

HALF YEAR
REPORT | 2013



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2013 HIGHLIGHTS

- Underlying profit up 22% to \$58.5m
- Dividend raised 22% to 5.6 cents
- First Melbourne village progressing well – search under way for next site
- Land acquisitions will lift NZ land bank from 3 to 4 years supply
- On track to achieve 15% underlying profit growth for year

KEY STATISTICS

		30 Sept 13 Six Months	30 Sept 12 Six Months
Underlying Profit	\$million	58.5	48.1
Operating Cash Flows	\$million	116.4	109.4
Net Assets	\$million	786.3	691.3
Reported Profit	\$million	78.4	68.8
Dividend per Share	cents	5.6	4.6
Sales of Occupation Rights ¹	number	472	447
Completed Facilities ²	number	6,464	5,882
Landbank (to be developed) ²	number	2,516	2,295

1 New and existing retirement village units.

2 Includes both retirement village units and resthome/hospital beds.



REPORT TO SHAREHOLDERS

We are pleased to report a successful first half for Ryman Healthcare.

We've achieved another record result – with underlying profit rising by 22 per cent – and maintained the pace of growth in our home market as well as getting our first village in Melbourne off to a great start.

As a result Ryman is well-placed to build on a successful start across the Tasman, and to continue to add to our portfolio of villages in New Zealand.

Six Months Ended (Unaudited)	30 Sept 2013 \$m	30 Sept 2012 \$m
Underlying Profit	58.5	48.1
Less Deferred tax expense	(4.8)	(6.6)
Plus Unrealised valuation gains	24.7	27.3
Reported Profit	78.4	68.8

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.

Record interim results

The underlying profit for the six months to 30 September 2013 was \$58.5 million, up 22 per cent on the same period in 2012. Unrealised valuation gains lifted the reported profit to \$78.4 million.

We have traditionally used underlying profit as the best measure of success because it closely reflects the cash profits we generate. It is also the benchmark we use to set our dividends.

We have passed on that increase to shareholders with a 5.6 cent dividend, up 22 per cent on the same period in 2012. Operating cash flows were very strong in the first half, and hit a record \$116 million, which more than funded our building activities.

Investing more in care

We've invested more in care for residents who require hospital and dementia level services.

A Centre of Excellence for clinical training has been established at the Diana Isaac village in Christchurch, where staff from around the country can come to train.

We have expanded our audit and training team to make sure our staff are performing to a high standard and that our residents and their families are genuinely delighted with the level of care we offer.

To reflect the importance of this work the board has set up a clinical sub-committee.

We have increased the frequency of our satisfaction surveys to make sure we are identifying the areas where we need to improve.

Our latest satisfaction survey was completed in October this year and 97 per cent of the 2400 residents rated their experience of living in a Ryman village as either good or very good. We will continue to work on the areas we need to improve.

This is a tremendous result for our staff and we think it is important that they are rewarded for their hard work.

We have increased pay rates for our care workers by 5% for the second year in a row, making us one of the highest payers in the sector and ensuring we reward and retain great staff.







New villages open, land bank grows

Our construction and development team has been busy with nine large projects on the go. In addition the team has secured four new sites, and extended our development land bank from three years out to four years.

Our Wheelers Hill project in Melbourne has progressed well.

We have been pleasantly surprised by the level of demand in the local community for a Ryman-style village. Pre-sales of units have exceeded expectations, with 48 units sold six months ahead of opening. That means we can press ahead with the second stage of the project.

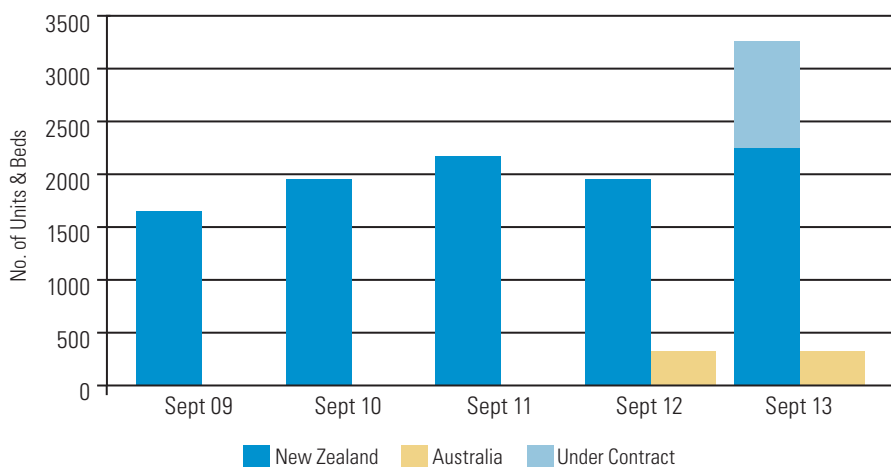
We have started the search for a second site in Melbourne. We will tackle this expansion one step at a time as we have more work to do to fully understand the local market.

