2012: $5.5 million) and the Parent of $0.2m (2012: $0.2m) have been capitalised during the period of construction in the current year. The weighted average capitalisation rate on funds borrowed is 5.90% per annum (2012: 6.48% 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 $000	Buildings $000	Total $000	Freehold Land $000	Buildings $000	Total $000
Carrying amount						
Carrying amount at 31 March 2013	38,856	163,251	**202,107**	237	2,217	**2,454**
Carrying amount						
Carrying amount at 31 March 2012	30,328	126,020	**156,348**	237	2,027	**2,264**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

8. Investment Properties

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
At fair value				
Balance at beginning of financial year	1,434,225	1,206,312	6,358	6,033
Additions	131,023	126,056	23	12
Fair value movement				
Realised	68,885	55,762	265	339
Unrealised	50,050	46,095	(48)	(26)
	118,935	**101,857**	**217**	**313**
Net movement for the year	249,958	227,913	240	325
Balance at end of financial year	**1,684,183**	**1,434,225**	**6,598**	**6,358**

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 2013. 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 $30.1 million (2012: $57.9 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 $2.8 million (2012: $2.3 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 2013 was 11.65% (2012: 11.65%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

10. Trade & Other Payables

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Trade payables	25,860	24,752	20,931	22,098
Other payables	9,934	25,733	2,866	13,107
Total trade and other payables	**35,794**	**50,485**	**23,797**	**35,205**

Trade payables are typically paid within 30 days of invoice date or 20th of the month following invoice date. Other payables at 31 March 2013 for the Group includes $3.1 million (2012: $21.4 million) and Parent includes $3.1 million (2012: $14.9 million) in relation to the purchase of land.

11. Employee Entitlements

Holiday pay accrual and other benefits	9,005	7,436	1,236	1,064

12. Borrowings

Bank loans (secured) – NZD	188,000	186,000	188,000	186,000
Bank loans (secured) – AUD in NZD	37,987	27,234	13,233	6,809
Total bank loans (secured)	**225,987**	**213,234**	**201,233**	**192,809**
Less than 1 year	26,000	25,000	26,000	25,000
Within 1-3 years	199,987	188,234	175,233	167,809
Average interest rates – NZD	4.53%	4.83%	4.53%	4.83%
Average interest rates – AUD	6.22%	7.15%	6.22%	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 2013

13. Occupancy Advances (non interest bearing)

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Gross occupancy advances	1,251,894	1,042,710	5,318	5,112
Less: management fees & resident loans	(137,415)	(114,182)	(716)	(674)
Closing Balance	**1,114,479**	**928,528**	**4,602**	**4,438**

Gross occupancy advances are non interest bearing.

14. Share Capital

Issued and paid up capital consists of 500,000,000 fully paid ordinary shares (2012: 500,000,000) less treasury stock of 2,421,293 shares (2012: 2,467,900 shares) (refer to note 25). All shares rank equally in all respects.

Basic earnings per share has been calculated on the basis of 500,000,000 ordinary shares (2012: 500,000,000 shares).

Shares purchased on market under the senior share scheme (see note 25) are treated as treasury stock until vesting to the employee. The diluted number of shares, having adjusted for treasury stock, is 497,578,707 ordinary shares (2012: 497,532,100 shares) and the diluted earnings per share has been calculated on this basis.

15. Reserves

Asset Revaluation Reserve				
Opening Balance	128,057	128,057	1,936	1,936
Revaluation	(3,257)	-	-	-
Deferred tax	774	-	-	-
Closing Balance	**125,574**	**128,057**	**1,936**	**1,936**
Interest Rate Swap Reserve				
Opening Balance	(4,555)	(4,073)	(4,555)	(4,073)
Valuation of interest rate swap	(2,841)	(3,708)	(2,841)	(3,708)
Released to income statement	2,672	3,038	2,672	3,038
Net Fair Value movement	**(169)**	**(670)**	**(169)**	**(670)**
Deferred tax movement on interest rate swap reserve	47	188	47	188
Closing Balance	**(4,677)**	**(4,555)**	**(4,677)**	**(4,555)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

