RYMAN HEALTHCARE ANNUAL REPORT 2008

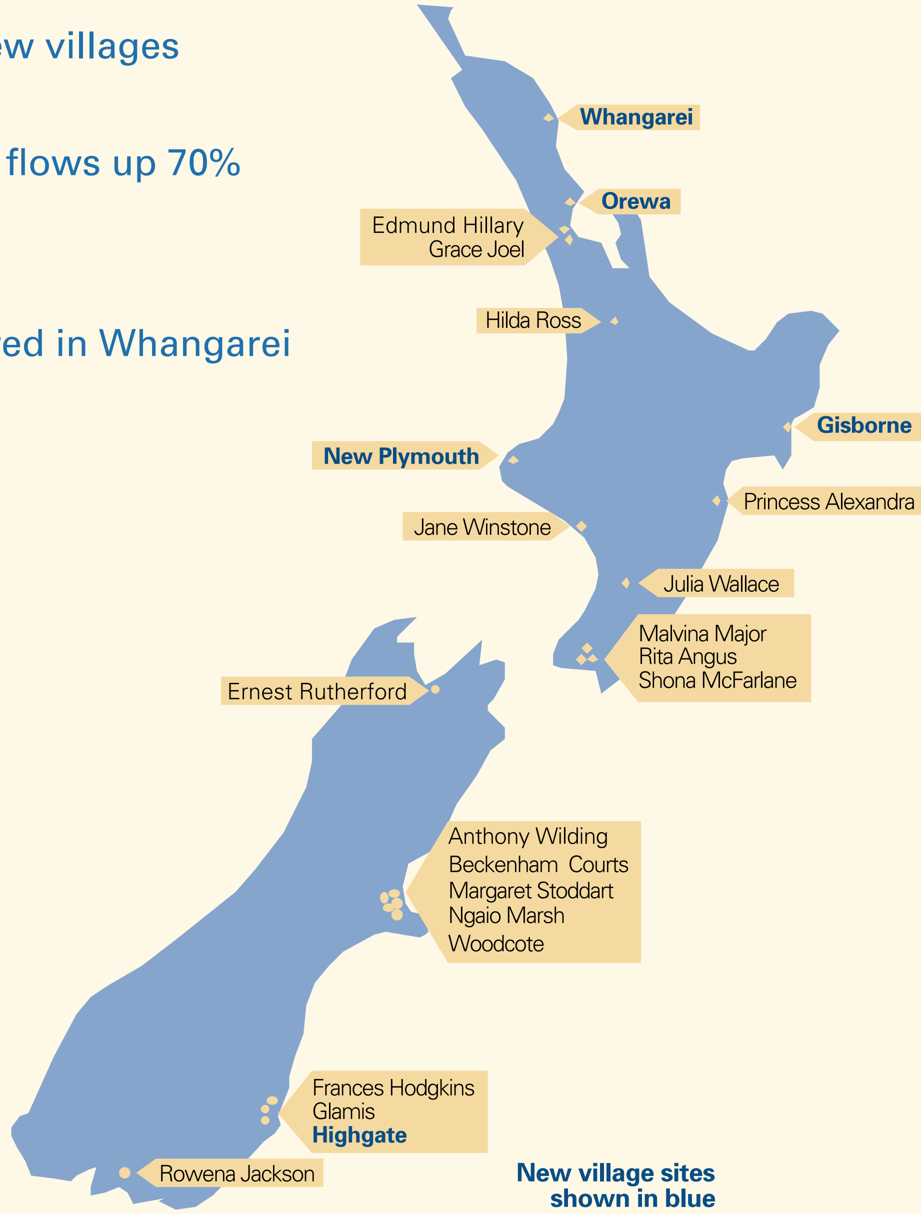
RYMAN
HEALTHCARE LTD


contents

RYMAN
HEALTHCARE LTD


2008 highlights

- Reported Profit up 22% to $72.6 million
- Dividends lifted 25% to 5.0 cents per share
- Opened four new villages
- Operating cash flows up 70% to $126 million
- New site acquired in Whangarei



chairman's report

The Directors are delighted to present the 2008 Annual Report of Ryman Healthcare Limited.

We can report that we have had a very good year and exceeded our own medium term target of 15% growth in underlying earnings for the sixth consecutive year.

