ANNUAL REPORT 2016

RYMAN HEALTHCARE

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Cover caption: Evelyn Page Kindness Award winner Daisy Wang celebrating with her colleagues.

Resident Sally Burrage with nurse Adesa Cimafranca

2016 Highlights

Big year for innovation

Underlying profit up 16% to $158m

Reported profit up 26% to $305m

Full year dividend 15.8 cents per share

Record build, four new villages opening

Better, bigger and brighter Ryman

I am pleased to report on another solid year for Ryman Healthcare. It has been a year of world-leading innovation in which we set the scene for a better, bigger and brighter Ryman.

Improvements in the care we give our residents and the improvements made to the resident and staff experience were key achievements in the year.

It was also pleasing to see the introduction of a new leadership programme that will ensure we are developing great leaders for the future.

We experienced strong levels of demand throughout the past 12 months for both new and existing villages. Occupancy in our care centres ended the year at 98%, well ahead of the industry average of 89%.

Year ended 31 March	2016 $m	2015 $m
Underlying Profit	**157.7**	**136.3**
Plus unrealised revaluations of RV units	+151.6	+105.7
Less deferred tax movement	-3.9	-0.1
Less taxation expense	-	-
Reported Net Profit	**305.4**	**241.9**

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.

Dr David Kerr

Ryman's focus remains on achieving what we refer to as the holy trinity of happy residents (and families), happy staff and happy shareholders.

Shareholders' dividends lift 16%

Ryman shareholders received a final dividend of 8.5 cents per share paid on June 24, with the record date for entitlements being June 10.

Dividends for the full year have grown 16% in line with the lift in underlying profit. This was the 14th year in a row in which the annual dividend has been lifted.

Record investment

Operating cashflows grew 34% to reach $312 million in the year to March 31, funding a record level of investment in new villages and innovations.

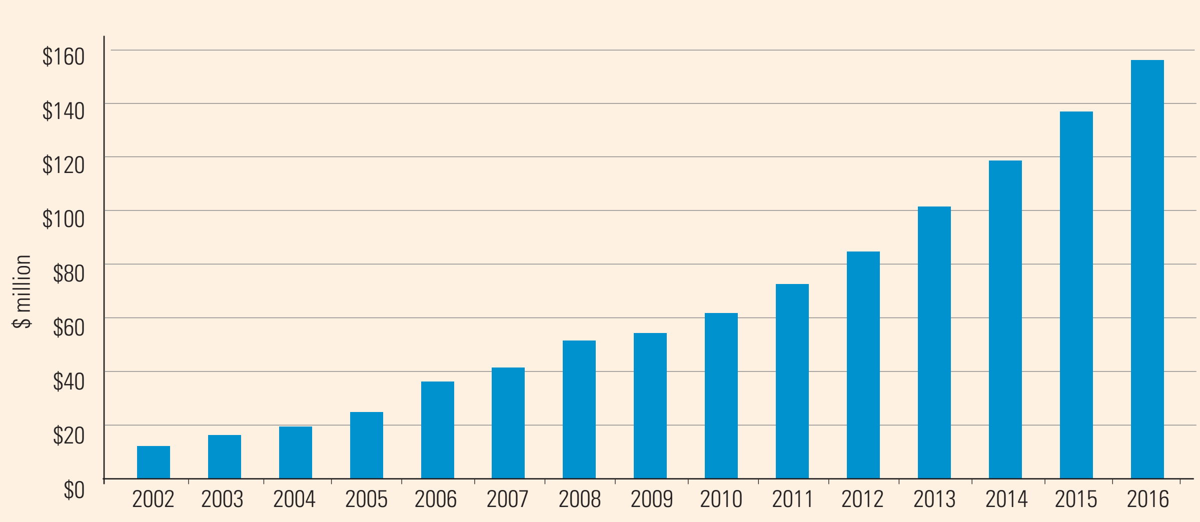
Good profits and cash flows mean we have been able to invest $369 million back into the business.

This allows us to continue investing in critical infrastructure for the benefit of our residents.

The team built a record 900 units and beds during the year and completed our Weary Dunlop and Bruce McLaren villages in Melbourne and Auckland.

We have added to our landbank with new sites at Burwood East in Melbourne and River Road in Hamilton. Our landbank is well stocked with enough new sites to cover more than four years' growth.

14 years of underlying profit growth



Kiri Te Kanawa village staff dressed as characters from The Wizard of Oz. Back row: Neville Parkinson (Tin Man), Tina Soutar (Scarecrow), Arcadia Edmonds (Lion), Kris Ria (Munchkin). Front row: Yvonne Carter (Good Witch), resident Moeroa Hovell (Wicked Witch of the West) and Kendyl Redd (Dorothy).

Photo courtesy of The Gisborne Herald

There's no place like home...

When the Royal New Zealand Ballet approached us to sponsor the world premiere of Francesco Ventriglia's adaptation of The Wizard of Oz, we jumped at the chance.

The ballet is not only beautiful – it has been a sell-out hit with audiences around New Zealand and at one point, ballet tickets were selling faster than tickets to see the All Blacks.

Ryman residents and staff took the ballet to heart. The marketing team transformed all our village entrances with yellow brick roads, Emerald Cities and rainbows, and the activities team got everyone busy painting red shoes and making outfits.

Witches, tin men, scarecrows, lions, munchkins and Dorothy-lookalikes appeared around the country.

Members of the ballet cast, including Sir Jon Trimmer and ballet creator Francesco Ventriglia visited villages around the country to say hi to residents and staff.

Best of all, residents snapped up the opportunity to buy discounted tickets to the ballet and to share its special magic with their families.

From left: Sarika Prasad, Roshni Raja, Ronita Prasad and Nisha Ismail

Fiji relief

When Tropical Cyclone Winston struck Fiji in February, it touched the lives of a large number of Ryman staff.

150 staff had immediate family members living there who were affected, and they turned to their colleagues for support.

Ryman staff and residents rallied with barbecues, mufti days, cake stalls and raffles, and more than $46,000 was raised in a little over two weeks for the Red Cross.

This was matched dollar for dollar by Ryman Healthcare, and more than $93,000 was donated to the Red Cross.

In addition, emergency pay relief was given to the staff with families struggling back home in Fiji, so they could provide tangible support straight away. This included a $500 cash payment for staff, which could be put to good use back in Fiji.

Ryman's 2016 charity partner is the New Zealand Red Cross, which has been celebrating its centenary this year. Since listing in 1999 Ryman Healthcare has donated more than $2.2 million to its charity partners.

Measuring success

We have further developed our methods of measuring how we are doing.

A team of five people survey all residents, relatives and staff. Each year they make personal contact with more than 4,000 people by phone and carry out more than 24,000 surveys.

- 10,000 residents x 1 survey
- 4,000 staff x 2 surveys
- 3,000 relatives x 2 surveys

All our leaders know their village rankings which makes for healthy competition and we widely publicise the results of all this work.

As Ryman's chairman and a member of the medical profession I also get regular feedback from the doctors who visit our villages. They are supportive of the team environment at the villages and the commitment shown by staff to provide good quality care.

This is also reflected in our Ministry of Health audit results. It is a regular occurrence for our care facilities to be recognised for their commitment to continuous improvement and to receive four-year accreditation which is the gold standard.

As a member of the clinical governance committee, along with fellow director George Savvides and consultant geriatrician Professor Tim Wilkinson, I find all these results heartening.

Ryman Leaders

This industry requires special people. It is a complicated industry, it is growing fast, and we need capable leaders at all levels.

During the year we launched Ryman Leaders. This new leadership programme is aimed at fostering and growing a new generation of leaders and giving our existing leadership team a chance to meet, network and learn new skills.

It takes a long time to understand the care of older people and I think it is important to note that our senior management team has more than 150 years' experience in the industry.

The team, which is superbly led by Simon, is cohesive and is, I believe, the best in the industry. It is also a relatively young team, with an average age of 44 years, which means we are well placed for the future.

Ryman by Annah Stretton

It is no mean feat to pick a new uniform design that wins the hearts of more than 4,000 staff, but our fashion designer Annah Stretton has pulled off the seemingly impossible.

Annah's designs are aimed at lifting the spirits of residents as well giving staff a real sense of pride in their uniforms.

The new uniforms are part of a number of changes aimed at improving the experience of working for Ryman which have seen a boost in staff survey ratings.

Getting bigger in Melbourne and Auckland

We were pleased to announce the purchase of a third site in Melbourne this year and we are on track to open five new sites in Melbourne by 2020.

Looking beyond 2020 we have set a goal of matching our New Zealand build rate in Australia.

The completion of Weary Dunlop village in Melbourne and Bruce McLaren village in Auckland during the year were significant because both were large apartment-style villages on great urban sites, and both were runaway successes.

myRyman

The most profound innovation we have seen this year is the introduction of the first stages of the myRyman app.

Our home-grown tablet-based nursing app is designed to do away with paperwork and allow our nurses and carers to spend much more time with residents.

myRyman is not only great news for residents – who will have more time with staff – but it has also been warmly welcomed by staff who signed up to care for people rather than to sit at a desk filling out paperwork.

Families benefit too because the care of their loved ones is much more transparent. They can see at a glance how their loved one is doing and get email or text updates when they need them.

myRyman is part of the "nothing about me, without me" thinking. Our residents and their families need to be able to see what has been done and is planned in care for them. Everyone is in the loop all the time and it takes the mystery out of clinical care.

It is moving care to a new level – with better information that is transparent and personalised. It moves us from being reactive to being more predictive in the care of our residents.

myRyman also gives leaders at unit levels a better tool to manage the resources they need to do their job.

Staff share schemes

As a board we are keen to see as many employees as possible invest in shares in the company so they feel part of its success. This is a way of closely aligning their interests with shareholders, as well as ensuring that staff are working together towards a single goal.

In accordance with section 79 of the Companies Act 1993, we have included with this annual report disclosure of details regarding financial assistance of up to $11 million which we intend to provide under staff share schemes. All shares are purchased on the open market.

This financial assistance is in the form of interest free loans. Further details are set out in note 24 to the financial statements.

Corporate governance

The Board of Directors' remuneration has been reviewed and we are seeking shareholder approval for an increase in directors' fees from that last approved in 2014.

At the 2014 annual meeting the directors' pool of $730,000 was approved.

The pool was automatically adjusted to $835,000 to reflect the appointment of an additional director when we increased the number of directors from seven to eight in accordance with NZX listing rules.

The proposal to be considered at our Annual General Meeting is to increase the pool of directors' fees from $835,000 per annum to $910,000, an increase of 9%.

It is two years since the fee pool was increased. Over the same period underlying profit and dividends have grown more than 33%, the number of staff and residents has grown markedly, and we have stepped up our build rate.

Ryman Healthcare villages are home to more than 10,000 people and the level of governance responsibility has grown as the company grows bigger and more complex.

We are proposing to allocate the directors' fees as follows:

- $207,000 for the board chairman
- $103,000 as the base directors' fees for non-executive directors
- $16,500 additional fees for the chairs of the audit and financial risk committee, the health and safety committee and the clinical governance committees.

The Australian directors will continue to be paid the same amount in Australian dollars.