15. Reserves (continued)

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Treasury Stock				
Opening Balance	(5,350)	(4,950)	(5,350)	(4,950)
Acquisitions	(2,925)	(2,125)	(2,925)	(2,125)
Vesting/forfeiture of shares	1,550	1,725	1,550	1,725
Closing Balance	**(6,725)**	**(5,350)**	**(6,725)**	**(5,350)**
Foreign Currency Translation Reserve				
Opening Balance	-	-	-	-
Gain on hedge of foreign owned subsidiary net assets	180	161	-	-
Loss on translation of net assets of foreign owned subsidiary	(180)	(161)	-	-
Closing Balance	**-**	**-**	**-**	**-**
Retained Earnings				
Opening Balance	495,777	413,506	18,156	16,318
Net profit attributable to shareholders	136,730	120,771	45,668	40,338
Dividends paid	(45,500)	(38,500)	(45,500)	(38,500)
Closing Balance	**587,007**	**495,777**	**18,324**	**18,156**

16. Dividends

	GROUP & PARENT			
	2013 Cents per share	2013 Total $000	2012 Cents per share	2012 Total $000
Recognised amounts				
Final dividend paid - prior year	4.50	22,500	3.80	19,000
Interim dividend paid - current year	4.60	23,000	3.90	19,500
		45,500		**38,500**
Unrecognised amounts				
Final dividend - current year	5.40	27,000	4.50	22,500
Full year dividend - current year	**10.0**	**50,000**	**8.40**	**42,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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.

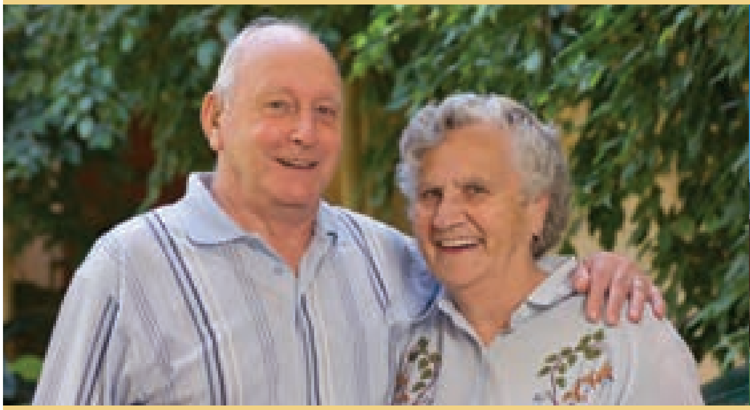
	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Transactions involving the parent entity				
Dividend revenue				
Dividends received from subsidiary companies	-	-	50,000	42,000
Intercompany charges by parent to subsidiary company				
Interest charge	-	-	6,004	6,412
Management fees	-	-	3,360	4,080
Balances owing by				
Subsidiary companies	-	-	197,580	203,103
Transactions with companies associated to directors				
Rental expense	316	85	316	85

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% - 6.5% (2012: 0% - 7.0%) at the discretion of Ryman Healthcare Limited. No related party debts have been written off or forgiven during the year.

In August 2012 Ryman Healthcare Limited entered into a new office lease agreement with Airport Business Park Christchurch Limited ('the Airport Business Park'). Kevin Hickman has a significant 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 $524,676 per annum (excluding GST) for eight years (updated post final measure), with a two year right of renewal (2012: $490,740 for 8 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

	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
Compensation				
Short term employee benefits (senior management team)	2,107	1,905	2,107	1,905
Directors fees	524	555	503	555
Salaries and Consulting fees to directors	754	701	754	701
Total Key Management Personnel and Directors' Compensation	**3,385**	**3,161**	**3,364**	**3,161**



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

18. Key Management Personnel Compensation (continued)

Key management personnel are the senior management team of the Group and include 8 senior management team members (2012: 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.