David Kerr

Financial Reports

The Group posted a record net profit after taxation of $72.6 million for the year ended 31 March 2008, up 22% on the previous year. The growth in profits, equity and cashflows reflects our increased scale and the opening of four new villages during the year.

Operating cash flows lifted 70% to $126 million for the year and the shareholders equity increased 43% to $372 million.

The strong operating cashflows have allowed us to continue to self-fund the development of our new villages, while at the same time increase the level of dividends to shareholders.

The balance sheet remains strong with total assets exceeding $1 billion for the first time, and a conservative interest bearing debt to equity ratio of 39% at year end. With bank debt facilities in place to fund the development of the new villages the Company is well placed to continue on its growth path.

Dividends

A final dividend of 2.8 cents per share has been declared, and will be paid on the 27 June 2008. The record date for entitlements was 13 June 2008.

The final dividend lifts the total payout for the year to 5.0 cents per share, which represents a 25% increase on the previous year.

Our intention remains to increase dividends in line with the growth in trading or realised profits, and to maintain a conservatively geared balance sheet.

New Villages

The 2008 year has been an exceptional year on the building front for the Company, with the opening of four new villages in Auckland, Palmerston North, Christchurch and Nelson.

We have already commenced construction of our next village in New Plymouth, and there are four more villages in the planning phase in Orewa, Whangarei, Gisborne and Dunedin.

We are well-positioned to maintain our rate of growth over the medium term with a landbank sufficient to build over 1,750 new care beds or retirement village units, and opportunities to acquire new sites being presented to us on a regular basis.

New Accounting Standards

The result was the first for the Company to be reported under New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS').

The main change under NZ IFRS is that unrealised gains or losses arising from revaluation of our retirement village portfolio are now taken directly to the income statement. Previously, under the old standards, these unrealised movements were taken directly to reserves.

It is reassuring to note that under the old standards ('previous NZ GAAP') our profit was up 24%.

Full disclosure of the significant effects of adoption of NZ IFRS is provided in Note 27 to the Financial Statements.

chairman's report

It is important to note that none of the changes under NZ IFRS impact on the cash flows of the Group in any way. Likewise the business prospects, scope for paying dividends and the actual liability for taxation remain unchanged.

Corporate Governance

A full and separate statement of corporate governance has been provided later in the annual report.

We can report that our Charter was reviewed again this year, to ensure that it remains current.

There has been no change to the membership of the Board during the year. Andrew Clements and I retire by rotation at this year's Annual Meeting, and have both offered ourselves for re-election.

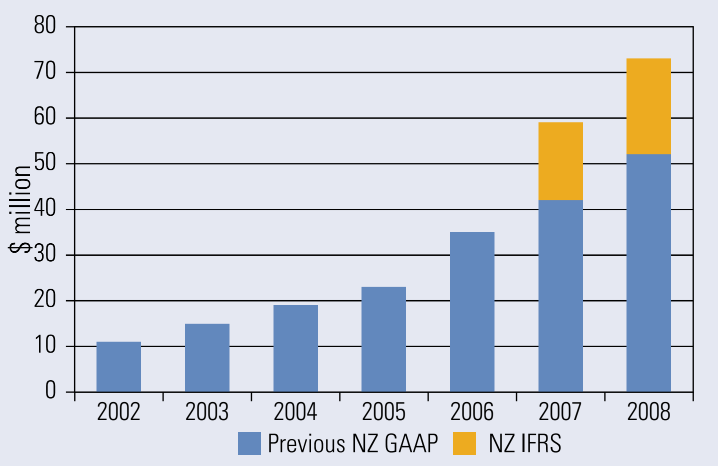
We are recommending that Deloitte be reappointed as auditor for the 2009 financial year. Deloitte are engaged in an audit capacity only to ensure that their independence is not impaired.

A notice of meeting has been issued together with this report, and we warmly welcome all shareholders to join us at the Annual Meeting of Shareholders to be held at Edmund Hillary Retirement Village in Auckland on 1 August.