In New Zealand we have received planning permission and started construction on our new village in Howick, which will eventually be home to 400 residents.

We also opened our new Waikanae village and completed work on our Orewa and Whangarei villages. We have also started work on the earthquake-damaged Beckenham Courts village in Christchurch.

Plans are also well advanced for new villages in Birkenhead and Petone.

Landbank lifts to 4 years stock



Trading outlook positive

Trading continues to go well, with demand for units and beds in our existing villages remaining strong.

With presales for new villages exceeding expectations, we believe we are well placed to meet our target of increasing underlying profit by 15 per cent for the year.

We are now on the cusp of a period of significant growth in the population aged 75 plus, which reflects the typical age profile of our residents.

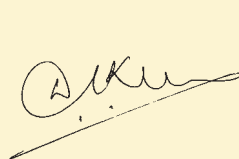
There are currently more than 262,000 people in New Zealand in the 75-plus age bracket.

Statistics New Zealand predicts that this will almost triple to 731,000 over the next 30 years as the baby boomer generation ages.

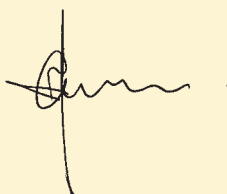
The numbers are similar in Australia. In Victoria alone the 75-plus population is expected to reach more than 1 million over the same period.

The move into Melbourne represents a great opportunity for Ryman and we are determined to tackle the challenge in a measured way.

Our strategy is to continue to expand in New Zealand and Australia at a sustainable and sensible rate. We'll grow successfully by applying all the lessons we've learned from our 30 years' experience providing safe and secure homes for our residents.



Dr. David Kerr
Chairman



Simon Challies
Managing Director

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

		Six Months Ended 30 Sept 2013 unaudited	Six Months Ended 30 Sept 2012 unaudited	Year Ended 31 March 2013 audited
	Note	\$000	\$000	\$000
Revenue				
Care fees		81,497	71,812	148,386
Management fees		17,446	15,702	31,986
Interest received		350	313	629
Other income		280	97	272
Total revenue		99,573	87,924	181,273
Fair value movement of investment properties	2	66,834	59,134	118,935
Total income		166,407	147,058	300,208
Operating expenses		(73,672)	(64,024)	(132,066)
Depreciation expense		(4,385)	(4,069)	(8,386)
Finance costs		(5,155)	(3,547)	(9,477)
Total expenses		(83,212)	(71,640)	(149,929)
Profit before income tax		83,195	75,418	150,279
Income tax expense		(4,794)	(6,643)	(13,549)
Profit for the period		78,401	68,775	136,730
Earnings per share				
Basic (cents per share)		15.7	13.8	27.3
Diluted (cents per share)		15.7	13.8	27.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

Profit for the period	78,401	68,775	136,730
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value movement of interest rate swaps	3,624	(1,205)	(169)
Movement in deferred tax related to interest rate swaps	(1,015)	337	47
(Losses) / Gain on hedge of foreign owned subsidiary net assets	(183)	158	180
Gain / (Losses) on translation of foreign operations	183	(158)	(180)
	2,609	(868)	(122)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of Property, plant and equipment	-	-	(3,257)
Deferred tax impact on revaluation reserve	-	-	774
	-	-	(2,483)
Other comprehensive income	2,609	(868)	(2,605)
Total comprehensive income	81,010	67,907	134,125

All profit and total comprehensive income is attributable to Parent Company shareholders and is from continuing operations. The accompanying notes form part of these interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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
Six months ended 30 Sept 2012:							
Opening balance	33,290	128,057	(4,555)	-	(5,350)	495,777	647,219
Total comprehensive income for the period	-	-	(868)	-	-	68,775	67,907
Treasury stock movement	-	-	-	-	(1,375)	-	(1,375)
Dividends paid to shareholders	-	-	-	-	-	(22,500)	(22,500)
Closing Balance	33,290	128,057	(5,423)	-	(6,725)	542,052	691,251
Year ended 31 March 2013:							
Opening Balance	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	-	-	-	-	-	(45,500)	(45,500)
Closing Balance	33,290	125,574	(4,677)	-	(6,725)	587,007	734,469
Six months ended 30 Sept 2013:							
Opening balance	33,290	125,574	(4,677)	-	(6,725)	587,007	734,469
Total comprehensive income for the period	-	-	2,609	-	-	78,401	81,010
Treasury stock movement	-	-	-	-	(2,190)	-	(2,190)
Dividends paid to shareholders	-	-	-	-	-	(27,000)	(27,000)
Closing Balance	33,290	125,574	(2,068)	-	(8,915)	638,408	786,289

The accompanying notes form part of these interim financial statements.

