RYMAN HEALTHCARE HALF YEAR REPORT 2007

RYMAN
HEALTHCARE LTD

contents

highlights

- Net profit up 22% to $34.7 million
- Interim dividend lifted 22% to 2.2 cents per share
- Opened three new villages - including landmark Edmund Hillary village in Remuera, Auckland
- Portfolio expanded to over 3,000 units/beds
- New site secured in Whangarei

Financials		30 Sept 07 6 Months	30 Sept 06 6 Months
Net Profit[1]	$million	34.7	28.3
Operating Cash Flows	$million	61.0	38.0
Earnings per Share[2]	Cents	6.9	5.7
Dividend per Share[2]	Cents	2.2	1.8
Total Assets	$million	874	651
New Facilities Built	number	265	103
Completed Facilities	number	3,184	2,591
Landbank[3] (to be developed)	number	1,960	1,538

1 This interim report is the first financial result Ryman Healthcare Limited has produced under the New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS'); comparative amounts have been adjusted to an NZ IFRS basis where applicable. Results for the six months under the previous standards are set in note 7 as supplementary information.
2 Adjusted for 5:1 share split in January 2007
3 Includes retirement village units and care beds

report to shareholders

It is our pleasure to be able to report to you on another period of strong growth for the Company.

Highlights

The Group earned a record profit of $34.7 million for the six months ended 30 September 2007, up 22% on the same period last year.

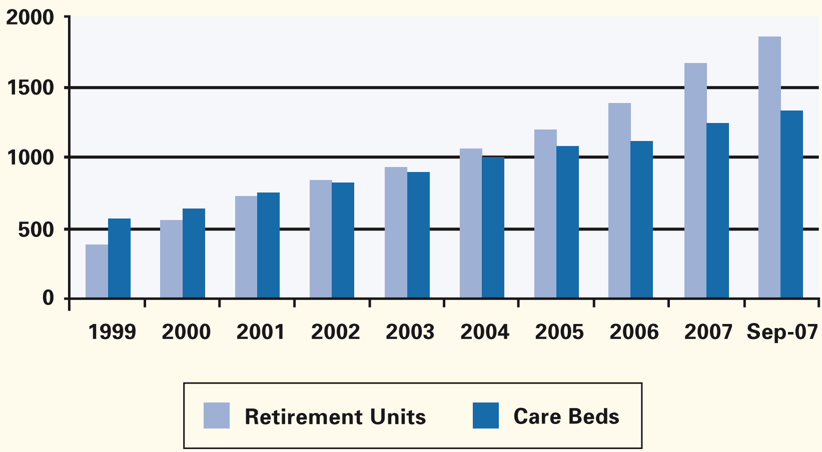
An interim dividend of 2.2 cents per share has been declared, up from 1.8 cents last year, which will be paid on 14 December 2007. The record date for entitlements will be 7 December 2007.

Growth in Portfolio

The Company's growth has gathered momentum with three new villages already opened this year, in Christchurch, Auckland, and Palmerston North, and another village in Nelson to be opened by the end of the financial year.

Our medium term target is to build at least 300 retirement village units and 100 care beds per annum, and we are well placed to achieve that target for the year having built 176 units and 89 beds in the first half.

The completed facilities now exceed 3,000 units and beds, up from under 1,000 eight years ago, with the rate of new build escalating over the past eighteen months. This growth in the portfolio has



all been achieved through reinvesting profits, while growing the dividends to shareholders and without seeking additional capital from shareholders.

We were very pleased to secure a new site in Whangarei during the first half of the financial year. We had been searching for a site in Whangarei for several years and waiting patiently for the right site to present itself. The 6 hectare site off Fairway Drive will become home to the company's 22nd retirement village.

We are well positioned to maintain the current rate of growth with a landbank of just under 2,000 units and beds spread over thirteen different sites, and strong demand for our facilities throughout the country.

Financial Results

The 22% increase in net profit was driven by strong demand, growth in the scale of the portfolio and a lift in the value of existing retirement village units.