Employee Share Schemes

The Board wishes to continue to encourage the participation of senior staff in the long term success

Net Profit after Tax



Transition to NZ IFRS - Year ended 31 March 2008

	$millions
Net Profit - Previous NZ GAAP	$51.6m
NZ IFRS Adjustments:	
Plus Unrealised revaluations of retirement village units	+$23.6m
Less Deferred tax movement for the year	-$1.5m
Less Management fees spread over tenure	-$1.1m
Reported Net Profit - NZ IFRS	**$72.6m**

chairman's report

of the Company, and to align their interests with those of the shareholders. In accordance with section 79 Companies Act 1993, we disclose for the benefit of all shareholders the following proposal to provide financial assistance to senior staff.

Under the current employee share purchase schemes the Board has resolved to provide financial assistance, by way of interest free loans of up to $1.65 million over the next year, to selected senior staff to enable them to acquire ordinary shares on-market. The terms of the financial assistance are set out more fully in Note 25 to the Financial Statements.

The Board has also resolved that they consider the giving of this financial assistance is on terms and conditions that are fair and reasonable, and is for the benefit of all shareholders.

The Outlook

We remain committed to our target of achieving 15% growth per annum in underlying earnings over the medium term.

In the year ahead we expect to encounter a fresh set of challenges. We have prepared ourselves for the inevitable slow down in the residential property market and the prospect of our new residents realising less from the sale of their own homes.

It is worth remembering that the majority of our residents are 80 years of age or older, and that they are making their decision to enter the village on the basis of a genuine need. This need will continue to arise regardless of the economic conditions. In addition the number of people in this age group is growing at an extraordinary rate, which is fuelling demand for our product.

We are fortunate to have a strong balance sheet, a strong brand, a low cost operating structure and strong demand for our product throughout the country. We believe we are in a stronger position than most in our sector to handle these challenges. We have experienced and overcome these challenges before and we are ready for them.

Our focus in the year ahead will be on consolidating the gains achieved in the last year, and on getting started on our new villages.

The Board are very proud of the efforts of all the staff during a particularly active year, and appreciate the commitment displayed by the whole team to providing a first class service to our residents.

We are very grateful to our residents and their families for placing their trust in us. We value that commitment highly and will continue to strive to offer a high level of service.

Finally, thank you to you, our shareholders, for your support. We aim to repay your faith by continuing to grow your investment.

Dr David Kerr, Chairman

chief executive's report

It is a pleasure to be able to report to you on behalf of the whole team on a remarkable year of growth for the Company.

We surpassed our own target of 15% growth in underlying earnings for the sixth successive year, in an environment which is best described as challenging.

Simon Challies

Four new villages were established during the year under review, in Auckland, Christchurch, Palmerston North, and Nelson at year end. The opening of our 18th village in Nelson capped off an extraordinary year of expansion for the company, with 308 retirement village units, 153 resthome/hospital beds and 4 village centres being built, together with all of the energy which goes into promoting and establishing operations at a new village.

For the second year in a row we delivered on our promise to build more than 300 units and 100 care beds per annum, and we ended the year well placed to maintain this rate of growth in the medium term.

New Villages

We started the year by opening our largest ever village in Auckland, the Edmund Hillary Retirement Village, and by year end this village was home to over 250 residents. We are very pleased with our progress to date, and this village will expand over the next 2-3 years with the addition of more independent living units and a dementia care facility.

In Christchurch, we opened the first retirement village units at the Anthony Wilding Retirement Village in Halswell. By year end we had completed an 80 bed resthome/hospital, 50 assisted living units and almost 50 independent townhouses.

The Julia Wallace Retirement Village in Palmerston North became our 17th village, with the opening of a 40 bed resthome, 50 assisted living units and over 40 townhouses. The village is named after the well-known and respected local identity, Julia Wallace, who was principal of Palmerston North Girls High School for 22 years and was the city's first woman councillor. By year end the village was home to over 120 residents.

The demand for these new facilities in their respective communities has been very encouraging, and has resulted in us committing to extensions at all three villages in the year ahead.

On 31 March 2008 we opened the doors of our new village in Nelson, the Ernest Rutherford Retirement Village. The initial response has been very positive with our first stage of townhouses fully sold, and our 34 bed resthome/hospital being fully occupied in record time. In a city which does not lack retirement facilities, our new village has been recognised as unique and offering something special.

Looking forward we have recently commenced building our New Plymouth village and plan to be open by March 2009. We encountered a setback in Orewa, with our initial resource consent being declined, however the council and local community have been very supportive of our revised plan so we anticipate that we will be under way on this site in the near future.