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2013

		As at 30 Sept 2013 unaudited	As at 30 Sept 2012 unaudited	As at 31 March 2013 audited
	Note	\$000	\$000	\$000
Assets				
Cash and cash equivalents		614	2,250	527
Trade and other receivables		92,630	80,038	103,478
Advances to employees		3,141	3,495	3,387
Property, plant and equipment		429,699	404,309	411,062
Investment properties	2	1,847,351	1,554,797	1,684,183
Total assets		2,373,435	2,044,889	2,202,637
Equity				
Issued capital	6	33,290	33,290	33,290
Asset revaluation reserve		125,574	128,057	125,574
Interest rate swap reserve		(2,068)	(5,423)	(4,677)
Foreign currency translation reserve		-	-	-
Treasury stock		(8,915)	(6,725)	(6,725)
Retained earnings		638,408	542,052	587,007
Total equity		786,289	691,251	734,469
Liabilities				
Trade and other payables	9	59,645	40,433	35,794
Employee entitlements		9,609	8,269	9,005
Revenue in advance		25,714	22,053	23,678
Interest rate swaps		2,873	7,532	6,496
Bank loans (secured)	8	231,142	226,392	225,987
Occupancy advances (non interest bearing)	3	1,199,625	1,002,640	1,114,479
Deferred tax liability (net)		58,538	46,319	52,729
Total liabilities		1,587,146	1,353,638	1,468,168
Total equity and liabilities		2,373,435	2,044,889	2,202,637
Net tangible assets per basic share (cents)		157.3	138.3	146.9
Net tangible assets per diluted share (cents)		157.9	138.9	147.6

The accompanying notes form part of these interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

		Six Months Ended 30 Sept 2013 unaudited	Six Months Ended 30 Sept 2012 unaudited	Year Ended 31 March 2013 audited
Note		\$000	\$000	\$000
Operating activities				
		264,576	240,709	481,575
		399	207	543
		(75,815)	(64,129)	(130,615)
		(67,468)	(63,846)	(119,808)
		(5,338)	(3,545)	(9,477)
	1	116,354	109,396	222,218
Investing activities				
		(20,138)	(35,153)	(56,777)
		(70,850)	(59,594)	(128,089)
		(1,489)	(3,378)	(4,508)
		246	(1,075)	(966)
		(92,231)	(99,200)	(190,340)
Financing activities				
		5,154	13,158	12,753
		(27,000)	(22,500)	(45,500)
		(2,190)	(1,375)	(1,375)
		(24,036)	(10,717)	(34,122)
Net increase / (decrease) in cash and cash equivalents				
		87	(521)	(2,244)
		527	2,771	(2,771)
		614	2,250	527

The accompanying notes form part of these interim financial statements.

ACCOUNTING POLICIES

Statement of Accounting Policies

Reporting entity

Ryman Healthcare Limited ("the Company") is a profit oriented entity incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the NZX.

The Company and its wholly owned subsidiaries comprise the Ryman Group ("the Group").

The Company is an issuer for the purposes of the Financial Reporting Act 1993.

Basis of preparation

The unaudited interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with the New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34) "Interim Financial Reporting" and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

The financial statements for the six months ended 30 September 2013 and the comparative six months ended 30 September 2012 are unaudited.

These financial statements have been prepared under the same accounting policies and method of computation as the Company's Annual Report as at 31 March 2013 and should be read in conjunction with the financial statements and related notes included in the Company's Annual Report for the year ended 31 March 2013.

The financial statements were approved by the Board of Directors on 20 November 2013.

The information is presented in thousands of New Zealand dollars (\$).

Adoption of new and revised Standards and Interpretations

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Reconciliation of Net Profit after tax for the period with Net Cash flows from Operating Activities

	Six Months Ended 30 Sept 2013 unaudited	Six Months Ended 30 Sept 2012 unaudited	Year Ended 31 March 2013 audited
	\$000	\$000	\$000
Net profit after tax	78,401	68,775	136,730
<i>Movements in balance sheet items:</i>			
Occupancy advances	96,384	84,691	209,184
Accrued management fees	(9,974)	(9,390)	(20,862)
Revenue in advance	2,036	1,786	3,411
Trade and other payables	(4,290)	(636)	880
Trade and other receivables	10,848	11,748	(11,693)
Employee entitlements	604	833	1,568
<i>Non-cash items:</i>			
Depreciation	4,385	4,069	8,386
Deferred tax	4,794	6,654	13,549
<i>Adjusted for:</i>			
Fair value movement of investment properties	(66,834)	(59,134)	(118,935)
Net operating cash flows	116,354	109,396	222,218

Net operating cash flows include occupancy advance receipts from retirement village residents of \$181.3 million (six months ended 30 September 2012: \$169.8 million and year ended 31 March 2013: \$334.8 million).