The recent growth in the portfolio will take some years to be fully reflected in the Company's earnings. Once established a new village starts to provide recurring earnings streams which take several years to reach their full potential.

Strong operating cashflows were again a feature of the results, with net operating cash flows of $61 million, up 60% on the same period last year.

The balance sheet continues to be strong, with shareholders equity increasing to $288 million, which places the company in a sound position to fund its growth strategy. During the past six months the Company's bank facilities were increased to fund the rollout of the three new villages concurrently and the acquisition of new sites.

The directors are committed to steadily growing the portfolio, funding the expansion from operating cash flows and at the same time increasing the rate of dividends to shareholders.

New Financial Reporting Standards

These are the first results of the Company to be reported under New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS').

While the transition to NZ IFRS has no impact on our cash flows or business prospects, it has resulted in several significant changes to our accounting policies and the presentation of our financial results. These changes are explained in note 6 of the interim report.

To assist shareholders during this transition we have also set out in note 7 of the interim report our results if they had been reported under the previous financial reporting standards. It is reassuring to note that our net profit for the period was up 23% on last year under the old standards, and that on this basis the Company remains on target to achieve 20% growth in underlying earnings for the full year as previously forecast.

New Villages

The three new villages have all been very well received by the respective communities, with residents and families alike recognising that a Ryman village is unique in terms of both the quality and the services offered.

Our commitment to providing a continuum of care - independent living, assisted living, resthome, hospital and special care – within each of our villages remains firm, and is one of the factors which differentiates us clearly from our competitors.

All three new villages have set new standards for retirement living in their locations. In particular, the new Edmund Hillary Retirement Village in Auckland stands out as setting a new benchmark for retirement living within New Zealand.

The Outlook

We are committed to growing the portfolio, using our in house team to design, build, sell and operate the new facilities on greenfields sites around New Zealand. We aim to continue to "raise the bar" so that our residents can enjoy the benefits of living in a Ryman retirement village.

We are currently experiencing strong demand for our product and we anticipate that there will be growth in this demand in the long term - Statistics NZ projections show that the number of people over the age of 80 will grow almost threefold over the next 25 years. The directors believe the company is well positioned to meet this demand by providing first class options for elderly New Zealanders.

Thank you for your support. You can be assured that we are committed to growing the value of your investment.

Dr. David Kerr
Chairman

Simon Challies
Chief Executive

financial statements

Consolidated Income Statement
for the six months ended 30 September 2007

	Six Months Ended 30 Sept 2007 $000	Six Months Ended 30 Sept 2006 $000	Year Ended 31 March 2007 $000
Revenue			
Care fees	29,702	25,756	52,456
Management fees	5,292	4,405	9,087
Interest	321	439	755
Total revenue	**35,315**	**30,600**	**62,298**
Fair value movement of investment property	31,723	22,565	50,396
Total income	**67,038**	**53,165**	**112,694**
Operating expenses	(27,637)	(22,368)	(46,333)
Depreciation expense	(1,661)	(1,393)	(3,007)
Finance costs	(1,537)	(774)	(1,216)
Total expenses	**(30,835)**	**(24,535)**	**(50,556)**
Profit before tax	**36,203**	**28,630**	**62,138**
Tax expense	(1,479)	(286)	(2,752)
Net profit	**34,724**	**28,344**	**59,386**
Earnings per share	**6.9 cents**	**5.7 cents**	**11.9 cents**

Note: all net profit is attributable to Company shareholders.

Consolidated Statement of Changes In Equity
for the six months ended 30 September 2007

	Six Months Ended 30 Sept 2007 $000	Six Months Ended 30 Sept 2006 $000	Year Ended 31 March 2007 $000
Equity at beginning of period	**263,672**	**221,486**	**221,486**
Net profit for the period	34,724	28,344	59,386
Fair value movement of interest rate swaps	293	450	800
Total income for the period	**35,017**	**28,794**	**60,186**
Dividends paid to company shareholders	(11,000)	(9,000)	(18,000)
Equity at end of period	**287,689**	**241,280**	**263,672**

The accompanying notes form part of these interim financial statements.

