

RYMAN HEALTHCARE LIMITED

Unaudited results for announcement to the market

Reporting Period	Six months to 30 September 2014
Previous Reporting Period	Six months to 30 September 2013

	Amount (000s)	Percentage change
Revenue from ordinary activities	\$109,163	+ 9.6%
Total Income from ordinary activities	\$202,714	+ 21.8%
Underlying Profit ¹	\$66,302	+ 13.3%
Profit (loss) from ordinary activities after tax attributable to security holders	\$107,909	+ 37.6%
Net profit (loss) attributable to security holders	\$107,909	+ 37.6%

Interim Dividend	Amount per security	Imputed amount per security
	6.3 cents	Not imputed

Record Date	5 December 2014
Dividend Payment Date	12 December 2014

Audit	The financial statements for the six months ended 30 September 2014 have not been audited.
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Comments	Refer to Media Release below
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¹ Underlying profit excludes deferred taxation, taxation expense and unrealised gains on investment properties, because these items do not reflect the trading performance of the company. Underlying profit determines the dividend payout to shareholders, and is reconciled to reported profit in the key statistics attached to this release.

RYMAN HEALTHCARE LIMITED KEY STATISTICS
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	Sept 14 Half Year Unaudited	Sept 13 Half Year Unaudited	Mar 14 Full Year Audited
Underlying Profit (\$m)	66.3	58.5	118.2
Less: Tax expense	(0.1)	-	-
Plus: Unrealised fair value movement (\$m) (note 3)	39.8	24.7	85.1
Plus: Deferred tax credit/(expense) (\$m)	1.9	(4.8)	(8.5)
Reported Profit after tax (\$m)	107.9	78.4	194.8
Operating Cash Flows (\$m)	115.3	116.4	238.4
Earnings per share (cents) – Basic & Diluted	21.6	15.7	39.0
Dividend per share (cents)	6.3	5.6	11.8
Net Tangible Assets per share (cents) – Basic & Diluted	200.1	157.3	185.3
Sales of Occupation Right Agreements			
New Units (no.)	233	211	436
Existing Units (no.)	312	261	541
Total (no.)	545	472	977
New Units (\$m)	101.6	83.5	174.0
Existing Units (\$m)	119.0	91.0	194.2
Total (\$m)	220.6	174.5	368.2
Asset Base			
Retirement Village Units (no.)	4,478	3,984	4,207
Residential Care Beds (no.)	2,696	2,480	2,517
Total (no.)	7,174	6,464	6,724
Landbank - to be developed			
Retirement Village Units (no.)	3,148	1,907	3,213
Residential Care Beds (no.)	1,146	609	995
Total (no.)	4,294	2,516	4,208

RYMAN HEALTHCARE LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Note	Six Months Ended 30 Sept 2014 unaudited \$000	Six Months Ended 30 Sept 2013 unaudited \$000	Year Ended 31 March 2014 audited \$000
Revenue				
Care fees		88,011	81,497	165,344
Management fees		20,400	17,446	36,550
Interest received		317	350	597
Other income		435	280	732
Total revenue		109,163	99,573	203,223
Fair value movement of investment properties	3	93,551	66,834	174,019
Total income		202,714	166,407	377,242
Operating expenses		(87,365)	(73,672)	(155,201)
Depreciation expense		(4,925)	(4,385)	(9,045)
Finance costs		(4,326)	(5,155)	(9,709)
Total expenses		(96,616)	(83,212)	(173,955)
Profit before income tax		106,098	83,195	203,287
Income tax credit/(expense)		1,811	(4,794)	(8,482)
Profit for the period		107,909	78,401	194,805
Earnings per share				
Basic & diluted (cents per share)		21.6	15.7	39.0

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 interim financial statements.