2. Investment Properties

	Six Months Ended 30 Sept 2013 unaudited	Six Months Ended 30 Sept 2012 unaudited	Year Ended 31 March 2013 audited
	\$000	\$000	\$000
Balance at beginning of financial period	1,684,183	1,434,225	1,434,225
Additions	96,334	61,438	131,023
<i>Fair value movement:</i>			
Realised fair value movement:			
- New retirement village units	25,748	17,966	41,332
- Existing retirement village units	16,408	13,872	27,553
	42,156	31,838	68,885
Unrealised fair value movement	24,678	27,296	50,050
	66,834	59,134	118,935
Net movement for period	163,168	120,572	249,958
Balance at end of financial period	1,847,351	1,554,797	1,684,183

NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. Investment Properties (continued)

The realised fair value movement arises from the sale and resale of occupation rights to residents. Investment properties are not depreciated and are fair valued.

The carrying value of completed investment properties is the fair value as determined by an independent valuation report prepared by registered valuers CBRE Limited as at 30 September 2013. Principal assumptions are unchanged from the prior periods. 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%).

3. Occupancy Advances (non interest bearing)

Occupancy advances comprise the following balances:

	Six Months Ended 30 Sept 2013 unaudited	Six Months Ended 30 Sept 2012 unaudited	Year Ended 31 March 2013 audited
	\$000	\$000	\$000
Gross occupancy advances (see below)	1,348,278	1,127,401	1,251,894
Less: management fees & resident loans	(148,653)	(124,761)	(137,415)
Closing balance	1,199,625	1,002,640	1,114,479
<i>Movement in gross occupancy advances:</i>			
Opening Balance	1,251,894	1,042,710	1,042,710
Plus: Increases in occupancy advances:			
- New retirement village units	83,494	73,568	178,493
- Existing retirement village units	16,408	13,872	27,553
(Decrease)/Increase in occupancy advance receivables	(3,518)	(2,749)	3,138
Closing balance	1,348,278	1,127,401	1,251,894

Gross occupancy advances are non interest bearing.

4. Operating Segments

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.

All revenue and results of the Group and Parent relate to New Zealand except for a loss of \$1.9m (30 September 2012: \$0.1m and 31 March 2013: loss of \$2.0m) in Australia.

All non-current assets of the Group and Parent are held in New Zealand except for \$43.5m (30 September 2012: \$34.0m and 31 March 2013: \$36.1m) in Australia which are held by the Group.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

5. Dividend

On 20 November 2013 an interim dividend of 5.60 cents per share was declared and will be paid on 13 December 2013 (Prior year: 4.60 cents per share). The record date for entitlements is 6 December 2013.

6. Share Capital

Issued and paid up capital consists of 500,000,000 fully paid ordinary shares (30 September 2012: 500,000,000 and 31 March 2013: 500,000,000) less treasury stock of 2,148,822 shares (30 September 2012: 2,421,293 shares and 31 March 2013: 2,421,293 shares). All shares rank equally in all respects.

Basic earnings per share has been calculated on the basis of 500,000,000 ordinary shares (30 September 2012: 500,000,000 and 31 March 2013: 500,000,000).

Shares purchased on market under the senior share scheme are treated as treasury stock until vesting to the employee. The diluted number of shares, having adjusted for treasury stock, is 497,851,178 ordinary shares (30 September 2012: 497,578,707 and 31 March 2013: 497,578,707) and the diluted earnings per share has been calculated on this basis.

7. Commitments

The Group had commitments relating to construction contracts amounting to \$21.1 million as at 30 September 2013 (30 September 2012: \$18.1 million and 31 March 2013: \$22.2 million).

8. Bank Loans

At balance date the Group had \$167.4m (30 September 2012: \$109.9m and 31 March 2013: \$184.6m) of undrawn facilities

9. Trade and Other Payables

Trade payables are typically paid within 30 days of invoice date or the 20th of the month following invoice date. Other payables at 30 September 2013 includes \$30.2m (30 September 2012: \$12.8m and 31 March 2013: \$3.1m) in relation to land purchases.

10. Subsequent Events

Other than the dividends noted above, there are no other subsequent events.

DIRECTORY

Head Office / Registered Office

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

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

Share Registrar

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

Auckland Office

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

VILLAGE DIRECTORY

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, Mairerehau, 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, 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, Waikiki, 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

Whealers 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.

VILLAGE LOCATIONS





HALF YEAR
REPORT

2013



KIRI TE KANAWA RETIREMENT VILLAGE, GISBORNE