

HALF YEAR REPORT | 2015



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Front cover: Evelyn Page village Kindness Award winner Daisy Wang celebrating with her colleagues.



- Underlying profit up 6% to \$70.3 million
- On target for 15% underlying profit growth for the year
- Interim dividend lifted to 7.3c per share
- A big year for innovation
- Four new villages coming on stream in the second half
- Resident numbers set to grow 70% by 2020

KEY STATISTICS

		30 Sept 15 Six Months	30 Sept 14 Six Months
Underlying Profit	\$million	70.3	66.3
Reported Profit	\$million	132.6	107.9
Operating Cash Flows	\$million	157.4	115.3
Net Assets	\$million	1,192	1,001
Dividend per Share	cents	7.3	6.3
Sales of Occupation Rights ¹	number	543	545
Completed Facilities ²	number	7,765	7,174
Landbank (to be developed) ²	number	4,562	4,294

1 New and existing retirement village units.

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



REPORT TO SHAREHOLDERS

It is our pleasure to report a great deal of progress in the first half at Ryman Healthcare.

The company has recorded an underlying profit of \$70.3 million for the first half – up 6% on the same period last year and a new record for the company.

Unrealised valuation gains lifted the reported profit after tax by 23% to \$132.6 million.

We were busy, not just in building villages, but also in developing our teams and our systems throughout New Zealand and Australia.

As a board we are particularly proud of the level of innovation we see going on at Ryman. We believe these innovations have the potential to improve the way Ryman operates today and also the company's ability to grow not only larger, but substantially better, in coming years.

As a result the company is in better shape than ever, and has a tremendous platform for growth in the years ahead.

Six Months Ended (Unaudited)	30 Sept 2015 \$m	30 Sept 2014 \$m
Underlying Profit	70.3	66.3
Less tax expense	-	(0.1)
Plus unrealised valuation gains	65.2	39.8
Plus deferred tax (expense) / benefit	(2.9)	1.9
Reported Profit	132.6	107.9

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 above.

On track for 15% growth in underlying profits

Operating cashflows reached a record \$157.4 million for the half year ended September 30.

As signalled in our annual report, our construction programme is strongly weighted to the second half as residents move into four new villages.

Ryman is on track to achieve 15% underlying profit growth for the full year as the new villages sell down and prices lift thanks to the strong housing market.

Shareholders will receive an interim dividend of 7.3 cents per share, up 15% on last year, to match the expected growth for the full year.

A feature of the half was the level of demand for the new villages coming on stream at Pukekohe, Birkenhead, Rangiora and Petone. There are high levels of pent-up demand

for villages which confirms that Ryman is building the right amenities in areas where there is a need for both retirement living and care facilities.

Presales at Possum Bourne village in Pukekohe broke all records and the demand seen across the board gave confidence that Ryman is in a good position to meet its target of 15% growth in underlying profits at year end.

Investing in innovation

The management team at Ryman has been concentrating on improving the experiences of both residents and staff in recent years.

In the half we saw a lift in survey ratings from staff, residents and relatives which is heartening. If staff love working for Ryman then residents will love the experience of living in a Ryman village.

The company's new touch screen app – myRyman – went into trials, and early results are encouraging. The myRyman app will eventually be installed on touch screen tablets in every room in Ryman's care centres and is a game-changer in the way residents are looked after.

Pay rates were lifted, clearer career pathways established and training systems improved. There has been great feedback from staff about their new Annah Stretton-designed uniforms which arrive in the second half.



LOT IDAGO AND RAYNOR FISHER WITH THE FIRST MYRYMAN TABLET | 3





Construction and development momentum growing

The construction team has been busier than ever with more than \$400 million worth of work on the go.

While our builders are busy working on the four new villages about to open, the development and design teams have been hard at work preparing the next four villages in the portfolio for consenting.