RYMAN HEALTHCARE LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Six Months Ended 30 Sept 2014 unaudited \$000	Six Months Ended 30 Sept 2013 unaudited \$000	Year Ended 31 March 2014 audited \$000
Profit for the period	107,909	78,401	194,805
<u>Items that may be reclassified subsequently to profit or loss</u>			
Fair value movement of interest rate swaps	(710)	3,624	4,729
Movement in deferred tax related to interest rate swaps	199	(1,015)	(1,324)
Gains / (Losses) on hedge of foreign owned subsidiary net assets	912	(183)	293
(Losses) / Gains on translation of foreign operations	(990)	183	(293)
	(589)	2,609	3,405
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Revaluation of Property, plant and equipment	-	-	51,232
	-	-	51,232
Other comprehensive income	(589)	2,609	54,637
Total comprehensive income	107,320	81,010	249,442

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 interim financial statements.

RYMAN HEALTHCARE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Issued Capital \$000	Asset Revaluation Reserve \$000	Interest Rate Swap Reserve \$000	Foreign Currency Translation Reserve \$000	Treasury Stock \$000	Retained Earnings \$000	Total Equity \$000
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
Year ended 31 March 2014:							
Opening balance	33,290	125,574	(4,677)	-	(6,725)	587,007	734,469
Total comprehensive income for the period	-	51,232	3,405	-	-	194,805	249,442
Treasury stock movement	-	-	-	-	(2,165)	-	(2,165)
Dividends paid to shareholders	-	-	-	-	-	(55,000)	(55,000)
Closing balance	33,290	176,806	(1,272)	-	(8,890)	726,812	926,746
Six months ended 30 Sept 2014:							
Opening balance	33,290	176,806	(1,272)	-	(8,890)	726,812	926,746
Total comprehensive income for the period	-	-	(511)	(78)	-	107,909	107,320
Treasury stock movement	-	-	-	-	(2,465)	-	(2,465)
Dividends paid to shareholders	-	-	-	-	-	(31,000)	(31,000)
Closing balance	33,290	176,806	(1,783)	(78)	(11,355)	803,721	1,000,601

The accompanying notes form part of these interim financial statements.

RYMAN HEALTHCARE LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2014

	Note	As at 30 Sept 2014 unaudited \$000	As at 30 Sept 2013 unaudited \$000	As at 31 March 2014 audited \$000
Assets				
Cash and cash equivalents		3,831	614	1,754
Trade and other receivables		124,527	92,630	105,949
Advances to employees		3,782	3,141	2,828
Property, plant and equipment		661,537	429,699	583,934
Investment properties	3	2,224,674	1,847,351	2,034,549
Total assets		3,018,351	2,373,435	2,729,014
Equity				
Issued capital	6	33,290	33,290	33,290
Asset revaluation reserve		176,806	125,574	176,806
Interest rate swap reserve		(1,783)	(2,068)	(1,272)
Foreign currency translation reserve		(78)	-	-
Treasury stock		(11,355)	(8,915)	(8,890)
Retained earnings		803,721	638,408	726,812
Total equity		1,000,601	786,289	926,746
Liabilities				
Trade and other payables	8	103,005	59,645	116,145
Employee entitlements		11,213	9,609	10,660
Revenue in advance		29,616	25,714	27,282
Interest rate swaps		2,477	2,873	1,767
Refundable accommodation deposits	1	1,654	-	-
Bank loans (secured)		389,196	231,142	277,178
Occupancy advances (non interest bearing)	4	1,420,063	1,199,625	1,306,701
Provision for income tax		74	-	-
Deferred tax liability (net)		60,452	58,538	62,535
Total liabilities		2,017,750	1,587,146	1,802,268
Total equity and liabilities		3,018,351	2,373,435	2,729,014
Net tangible assets per basic and diluted share (cents)		200.1	157.3	185.3

The accompanying notes form part of these interim financial statements.