Post employment benefits (Employer Kiwisaver) employer contributions included in Short term employee benefits (senior management team) is $22,850 (2012: $13,411) and included in Salaries and Consulting fees to directors is $14,621 (2012: $12,762).

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

19. Financial Instruments

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

Categories of financial instruments	**GROUP**		**PARENT**	
	2013 $000	**2012 $000**	**2013 $000**	**2012 $000**
Financial assets				
Loans and receivables (including cash equivalents)	107,392	96,977	201,155	205,752
	107,392	**96,977**	**201,155**	**205,752**
Financial liabilities				
Amortised cost	1,385,265	1,199,683	231,441	233,516
Derivative instruments in designated hedge accounting relationships (interest rate swaps)	6,496	6,327	6,496	6,327
	1,391,761	**1,206,010**	**237,937**	**239,843**

(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 2013 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 2013 was $107.4 million (2012: $97.0 million) and there were no material overdue debtors as at 31 March 2013 (2012: $Nil). Financial assets comprise:

Cash and cash equivalents	527	2,771	-	193
Trade and other receivables	103,478	91,786	188	36
Advances to subsidiaries	-	-	197,580	203,103
Advances to employees	3,387	2,420	3,387	2,420
	107,392	**96,977**	**201,155**	**205,752**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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 2013 the Company had an interest rate swap agreement in place with a total notional principal amount of $101.0 million (2012: $101.0 million). The agreement effectively changes the Company's interest rate exposure on the principal of $101.0 million (2012: $101.0 million) from a floating rate to a fixed rate of 4.95% (2012: 5.44%). The fair value of the agreement at 31 March 2013 was a liability of $6.5 million (2012: liability of $6.3 million). The interest rate swap agreement covers notional debt amounts for a term of five years at a composite interest rate of 4.95% (2012: 5.44%).

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:

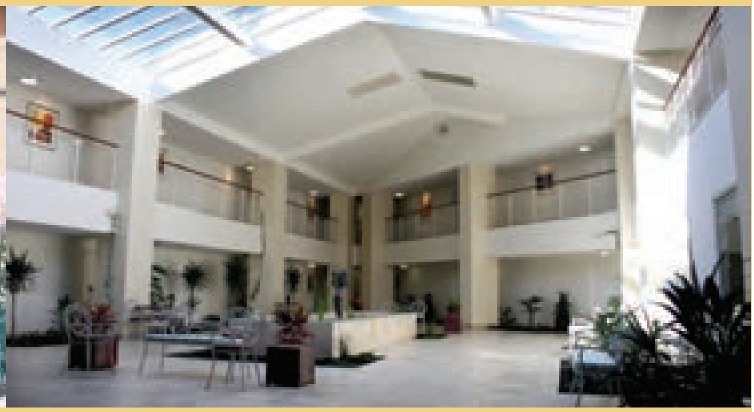
Cash flow hedges	**GROUP & PARENT**			
Outstanding	**Average contracted fixed interest rate**		**Notional principal amount**	
	2013	**2012**	**2013**	**2012**
	%	**%**	**$000**	**$000**
Less than 1 year	4.95%	5.44%	97,000	101,000
1 to 2 years	4.95%	5.44%	81,000	85,000
2 to 3 years	4.95%	5.44%	100,000	69,000
3 to 4 years	4.95%	5.44%	80,000	53,000
4 to 5 years	4.95%	5.44%	60,000	37,000

(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 $105.5 million (2012: $68.7 million) of New Zealand dollar cash and undrawn facilities and AUD$63.5 million (2012: AUD$44.1 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 2013

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							
	2013				2012			
GROUP	**On Demand $000**	**Less than 1 Year $000**	**Greater than 1 Year $000**	**Total $000**	**On Demand $000**	**Less than 1 Year $000**	**Greater than 1 Year $000**	**Total $000**
Financial liabilities:								
Trade & other payables	-	35,794	-	35,794	-	50,485	-	50,485
Employee entitlements	-	9,005	-	9,005	-	7,436	-	7,436
Interest rate swaps	-	6,496	-	6,496	-	6,327	-	6,327
Bank loans (secured)	-	27,454	199,987	227,441	-	26,459	188,234	214,693
Occupancy advances (non interest bearing)	-	121,481	992,998	1,114,479	-	99,096	829,432	928,528
Bank bonds	3,359	-	-	3,359	2,975	-	-	2,975
	3,359	**200,230**	**1,192,985**	**1,396,574**	**2,975**	**189,803**	**1,017,666**	**1,210,444**