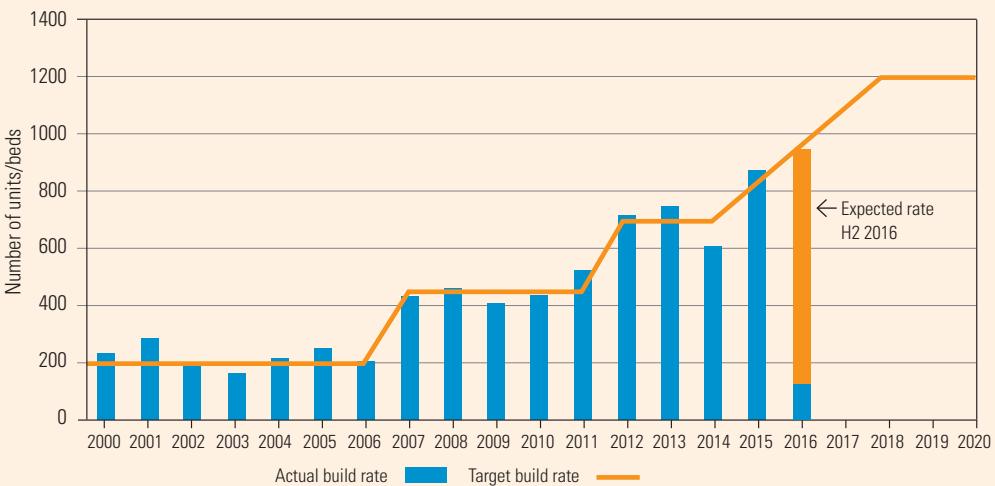
We see huge potential in the next four sites. Brandon Park in Melbourne and Tropicana in Auckland are both sizeable projects that have the potential to be as large as anything we have built before.

The Campbell Road site in Auckland is in a premium housing area, and has great views of the city as well as Cornwall Park and One Tree Hill.

Across the harbour, the Devonport site has fantastic views across the water to Auckland city and it is expected that both villages will be in demand.

A third site in the east of Melbourne is under contract and the development team is continuing to look for new sites on both sides of the Tasman.

Step up in build rate



Resident numbers to grow 70% by 2020

While the 6% increase in underlying profit was modest in Ryman terms we made substantial progress in our construction programme during the half which will feed through to the full year result.

Just over 160 units were completed in the first half and, with construction well advanced on the four new villages, the company confirmed it was on track to complete 950 units and beds for the year.

This weighting to the second half gave us the confidence to raise the dividend in line with our target of 15% growth for the year.

Demand for villages has reached levels we haven't seen before and we are expecting this to lift again in line with a massive increase in the population aged over 75 after 2018.

Ryman is well positioned to have five villages in Melbourne by 2020 and to grow resident numbers by 70% to 15,500 by 2020.

In preparation for the growth ahead Ryman has continued to invest in staff, innovation, better systems and in improving the experience of living in a Ryman village. These are wise investments in our view that will stand us in good stead for the future.

As ever, we are grateful for the continued support of our many shareholders who have backed Ryman for a long time and continue to give us great support and feedback.

We would also like to thank our residents and their families for their support, and our 4,000 staff for all their hard work.

We look forward to reporting back on an even more successful second half at our year end results in 2016.



Dr. David Kerr
Chairman



Simon Challies
Managing Director

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

		Six Months Ended 30 Sept 2015 unaudited	Six Months Ended 30 Sept 2014 unaudited	Year Ended 31 March 2015 audited
	Note	\$000	\$000	\$000
Revenue				
Care fees		101,728	88,011	182,371
Management fees		24,452	20,400	43,397
Interest received		419	317	644
Other income		186	435	700
Total revenue		126,785	109,163	227,112
Fair value movement of investment properties	3	119,328	93,551	217,624
Total income		246,113	202,714	444,736
Operating expenses		(99,434)	(87,365)	(182,344)
Depreciation expense		(6,384)	(4,925)	(10,767)
Finance costs		(4,879)	(4,326)	(9,594)
Total expenses		(110,697)	(96,616)	(202,705)
Profit before income tax		135,416	106,098	242,031
Income tax (expense)/credit		(2,833)	1,811	(113)
Profit for the period		132,583	107,909	241,918
Earnings per share				
Basic & diluted (cents per share)		26.5	21.6	48.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