RYMAN HEALTHCARE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Note	Six Months Ended 30 Sept 2014 unaudited \$000	Six Months Ended 30 Sept 2013 unaudited \$000	Year Ended 31 March 2014 audited \$000
Operating activities				
Receipts from residents		290,550	264,576	529,772
Interest received		309	399	629
Payments to suppliers and employees		(87,904)	(75,815)	(151,358)
Payments to residents		(84,152)	(67,468)	(130,482)
Interest paid		(3,539)	(5,338)	(10,176)
Net operating cash flows	2	115,264	116,354	238,385
Investing activities				
Purchase of property, plant and equipment		(92,713)	(20,138)	(85,336)
Purchase of investment properties		(92,563)	(70,850)	(141,518)
Capitalised interest paid		(5,510)	(1,489)	(4,889)
Advances to employees		(954)	246	559
Net investing cash flows		(191,740)	(92,231)	(231,184)
Financing activities				
Drawdown of bank loans		112,018	5,154	51,191
Dividends paid		(31,000)	(27,000)	(55,000)
Purchase of treasury stock (net)		(2,465)	(2,190)	(2,165)
Net financing cash flows		78,553	(24,036)	(5,974)
Net increase in cash and cash equivalents		2,077	87	1,227
Cash and cash equivalents at beginning of period		1,754	527	527
Cash and cash equivalents at the end of period		3,831	614	1,754

The accompanying notes form part of these interim financial statements.

RYMAN HEALTHCARE LIMITED

ACCOUNTING POLICIES

I. 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 2014 and the comparative six months ended 30 September 2013 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 2014 except for the new policy below. These financial statements 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 2014.

The financial statements were approved by the Board of Directors on 20 November 2014.

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.

New accounting policy

In addition to the accounting policies of the Group set out in the audited 31 March 2014 financial statements, the Group has adopted the following accounting policy from 1 April 2014.

Refundable accommodation deposits

Refundable accommodation deposits relate to deposits held on behalf of residents who reside in rooms in the care centre in Australia. Refundable accommodation deposits confer to residents the right of occupancy of the room for life, or until the resident terminates the agreement.

Amounts payable under refundable accommodation deposits are non-interest bearing and recorded as a liability in the balance sheet. As the resident may terminate their occupancy with limited notice, and the refundable accommodation deposit is non-interest bearing, it has demand features and is therefore carried at face value, which is the original deposit received.

RYMAN HEALTHCARE LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. RECONCILIATION OF NET PROFIT AFTER TAX FOR THE PERIOD WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	Six Months Ended 30 Sept 2014 unaudited \$000	Six Months Ended 30 Sept 2013 unaudited \$000	Year Ended 31 March 2014 audited \$000
Net profit after tax	107,909	78,401	194,805
<i>Movements in balance sheet items:</i>			
Occupancy advances	126,463	96,384	218,134
Refundable accommodation deposits	1,654	-	-
Accrued management fees	(11,933)	(9,974)	(23,537)
Revenue in advance	2,334	2,036	3,603
Trade and other payables	(2,623)	(4,290)	2,686
Provision for income tax	74	-	-
Trade and other receivables	(18,578)	10,848	(2,469)
Employee entitlements	553	604	1,655
<i>Non-cash items:</i>			
Depreciation	4,925	4,385	9,045
Deferred tax	(1,885)	4,794	8,482
Translation of foreign operations	(78)	-	-
<i>Adjusted for:</i>			
Fair value movement of investment properties	(93,551)	(66,834)	(174,019)
Net operating cash flows	115,264	116,354	238,385

Net operating cash flows include occupancy advance receipts from retirement village residents of \$202.5 million (six months ended 30 September 2013: \$181.3 million and year ended 31 March 2014: \$362.3 million). Net operating cash flows also include management fees collected of \$11.0m (six months ended 30 September 2013: \$9.4 million and year ended 31 March 2014: \$16.8 million).

3. INVESTMENT PROPERTIES

	Six Months Ended 30 Sept 2014 unaudited \$000	Six Months Ended 30 Sept 2013 unaudited \$000	Year Ended 31 March 2014 audited \$000
Balance at beginning of financial period	2,034,549	1,684,183	1,684,183
Additions	96,574	96,334	176,347
<i>Fair value movement:</i>			
Realised fair value movement:			
- New retirement village units	26,752	25,748	50,324
- Existing retirement village units	27,003	16,408	38,612
	53,755	42,156	88,936
Unrealised fair value movement	39,796	24,678	85,083
	93,551	66,834	174,019
Net movement for period	190,125	163,168	350,366
Balance at end of financial period	2,224,674	1,847,351	2,034,549

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.