Isileli Uata with Matt Maihi of Ngati Whatua Orakei Marae at the blessing of the new Greenlane site

Board election and annual meeting

George Savvides, Kevin Hickman and I will be retiring by rotation, and we are all offering ourselves for re-election. Our profiles can be found on pages 14-15 of this report.

We have recommended that Deloitte be reappointed as auditor for the 2017 financial year.

This year's annual meeting will be held at Jane Mander Retirement Village in Whangarei on July 27 at 10am.

We have always had a strong and loyal shareholder base in Whangarei and we are looking forward to meeting with our shareholders there. A notice of meeting has been issued together with this report and we warmly welcome all shareholders to our annual meeting.

Thanks

On behalf of everyone at Ryman I would like to congratulate Kevin Hickman on being made an Officer of the New Zealand Order of Merit in the New Year Honours list. Kevin's contribution to Ryman over the past 32 years has been enormous and we cannot thank him enough for his vision, his guidance and his wisdom.

The Board is very proud of the achievements of all of the team and I am always conscious that this success is no accident. It takes a lot of hard work, good will and cooperation.

I would like to thank our residents and their families for choosing a Ryman village, and placing their trust in us. We all take this responsibility very seriously.

I would like to thank all of our staff who work so hard every day on behalf of our residents and do such a fantastic job. It is greatly appreciated.

We have set ourselves some ambitious targets for the coming years, including opening five new villages in Melbourne by 2020 and matching our build rate in Australia with our New Zealand rate.

The Board has every confidence we have the team in place to do it.

Finally, I would like to thank you, our shareholders, for your support of Ryman over so many years.

You can be assured that we will be relentless in our pursuit of the holy trinity of happy residents (and families), happy staff, and happy shareholders.

Dr David Kerr
Chairman

Hans and Yvonne Trensch at Malvina Major's Wearable Arts show

Challenging the status quo

To be better, bigger and brighter, we know we have to constantly challenge the status quo.

We have always sought to get better, and this is what has driven the success of the company from the very outset. It is why we typically have long waiting lists for our villages and why more and more people are choosing to come and work for us.

Simon Challies

Better

Getting better is all about challenging what we do now and looking for new ways to improve the experience of the staff, the residents and their families.

We want our residents to be constantly delighted with what we offer, and part of that is surprising them.

Our staff have been telling us for years that they wanted better uniforms, and we listened. Our 10,000 residents will soon be engaging with staff wearing beautiful new uniforms designed by Annah Stretton, which will brighten their day as well as making staff feel good about what they are wearing.

We trialled the uniforms at Grace Joel village in Auckland and then refined the designs to make sure we got it right.

Food is hugely important to our residents and it has been an area where our residents have often told us we need to do better.

We sat down and re-examined ways of making our food service better and came up with a plan that turns what we do on its head.

New serveries are being trialled at our newly-built villages. Food will be plated up hot in the kitchen, and transported to residents from there.

We think the change has the potential to dramatically improve the way our residents feel about our food service.

Technology is a another big part of our journey to get better.

David has touched on the myRyman project which is a subject close to my heart.

I've always been horrified by the amount of paperwork that our staff have to handle and I know that nurses and caregivers don't join the industry to be swamped with paperwork.

Sometimes the answers to your problems are right under your nose. Our residents have often told us they wish staff had more time to spend with them. Our staff were telling us they did not enjoy the volume of paperwork that kept them from spending time with residents.

The solution was to find technology that would allow staff to spend time with residents and take care of the patient records at the same time.

The solution was a tablet in every room, and so we began to build the app which has become myRyman.

myRyman roster went live this year and staff are loving it. It will be rolled out to all the villages

Gordon McKenna, a young leader at the Bert Sutcliffe building site in Auckland

Joan Castillon performing at the Kindness premiere

What started out as a new idea to reward the kindest staff working at Ryman turned into a nationwide project that brought everyone at Ryman together.

In April 2015 each village and office was asked to nominate the kindest member of staff they knew for a special award to celebrate a personal quality which is possibly the most important gift we can give our residents, their families, our colleagues and anyone who comes into contact with a Ryman village.

Nominations flew in from around the country, and the winners got to tell their stories in print and on video. Their stories were heartwarming, inspiring and set a great example. They were too good not to share.

So a documentary called The Power of Kindness was made, along with a three minute music clip, which featured all the Kindness winners and their stories.

Of course when you have a documentary you need a world premiere, and a plan was hatched to host a live broadcast from Rita Angus village in Wellington on Friday August 28.

Each Ryman village had its own premiere night complete with red carpet and champers and was linked in to the broadcast over the internet.

Joan Castillon, a talented singer and caregiver at Evelyn Page, teamed up with pianist Carl Doy and the National Youth Orchestra to provide the entertainment for the live broadcast.

Rita Angus village manager Rik Dixon was nominated as MC for the evening much to his surprise, and the result was a night to be remembered.

It was like a Ryman Telethon with music!

Not only did we celebrate the kindness that is the common thread among all Ryman employees, but the broadcast brought together all the villages and offices from Whangarei to Invercargill and across to Melbourne like never before.

We use The Power of Kindness as an induction film to show new staff what working at Ryman is all about.

over this calendar year. myRyman is all about people, and eliminating paperwork.

It has already won two prestigious Microsoft awards but there is a long way to go in developing it to its full potential.

It is also relatively low risk because it sits on top of our existing resident database. Most of the data is in our existing applications – myRyman simply pulls it together in a very simple and user friendly interface that uses simple icons.

As David outlined, staff will be able to spend much more time with residents. That's if staff can get their hands on the tablets. At our pilot village our residents have taken to the tablets like a duck to water and we are developing a new and slightly older generation of Candy Crush experts.

Our residents also love Skype, Mahjong, YouTube and Google Earth. It is a big hit with residents in higher levels of care who are physically frail but mentally agile. It will be made available to all residents in care. It is another way we can bring the outside world in to them and it is free for all residents.

Residents will get tablets as part of the rollout which will start soon. myRyman Roster was the first stage to be released and the app has taken all the pain out of what was once a difficult job. The next releases to be tackled are communications, scheduling and care planning.

We have also rolled out a new electronic medications system called 1CHART. It is a web-based application which makes the medications round much more accurate and links doctors, pharmacies and our care staff in one single loop. 1CHART increases accuracy and reduces error.

Bigger

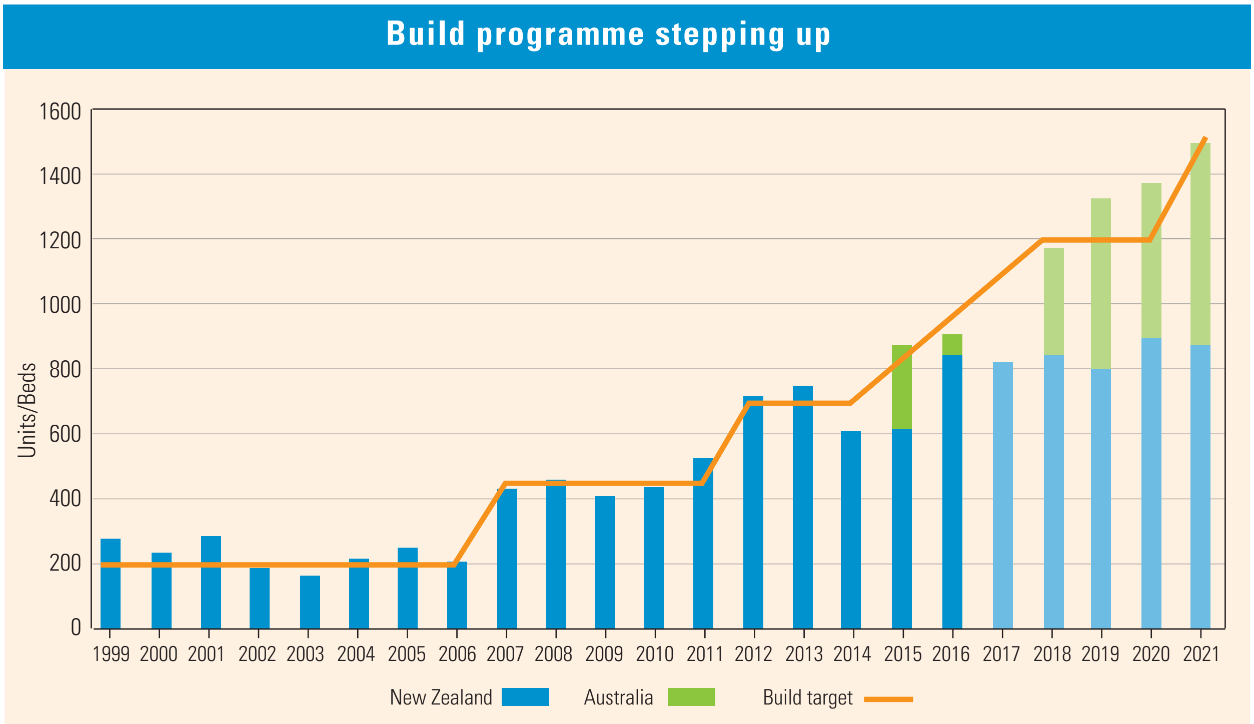
We have four villages in the opening phase. It is our honour to name them after some iconic Kiwis: Charles Upham, Bert Sutcliffe, Bob Scott and Possum Bourne. We have never opened four villages in a year before, so not surprisingly we are busier than we have ever been.

We are under way with building at Greelane, and we are working through the consent process for Tropicana and Devonport in Auckland and River Road in Hamilton.

We have another site in Auckland on our radar and another two sites in New Zealand already bought so we have more than enough supply in our landbank to meet our New Zealand target of building 800 beds and units a year.

Melbourne has been a great success but it didn't happen overnight. The site for Weary Dunlop, our first village, was bought back in 2011 and it took us five years to design and build the entire village.

While it has taken us slightly longer than we expected to get under way at our second site Brandon Park, we are making good progress.



Different from the ground up

It is no exaggeration to say Bob Scott Retirement Village in Petone is different from the ground up.

The new $120 million village has been built using base isolators and represents the latest thinking in earthquake safety.

The apartment buildings and main blocks float on giant bearings that will allow them to move up to 750mm in any direction in the event of an earthquake.