We have advanced our plans for building in Whangarei and plan to be under way on this

chief executive's report

site in the first half of the 2009 financial year.

We have strong interest in the new villages which is encouraging, with registrations of interest numbering more than 100 at all three locations.

Organic Growth

The Company remains committed to its model of organic growth – building new, integrated villages which offer a continuum of care from independent living, to assisted living, to resthome, hospital and dementia care. There remain a large number of communities around New Zealand which are not currently serviced by a Ryman-style village.

We are very grateful for the support we receive from our long term shareholders, and our bankers, who understand that the secret to creating a sustainable growth business is in developing a team of people who are committed to serving the residents, to

Ryman Healthcare Management Team

Left to Right: **Taylor Allison,** Design Manager; **Andrew Mitchell**, Development Manager; **Gordon MacLeod,** CFO; **Philip Mealings,** Property/Purchasing Manager; **Simon Challies,** Chief Executive; **Barbara Reynen,** Operations Manager; **James Johnstone,** Construction Manager; **Neil Prior**, Marketing Manager; **Tom Brownrigg,** Construction Manager; **Debbie Versey,** Group Sales Manager; **Craig Buist**, Senior Quantity Surveyor.

chief executive's report

providing a quality product and to whom the goodwill of the company is paramount.

One only has to visit one of our villages to see first hand the passion our Village Managers and their teams have for improving the welfare of their residents, and the obvious pride they have in their village. We build first class facilities for elderly New Zealanders, but that is just the start. It is our service to our residents, and our standing in the local community, which ultimately determine our success.

Vertical Integration

The Company has a real focus on building our in-house expertise, which has allowed us to be very hands-on in the development and operation of our integrated villages. We acquire the land, our in-house design team work up the concept, we manage the consent process, undertake the detailed design, tender the sub-contracts and we manage the building site ourselves. We undertake the marketing and selling, and finally we establish operations and continue to operate the village in the long-term. By taking this approach we are able to carve out costs, we can fast-track our roll-out, we are able to take advantage of our scale, and we learn from our experiences and replicate our successes. The outcome of this process is an ever-improving product and service for our residents at an affordable price.

Undertaking the new village roll-outs in this fashion over the past 18 months has been challenging. There have been significant capacity constraints in the construction sector and the employment market generally has been very tight, however we have overcome these challenges to deliver on our programme.

New Initiatives

Last year we reported to you on the launch of our new Ryman Triple A exercise programme – exercise classes specifically designed for our residents, with an emphasis on having fun and feeling good. The programme has been a huge success, with over 700 residents nationwide participating every week. To mark the anniversary of Triple A we launched a new low impact class which will be extended to an even wider group of residents.

Our health and safety programmes for staff stepped up another gear this year with the introduction of Ryman 360° – our staff wellness and literacy programme. The inaugural Well-Health days were appreciated by the staff, and we are very pleased with the uptake of the literacy programme.

The Operations team have recently adopted the Liverpool Care Pathway, a programme which is universally acknowledged as one of the tools that support best practice for end of life care.

All three of these new initiatives are part of our drive for self improvement, and to lift the bar in terms of both the service we offer to our residents and their families, and the benefits we can offer our hard working employees.

Charity

Each year the residents and staff set themselves the challenge of raising funds for a nominated charity, which is matched dollar for dollar by the company. This year Neurological Foundation were the very worthy recipient of a $140,000 cheque, which they will apply to their valuable research into conditions such as Alzheimers, Parkinson's and stroke.

I would like to thank all of the residents and staff members who participated in and

chief executive's report

$140,000 raised for Neurological Foundation for medical research

Left to Right: **Ian Robertson,** Neurological Foundation Chairman; **Lucia Mataafa,** Edmund Hillary Retirement Village staff member; **Dolena Hawkins,** Edmund Hillary Retirement Village resident; **Simon Challies,** Ryman Healthcare Chief Executive.

supported the fundraising events during the year. It is very rewarding for us all to be able to make such a significant contribution to a single charity each year, and to be able to work together to achieve that goal.

Aged Care

We are very positive about the prospects in aged care, which has always been a core part of our business.