RYMAN HEALTHCARE LIMITED NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. INVESTMENT PROPERTIES (continued)

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 2014. 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%).

4. OCCUPANCY ADVANCES (non interest bearing)

Occupancy advances comprise the following balances:

	Six Months Ended 30 Sept 2014 unaudited \$000	Six Months Ended 30 Sept 2013 unaudited \$000	Year Ended 31 March 2014 audited \$000
Gross occupancy advances (see below)	1,596,491	1,348,278	1,470,028
Less: management fees & resident loans	(176,428)	(148,653)	(163,327)
Closing balance	1,420,063	1,199,625	1,306,701
<i>Movement in gross occupancy advances:</i>			
Opening balance	1,470,028	1,251,894	1,251,894
Plus: Increases in occupancy advances:			
- New retirement village units	101,645	83,494	173,964
- Existing retirement village units	27,003	16,408	38,612
(Decrease)/Increase in occupancy advance receivables	(2,185)	(3,518)	5,558
Closing balance	1,596,491	1,348,278	1,470,028

Gross occupancy advances are non interest bearing.

5. DIVIDEND

On 20 November 2014 an interim dividend of 6.30 cents per share was declared and will be paid on 12 December 2014 (Prior year: 5.60 cents per share). The record date for entitlements is 5 December 2014.

6. SHARE CAPITAL

Issued and paid up capital consists of 500,000,000 fully paid ordinary shares (30 September 2013: 500,000,000 and 31 March 2014: 500,000,000). All shares rank equally in all respects.

Basic and diluted earnings per share has been calculated on the basis of 500,000,000 ordinary shares (30 September 2013: 500,000,000 and 31 March 2014: 500,000,000).

Shares purchased on market under the senior share scheme are treated as treasury stock until vesting to the employee.

7. COMMITMENTS

The Group had commitments relating to construction contracts amounting to \$29.4 million as at 30 September 2014 (30 September 2013: \$21.1 million and 31 March 2014: \$27.5 million).

RYMAN HEALTHCARE LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS

8. 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 2014 includes \$65.9m (30 September 2013: \$30.2m and 31 March 2014: \$81.3m) in relation to land purchases.

9. OPERATING SEGMENTS

The Ryman Group operates in one industry, being the provision of integrated retirement villages for the elderly. The Group operates predominantly in New Zealand with some operations now within Australia (previous periods the Group did not have a fully operating retirement village in Australia). In presenting information on the basis of geographical segments, segment net profit, underlying profit, segment revenue is based on the geographical location of operations. Segment assets are based on the geographical location of the assets.

	New Zealand \$000	Australia \$000	Group \$000
Six months ended 30 Sept 2014 unaudited			
Revenue	108,073	1,090	109,163
Underlying profit	63,270	3,032	66,302
Less: Tax expense	(74)	-	(74)
Plus: Unrealised fair value movement	31,587	8,209	39,796
Plus: Deferred tax benefit	1,885	-	1,885
Profit for the period	96,668	11,241	107,909
Non-current assets	2,724,106	162,105	2,886,211
Six months ended 30 Sept 2013 unaudited			
Revenue	99,573	-	99,573
Underlying profit	60,395	(1,878)	58,517
Less: Tax expense	-	-	-
Plus: Unrealised fair value movement	24,678	-	24,678
Less: Deferred tax expense	(4,794)	-	(4,794)
Profit for the period	80,279	(1,878)	78,401
Non-current assets	2,233,497	43,553	2,277,050
Year ended 31 March 2014 audited			
Revenue	203,233	-	203,233
Underlying profit	120,776	(2,572)	118,204
Less: Tax expense	-	-	-
Plus: Unrealised fair value movement	85,083	-	85,083
Less: Deferred tax expense	(8,482)	-	(8,482)
Profit for the period	197,377	(2,572)	194,805
Non-current assets	2,553,049	65,434	2,618,483

10. SUBSEQUENT EVENTS

Other than the dividends as per note 5, there are no other subsequent events.