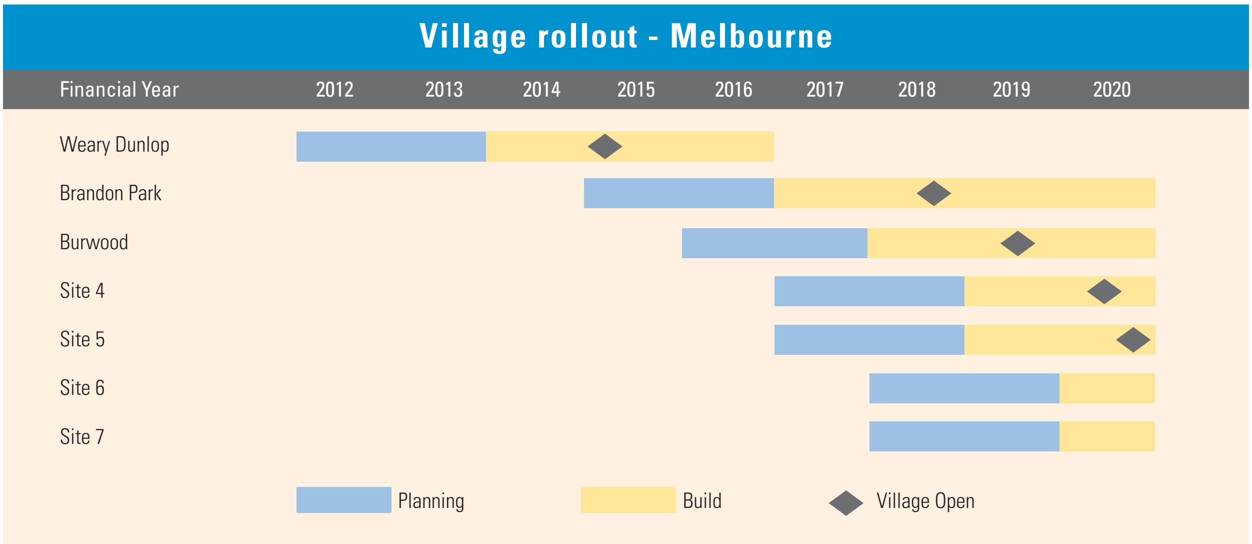
All of the services including the plumbing and wiring 'float' off the structure, so that they will move with the building.

Inside, Bob Scott represents a number of other design innovations.

Its entrance block is built to resemble a street scene, complete with café, hairdressing studio and a beauty salon.

The village features all the other Ryman staples, including an indoor swimming pool, activities room, gym, reflection room, billiards room, bar and a movie theatre.

We believe it is the only residential development in the country on base isolators.



We bought our third site at Burwood East during the year. Our plan is to secure our fourth and fifth sites this financial year, and we are confident in meeting our target of having five villages open in Melbourne by 2020.

We have also set ourselves a long-term target of matching our build rate in New Zealand over the Tasman. We see huge potential in Melbourne where the market is more than 20% larger than our home market in New Zealand.

Brighter

To fuel all this growth, we need great people.

We've made a conscious effort to lift our game in the way we communicate with our staff. If we have happy staff they will tell their friends about what a great place Ryman is to work at.

During the year we developed a new leadership programme for the 300 staff who lead our teams. Our preference is to promote from within and we want to encourage people to step up.

It takes a special type of person to be a leader at Ryman. They have to have a deep understanding of our history, our culture and our values.

A great example is Nicole Forster, our Human Resources Manager, who has been promoted to the role of Group Shared Services Manager. Nicole has worked with us for five years and is typical of what we look for in our future leaders. She has a great track record, loves a challenge, is determined and wanted to step up.

It is great to see another woman join our senior management team. More than 70% of our 300 leaders are women, and it is an incredibly diverse team in terms of age, ethnicities and backgrounds.

We have been working hard to celebrate the great job that staff do – by recognising our kindest people, and presenting our annual awards – and to help people feel more connected to Ryman.

There's no place like home

Our sponsorship of the Royal New Zealand Ballet's Wizard of Oz season gave us the perfect opportunity to celebrate with our residents.

Our residents love The Wizard of Oz, we just hadn't realised what a success it would be with staff as well.

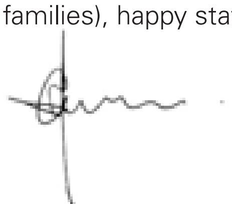
What appealed to me most about the Wizard of Oz was the theme about potential. The lion, the scarecrow and the tin man all had the potential to do great things – they just had to realise that the potential was within them. It was Dorothy's leadership that helped them to realise their potential.

That's the way I think about developing our staff.

We all have great potential, we just have to set ourselves aspirational targets, we need to be dissatisfied with the status quo, and give our leaders the confidence to give it a go.

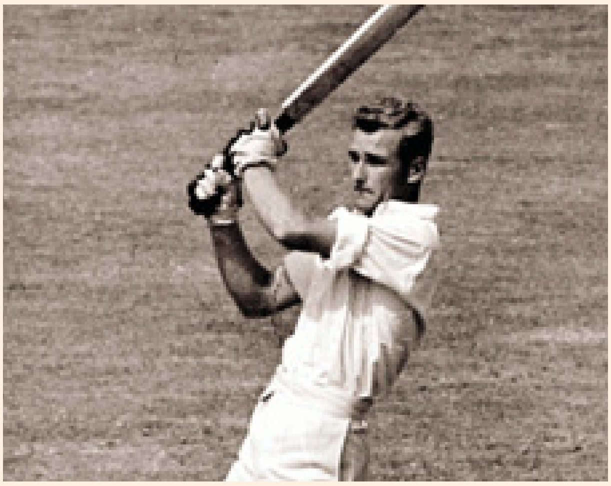
Great leaders build great teams around them and create the special culture which makes a positive difference to the lives of our residents and their families every day.

If we have great staff leading our teams, ultimately we will have happy residents (and families), happy staff and happy shareholders.



Simon Challies
Managing Director

Four new villages honour Kiwi icons



Bert Sutcliffe

Ryman's new Birkenhead village has been named in honour of a hero on the sports field, Bert Sutcliffe. A talented left-handed batsman, Bert was a superb cricketer who captained New Zealand and became an inspiration to generations of Kiwis.

He is perhaps best known for his courageous innings against South Africa in the Boxing Day Test of 1953 when he was knocked over by a fierce bouncer, but returned from hospital to launch a ferocious counter attack against the South Africans with his head swathed in bandages.

Charles Upham

Our Rangiora village has been named in honour of Charles Upham, New Zealand's most highly decorated war hero and one of North Canterbury's favourite sons.

Charles Upham was awarded the Victoria Cross – the Commonwealth's highest award for bravery – twice for his supreme skills as a soldier and many acts of courage.

A modest hero, Charles Upham was always bemused by the attention he received, and always put his success down to the bravery of his men in the 20th Battalion.

Bob Scott

Bob Scott village in Petone is named in honour of the rugby player regarded as one of the very finest All Black fullbacks of all time.

Considered a superb attacking fullback, Bob Scott was best known for his aggressive and elusive runs and his ability to kick barefoot. He made his test debut in 1946 and played 17 tests for the All Blacks, scoring 74 points.

Rugby commentator Winston McCarthy considered him the best player he had ever witnessed. "For me there will never be anyone as great as Scott," he wrote.

Possum Bourne

Possum Bourne, our new village in Pukekohe, is named after a highly competitive battler who became Australasia's most successful rally driver.

Peter Bourne was born in 1953 and grew up on a farm near Pukekohe. He became hooked on rallying in his early 20s, but his career really took off after he realised early on the huge potential Subaru four-wheel-drive cars could have on the rally circuit.

He won the Australian Rally Championship seven times and the Asia Pacific Championship three times.

Dr David Kerr
MB CHB, FRNZCGP
Chairman

Joined 1994

Dr David Kerr is a general practitioner.

David has held the role of chairman of Ryman Healthcare since 1999.

He is a director of Pharmac Limited, chairman of Eco Central and a director of Forte Health and Ngai Tahu Property.

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.

Kevin Hickman
ONZM, Director

Co-founder 1984

Kevin Hickman co-founded Ryman Healthcare. He held the role of managing director in a joint capacity from 1984 and in a sole capacity from 2002 to 2006.

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's family trust remains a significant shareholder in Ryman Healthcare.

In 2016 Kevin was made an Officer of the New Zealand Order of Merit for his services to sport and aged care.

Jo Appleyard
LLB (Hons)
Director

Joined 2009

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 Ryman Healthcare for a number of years on employment and resource management matters, both of which are pivotal to the success of the company.

Doug McKay
BA, AMP (Harvard),
ONZM, Director

Joined 2014

Doug McKay is an experienced board director with current appointments at IAG NZ Insurance, BNZ (chair), Genesis Energy, Eden Park Trust Board (chair), Chartered Accountants Australia New Zealand and National Australia Bank. He was previously chair of Griffins Foods, and Independent Liquor.

Doug's executive career included CEO and MD roles at corporates including Procter and Gamble, Lion Nathan, Carter Holt Harvey, Goodman Fielder, Sealord and Auckland Council. In 2015 Doug was made an Officer of the New Zealand Order of Merit for services to business and local government.

Warren Bell
M COM, FCA
Director

Joined 2011

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 George's Hospital, and is a director of a number of private companies.

Warren is chairman of the Audit & Financial Risk Committee.

Claire Higgins
B COM, FCPA, FAICD
Director

Joined 2014

Claire Higgins is a professional director and consultant with extensive board experience in Australia and New Zealand.

Based in Melbourne, Claire is chair of REI Superannuation Pty Ltd, and had a long career at BHP and OneSteel Limited before becoming a professional director.

George Savvides
BE (Hons), MBA, FAICD
Director

Joined 2013

George lives in Melbourne and he has 20 years' experience in the Australian healthcare industry. Earlier this year he retired after 14 years as managing director of Medibank, Australia's largest health insurer.

He is chairman of World Vision Australia, Kings Group, and Vision Developments Holdings.

George is a Fellow of the Australian Institute of Directors.

Simon Challies
LLB, B COM, FCA
Managing Director

Joined 1999

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

In 2013 Simon won the INFINZ Industry Leadership Award, and in 2014 was named the Deloitte Top 200 Executive of the Year.

Ryman for investors

The introduction of KiwiSaver almost a decade ago has accelerated growth in our shareholder base through investment by large KiwiSaver providers.

Ryman's shareholder base is now much broader than ever before, with hundreds of thousands of Kiwis now sharing in Ryman's success through KiwiSaver.

For investors new to the company, we thought this annual report would be a good chance to remind everyone what Ryman is all about and what makes it unique in many ways.

Ryman's aim is for residents and their families to be delighted with their decision to live in a Ryman village, and with the care they receive.

We design, build, own and operate our villages ourselves. Our aim is to build beautiful villages where the care of residents is exceptional.

We do it our way, using methods and systems that have been constantly refined over the 32 years we have operated.

Ryman's villages offer a continuum of care which means we will look after residents no matter how their needs change over the years.

We support a safety-first working environment, and we make it our number one priority for staff to feel safe at work.

Ryman is a premium provider but our terms are scrupulously fair. Our deferred management fee is the lowest in the industry, our fees are fixed for life, our terms are simple to understand and are affordable.

In 1999 Ryman Healthcare raised $25 million when it listed on the NZX. Since then more than $2.1 billion has been invested in villages, and shareholders have received more than $500 million in dividends.

Taylor Allison
Design Manager

Joined 2000

Taylor has over 30 years' design experience in the civil and structural design fields, and has overseen the design of 23 Ryman villages in New Zealand and Australia.

Tom Brownrigg
Construction Manager

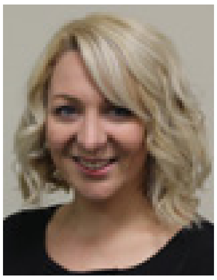
Joined 2006

Tom has over 20 years' experience in the construction industry in New Zealand and the United Kingdom, in roles ranging from carpentry to project management. He's overseen the construction of 15 Ryman villages.