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 (2012:$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$290.0 million (2012: NZ$250.0 million) of which NZ$35.0 million (2012: NZ$35.0 million) is for 1 year and NZ$255.0 million (2012: NZ$215.0 million 2 years) is for 3 years. The loan facility of NZ$290.0 million is provided by ANZ Bank New Zealand Ltd (2013: NZ$189.2 million; 2012: NZ$165.0 million) and Commonwealth Bank of Australia (2013: $100.8 million; 2012: NZ$85.0 million) in accordance with the terms of a syndicated loan agreement.
- A loan facility of AUD$95.0 million (2012: AUD$65.0m 2 years) of which all is for 3 years. The loan facility is provided by ANZ Bank New Zealand Ltd AUD$63.4 million (2012: AUD$43.4 million) and Commonwealth Bank of Australia AUD$31.6 million (2012: AUD$21.6 million) in accordance with the terms of a syndicated loan agreement. These facilities are being 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 three year basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

19. Financial Instruments (continued)

(c) Liquidity Risk (continued)

CONTRACTUAL MATURITY DATES

	2013				2012			
	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	-	573	-	573	-	-	-	-
Trade & other payables	-	23,797	-	23,797	-	35,205	-	35,205
Employee entitlements	-	1,236	-	1,236	-	1,064	-	1,064
Interest rate swaps	-	6,496	-	6,496	-	6,327	-	6,327
Bank loans (secured)	-	27,328	175,233	202,561	-	26,336	167,809	194,145
Occupancy advances (non interest bearing)	-	613	3,989	4,602	-	454	3,984	4,438
Bank bonds	3,058	-	-	3,058	125	-	-	125
	3,058	**60,043**	**179,222**	**242,323**	**125**	**69,386**	**171,793**	**241,304**

(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 profit and total comprehensive income for the year ended 31 March 2013 would decrease/increase by $612,359 (2012: decrease/increase by $492,721) 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 position and financial performance 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 2013

(f) Foreign Currency Risk (continued)

The Group 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$10.6 million (2012: AUD$5.4 million), 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 2013 and 31 March 2012.

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 construction contracts amounting to $22.2 million as at 31 March 2013 (2012: $15.5 million).

Operating Lease and Other Commitments

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

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Commitments within:				
Less than 1 year	551	362	551	362
Between 1 and 5 years	2,207	1,963	2,207	1,963
More than 5 years	1,331	1,636	1,331	1,636
	4,089	**3,961**	**4,089**	**3,961**

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 $3.4 million (2012: $3.0 million).

21. Contingent Liabilities

The Group had no contingent liabilities as at 31 March 2013 (2012: $Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