Consolidated Balance Sheet as at 30 September 2007

	As at 30 Sept 2007 $000	As at 30 Sept 2006 $000	As at 31 March 2007 $000
Assets			
Bank	3,668	295	1,424
Debtors & other receivables	49,403	26,745	50,722
Advances to employees	3,984	3,190	3,083
Investment properties	602,019	442,427	517,422
Property, plant and equipment	214,550	178,369	203,712
Total assets	**873,624**	**651,026**	**776,363**
Equity			
Issued capital	33,290	33,290	33,290
Asset revaluation reserve	23,630	23,630	23,630
Interest rate swap reserve	1,043	400	750
Retained earnings	229,726	183,960	206,002
Total equity	**287,689**	**241,280**	**263,672**
Liabilities			
Creditors and accruals	14,819	9,188	28,509
Employee entitlements	3,525	2,430	2,612
Revenue in advance	5,858	4,948	5,392
Bank loans (secured)	150,500	85,000	117,000
Occupancy advances (non interest bearing) (note 3)	389,311	290,203	338,735
Deferred tax liability (net)	21,922	17,977	20,443
Total liabilities	**585,935**	**409,746**	**512,691**
Total equity and liabilities	**873,624**	**651,026**	**776,363**

The accompanying notes form part of these interim financial statements.

Consolidated Statement of Cash Flows
for the six months ended 30 September 2007

	Six Months Ended 30 Sept 2007 $000	Six Months Ended 30 Sept 2006 $000	Year Ended 31 March 2007 $000
Operating activities			
Receipts from residents	107,041	78,693	153,174
Interest received	273	193	605
	107,314	**78,886**	**153,779**
Payments to suppliers and employees	(26,065)	(23,353)	(44,511)
Payments to residents	(18,997)	(16,762)	(34,388)
Interest paid	(1,297)	(790)	(1,067)
	(46,359)	**(40,905)**	**(79,966)**
Net operating cash flows (note 2)	**60,955**	**37,981**	**73,813**
Investing activities			
Purchase of property, plant & equipment	(36,947)	(19,760)	(62,008)
Purchase of investment properties	(39,080)	(21,966)	(33,906)
Capitalised interest paid	(4,283)	(2,218)	(5,839)
Advances to employees	(901)	(1,380)	(1,274)
	(81,211)	**(45,324)**	**(103,027)**
Net investing cash flows	**(81,211)**	**(45,324)**	**(103,027)**
Financing activities			
Drawdown of bank loans	33,500	16,255	48,255
Dividends paid	(11,000)	(9,000)	(18,000)
Net financing cash flows	**22,500**	**7,255**	**30,255**
Net increase (decrease) in cash held	**2,244**	**(88)**	**1,041**
Cash at beginning of period	1,424	383	383
Cash at end of period	**3,668**	**295**	**1,424**

The accompanying notes form part of these interim financial statements.

1. ACCOUNTING POLICIES

Reporting entity

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

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

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

Basis of preparation

This condensed interim financial report has been prepared in accordance with the requirements of New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34) "Interim Financial Reporting" and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" as appropriate for profit-oriented entities. Accordingly, this interim financial report does not include all of the information required for a full annual financial report.

This is the first time the Group has reported under New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"), requiring the retrospective application of NZ IFRS to comparative amounts. Note 6 provides the following reconciliations between NZ IFRS and previously reported New Zealand Generally Accepted Accounting Practice ("previous NZ GAAP"):

- Reconciliation of equity as at 1 April 2006 (date of transition for comparative purposes), 31 March 2007 and 30 September 2006.
- Reconciliation of profit for the six months to 30 September 2006 and for the year to 31 March 2007.

These interim financial statements comprise condensed consolidated financial statements of the Group.

The information is presented in thousands of New Zealand 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.
- investment property is measured at fair value.
- financial assets and liabilities are measured at fair value.

Specific accounting policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position of the Group have been applied:

(a) Basis of consolidation

The Group's financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the parent and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. All significant transactions within the Group are eliminated on consolidation.

(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 four years for serviced units.