Nicole Forster
Group Shared Services Manager

Joined 2011

Nicole joined Ryman as Senior Human Resources Advisor. She was appointed to HR Manager in 2012, and was promoted to her current role in 2016.



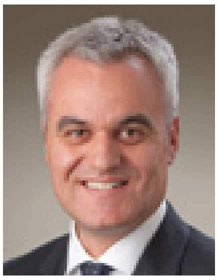
David King
Corporate Affairs Manager

Joined 2013

David joined Ryman following a 21-year career in journalism in New Zealand and the UK, which included editing and senior management roles. He holds a Bachelor of Arts (Hons) and a Journalism Certificate.

Gordon MacLeod
Deputy Chief Executive / CFO
Joined 2007

Gordon was previously a Corporate Finance Partner with PwC and Finance Director of a London listed hi-tech engineering company. Gordon holds a Bachelor of Commerce and is a Chartered Accountant. He is a board member of the NZ Aged Care Association and the Retirement Villages Association.



Debbie McClure
Group Sales Manager

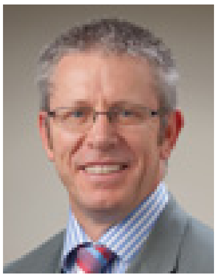
Joined 1990

Debbie joined Ryman as a village administrator, and moved into sales in 1998. She was promoted to Group Sales Manager in 2002. She moved to Melbourne in 2013 to lead Ryman's sales expansion in Victoria. Debbie is a member of the Property Council of Australia's Retirement Living Council.

Philip Mealings
Property / Purchasing Manager

Joined 2000

Philip joined Ryman after several years as purchasing manager with Ben Rumble Communications.



Andrew Mitchell
Development Manager

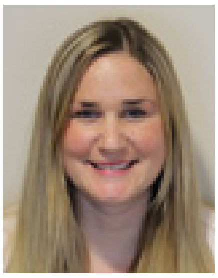
Joined 2007

Andrew joined Ryman after working as a Regional Development Manager for Sunrise Senior Living in the UK. He holds a Bachelor of Commerce in Valuation and Property Management.

Jenn Poskitt
Marketing Manager

Joined 2009

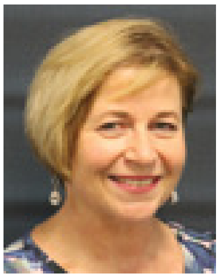
Jenn joined Ryman as Marketing Co-ordinator and was promoted to her current role in 2011. She holds a Bachelor of Science (Marketing and Management) from Oklahoma State University.



Barbara Reynen-Rose
Operations & Clinical Services Manager

Joined 1992

Barbara began as a nurse manager, was appointed Director of Nursing in 1997 and was promoted to Operations Manager in 2002. She holds an Advanced Diploma in Nursing, a Post Graduate Diploma in Management and a Masters in Health Sciences (Gerontology).



Five year summary

For the year ended 31 March 2016		2016	2015	2014	2013	2012
Financial						
Underlying Profit	$m	157.7	136.3	118.2	100.2	84.1
Reported Net Profit After Tax	$m	305.4	241.9	194.8	136.7	120.8
Net Operating Cash Flows	$m	312.5	234.0	238.4	222.2	169.2
Net Assets	$m	1,327.5	1,101.3	926.7	734.5	647.2
Interest bearing Debt to Equity ratio	%	41%	37%	30%	31%	33%
Dividend per Share	Cents	15.8	13.6	11.8	10.0	8.4
Villages						
Sales of Occupation Rights [1]	No.	1,208	1,175	977	985	780
New Units and Beds Built	No.	909	875	607	743	710
Land bank (to be developed) [2]	No.	4,171	4,228	4,208	2,402	2,229
Portfolio:						
Aged Care Beds	No.	3,121	2,807	2,517	2,400	2,174
Retirement Village Units	No.	5,387	4,792	4,207	3,791	3,274
Total Units and Beds	No.	8,508	7,599	6,724	6,191	5,448

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 2016

	Note	2016 $000	2015 $000
Care fees		209,431	182,371
Management fees		50,632	43,397
Interest received		711	644
Other income		296	700
Total revenue		**261,070**	**227,112**
Fair value movement of investment properties	7	274,627	217,624
Total income		**535,697**	**444,736**
Operating expenses	1	(204,175)	(182,344)
Depreciation expense	2	(12,658)	(10,767)
Finance costs	3	(9,533)	(9,594)
Total expenses		**(226,366)**	**(202,705)**
Profit before income tax		**309,331**	**242,031**
Income tax expense	4	(3,908)	(113)
Profit for the period		**305,423**	**241,918**
Earnings per share:			
Basic and diluted (cents per share)	13	61.1	48.4

Consolidated statement of comprehensive income

For the year ended 31 March 2016

	Note	2016 $000	2015 $000
Profit for the period		**305,423**	**241,918**
Items that may be reclassified subsequently to profit or loss:			
Fair value movement and reclassification of interest rate swaps	14	(4,647)	(2,864)
Movement in deferred tax related to interest rate swaps	14	1,301	802
(Losses)/gains on hedge of foreign owned subsidiary net assets	14	(4,539)	1,765
Gains/(losses) on translation of foreign operations	14	6,211	(2,081)
		(1,674)	(2,378)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment (unrealised)	6,14	-	-
Deferred tax impact on revaluation reserve	14	-	-
		-	-
Other comprehensive income		**(1,674)**	**(2,378)**
Total comprehensive income		**303,749**	**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 financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2016

	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
Balance at 1 April 2014	**33,290**	**176,806**	**(1,272)**	**-**	**(8,890)**	**726,812**	**926,746**
Profit and total comprehensive income for the period	-	-	(2,062)	(316)	-	241,918	239,540
Treasury stock movement	-	-	-	-	(2,465)	-	(2,465)
Dividends paid to shareholders (Note 15)	-	-	-	-	-	(62,500)	(62,500)
Closing Balance at 31 March 2015	**33,290**	**176,806**	**(3,334)**	**(316)**	**(11,355)**	**906,230**	**1,101,321**
Balance at 1 April 2015	**33,290**	**176,806**	**(3,334)**	**(316)**	**(11,355)**	**906,230**	**1,101,321**
Profit and total comprehensive income for the period	-	-	(3,346)	1,672	-	305,423	303,749
Treasury stock movement	-	-	-	-	(4,545)	-	(4,545)
Dividends paid to shareholders (Note 15)	-	-	-	-	-	(73,000)	(73,000)
Closing Balance at 31 March 2016	**33,290**	**176,806**	**(6,680)**	**1,356**	**(15,900)**	**1,138,653**	**1,327,525**

The accompanying notes form part of these financial statements.

Consolidated balance sheet

As at 31 March 2016

	Note	2016 $000	2015 $000
Assets			
Cash and cash equivalents		-	409
Trade and other receivables	5	219,228	196,853
Advances to employees	24	3,407	3,549
Property, plant & equipment	6	754,530	676,706
Investment properties	7	2,996,305	2,434,631
Total assets		**3,973,470**	**3,312,148**
Equity			
Issued capital	13	33,290	33,290
Asset revaluation reserve	14	176,806	176,806
Interest rate swap reserve	14	(6,680)	(3,334)
Foreign currency translation reserve	14	1,356	(316)
Treasury stock	14,24	(15,900)	(11,355)
Retained earnings	14	1,138,653	906,230
Total equity		**1,327,525**	**1,101,321**
Liabilities			
Bank overdraft (secured)	8	961	-
Trade and other payables	9	92,342	100,986
Employee entitlements	10	14,428	12,090
Revenue in advance		37,032	32,081
Interest rate swaps	18	9,278	4,631
Refundable accommodation deposits		28,302	11,846
Bank loans (secured)	11	544,917	407,175
Occupancy advances (non interest bearing)	12	1,854,232	1,580,172
Deferred tax liability (net)	4	64,453	61,846
Total liabilities		**2,645,945**	**2,210,827**
Total equity and liabilities		**3,973,470**	**3,312,148**
Net tangible assets per basic and diluted share (cents)	13	265.5	220.3

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2016

	Note	2016 $000	2015 $000
Operating activities			
Receipts from residents	21	698,617	582,085
Interest received		748	827
Payments to suppliers and employees		(209,190)	(184,719)
Payments to residents		(167,319)	(155,365)
Interest paid		(10,393)	(8,820)
Net operating cash flows	21	**312,463**	**234,008**
Investing activities			
Purchase of property, plant & equipment		(129,574)	(122,198)
Purchase of investment properties		(224,654)	(166,323)
Capitalised interest paid		(15,353)	(11,143)
Advances to employees		142	(721)
Net investing cash flows		**(369,439)**	**(300,385)**
Financing activities			
Drawdown of bank loans (net)		133,044	129,997
Dividends paid		(73,000)	(62,500)
Purchase of treasury stock (net)		(4,545)	(2,465)
Net financing cash flows		**55,499**	**65,032**
Net (decrease) in cash and cash equivalents		**(1,477)**	**(1,345)**
Cash and cash equivalents at the beginning of period		409	1,754
Translation of foreign cash balances		107	-
Cash and cash equivalents at the end of period		**(961)**	**409**

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 (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 consolidated 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 consolidated 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 2016, and the comparative information presented in these financial statements for the year ended 31 March 2015.

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 6).
- investment property is measured at fair value (refer note 7).
- certain financial assets and liabilities are measured at fair value (refer note 18).

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 6.
- Valuation of investment property – policy (d) and note 7.
- Management fees – policy (b).

Summary of significant accounting policies

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements of the Group.

(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 IFRS-10 'Consolidated Financial Statements'. A list of subsidiaries appears in note 22 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.

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. 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).

Summary of significant accounting policies

(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.

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

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

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

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

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

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

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

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

(f) Depreciation

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

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

No depreciation is provided in respect of investment properties.

(g) Impairment of assets

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

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

Summary of significant accounting policies

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

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

(h) Operating leases

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

(i) Revenue in advance

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

(j) Financial instruments

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

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

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

Occupancy advances
Occupation Agreements confer to residents the right of occupancy of the retirement village unit for life, or until the resident terminates the agreement.

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

Summary of significant accounting policies

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.

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 their fair value.

Interest bearing loans and borrowings
Loans and borrowings are initially recorded at fair value, less 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 enacted at the balance sheet date, and any adjustment to

Summary of significant accounting policies

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 Company (e.g. when the employee does not elect to take full responsibility for the loan, or when the employee leaves prior to the end of the 3 year restrictive period) accrues to the Company and 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 the 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

Summary of significant accounting policies

of the asset or as part of the expense item as applicable; and

- Receivables and payables are stated with the amount of GST included.

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

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

(r) Foreign Currency Translation

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

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) 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 a material impact on the amounts recognised in 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. They will be adopted when they become mandatory.