Profit for the period	132,583	107,909	241,918
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value movement of interest rate swaps	(2,636)	(710)	(2,864)
Movement in deferred tax related to interest rate swaps	738	199	802
(Losses)/Gains on hedge of foreign owned subsidiary net assets	(4,056)	912	1,765
Gains/(Losses) on translation of foreign operations	5,228	(990)	(2,081)
	(726)	(589)	(2,378)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of property, plant and equipment	-	-	-
Other comprehensive income	(726)	(589)	(2,378)
Total comprehensive income	131,857	107,320	239,540

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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	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 2014 (unaudited):							
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
Year ended 31 March 2015 (audited):							
Opening balance	33,290	176,806	(1,272)	-	(8,890)	726,812	926,746
Total comprehensive income for the period	-	-	(2,062)	(316)	-	241,918	239,540
Treasury stock movement	-	-	-	-	(2,465)	-	(2,465)
Dividends paid to shareholders	-	-	-	-	-	(62,500)	(62,500)
Closing balance	33,290	176,806	(3,334)	(316)	(11,355)	906,230	1,101,321
Six months ended 30 Sept 2015 (unaudited):							
Opening balance	33,290	176,806	(3,334)	(316)	(11,355)	906,230	1,101,321
Total comprehensive income for the period	-	-	(1,898)	1,172	-	132,583	131,857
Treasury stock movement	-	-	-	-	(4,665)	-	(4,665)
Dividends paid to shareholders	-	-	-	-	-	(36,500)	(36,500)
Closing balance	33,290	176,806	(5,232)	856	(16,020)	1,002,313	1,192,013

The accompanying notes form part of these interim financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2015

		As at 30 Sept 2015 unaudited	As at 30 Sept 2014 unaudited	As at 31 March 2015 audited
	Note	\$000	\$000	\$000
Assets				
Cash and cash equivalents		1,722	3,831	409
Trade and other receivables		201,994	124,527	196,853
Advances to employees		3,608	3,782	3,549
Property, plant and equipment		695,121	661,537	676,706
Investment properties	3	2,699,424	2,224,674	2,434,631
Total assets		3,601,869	3,018,351	3,312,148
Equity				
Issued capital	6	33,290	33,290	33,290
Asset revaluation reserve		176,806	176,806	176,806
Interest rate swap reserve		(5,232)	(1,783)	(3,334)
Foreign currency translation reserve		856	(78)	(316)
Treasury stock		(16,020)	(11,355)	(11,355)
Retained earnings		1,002,313	803,721	906,230
Total equity		1,192,013	1,000,601	1,101,321
Liabilities				
Trade and other payables	8	62,211	103,005	100,986
Employee entitlements		13,143	11,213	12,090
Revenue in advance		34,663	29,616	32,081
Interest rate swaps		7,267	2,477	4,631
Refundable accommodation deposits		21,179	1,654	11,846
Bank loans (secured)		495,419	389,196	407,175
Occupancy advances (non interest bearing)	4	1,712,032	1,420,063	1,580,172
Provision for income tax		-	74	-
Deferred tax liability (net)		63,942	60,452	61,846
Total liabilities		2,409,856	2,017,750	2,210,827
Total equity and liabilities		3,601,869	3,018,351	3,312,148
Net tangible assets per basic and diluted share (cents)		238.4	200.1	220.3

The accompanying notes form part of these interim financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