(c) Investment properties

Investment properties include land and buildings, equipment and furnishings relating to retirement village units and community facilities that are intended to be held for the long term to earn rental income and for capital appreciation.

Investment properties are initially recorded at cost whilst being developed and are included in work in progress within property, plant & equipment. On completion, retirement village units and community facilities are transferred from property, plant & equipment to investment properties at cost.

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).

(d) Property, plant & equipment

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

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are incurred. Capitalisation of borrowing costs continues until the assets are ready for their intended use.

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

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

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

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

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

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

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

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

(e) Depreciation

Depreciation is provided on all tangible 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.

(f) Impairment of assets

At each interim and annual balance sheet date, the Group reviews the carrying amounts of its tangible 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.

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 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.

(g) 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 over the periods of expected benefit.

(h) Revenue in advance

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

(i) 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 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. This includes all call borrowing such as bank overdrafts used by the Group as part of its day-to-day cash management.

Trade 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).

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 is repayable following both termination of the Occupation Agreement and settlement of a new occupancy advance for the same retirement village unit.

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

Interest bearing loans and borrowings
Loans and borrowings are initially recorded at fair value, net of directly attributable transaction costs. Subsequently 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 directly in equity until such time as those future cash flows occur.

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.

(j) Employee entitlements

A liability for annual leave and long service leave is accrued and recognised in the balance sheet. The liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

(k) 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 directly in equity, in which case it is recognised in equity.

Current tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid.

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 Group intends to settle current tax assets and liabilities on a net basis.

(l) Consumables

Purchases of supplies by the villages are expensed in the period they are incurred.

(m) Maintenance costs

Maintenance costs are accounted for in the period they are incurred.

(n) Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of Goods and Services Tax ("GST"), which is consistent with the method used in the Income Statement. Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and includes all call borrowing such as bank overdrafts used by Group as part of their day-to-day cash management.

Operating activities represent all transactions and other events that are not investing or financing activities, and includes receipts and repayments of occupancy advances. Investing activities are those activities relating to the acquisition and disposal of investments and any other property, plant and equipment or investment properties. Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing the Company's equity capital.

(o) 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, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

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.

(p) Segment reporting

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

Changes in accounting policies

The Group has implemented NZ IFRS for the first time. This has necessitated several changes of accounting policy. The changes with the most significant impact are set out in note 6.

Refer to note 6 for a reconciliation of previously reported profit and equity to NZ IFRS.

2. RECONCILIATION OF NET PROFIT AND NET OPERATING CASH FLOWS

	Six Months Ended 30 Sept 2007 $000	Six Months Ended 30 Sept 2006 $000	Year Ended 31 Mar 2007 $000
Net Profit for the period	**34,724**	**28,344**	**59,386**
Non cash items:			
Fair value movement in investment properties	(31,723)	(22,565)	(50,396)
Management fees	(2,776)	(2,864)	(5,773)
Depreciation	1,661	1,393	3,007
Movements in balance sheet items:			
Creditors and accruals	1,247	(656)	2,354
Debtors and other receivables	1,612	(2,958)	(26,585)
Employee entitlements	913	78	260
Occupancy advances	53,818	36,923	88,808
Deferred tax	1,479	286	2,752
Net operating cash flows	**60,955**	**37,981**	**73,813**

3. OCCUPANCY ADVANCES

Occupancy advances comprise the following balances:

	As at 30 Sept 2007 $000	As at 30 Sept 2006 $000	As at 31 Mar 2007 $000
Gross occupancy advances	427,082	321,010	372,862
Less management fees & resident loans	(37,771)	(30,807)	(34,127)
Occupancy advances	**389,311**	**290,203**	**338,735**

Gross occupancy advances are non interest bearing.

4. DIVIDEND

On 22 November 2007 an interim dividend of 2.2 cents per share was declared and will be paid on 14 December 2007. The record date for entitlements is 7 December 2007.

5. COMMITMENTS

The Group had commitments relating to the acquisition of land and construction contracts amounting to $14.3 million as at September 2007 (2006: $15.7 million).