The Government recently lifted the "managed bed policy", which removed the restriction on the opening of new Government-funded resthome, hospital and dementia facilities. This change has allowed us to extend the smaller care facilities we have built in recent years and to offer hospital and dementia care within those villages. We will be taking advantage of this opportunity as it provides our residents with a wider range of services, and allows us to increase our economies of scale.

Demand for aged care services is continuing to grow. The population aged 85 years and over, which is an indicator of the likely demand, is projected to grow by 26% over the next five years and by 2031 to have grown almost three-fold.

We are able to build new care facilities within our villages cost effectively, and have

chief executive's report

been somewhat on our own in building new care facilities in recent years. Ironically this is at a time when capacity constraints are looming in the sector, particularly for hospital and dementia level care.

Outlook

A slowing economy creates a different set of opportunities for the Company.

There remains a burgeoning number of elderly people, there is growing demand for our services, and there are any number of communities around New Zealand which are yet to enjoy the benefits of a Ryman-style retirement village. Over two-thirds of our residents move into our village to access care services, and that need will not be affected by a slow down in the economy.

The slowing economy creates opportunities for us to acquire land at more realistic prices, to move more quickly on our build programme, and to build more cost effectively.

We have already adapted to the prospect of our new residents receiving less for the sale of their home. If we continue to deliver a quality product at an affordable price then we will continue to attract residents. Our residents' needs are unchanged so it is up to us to make our product affordable, and to assist them as they make their transition into the village.

We remain confident in our ability to successfully roll out new villages across New Zealand through thick and thin. The year ahead will be very active in terms of build programme, however with less emphasis on the opening of new villages we will have the opportunity to fine-tune the model and our systems, and prepare ourselves for the next phase of growth for the Company.

We are committed to our model of organic growth, building sustainable, long term cash flow streams, and creating villages which the residents, employees and shareholders can all be proud to be part of.

Simon Challies, Chief Executive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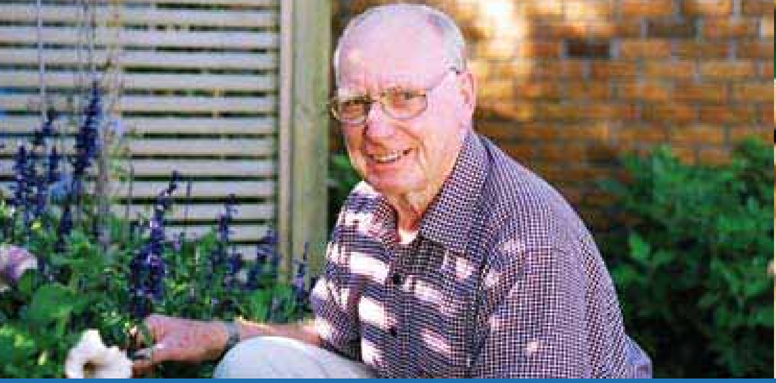
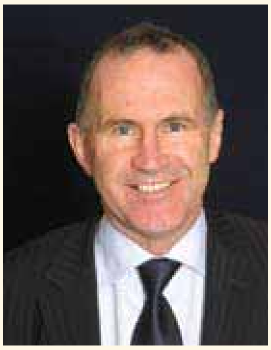


directors' profiles

Dr David Kerr,
MB ChB, FRNZCGP
Chairman

David Kerr is a General Practitioner who operates a private practice in Christchurch. He was the founding Chairman of Pegasus Medical Group from 1992 to 1998, representing 225 General Medical Practitioners in Christchurch, is an advisor to the Canterbury District Health Board and is a director of Pharmac Limited. David is a Trustee of Health Ed Trust NZ Inc., the leading education provider in the aged care sector.

David joined the Ryman Board in 1994 and has held the role of Chairman since 1999. David is a Fellow and President of the New Zealand Medical Association and has been awarded a Fellowship with Distinction by the Royal New Zealand College of Practitioners.



Kevin Hickman,
Director

Kevin Hickman co-founded Ryman Healthcare in 1982, together with his business partner, John Ryder. 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 held the role of Managing Director in a joint capacity from 1982 and in his sole capacity from 2002 to 2006. Kevin's family trust remains a significant shareholder in the Company.

Sidney Ashton,
ONZM, FCA, FNZIM
Director

Sid Ashton is a Fellow of the Institute of Chartered Accountants and is an Officer of the New Zealand Order of Merit.