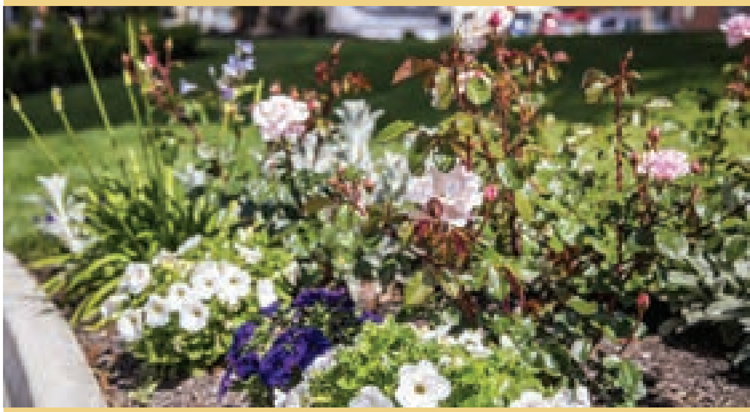
	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Net profit after tax	**136,730**	**120,771**	**45,668**	**40,338**
Adjusted for:				
Movements in balance sheet items:				
Occupancy advances	208,657	161,135	196	164
Accrued management fees	(16,924)	(16,118)	(40)	(37)
Trade and other payables	880	1,938	1,640	1,094
Trade and other receivables	(11,693)	(14,531)	(107)	859
Employee entitlements	1,568	1,456	172	39
Non-cash items:				
Depreciation	8,386	6,995	795	636
Deferred tax	13,549	9,382	39	399
Unrealised foreign exchange (gain)/loss	-	-	(180)	(161)
Adjusted for:				
Fair value movement of investment properties	(118,935)	(101,857)	(217)	(313)
Net operating cash flows	**222,218**	**169,171**	**47,966**	**43,018**

Net operating cash flows for the Group includes occupancy advance receipts from retirement village residents of $334.8 million (2012: $244.6 million) and Parent $1.0 million (2012: $1.6 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 currently being developed into an integrated retirement village, ownership of which is held through Ryman Healthcare (Australia) Pty Limited, a company incorporated in Australia. The operating subsidiaries are:

Anthony Wilding Retirement Village Limited, Beckenham Courts Retirement Village Limited, Bob Owens Retirement Village Limited, Charles Fleming Retirement Village 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 2013

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 currently being developed into an integrated retirement village.

Segment Revenues and Results

The accounting policies of the reportable segments are the same as the Group's accounting policies. 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 these segments 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 segments. All assets are allocated to the reportable segments.

All revenue and results of the Group and Parent relate to New Zealand except for a loss of AUD$1.6m (2012: $Nil) in Australia.

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. The Government aged care subsidies received from the Ministry of Health included in Group care fees amounted to $67.4 million (2012: $58.4 million); Parent $1.0 million (2012: $1.2 million). There are no other significant customers.

Geographical Information

All non-current assets of the Group and Parent are held in New Zealand except for AUD$29.0 million (2012: AUD$26.0 million) in Australia which are held by the Group.

25. Employee Share Scheme

Senior Management 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 2,421,293 fully allocated shares, which represents 0.48% of the total shares on issue (2012: 2,467,900 fully allocated shares which represented 0.49% 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 2013

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:

	2013 Number of Shares	2012 Number of Shares
Balance at beginning of the financial year	2,467,900	2,614,600
Purchased on market during the year	766,271	836,628
Forfeited during the financial year	-	-
Vested during the financial year	(812,878)	(983,328)
Balance at end of the financial year	**2,421,293**	**2,467,900**

Shares were purchased under the scheme in August 2012 at a price of $3.82 per share. Remaining shares held by the scheme were purchased in August 2011 ($2.54) and August 2010 ($2.06).

Shares vested in August 2012 were originally purchased at $1.90 per share in 2009 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 $1,532,066 (2012: $1,006,176) 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.

All Employee Share Scheme

In addition, the Company operates a share scheme which is available for all staff.

Participants of this scheme have contributed a minimum of $1,000 (and up to a maximum amount of $10,000) towards the on market purchase of Ryman Healthcare Limited shares. To assist the staff member purchase more shares, the Company advanced an interest free loan equal to 50% of the employee's contribution towards the share purchase (the 'financial assistance').

The loan is repayable when the staff member leaves the Company. Shares purchased under the scheme are held in the employee's name.

The total financial assistance provided by the Company for staff share purchases under the scheme amounted to $325,000 in August 2012. The shares subject to the scheme were acquired on market. The financial assistance provided by the Company is recorded in Advances to employees.

26. Subsequent Events

The directors resolved to pay a final dividend of 5.4 cents per share or $27.0 million, with no imputation credits attached, to be paid on 21 June 2013.

27. Authorisation

The directors authorised the issue of these financial statements on 15 May 2013.