		Six Months Ended 30 Sept 2015 unaudited	Six Months Ended 30 Sept 2014 unaudited	Year Ended 31 March 2015 audited
	Note	\$000	\$000	\$000
Operating activities				
Receipts from residents		337,654	290,550	582,085
Interest received		388	309	827
Payments to suppliers and employees		(101,132)	(87,904)	(184,719)
Payments to residents		(75,803)	(84,152)	(155,365)
Interest paid		(3,673)	(3,539)	(8,820)
Net operating cash flows	2	157,434	115,264	234,008
Investing activities				
Purchase of property, plant and equipment		(87,730)	(92,713)	(122,198)
Purchase of investment properties		(104,550)	(92,563)	(166,323)
Capitalised interest paid		(6,630)	(5,510)	(11,143)
Advances to employees		(59)	(954)	(721)
Net investing cash flows		(198,969)	(191,740)	(300,385)
Financing activities				
Drawdown of bank loans		83,915	112,018	129,997
Dividends paid		(36,500)	(31,000)	(62,500)
Purchase of treasury stock (net)		(4,665)	(2,465)	(2,465)
Net financing cash flows		42,750	78,553	65,032
Net increase/(decrease) in cash and cash equivalents		1,215	2,077	(1,345)
Cash and cash equivalents at beginning of period		409	1,754	1,754
Translation of foreign cash balances		98	-	-
Cash and cash equivalents at the end of period		1,722	3,831	409

The accompanying notes form part of these interim financial statements.

ACCOUNTING POLICIES

1. Statement of Accounting Policies

Reporting entity

The financial statements presented are those of Ryman Healthcare Limited ("the Company"), and its subsidiaries (collectively, "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 Financial Markets Conduct reporting entity for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013, and its financial statements comply with these Acts.

The Group is a Tier 1 for profit entity in terms of XRBA1.

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 2015 and the comparative six months ended 30 September 2014 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 2015. 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 2015.

The financial statements were approved by the Board of Directors on 19 November 2015.

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



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 2015 unaudited \$000	Six Months Ended 30 Sept 2014 unaudited \$000	Year Ended 31 March 2015 audited \$000
Net profit after tax	132,583	107,909	241,918
<i>Movements in balance sheet items:</i>			
Occupancy advances	150,284	126,463	301,823
Refundable accommodation deposits	9,333	1,654	11,846
Accrued management fees	(17,424)	(11,933)	(27,222)
Revenue in advance	2,582	2,334	4,799
Trade and other payables	(758)	(2,623)	(2,622)
Provision for income tax	-	74	-
Trade and other receivables	(5,141)	(18,578)	(90,904)
Employee entitlements	1,053	553	1,430
<i>Non-cash items:</i>			
Depreciation	6,384	4,925	10,767
Deferred tax	2,833	(1,885)	113
Translation of foreign operations	(4,967)	(78)	(316)
<i>Adjusted for:</i>			
Fair value movement of investment properties	(119,328)	(93,551)	(217,624)
Net operating cash flows	157,434	115,264	234,008

Net operating cash flows include occupancy advance receipts from retirement village residents of \$235.1 million (six months ended 30 September 2014: \$202.5 million and year ended 31 March 2015: \$390.7 million). Net operating cash flows also include management fees collected of \$10.5m (six months ended 30 September 2014: \$11.0 million and year ended 31 March 2015: \$22.4 million).

3. Investment Properties

	Six Months Ended 30 Sept 2015 unaudited \$000	Six Months Ended 30 Sept 2014 unaudited \$000	Year Ended 31 March 2015 audited \$000
Balance at beginning of financial period	2,434,631	2,034,549	2,034,549
Additions	136,627	94,081	184,719
Net foreign currency exchange differences	8,838	2,493	(2,261)
<i>Fair value movement:</i>			
Realised fair value movement:			
- New retirement village units	28,245	26,752	61,597
- Existing retirement village units	25,920	27,003	50,312
	54,165	53,755	111,909
Unrealised fair value movement	65,163	39,796	105,715
	119,328	93,551	217,624
Net movement for period	264,793	190,125	400,082
Balance at end of financial period	2,699,424	2,224,674	2,434,631

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. 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 2015. 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 2015 unaudited	Six Months Ended 30 Sept 2014 unaudited	Year Ended 31 March 2015 audited
	\$000	\$000	\$000
Gross occupancy advances (see below)	1,922,135	1,596,491	1,771,851
Less: management fees & resident loans	(210,103)	(176,428)	(191,679)
Closing balance	1,712,032	1,420,063	1,580,172
<i>Movement in gross occupancy advances:</i>			
Opening balance	1,771,851	1,470,028	1,470,028
Net foreign currency exchange differences	6,074	1,578	(4,682)
Plus: Increases in occupancy advances:			
- New retirement village units	103,226	101,645	249,096
- Existing retirement village units	25,920	27,003	50,312
Increase/(Decrease) in occupancy advance receivables	15,064	(3,763)	7,097
Closing balance	1,922,135	1,596,491	1,771,851

Gross occupancy advances are non interest bearing.