Sid was a senior and founding partner of the Christchurch accountancy practice, Ashton Wheelans and Hegan, and held executive roles as Secretary and Chief Executive of Te Runanga o Ngai Tahu. He is currently Chairman of the Charities Commission and is a Member of the Nominating Committee for the Guardians of NZ Superannuation.

Sid joined the Ryman Board in 1994 and is Chairman of the Audit Committee.

directors' profiles

Michael Cashin, CA, CPA, FCIS, Dip Bus Admin
Director

Michael Cashin is a very experienced company director, having previously been Chairman of Housing New Zealand Ltd and At Work Insurance Ltd, and a director of Allied Farmers Ltd, Capital Properties Ltd and Centreport Ltd. Michael is currently a director of Cavotec MSL Holdings Limited and is Chairman of Wellington Waterfront Limited.

Michael has considerable experience in the public health sector as a Crown representative on the boards of several Crown Health Enterprises.

Michael joined the Board of Ryman in 1999, at the time the Company was listed on the stock exchange.

Andrew Clements, B Com
Director

Andrew Clements is Managing Director of Emerald Capital Ltd, a significant shareholder of the Company. In that capacity Andrew is a director of a number of private and public companies in which Emerald is an investor, including New Zealand Refining Company Ltd and Goldpine Group Ltd.

Andrew has diverse treasury and operational experience having held management roles in Ceramco and Goodman Fielder Wattie in New Zealand and Asia.

Andrew was appointed to the Board of Ryman in 2000.

Professor Donald Trow, B Com FCA
Director

Don Trow holds the position of Emeritus Professor of Accountancy at Victoria University, having been a professor since 1971. Don has a long standing involvement with the accountancy profession and has the rare distinction of being a Life Member of the Institute of Chartered Accountants as well as being elected a Distinguished Fellow of the Institute of Directors.

Don is currently chairman of NZX Discipline and Smartshares Limited, and is a director of Opus International Consultants Limited.

Don has been a director of Ryman since 1999.


five year summary

		NZ IFRS [1]		Previous NZ GAAP [1]		
		2008	2007	2006	2005	2004
Financial						
Net Profit after Tax - Previous NZ GAAP	$m	51.6	41.6	35.1	23.5	18.4
Net Profit after Tax - NZ IFRS	$m	72.6	59.4			
Net Assets	$m	372.2	260.5	243.7	185.8	147.0
Interest bearing Debt to Equity ratio	%	39%	44%	28%	27%	28%
Net Operating Cash Flows	$m	125.8	73.8	55.4	53.5	52.6
Earnings per Share[2] - Basic & Diluted	cents	14.6	11.9	7.0	4.7	3.7
Dividend per Share[2]	cents	5.0	4.0	3.4	2.3	1.8
New Facilities						
Built during year:						
Resthome/Hospital Beds	no.	153	131	33	104	88
Retirement Village Units	no.	308	300	175	145	126
Land bank (to be developed) [3]	no.	1,767	1,715	1,653	1,257	1,368
Completed Facilities						
Resthome/Hospital Beds	no.	1,394	1,241	1,110	1,077	973
Retirement Village Units	no.	1,986	1,678	1,378	1,203	1,058

1 This annual report is the first annual report produced under the NZ Equivalents to International Financial Reporting Standards ('NZ IFRS'); comparative amounts for 2007 have been adjusted to an NZ IFRS basis where applicable. Comparative amounts for 2004 to 2006 are shown in accordance with Previous NZ Generally Accepted Accounting Practice ('Previous NZ GAAP').