Warren Bell
Non Executive Director & Chair of Audit Committee

David Kerr
Chairman

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

Report on the Financial Statements

We have audited the financial statements of Ryman Healthcare Limited and group on pages 18 to 49, which comprise the consolidated and separate balance sheet of Ryman Healthcare Limited, as at 31 March 2013, 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.

This report is made solely to the company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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.

Auditor's 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 2013, 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 2013:

- 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
15 May 2013
Christchurch, New Zealand.

Statement of Corporate Governance

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, Andrew Clements and George Savvides 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. Warren is a member 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.

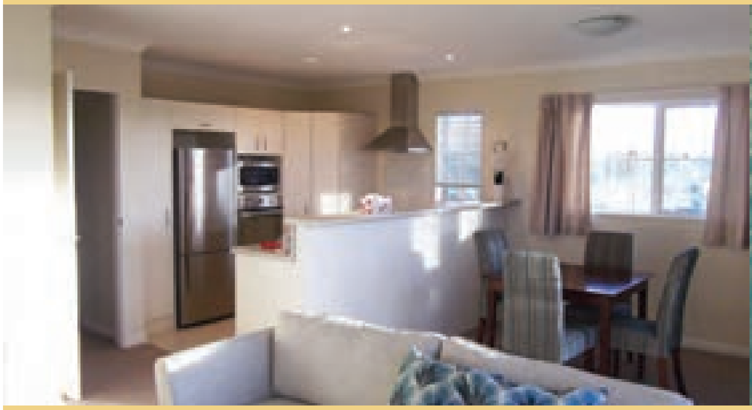
The Group operates an extensive internal accreditation programme which addresses such wide ranging issues as service delivery, health and safety, and administration. Internal audits are undertaken on a regular basis. The results of these audits and critical indicators are reported to the Board on a regular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

Warren Bell

Chairman: Hallenstein Glasson Holdings Ltd Group
Chairman: St Georges Hospital Inc
Director: Alpine Energy Group
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

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 Christchurch 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)

George Savvides

Managing Director: Medibank

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

Jo Appleyard

Partner: Chapman Tripp - legal advisor to the Company
Member: NZX Disciplinary Committee
Council Member: University of Canterbury

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)
Director: Forte Hospital

* *Denotes positions no longer held*

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 2013	2012
Jo Appleyard	78,700[1]	78,700[1]
Simon Challies	2,149,729[2]	1,913,953[2]
Andrew Clements	1,600,000[3]	1,600,000[3]
Kevin Hickman	35,834,955[4]	35,834,955[4]
David Kerr	277,500[5]	250,000[5]
Warren Bell	25,000[6]	25,000[6]

1 Held as trustee of The Appleyard and Larkin Family Trust
2 894,452 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

Director	Directors Fees	Other[2]
Jo Appleyard	81,667	-
Warren Bell [1]	91,667	-
Simon Challies	-	745,671
Andrew Clements[1]	85,000	-
Kevin Hickman	81,667	8,333
David Kerr[1]	163,333	-

1 Member of Audit and Financial Risk Committee
2 Salaries, Bonuses & Consulting Fees

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. Jeremy Dixon was paid $20,758 as a director of Ryman Healthcare (Australia) Pty Limited.

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
410,000 - 420,000	1	210,000 - 220,000	1	130,000 - 140,000	5
340,000 - 350,000	1	190,000 - 200,000	1	120,000 - 130,000	4
330,000 - 340,000	1	180,000 - 190,000	3	110,000 - 120,000	3
280,000 - 290,000	1	150,000 - 160,000	3	100,000 - 110,000	3
260,000 - 270,000	1	140,000 - 150,000	1		

Share Dealing

Director	Nature of Interest	Shares Acquired /(Disposed)	Consideration	Date
David Kerr	Beneficial	27,500	3.62	16 July 2012
Simon Challies	Beneficial	235,776	3.82	31 August 2012

David Kerr and Andrew Clements, as joint custodians of the Ryman Healthcare Employee Share Purchase Scheme, acquired 766,271 shares during the year, disposed of 812,878 shares during the year and held 2,421,293 shares in total at 31 March 2013 (also refer note 25).