Notes to the consolidated financial statements

For the year ended 31 March 2016

	2016 $000	2015 $000
1. Operating Expenses		
Employee costs (see below)	133,329	118,297
Property related expenses	26,329	26,365
Other operating costs (see below)	44,517	37,682
Total operating expenses	**204,175**	**182,344**
Employee costs and other operating costs include:		
Post employment benefits (Kiwisaver/Super)	3,407	2,765
Auditor's remuneration to Deloitte comprises:		
- audit of financial statements	154	135
- Australia aged care reporting	5	-
- IT and cyber security assurance	33	-
Directors fees	820	723
Donations^	335	326
Lease and rental payments	1,102	822

^ no donations have been made to any political party (2015: $Nil)

	2016 $000	2015 $000
2. Depreciation		
Buildings	4,963	4,271
Plant and Equipment	2,834	2,356
Furniture and Fittings	4,251	3,340
Motor Vehicles	610	800
Total	**12,658**	**10,767**
3. Finance Costs		
Total interest paid on bank loans	23,172	19,494
Release of interest rate swap reserve	1,714	1,243
Amount of interest capitalised	(15,353)	(11,143)
Net interest expense on bank loans	**9,533**	**9,594**

Notes to the consolidated financial statements

4. Income Tax

(a) Income tax recognised in income statement

	2016 $000	2015 $000
Tax expense comprises:		
Current tax expense	-	-
Prior period adjustment	-	-
Deferred tax expense	-	-
Origination and reversal of temporary differences:		
Investment properties	3,724	1,911
Property, plant and equipment	1,662	336
Other	(1,478)	(2,134)
Total income tax expense	**3,908**	**113**

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:

	2016 $000	2015 $000
Profit before income tax expense	309,331	242,031
Income tax expense calculated at 28%	86,613	67,769
Tax effect of:		
Non-taxable income	(76,896)	(60,934)
Other	(5,809)	(6,722)
Total tax expense	**3,908**	**113**

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% (2015: 28%) payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

Total Group tax losses available in New Zealand amounted to $17.9 million (2015: $2.5 million). Recognition of the deferred tax asset is based expected taxable earnings in future periods. There are no unrecognised tax losses in New Zealand (2015: $Nil). Australian tax losses have not been recognised in the current year. Total tax losses available in Australia amounted to $19.8 million (2015: $11.9 million).

Notes to the consolidated financial statements

4. Income Tax (continued)

	2016		2015	
Reconciliation of effective tax rate	**%**	**$000**	**%**	**$000**
Profit before tax		309,331		242,031
Income tax using the corporate tax rate	28.0%	86,613	28.0%	67,769
Non-taxable income	(24.8)%	(76,896)	(25.2)%	(60,934)
Other	(1.9)%	(5,809)	(2.8)%	(6,722)
Total income tax expense	**1.3%**	**3,908**	**0.0%**	**113**

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

	Opening Balance $000	Recognised in income $000	Recognised in equity $000	Closing Balance $000
2016				
Property, plant & equipment	(44,336)	(1,662)	-	(45,998)
Investment properties	(30,615)	(3,724)	-	(34,339)
Deferred management fee revenue in advance	8,763	(3,324)	-	5,439
Interest rate swap	1,297	-	1,301	2,598
Other	2,333	494	-	2,827
Tax value of loss carry-forwards recognised	712	4,308	-	5,020
Total deferred taxation	**(61,846)**	**(3,908)**	**1,301**	**(64,453)**
2015				
Property, plant & equipment	(44,000)	(336)	-	(44,336)
Investment properties	(28,704)	(1,911)	-	(30,615)
Deferred management fee revenue in advance	7,639	1,124	-	8,763
Interest rate swap	495	-	802	1,297
Other	2,025	308	-	2,333
Tax value of loss carry-forwards recognised	10	702	-	712
Total deferred taxation	**(62,535)**	**(113)**	**802**	**(61,846)**

Notes to the consolidated financial statements

4. Income Tax (continued)

	2016 $000	2015 $000
(c) Imputation credit memorandum account		
Closing balance	**87**	**50**
Imputation credits available directly and indirectly to shareholders of the parent company, through:		
Parent company	-	-
Subsidiaries	87	50
Closing balance	**87**	**50**

5. Trade and Other Receivables

	2016 $000	2015 $000
Trade debtors	216,537	195,165
Other receivables	2,691	1,688
Total receivables	**219,228**	**196,853**

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 the current period (2015: $Nil).

Notes to the consolidated financial statements

6. 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
2016	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount							
Balance at 1 April 2015	208,188	227,162	216,902	26,152	27,583	7,123	713,110
Additions	228	11,569	103,293	6,480	3,562	973	126,105
Net foreign currency exchange difference	441	897	4,149	92	102	21	5,702
Transfer from property under development	3,307	14,027	(20,158)	1,243	1,581	-	-
Transfer from property under development to investment property	-	-	(41,325)	-	-	-	(41,325)
Balance at 31 March 2016	**212,164**	**253,655**	**262,861**	**33,967**	**32,828**	**8,117**	**803,592**
Accumulated Depreciation							
Balance at 1 April 2015	-	(4,284)	-	(11,291)	(17,539)	(3,290)	(36,404)
Current year depreciation	-	(4,963)	-	(2,834)	(4,251)	(610)	(12,658)
Balance at 31 March 2016	**-**	**(9,247)**	**-**	**(14,125)**	**(21,790)**	**(3,900)**	**(49,062)**
Total Book Value	**212,164**	**244,408**	**262,861**	**19,842**	**11,038**	**4,217**	**754,530**
2015	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount							
Balance at 1 April 2014	201,782	196,491	164,242	21,798	22,918	4,091	611,322
Additions	349	12,205	91,524	4,193	2,871	3,039	114,181
Net foreign currency exchange difference	-	(6)	(625)	(8)	(6)	(7)	(652)
Transfer from property under development	6,061	19,360	(29,406)	1,626	2,359	-	-
Transfer from property under development to investment property	-	-	(8,833)	-	-	-	(8,833)
Disposal	(4)	(888)	-	(1,457)	(559)	-	(2,908)
Balance at 31 March 2015	**208,188**	**227,162**	**216,902**	**26,152**	**27,583**	**7,123**	**713,110**
Accumulated Depreciation							
Balance at 1 April 2014	-	(84)	-	(10,113)	(14,701)	(2,490)	(27,388)
Current year depreciation	-	(4,271)	-	(2,356)	(3,340)	(800)	(10,767)
Disposal	-	71	-	1,178	502	-	1,751
Balance at 31 March 2015	**-**	**(4,284)**	**-**	**(11,291)**	**(17,539)**	**(3,290)**	**(36,404)**
Total Book Value	**208,188**	**222,878**	**216,902**	**14,861**	**10,044**	**3,833**	**676,706**

Notes to the consolidated financial statements

6. Property, Plant & Equipment (continued)

All completed resthomes and hospitals included within the definition of freehold land and buildings were revalued to fair value based on an independent valuation report prepared by registered valuers, CBRE Limited, as at 31 March 2014 in accordance with NZ IFRS 13. 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 16%), together with observed transactional evidence in respect of the market value per care bed (ranging from $75,000 to $145,000 per care bed) in estimating and determining fair value.

As the fair value of land and buildings is determined using inputs that are unobservable the Group has categorised property, plant and equipment as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 – Fair Value Measurements.

The significant unobservable inputs used in the fair value measurement of the Group's freehold land and buildings are the capitalisation rate and the market value per care bed. A significant decrease (increase) in the capitalisation rate would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in the market value per care bed would result in a significantly higher (lower) fair value measurement.

Property under development includes land held pending development of a retirement village amounting to $150.4 million (2015: $107.3 million) and is valued at cost.

Interest for the Group of $15.4 million (2015: $11.1 million) has been capitalised during the period of construction in the current year. The weighted average capitalisation rate on funds borrowed is 4.55% per annum (2015: 5.24% 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:

	Freehold Land $000	Buildings $000	Total $000
Carrying amount (at cost)			
Carrying amount at 31 March 2016	52,252	228,364	280,616
Carrying amount (at cost)			
Carrying amount at 31 March 2015	48,276	206,834	255,110

Notes to the consolidated financial statements

7. Investment Properties

		2016 $000	2015 $000
At fair value			
Balance at beginning of financial year		2,434,631	2,034,549
Additions		277,455	184,719
Net foreign currency exchange differences		9,592	(2,261)
Fair value movement:			
Realised fair value movement:	- New retirement village units	62,396	61,597
	- Existing retirement village units	60,613	50,312
		123,009	111,909
Unrealised fair value movement		151,618	105,715
		274,627	217,624
Net movement for the year		561,674	400,082
Balance at end of financial year		**2,996,305**	**2,434,631**

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

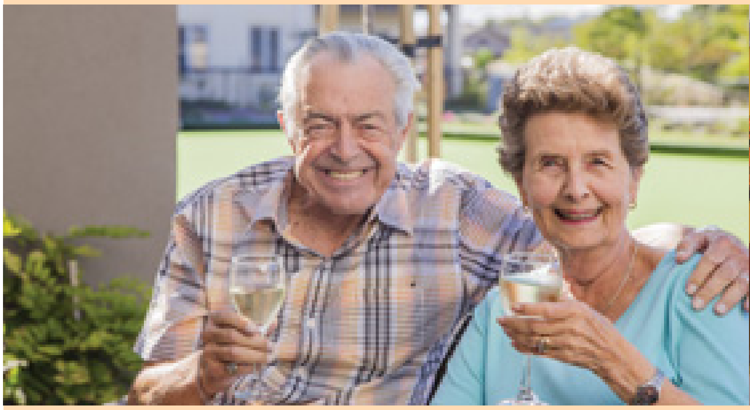
As the fair value of investment property is determined using inputs that are unobservable the Group has categorised investment property as Level 3 under the fair value hierarchy in accordance with *NZ IFRS 13 – Fair Value Measurements.*

The carrying value of completed investment property is the fair value as determined by an independent valuation report prepared by registered valuers CBRE Limited, as at 31 March 2016. 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 $114.2 million (2015: $40.8 million), which has been fair valued at cost.

The significant unobservable inputs used in the fair value measurement of the Group's investment property portfolio are the discount rate, the long term nominal house price inflation rate and the occupancy period. A significant decrease (increase) in the discount rate or the unit occupancy period would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in the average age of entry of residents or the long-term nominal house price inflation rate would result in a significantly higher (lower) fair value measurement.

Operating expenses
Direct operating expenses arising from investment property that generated income from management fees during the period amounted to $5.3 million (2015: $4.3 million). There was no investment property that did not generate income from management fees during the period for the Group except for investment property work in progress.

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.



Notes to the consolidated financial statements

8. 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 11). The interest rate on all overdraft facilities at 31 March 2016 was 10.05% (2015: 11.05%).

9. Trade & Other Payables

	2016 $000	2015 $000
Trade payables	41,766	34,227
Other payables	50,576	66,759
Total trade and other payables	**92,342**	**100,986**

Trade payables are typically paid within 30 days of invoice date or 20th of the month following invoice date. Other payables at 31 March 2016 includes $48.0 million (2015: $61.6 million) in relation to the purchase of land.