6. IMPACT OF ADOPTION OF NEW ZEALAND EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Reconciliation of equity	**Notes**	As at 1 April 2006 $000	As at 31 Mar 2007 $000	As at 30 Sept 2006 $000
Equity previously reported under NZ GAAP		**243,725**	**288,757**	**254,344**
Fair value movement of investment properties	b & c	-	-	9,461
Management fees	d	(4,498)	(5,392)	(4,948)
Deferred tax	e	(17,691)	(20,443)	(17,977)
Fair value movement of interest rate swaps	f	(50)	750	400
Total under NZ IFRS		**221,486**	**263,672**	**241,280**

Reconciliation of profit for the period	**Notes**	Six Months Ended 30 Sept 2006 $000	Year Ended 31 Mar 2007 $000
Profit previously reported under NZ GAAP		**19,619**	**41,571**
Fair value movement of investment properties	b & c	9,461	21,461
Management fees	d	(450)	(894)
Deferred tax	e	(286)	(2,752)
Total under NZ IFRS		**28,344**	**59,386**

(a) Presentation and reclassification

New statement names
The previous statement of financial performance is now referred to as the income statement and the previous statement of financial position is now referred to as the balance sheet.

Revised balance sheet format
Under NZ IFRS the Directors have adopted a 'Liquidity' presentation of the Group balance sheet, which entails all assets and liabilities being ranked in expected order of liquidity. As a result, the Group no longer distinguishes between current and non current assets and liabilities on the face of the balance sheet.

Reclassification of occupancy advances as a liability
Previously under GAAP, occupancy advances were deducted from gross investment properties, to record net investment properties on the balance sheet. Under NZ IFRS occupancy advances from residents are separately recorded as liabilities, net of management fees receivable.

At 31 March 2007 this resulted in the recognition of occupancy advances as a liability of $338.7 million (as at 30 September 2006: $290.2 million).

Development work in progress
Previously under GAAP, retirement village units and common facilities under development were recorded within investment properties at cost. Under NZ IFRS these amounts are classified as property, plant and equipment until completed. Accordingly, the cash flow statement now also reflects this treatment; net investing cash flows remain unaffected.

At 31 March 2007 this resulted in a decrease to previously reported investment properties of $51.3 million, with a corresponding increase to property, plant and equipment (as at 30 September 2006: $60.3 million).

Inventory reclassification
Previously under GAAP, retirement village units for which the occupancy advance had been repaid to the outgoing resident, but where no new occupancy advance had been entered into with a new resident, were recorded as inventory on the balance sheet. Under NZ IFRS these amounts are classified as investment properties.

At 31 March 2007 this resulted in a decrease to previously reported inventory of $1.1 million, with a corresponding increase in investment properties (as at 30 September 2006: $1.0 million).

(b) Fair value movements in investment properties to income statement

Previously under GAAP, any surplus determined by the annual revaluation of investment properties was taken directly to the asset revaluation reserve.

Under NZ IFRS, changes in the value of investment properties are recorded in the income statement. This change also means that previously reported gains on the sale and resale of occupation rights are no longer recorded as separate items in the income statement, as such gains are now reflected in the fair value movement of investment property.

At 1 April 2006 this change resulted in previously reported retained earnings being increased by $84.3 million, with the asset revaluation reserve decreased by the same amount. At 31 March 2007 previously reported retained earnings were increased by $105.8 million, with a corresponding decrease to the asset revaluation reserve. No revaluation gain was recognised for investment properties under previous NZ GAAP for the six months ending 30 September 2006 because the Group previously undertook revaluations of investment properties on an annual basis.

(c) New and resales of occupation rights

Previously under GAAP, sales and resales of occupation rights were recognised as revenue.

Under NZ IFRS, sales and resales revenue no longer meet the definition of revenue, as these transactions with residents are now treated as operating leases. For the year ended 31 March 2007 this resulted in a decrease to previously reported revenue of $127.0 million (for the six months ended 30 September 2006: $55.6 million).

Previously reported gains (or losses) on the sale and resale of occupation rights are now therefore shown as part of the fair value movement of investment property (as noted in (b) above).