Gender Composition of Directors and Officers

As at 31 March 2013, one of the directors of Ryman is female (2012: 1 female) and three of the eight management positions are held by women (2012: 3 females).

Top 20 Shareholders as at 28 May 2013

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	HSBC Nominees (New Zealand) Limited [2]	21,399,804	4.28%
5	Tea Custodians Limited [2]	18,245,866	3.65%
6	Custodial Services Limited	16,059,410	3.21%
7	Citibank Nominees (NZ) Limited [2]	16,033,311	3.21%
8	J P Morgan Chase Bank [2]	15,879,834	3.18%
9	HSBC Nominees (New Zealand) Limited [2]	15,806,386	3.16%
10	Accident Compensation Corporation [2]	13,746,548	2.75%
11	Premier Nominees Limited [2]	9,691,578	1.94%
12	National Nominees New Zealand Limited [2]	8,345,495	1.67%
13	New Zealand Superannuation Fund Nominees Limited [2]	8,084,432	1.62%
14	FNZ Custodians Limited	7,419,658	1.48%
15	Cogent Nominees Limited [2]	7,245,891	1.45%
16	MFL Mutual Fund Limited [2]	5,982,133	1.20%
17	Custodial Services Limited	5,857,861	1.17%
18	Forsyth Barr Custodians Limited	5,163,509	1.03%
19	Custodial Services Limited	4,490,804	0.90%
20	Walter and Jeanette Yovich	4,278,680	0.86%
		300,516,055	**60.10%**

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 28 May 2013

Size of Shareholding	Number of Shareholders		Shares Held	
1 - 1000	2391	16.23%	1,631,030	0.33%
1001 - 5000	6802	46.18%	20,020,394	4.00%
5001 - 10000	2743	18.62%	21,371,946	4.27%
10001 - 50000	2386	16.20%	50,348,349	10.07%
50001 - 100000	220	1.49%	15,677,610	3.14%
100001 and Over	188	1.28%	390,950,671	78.19%
Total	**14,730**	**100.00%**	**500,000,000**	**100.00%**

Substantial Security Holder Notices Received as at 28 May 2013

Shareholder	Relevant Interest	%	Date of Notice
G A Cumming	50,949,900	10.19%	23 December 2011
K J Hickman, J Hickman, J W D Ryder & J A Callaghan [1]	35,834,955	7.17%	21 November 2006
Ngai Tahu Capital Limited	30,000,000	6.00%	3 May 2012
OnePath (NZ) Limited	27,767,347	5.55%	3 May 2013

1 Held as trustees of The Hickman Family Trust.

Head Office / Registered Office
Airport Business Park, 92 Russley Road, Christchurch
PO Box 771, Christchurch
Telephone: 0800 588 222
Website: www.rymanhealthcare.co.nz

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

Melbourne Office
Ryman Healthcare (Australia) Pty Limited
242 Jells Road, Wheelers Hill, Melbourne
PO Box 5391, Brandon Park, Victoria 3150
Phone: 1800 922 988
Website: www.rymanhealthcare.com.au

Auckland Office
161D Marua Road, Ellerslie, Auckland 1051
Telephone: 0800 588 222

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

Bruce McLaren Retirement Village
795 Chapel Road, Howick, Auckland

Charles Fleming Retirement Village
112 Parata Street, Waikanae

Diana Isaac Retirement Village
1 Lady Isaac Way, Mairehau, 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, Lytton West, 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, Papanui, 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