10. Employee Entitlements

Holiday pay accrual and other benefits	14,428	12,090

11. Borrowings

Bank loans (secured) – NZD	478,000	352,000
Bank loans (secured) – AUD in NZD	66,917	55,175
Total bank loans (secured)	**544,917**	**407,175**
Less than 1 year	6,500	21,500
Within 1-3 years	538,417	385,675
Average interest rates – NZD	4.31%	5.37%
Average interest rates – AUD	3.57%	4.50%

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 7).

The subsidiary companies listed at note 22 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 18.

Notes to the consolidated financial statements

12. Occupancy Advances (non interest bearing)

	2016 $000	2015 $000
Gross occupancy advances (see below)	2,081,386	1,771,851
Less: management fees & resident loans	(227,154)	(191,679)
Closing balance	**1,854,232**	**1,580,172**
Movement in gross occupancy advances:		
Opening balance	1,771,851	1,470,028
Net foreign currency exchange differences	7,709	(4,682)
Plus: Net increases in occupancy advances:		
- New retirement village units	226,214	249,096
- Existing retirement village units	60,613	50,312
Increase/(decrease) in occupancy advance receivables	14,999	7,097
Closing balance	**2,081,386**	**1,771,851**

Gross occupancy advances are non-interest bearing.

13. Share Capital

Issued and paid up capital consists of 500,000,000 fully paid ordinary shares (2015: 500,000,000) less treasury stock of 2,000,372 shares (2015: 1,863,408 shares) (refer to note 24). All shares rank equally in all respects.

Basic and diluted earnings and net tangible assets per share has been calculated on the basis of 500,000,000 ordinary shares (2015: 500,000,000 shares). Net tangible assets is represented by net equity.

Shares purchased on market under the senior share scheme (see note 24) are treated as treasury stock until vesting to the employee.

Notes to the consolidated financial statements

14. Reserves

	2016 $000	2015 $000
Asset revaluation reserve		
Opening balance	176,806	176,806
Revaluation	-	-
Deferred tax	-	-
Closing balance	**176,806**	**176,806**
Interest rate swap reserve		
Opening balance	(3,334)	(1,272)
Valuation of interest rate swap	(6,361)	(4,107)
Released to income statement	1,714	1,243
Deferred tax movement on interest rate swap reserve	1,301	802
Closing balance	**(6,680)**	**(3,334)**
Treasury stock		
Opening balance	(11,355)	(8,890)
Acquisitions	(7,740)	(4,600)
Vesting/forfeiture of shares	3,195	2,135
Closing balance	**(15,900)**	**(11,355)**
Foreign currency translation reserve		
Opening balance	(316)	-
(Loss)/gain on hedge of foreign owned subsidiary net assets	(4,539)	1,765
Gain/(loss) on translation of net assets of foreign owned subsidiary	6,211	(2,081)
Closing balance	**1,356**	**(316)**
Retained earnings		
Opening balance	906,230	726,812
Net profit attributable to shareholders	305,423	241,918
Dividend paid	(73,000)	(62,500)
Closing balance	**1,138,653**	**906,230**

15. Dividends

	2016 Cents per share	2016 Total $000	2015 Cents per share	2015 Total $000
Recognised amounts				
Final dividend paid – prior year	7.30	36,500	6.20	31,000
Interim dividend paid – current year	7.30	36,500	6.30	31,500
		73,000		62,500
Unrecognised amounts				
Final dividend – current year	8.50	42,500	7.30	36,500
Full year dividend – current year	**15.80**	**79,000**	**13.60**	**68,000**

Notes to the consolidated financial statements

16. 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 22.

Salaries and consulting fees paid to Directors

Payments to Directors are disclosed in note 17.

Transactions with companies associated to Directors	**2016 $000**	**2015 $000**
Rental expense	525	525

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, with a two year right of renewal (2015: $524,676 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.

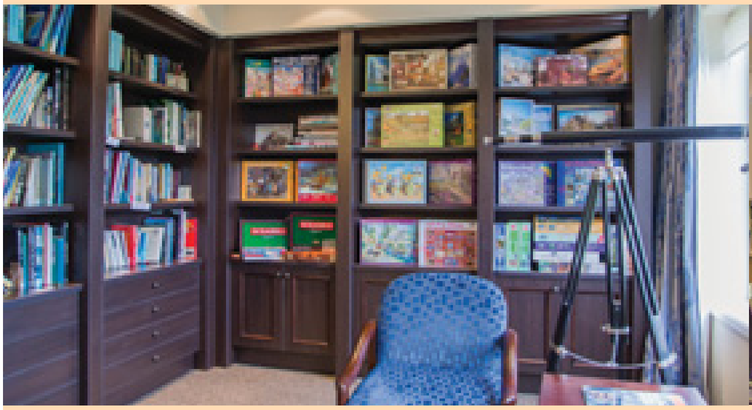
17. Key Management Personnel Compensation

Compensation	**2016 $000**	**2015 $000**
Short-term employee benefits (senior management team)	3,309	2,929
Directors fees	820	723
Salaries to Managing Director	1,041	920
Total Key Management Personnel and Directors' Compensation	**5,170**	**4,572**

Key management personnel are the senior management team of the Group and include 9 senior management team members (2015: 9). 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. Fees to Directors above excludes remuneration paid to the Managing Director.

Post employment benefits (Kiwisaver/Superannuation) employer contributions included in short term employee benefits (senior management team) above is $84,941 (2015: $77,624) and included in salaries to Managing Director is $30,308 (2015: $26,791).

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 24 for details.



Notes to the consolidated financial statements

18. Financial Instruments

The financial instruments consist of cash & cash equivalents, trade & other receivables, trade and other payables, occupancy advances, refundable accommodation deposits, employee advances, loans, overdrafts and interest rate swaps.

Categories of financial instruments

	2016 $000	2015 $000
Financial assets		
Loans and receivables (including cash and cash equivalents)	222,635	200,811
	222,635	**200,811**
Financial liabilities		
Amortised cost	2,520,754	2,100,179
Derivative instruments in designated hedge accounting relationships (interest rate swaps)	9,278	4,631
	2,530,032	**2,104,810**

(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 and cash equivalents, trade and other receivables and advances to employees. The maximum credit risk at 31 March 2016 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 2016 was $222.6 million (2015: $200.8 million) and there were no material overdue debtors as at 31 March 2016 (2015: $Nil). Financial assets comprise:

Cash and cash equivalents	-	409
Trade and other receivables	219,228	196,853
Advances to employees	3,407	3,549
	222,635	**200,811**

Notes to the consolidated financial statements

18. 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 Group 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 2016 the Group had a number of interest rate swaps in place which are set out in the table below. The agreement effectively changes the Group's interest rate exposure on the principal of $90.0 million (2015: $100.0 million) from a floating rate to a fixed rate of 4.68% (2015: 4.89%). The fair value of the swaps at 31 March 2016 was a liability of $9.3 million (2015: liability of $4.6 million). The interest rate swaps cover notional debt amounts for a term of five years at a composite interest rate of 4.68% (2015: 4.89%).

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 amortising principal amounts and remaining terms of interest rate swap contracts outstanding at 31 March are as follows:

Cash flow hedges

	Average contracted fixed interest rate		Notional principal amount	
Outstanding	2016 %	2015 %	2016 $000	2015 $000
Less than 1 year	4.68%	4.89%	90,000	100,000
1 to 2 years	4.68%	4.89%	90,000	90,000
2 to 3 years	4.68%	4.89%	90,000	90,000
3 to 4 years	4.68%	4.89%	90,000	76,000
4 to 5 years	4.68%	4.89%	90,000	72,000

Notes to the consolidated financial statements

18. Financial Instruments (continued)

(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 $306.9 million (2015: $296.0 million) of undrawn facilities at its disposal to further reduce liquidity risk.

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							
	2016				2015			
	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:								
Bank overdraft (secured)	961	-	-	961	-	-	-	-
Trade & other payables	-	87,009	5,333	92,342	-	84,986	16,000	100,986
Interest rate swaps	-	9,278	-	9,278	-	4,631	-	4,631
Refundable accommodation deposits	28,302	-	-	28,302	11,846	-	-	11,846
Bank loans (secured)	-	8,610	538,417	547,027	-	24,477	385,675	410,152
Occupancy advances (non interest bearing)	-	224,681	1,629,551	1,854,232	-	187,824	1,392,348	1,580,172
	29,263	**329,578**	**2,173,301**	**2,532,142**	**11,846**	**301,918**	**1,794,023**	**2,107,787**

Gross occupancy advances and refundable accommodation deposits 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.

Notes to the consolidated financial statements

18. Financial Instruments (continued)

The Group maintains the following lines of credit:

- $2.8 million (2015:$2.8 million) overdraft facility that is secured. Interest would be payable at the 3 month BKBM rate plus a specified margin (note 8).
- A loan facility of $850 million (2015: $700 million) of which $35 million (2015: $35 million) is for 1 year and $815 million (2015: $665 million) is for 3 years.
- The loan facility of $850 million (2015: $700 million) is provided by ANZ Bank New Zealand Ltd (2016: $250 million; 2015: $250 million), Commonwealth Bank of Australia (2016: $250 million; 2015: $250 million), Bank of New Zealand / National Australia Bank (2016: $175 million; 2015: $100 million) and Westpac (2016: $175 million; 2015: $100 million) in accordance with the terms of a syndicated loan agreement. The facility allows for the funds to be drawn down in either AUD or NZD, up to the $850m NZ limit.

The Group renews its facilities on an annual basis to ensure an appropriate portion matures on a rolling three-year basis.

(d) Fair Values

The carrying amounts of financial instruments in the Group'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 13.

(e) Market Risk

The Group is primarily exposed to interest rate risk (note 18 (b)) and foreign currency risk (note 18 (f)).

Based on the Group's average net level of interest bearing debt, the Group's profit and total comprehensive income for the year ended 31 March 2016 would not decrease/increase materially if there was a movement of plus/(minus) 50 basis points.

(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 subsidiaries in Australia.

The risk to the Group is that the value of the overseas subsidiaries' 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. The Group's profit and total comprehensive income for the year ended 31 March 2016 would not decrease/increase materially by a movement of plus/(minus) 1 cent in AUD/NZD.

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

Notes to the consolidated financial statements

18. Financial Instruments (continued)

(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 2016 and 31 March 2015.

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.

19. Commitments

Capital Expenditure Commitments

The Group had commitments relating to construction contracts amounting to $88.3 million as at 31 March 2016 (2015: $26.3 million).

Operating Lease and Other Commitments

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

	2016 $000	2015 $000
Commitments within:		
Less than 1 year	628	605
Between 1 and 5 years	1,964	2,265
More than 5 years	-	228
	2,592	**3,098**

The Group has an ongoing commitment for maintaining the land and buildings of the integrated retirement villages, resthomes and hospitals. In addition, the Group have bond commitments in respect of developing villages which amount to $nil as at 31 March 2016 (2015: $nil).

Notes to the consolidated financial statements

20. Contingent Liabilities

The Group had no contingent liabilities as at 31 March 2016 (2015: $Nil).