5. Dividend

On 19 November 2015 an interim dividend of 7.3 cents per share was declared and will be paid on 11 December 2015 (Prior year: 6.30 cents per share). The record date for entitlements is 4 December 2015.

6. Share Capital

Issued and paid up capital consists of 500,000,000 fully paid ordinary shares (30 September 2014: 500,000,000 and 31 March 2015: 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 2014: 500,000,000 and 31 March 2015: 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 \$44.0 million as at 30 September 2015 (30 September 2014: \$29.4 million and 31 March 2015: \$26.3 million).

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 2015 include \$23.1m (30 September 2014: \$65.9m and 31 March 2015: \$61.6m) in relation to the purchase of land.

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. In presenting information on the basis of geographical segments, segment net profit, underlying profit, and 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 2015 unaudited			
Revenue	121,414	5,371	126,785
Underlying profit	58,820	11,433	70,253
Less: Current tax expense	-	-	-
Plus: Unrealised fair value movement	59,395	5,768	65,163
Less: Deferred tax (expense)/benefit	(2,833)	-	(2,833)
Profit for the period	115,382	17,201	132,583
Non-current assets	3,157,955	236,590	3,394,545
Six months ended 30 Sept 2014 unaudited			
Revenue	108,073	1,090	109,163
Underlying profit	63,270	3,032	66,302
Less: Current tax expense	(74)	-	(74)
Plus: Unrealised fair value movement	31,587	8,209	39,796
Less: Deferred tax (expense)/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
Year ended 31 March 2015 audited			
Revenue	222,005	5,107	227,112
Underlying profit	127,941	8,375	136,316
Less: Current tax expense	-	-	-
Plus: Unrealised fair value movement	94,281	11,434	105,715
Less: Deferred tax (expense)/benefit	(113)	-	(113)
Profit for the period	222,109	19,809	241,918
Non-current assets	2,931,711	179,626	3,111,337

10. Subsequent events

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

VILLAGE DIRECTORY

Anthony Wilding Retirement Village
5 Corbett Crescent, Aidanfield, Christchurch

Bob Owens Retirement Village
112 Carmichael Road, Bethlehem, Tauranga

Bob Scott Retirement Village
25 Graham Street, Petone, Lower Hutt

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

Essie Summers Retirement Village
222 Colombo Street, Beckenham, Christchurch

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

Possum Bourne Retirement Village
75 Valley Road, Pukekohe

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

Weary Dunlop Retirement Village
242 Jells Road, Wheelers Hill, Melbourne

Woodcote Retirement Village
29 Woodcote Avenue, Hornby, Christchurch

Yvette Williams Retirement Village
383 Highgate, Roslyn, Dunedin

New Villages

Birkenhead
2 Rangatira Road, Birkenhead, Auckland

Brandon Park
6 Brandon Park Drive, Wheelers Hill, Melbourne

Devonport
2 Ngatarunga Road, Devonport, Auckland

Greenlane
187 Campbell Road, Greenlane, Auckland

Hamilton
River Road, Hamilton

Newtown
192 Adelaide Road, Newtown, Wellington

Rangiora
56 Oxford Road, Rangiora, North Canterbury

Tropicana
20 Tropicana Drive, Lynfield, Auckland

For more information on any of the Ryman Healthcare retirement villages
please phone (NZ) 0800 588 222, www.rymanhealthcare.co.nz
or (AUS) 1800 922 988, www.rymanhealthcare.com.au

VILLAGE LOCATIONS



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