New Villages

Birkenhead
2 Rangitira Road, Birkenhead, Auckland

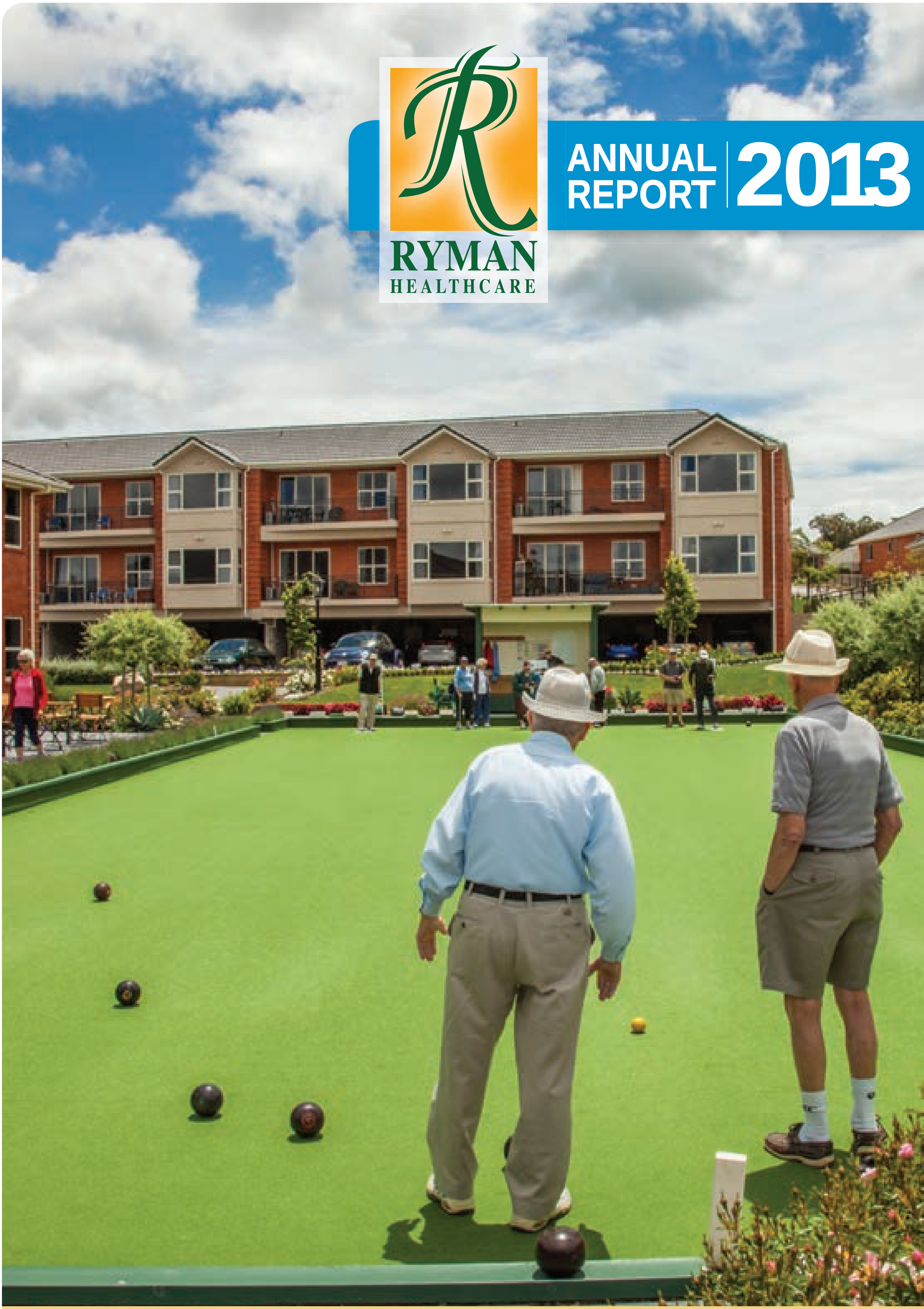
Petone
25 Graham Street, Petone, Lower Hutt

Wheelers Hill
242 Jells Road, Wheelers Hill, Melbourne

For more information on any of the Ryman Healthcare retirement villages please phone (NZ) 0800 588 222 or (AUS) 1800 922 988.

RYMAN
HEALTHCARE

ANNUAL REPORT 2013



JANE MANDER RETIREMENT VILLAGE, WHANGAREI