21. Reconciliation of Net Profit After Tax with Net Cashflow from Operating Activities

	2016 $000	2015 $000
Net profit after tax	**305,423**	**241,918**
Adjusted for:		
Movements in balance sheet items:		
Occupancy advances	309,535	301,823
Refundable accommodation deposits	16,456	11,846
Accrued management fees	(33,653)	(27,222)
Revenue in advance	4,951	4,799
Trade and other payables	(7,160)	(2,622)
Trade and other receivables	(22,375)	(90,904)
Employee entitlements	2,338	1,430
Non-cash items:		
Depreciation	12,658	10,767
Deferred tax	3,908	113
Unrealised foreign exchange (gain)/loss	(4,991)	(316)
Adjusted for:		
Fair value movement of investment properties	(274,627)	(217,624)
Net operating cash flows	**312,463**	**234,008**

Net operating cash flows includes occupancy advance receipts from retirement village residents of $476.8 million (2015: $390.7 million).

Net operating cash flows also include management fees collected of $24 million (2015: $22.4 million).

Notes to the consolidated financial statements

22. Subsidiary Companies

All trading subsidiaries operate in the aged care sector in New Zealand and Australia, are 100% owned, and have a balance date of 31 March. The operating subsidiaries are:

Anthony Wilding Retirement Village Limited, Bert Sutcliffe Retirement Village Limited, Bob Owens Retirement Village Limited, Bob Scott Retirement Village Limited, Bruce McLaren Retirement Village Limited, Charles Fleming Retirement Village Limited, Charles Upham Retirement Village Limited, Diana Isaac Retirement Village Limited, Edmund Hillary Retirement Village Limited, Ernest Rutherford Retirement Village Limited, Essie Summers 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, Logan Park Limited, Malvina Major Retirement Village Limited, Margaret Stoddart Retirement Village Limited, Ngaio Marsh Retirement Village Limited, Possum Bourne Retirement Village Limited, Rita Angus Retirement Village Limited, Rowena Jackson Retirement Village Limited, Ryman Aged Care (Australia) Pty Limited, Ryman Healthcare (Australia) Pty Limited, Ryman Napier Limited, Shona McFarlane Retirement Village Limited, Wheelers Hills Properties Pty Limited, Yvette Williams Retirement Village Limited.

23. Segment Information

Products and services from which reportable segment derives revenue

The Ryman Group operates in one industry, being the provision of integrated retirement villages for the elderly in New Zealand and Australia. 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.

Segment revenues and results

The accounting policies of the reportable segment is 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 the segment based on the expected cash flows and results of Group operations as a whole. No operations were discontinued during the year.

For the purposes of monitoring segment performance and allocating resources to the segment, the Board monitors assets attributable to the segment. All assets are allocated to the reportable segment.

Information about major customers

Included in total revenue are revenues which arose from sales to the Group's largest customers as follows:

The Group derives care fee revenue in respect of eligible Government subsidised aged care residents who receive resthome, hospital or dementia level care. The Government aged care subsidies received from the Ministry of Health included in Group care fees amounted to $83 million (2015: $77.5 million). There are no other significant customers.

Notes to the consolidated financial statements

23. Segment Information (continued)

Geographical Information

The Group operates predominantly in New Zealand with some operations now within Australia.

In presenting information on the basis of geographical areas, net profit, underlying profit and revenue are based on the geographical location of operations. Assets are based on the geographical location of the assets.

	New Zealand $000	Australia $000	Group $000
Year ended 31 March 2016			
Revenue	248,703	12,367	261,070
Underlying profit	136,245	21,468	157,713
Less: Current tax expense	-	-	-
Plus: Unrealised fair value movement (note 7)	131,796	19,822	151,618
Less: Deferred tax expense	(3,908)	-	(3,908)
Profit for the period	264,133	41,290	305,423
Non-current assets	3,543,830	297,005	3,750,835
Year ended 31 March 2015			
Revenue	222,005	5,107	227,112
Underlying profit	127,941	8,375	136,316
Less: Current tax expense	-	-	-
Plus: Unrealised fair value movement (note 7)	94,281	11,434	105,715
Less: Deferred tax expense	(113)	-	(113)
Profit for the period	222,109	19,809	241,918
Non-current assets	2,931,711	179,626	3,111,337

Notes to the consolidated financial statements

24. Employee Share Scheme

Senior Management Share Scheme

The Group operates an employee share scheme for certain senior employees, other than non-executive Directors, to purchase ordinary shares in the Company.

The Group 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 2,000,372 fully allocated shares, which represents 0.40% of the total shares on issue (2015: 1,863,408 fully allocated shares which represented 0.37% 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 Group.

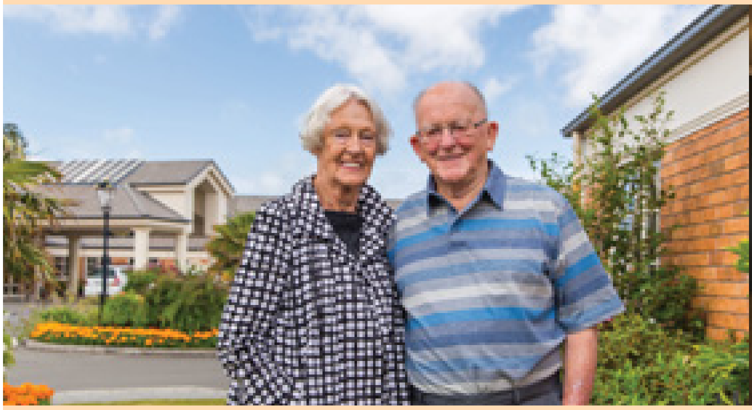
The following reconciles the shares purchased on market under the scheme at the beginning and end of the financial year:

	2016 No. of shares	2015 No. of shares
Balance at beginning of the financial year	1,863,408	2,145,171
Purchased on market during the year	932,427	545,737
Forfeited during the financial year	(61,939)	(20,400)
Vested during the financial year	(733,524)	(807,100)
Balance at end of the financial year	**2,000,372**	**1,863,408**

Shares were purchased under the scheme in July 2015 at a price of $8.29 per share. Remaining shares held by the scheme were purchased in July 2014 ($8.44), and July 2013 ($6.84).

Shares vested in August 2015 were originally purchased at $3.82 per share in 2012 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 $634,722 (2015: $1,321,391) owing by the Managing Director and $2,364,998 (2015: $1,934,600) owing by other key management personnel 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.



Notes to the consolidated financial statements

24. Employee Share Scheme (continued)

All Employee Share Scheme

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

Participants of this scheme have contributed a minimum of $500 (and up to a maximum amount of $10,000) towards the on market purchase of Ryman Healthcare Limited shares. To assist the staff member to purchase more shares, the Group 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 Group. Shares purchased under the scheme are held in the employee's name. The financial assistance provided by the Group is recorded in advances to employees.

25. Subsequent Events

The Directors resolved to pay a final dividend of 8.5 cents per share or $42.5 million, with no imputation credits attached, to be paid on 24 June 2016.

26. Authorisation

The Directors authorised the issue of these financial statements on 19 May 2016.

Warren Bell
Non Executive Director & Chair of Audit & Financial Risk Committee

David Kerr
Chairman

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

Deloitte.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ryman Healthcare Limited and its subsidiaries ('the Group') on pages 18 to 49, which comprise the consolidated balance sheet as at 31 March 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement 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. 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 Consolidated Financial Statements

The Board of Directors are responsible on behalf of the company for the preparation and fair presentation of these consolidated financial statements, in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Board of Directors determine is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

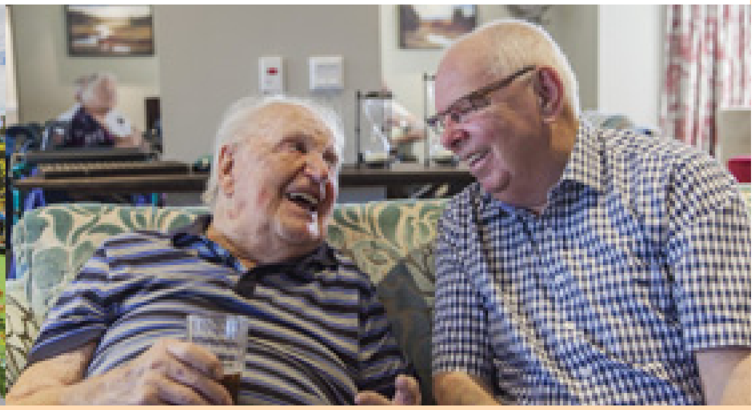
Our firm carries out other assignments for Ryman Healthcare Limited in the area of IT and cyber security assurance and Australia aged care reporting. These services have not impaired our independence as auditor of the Company and Group. The firm has no other relationship with, or interest in, Ryman Healthcare Limited or any of its subsidiaries.

Opinion

In our opinion, the consolidated financial statements on pages 18 to 49 present fairly, in all material respects, the financial position of Ryman Healthcare Limited and its subsidiaries as at 31 March 2016, and their financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Deloitte

Chartered Accountants
19 May 2016
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. Dr David Kerr, Jo Appleyard, Warren Bell, Claire Higgins, Doug McKay 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 six standing committees, being the audit and financial risk, clinical governance, health and safety, 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 & Financial Risk Committee

The Audit & 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 four non-executive directors, at least two of whom must be independent directors. The members are currently Warren Bell (Chair), Dr David Kerr, Claire Higgins, and Jo Appleyard, who are all independent directors. Warren is a member of Chartered Accountants Australia New Zealand.

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 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.

The AFRC reviews the auditor's performance annually using an External Auditors Assessment Tool which is internationally recognised and is endorsed by the Independent Directors Council.

Health & Safety Committee

The Health & Safety Committee was established last year to fulfil responsibilities from a health and safety perspective and ensure we continue to provide a safe working environment for staff, contractors, residents and visitors to Ryman.

The committee recognises the critical role health and safety forms as part of its day to day operations and wants to ensure Ryman exceeds best practice for Health and Safety. The members of the committee are Claire Higgins (Chair), Doug McKay and Jo Appleyard.

The committee has a number of responsibilities which include:

- Considering and approving health and safety strategies, policies and procedures
- Setting health and safety indicators in consultation
- Ensuring the board and directors are properly and regularly informed on matters relating to health and safety governance, performance and compliance
- Conduct regular assessments/audits of the risk profile and control processes

Clinical Governance Committee

The clinical governance committee was set up to support and enhance the quality of the company's clinical performance as well as care and service provision. It replaces the clinical advisory committee and is a full subcommittee of the board.

The committee assists the board to discharge its responsibilities relative to clinical reporting and clinical compliance, and is focused on new innovation in healthcare and ensuring alignment with current emerging best clinical practice.

The committee consists of four non-executive directors: George Savvides (Chair), Dr David Kerr, Doug McKay and Jo Appleyard.

The committee has a number of responsibilities, including:

- Liaison with external clinical auditors. External clinical auditors are invited to attend a meeting each year and report to the committee, including presenting a review of the internal audit function.
- Liaison with internal clinical auditors.
- Review of internal and external clinical audit findings.
- Review of significant changes to clinical policies.
- To review significant complaints and investigations relating to care of residents.

- To ensure appropriate clinical information systems and external controls are in place.
- To review changes in clinical practice in aged care.

The committee maintains direct lines of communication with the external clinical auditors, the managing director, the operations manager and the clinical auditor.