(d) Management fees

Previously under GAAP, management fee revenue was recognised on a straight line basis in accordance with the Group's contractual rights - typically 4% per annum (over a maximum of five years) of the occupancy advance paid to the Group by residents of retirement village units.

Under NZ IFRS, management fees are recognised over the period of service, being the greater of the expected period of tenure, or the contractual right to revenue. Based on experience to date, the Group estimates that the typical period of occupancy for an independent unit is seven years, with four years being the average for serviced units.

At 31 March 2007 this resulted in the recognition of a revenue in advance liability of $5.4 million (as at 30 September 2006: $4.9 million).

(e) Income taxes

Previously under GAAP, timing differences between accounting and tax were not recognised, if these differences were not expected to crystallise in the future. The tax asset associated with Group tax losses was also not recognised.

Under NZ IFRS all taxable temporary differences are provided for, apart from non depreciable elements of property, plant and equipment and investment properties, meaning the Group now records a deferred tax liability.

In addition, the Group has established a deferred tax asset, reflecting Group tax losses.

As at 1 April 2006 an initial net deferred tax liability of $17.7 million was recorded, of which $10.7 million was adjusted against retained earnings, with the remaining $7.0 million adjusted against previously reported asset revaluation reserves. All other movements in deferred tax have been adjusted against retained earnings.

As at 31 March 2007 a net deferred tax liability of $20.4 million (as at 30 September 2006: $18.0 million) has been recorded.

(f) Interest rate swaps

Previously under GAAP, interest rate swap agreements entered into by the Group were not recorded in the financial statements, but were disclosed by way of note.

Under NZ IFRS interest rate swaps are recognised at fair value in the balance sheet. As the Group has adopted cash flow hedge accounting, changes in fair value of such hedges are recorded in equity and released to the income statement when the hedge transaction occurs. There is no impact to the income statement of this change.

As at 31 March 2007 this resulted in the recording of an interest rate swap asset of $0.75 million (as at 30 September 2006: $0.4 million) and the recognition of an interest rate swap hedge reserve in equity of the same amount.

As the interim report has not been audited, the opening NZ IFRS balance sheet adjustments have not been audited and may be subject to further change when the annual result is prepared and audited for the year ended 31 March 2008.

7. INTERIM RESULTS TO SEPTEMBER 2007 – PREVIOUS NZ GAAP

This period reflects the first time the Group has prepared financial statements under NZ IFRS.

To assist shareholders with the transition to NZ IFRS, we set out below how our results for this first half year would have been reported under previous NZ GAAP, by way of supplementary information:

Pro forma consolidated Income Statement	**Previous NZ GAAP**	**Previous NZ GAAP**	**Previous NZ GAAP**
	Six Months Ended 30 Sept 2007	Six Months Ended 30 Sept 2006	Year Ended 31 March 2007
	$000	$000	$000
Revenue			
New sales of occupation rights	46,196	28,902	73,400
Resales of occupation rights	29,059	26,684	53,594
Management fees	5,758	4,855	9,981
Care fees	29,702	25,756	52,456
Interest	321	439	755
Other	-	31	67
Total revenue	**111,036**	**86,667**	**190,253**
Operating surplus before interest, tax & depreciation	**26,946**	**21,347**	**45,039**
Depreciation	(1,661)	(1,393)	(3,007)
Interest expense (net)	(1,216)	(335)	(461)
Profit before taxation	**24,069**	**19,619**	**41,571**
Tax expense	-	-	-
Profit after tax – previous NZ GAAP	**24,069**	**19,619**	**41,571**
Earnings per share	**4.8 cents**	**3.9 cents**	**8.3 cents**

directory

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Banker

ANZ National Bank

Share Registrar

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Directors

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Michael Cashin
Andrew Clements
Kevin Hickman
David Kerr (Chairman)
Donald Trow

Chief Executive

Simon Challies

CFO & Company Secretary

Gordon MacLeod

village directory

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Malvina Major Retirement Village
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Princess Alexandra Retirement Village
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village locations

RYMAN HEALTHCARE HALF YEAR REPORT 2007

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HEALTHCARE LTD