Remuneration & Nominations Committee

The committee comprises Dr David Kerr (Chair), George Savvides 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 Claire Higgins.

Independent Directors Committee

The Committee is convened as required and will comprise of those non-executive directors who are considered to be independent in regard to addressing significant conflicts of interest and any other matters referred by the Board.

Reporting & Disclosure

The Board focuses on providing accurate, adequate and timely information both to existing shareholders and to the market generally. This enables all investors to make informed decisions about the Company.

All significant announcements made to the NZX, and reports issued, are posted on the Company's website for ease of reference.

The directors' shareholdings and all trading of shares during the year is disclosed in the section headed Directors' Disclosures. The NZX is advised immediately if a director or officer trades in the Company's shares.

Directors, senior employees, their families and related parties must seek Board approval to trade in the Company's shares, and trading is limited to two "window" periods. They are between the full year announcement date and 31 August, and between the half year announcement date and 31 January each year.

Risk Management

The Board is responsible for the Company's system of internal controls to manage the key risks identified.

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

Through the AFRC, the Board considers the recommendations and advice of external auditors, and ensures that those recommendations are investigated and, where considered necessary, appropriate action is taken.

Code of Ethics

As part of the Board's commitment to the highest standards of behaviour and accountability, the Company has adopted a code of ethics to guide directors and senior management in carrying out their duties and responsibilities. The code addresses such matters as:

- relations with residents (and their families), suppliers and employees
- acceptance of gifts or other benefits
- conflicts of interest
- protection of company assets
- compliance with laws and policies
- confidentiality
- reporting breaches

General Disclosures

Jo Appleyard

Partner	Chapman Tripp^
Member	NZX Disciplinary Committee
Trustee	The Cathedral Grammar School Foundation
Council Member	University of Canterbury*

Warren Bell

Chairman	Hallenstein Glasson Holdings Ltd Group
Chairman	St Georges Hospital Inc
Director	Alpine Energy Group
Director	Meadow Mushrooms Group of Companies
Director	Cyprus Enterprises Ltd
Director	Maling & Company Ltd
Director	Sabina Ltd
Director	Palms Services Ltd
Director	Golflinks Ltd
Director	Bilderford Holdings Ltd
Director	Warren Bell Ltd
Director	Christchurch Properties Limited
Trustee	Emerald Trust (part shareholder of Airport Business Park)
Trustee	Waiwetu Trust (part shareholder of Airport Business Park)
Bare Trustee	Ryman Healthcare Share Scheme (jointly with David Kerr)

George Savvides

Vice President	International Federation of Health Plans
Chairman	World Vision Australia
Member	Business Council of Australia
Managing Director	Medibank*

Simon Challies

Trustee	St Andrews College Foundation

Claire Higgins

Chair	REI Superannuation Fund Pty Ltd
Director	Vital Healthcare Management Limited
Director	Victorian State Emergency Service
Director	Pancare Foundation Inc
Chair	Country Fire Authority*

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
Shareholder	Antipodes Wing Limited
Director	Russley Estates No.1 Limited
Director	Russley Estates No. 2 Limited
Trustee	Waiwetu Trust (part shareholder of Airport Business Park)

David Kerr

Chairman	Eco Central
Chairman	Centre Care Limited
Advisor	Canterbury District Health Board
Consultant	Pegasus Health
Advisor	Medical Protection Society Limited
Director	Pharmac Limited
Director	New Zealand Medical Association Services Ltd
Bare Trustee	Ryman Healthcare Share Scheme (jointly with Warren Bell)
Director	Forte Hospital
Director	Health Workforce New Zealand
Director	Ngai Tahu Property

Doug McKay

Director	Wymac Consulting Ltd
Chair	Bank of New Zealand and subsidiaries
Director	IAG NZ Holdings Ltd and subsidiaries (IAG NZ Ltd, AMI Ltd, Lumley Insurance NZ Ltd)
Director	Genesis Energy Ltd
Director	Tourism Transport Ltd
Chair	Eden Park Trust Board
Board member	NZ Institute of Chartered Accountants Regulatory Board
Board member	Chartered Accountants Australia New Zealand
Board member	NAB

* Resigned during the year

^ Jo has been a director since 2009 and since that time has performed no professional services for the company in her capacity as a partner at Chapman Tripp.

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 24 to the financial statements for details of the scheme).

Shareholdings as at 31 March 2016

Director	Relevant Interest
Jo Appleyard	78,700[1]
Warren Bell	20,000
Simon Challies	2,007,780[2]
Kevin Hickman	35,834,955[3]
Claire Higgins	12,650[4]
David Kerr	333,005[5]
Doug McKay	24,800[6]
George Savvides	35,030[7]

1 Held as trustees of The Appleyard and Larkin Family Trust
2 346,298 shares held by D Kerr and W Bell as custodians and 1,425,706 shares held by the Challies Family Trust
3 Held as trustee of The Hickman Family Trust
4 Held as trustees of Adam Higgins Superannuation Fund Pty Ltd
5 Shares held by DW & DJ Kerr and The DW Kerr Family Trust
6 Shares held by McKay Family Trust Partnership
7 Shares held by Australian Executor Trustees Ltd

Directors' Remuneration for the year

Director	Directors' Fees	Salaries & Bonuses
Jo Appleyard	95,000	-
Warren Bell	110,000	-
Simon Challies	-	1,040,566
Kevin Hickman	95,000	-
Claire Higgins	114,686	-
David Kerr	190,000	-
Doug McKay	95,000	-
George Savvides	120,065	-
	819,750	**1,040,566**

Directors of Subsidiary Companies

David Kerr, Kevin Hickman, Simon Challies and Gordon MacLeod are directors of all the Company's New Zealand subsidiaries. Simon Challies, Jeremy Dixon, George Savvides and Gordon MacLeod are directors of Ryman Healthcare (Australia) Pty Ltd and its subsidiaries.

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
720,000 - 730,000	1	220,000 - 230,000	1	150,000 - 160,000	5
460,000 - 470,000	1	210,000 - 220,000	2	140,000 - 150,000	7
430,000 - 440,000	1	200,000 - 210,000	1	130,000 - 140,000	14
420,000 - 430,000	1	190,000 - 200,000	2	120,000 - 130,000	7
390,000 - 400,000	1	180,000 - 190,000	3	110,000 - 120,000	13
250,000 - 260,000	1	170,000 - 180,000	3	100,000 - 110,000	24
240,000 - 250,000	2	160,000 - 170,000	4		

Share Transactions During the Year

Director	Nature of Interest	Shares Acquired /(Disposed)	Consideration	Date
Doug McKay	Beneficial	12,500	$100,375	22/05/2015
Doug McKay	Beneficial	6,300	$49,581	25/05/2015
Simon Challies	Beneficial	(191,580)	$1,587,000	30/07/2015
Claire Higgins	Beneficial	3,400	$26,920	24/11/2015
Claire Higgins	Beneficial	1,350	$10,746	26/11/2015

David Kerr and Warren Bell, as joint custodians of the Ryman Healthcare Employee Share Purchase Scheme, acquired 932,427 shares during the year, disposed of 795,463 shares during the year and held 2,000,372 shares in total at 31 March 2016 (also refer note 24).

Gender Composition of Directors and Officers

As at 31 March 2016, two of the directors of Ryman are female (2015: two females) and three of the nine senior management positions are held by women (2015: three females). Nicole Forster has joined the senior management team as of 17 May 2016.

Top 20 Shareholders as at 24 May 2016

Rank	Investor Name	No. of Shares	% Issued Capital
1	HSBC Nominees (New Zealand) Limited[1]	62,133,698	12.4%
2	Joanna Hickman & John Anthony Callaghan & Kevin James Hickman[2]	35,834,955	7.2%
3	JPMORGAN Chase Bank[1]	29,417,648	5.9%
4	HSBC Nominees (New Zealand) Limited[1]	29,021,602	5.8%
5	G A Cumming	26,049,900	5.2%
6	Citibank Nominees (Nz) Ltd[1]	24,383,123	4.9%
7	National Nominees New Zealand Limited[1]	24,151,290	4.8%
8	Ngai Tahu Capital Limited	16,981,389	3.4%
9	Tea Custodians Limited[1]	13,342,461	2.7%
10	Accident Compensation Corporation[1]	12,661,608	2.5%
11	Custodial Services Limited	12,221,545	2.4%
12	Forsyth Barr Custodians Ltd	10,781,243	2.2%
13	New Zealand Superannuation Fund Nominees Limited[1]	8,539,709	1.7%
14	Premier Nominees Limited[1]	7,694,126	1.5%
15	FNZ Custodians Limited	5,717,488	1.1%
16	BNP Paribas Nominees NZ Limited[1]	5,617,998	1.1%
17	MFL Mutual Fund Limited[1]	4,607,550	0.9%
18	Cogent Nominees Limited[1]	4,026,349	0.8%
19	Custodial Services Limited	3,680,465	0.7%
20	Private Nominees Limited[1]	3,623,338	0.7%

1 Held by New Zealand Central Securities Depository Ltd as custodian
2 Held as trustees of the Hickman Family Trust

Distribution of Shareholders as at 24 May 2016

Size of Shareholding	Number of Shareholders		Shares Held	
1-1,000	3,759	25.7%	2,250,506	0.5%
1,001-5,000	6,757	46.2%	18,389,791	3.7%
5,001-10,000	2,098	14.4%	16,078,070	3.2%
10,001-50,000	1,697	11.6%	35,291,552	7.1%
50,001-100,000	167	1.1%	12,121,346	2.4%
Greater than 100,000	143	1.0%	415,868,735	83.1%
Total	**14,621**	**100.0%**	**500,000,000**	**100.0%**

Substantial Security Holder Notices Received as at 31 March 2016

Shareholder	Relevant Interest	%	Date of Notice
G A Cumming	50,949,900	10.2%	15 January 2014
K J Hickman, J Hickman & J A Callaghan [1]	35,834,955	7.2%	21 November 2006

1 Held as trustees of The Hickman Family Trust.

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

Registered Office
Airport Business Park, 92 Russley Road, Christchurch
PO Box 771, Christchurch, 8042

Melbourne Office
2 Brandon Park Drive, Wheelers Hill, Melbourne
PO Box 5391, Brandon Park, Victoria 3150

Auckland Office
93 Ascot Avenue, Remuera, Auckland 1051

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

Anthony Wilding Retirement Village
5 Corbett Crescent, Aidanfield, Christchurch

Bert Sutcliffe Retirement Village
2 Rangatira Road, Birkenhead, Auckland

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

Charles Upham Retirement Village
56 Oxford Road, Rangiora

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, Whanganui

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

Brandon Park
6-30 Brandon Park Drive, Wheelers Hill, Melbourne

Burwood East
Burwood Highway, Melbourne

Devonport
Wakakura Crescent, Devonport, Auckland

Greenlane
187 Campbell Road, Greenlane, Auckland

Hamilton
River Road, Hamilton

Newtown
208 Adelaide Road, Newtown, Wellington

Tropicana
20-23 Tropicana Drive, Auckland

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RYMAN HEALTHCARE