2 Adjusted for 5:1 share split in January 2007.

3 Includes retirement village units and care beds.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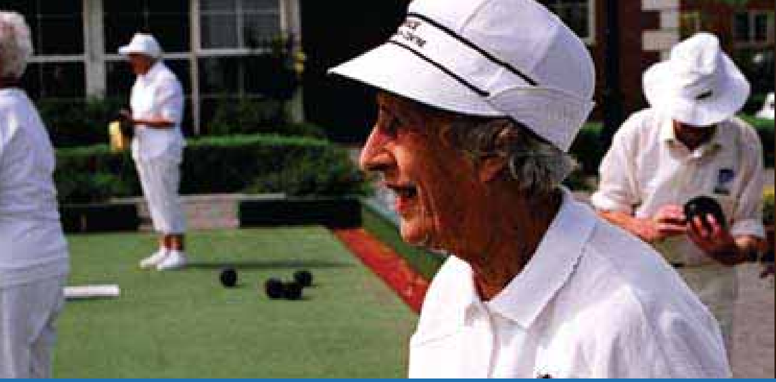
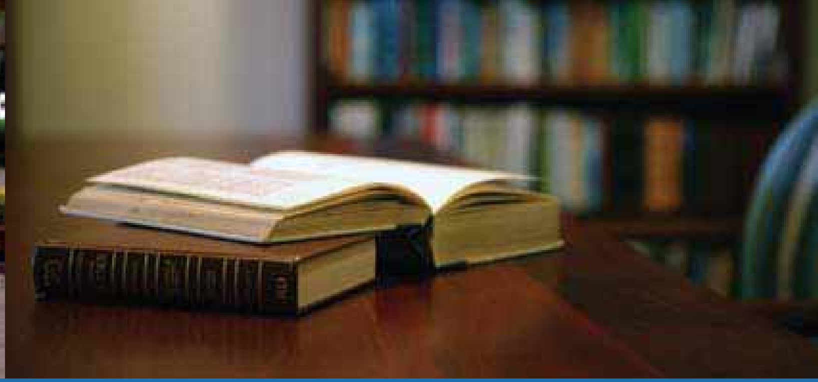




financial statements

Consolidated Income Statement for the year ended 31 March 2008

	Note	GROUP 2008 $000	GROUP 2007 $000	PARENT 2008 $000	PARENT 2007 $000
Care fees		63,240	52,456	1,809	1,558
Management fees		11,485	9,087	97	91
Interest received		704	755	4,435	1,365
Other income	1	113	67	32,347	22,821
Total revenue		**75,542**	**62,365**	**38,688**	**25,835**
Fair value movement of investment property	8	65,498	50,396	348	375
Total income		**141,040**	**112,761**	**39,036**	**26,210**
Operating expenses	2	(59,123)	(46,400)	(7,741)	(6,901)
Depreciation expense	3	(3,749)	(3,007)	(559)	(505)
Finance costs	4	(4,034)	(1,216)	(3,997)	(1,203)
Total expenses		**(66,906)**	**(50,623)**	**(12,297)**	**(8,609)**
Profit before income tax		**74,134**	**62,138**	**26,739**	**17,601**
Income tax expense	5	(1,532)	(2,752)	2,434	(89)
Net profit for the period		**72,602**	**59,386**	**29,173**	**17,512**
Earnings per share: Basic and Diluted (cents per share)	14	14.6	11.9		

Consolidated Statement of Changes in Equity for the year ended 31 March 2008

Equity at beginning of period		**260,499**	**219,816**	**39,681**	**40,872**
Net profit for the period		72,602	59,386	29,173	17,512
Revaluation of property, plant & equipment	7	61,295	-	(303)	-
Deferred tax impact on reserves	15	638	-	-	-
Fair value movement of interest rate swaps	15	(57)	805	(57)	805
Movement in deferred tax related to interest rate swaps	15	40	(266)	40	(266)
Total recognised income and expense		**134,518**	**59,925**	**28,853**	**18,051**
Treasury stock movement	15	(813)	(1,242)	(813)	(1,242)
Dividends paid to company shareholders	16	(22,000)	(18,000)	(22,000)	(18,000)
Equity at end of period		**372,204**	**260,499**	**45,721**	**39,681**

The accompanying notes form part of these financial statements. All net profit is attributable to Company shareholders.

financial statements

Consolidated Balance Sheet as at 31 March 2008

		GROUP		PARENT	
	Note	2008	2007	2008	2007
		$000	$000	$000	$000
Assets					
Cash and cash equivalents		2,519	1,424	2	167
Trade and other receivables	6	57,137	49,971	457	849
Interest rate swaps	19	694	751	694	751
Advances to subsidiaries	17	-	-	153,054	132,852
Advances to employees		263	157	263	157
Deferred tax asset (net)	5	-	-	3,687	1,213
Property, plant & equipment	7	266,665	203,712	6,644	7,353
Investment properties	8	694,392	517,422	5,270	4,916
Investments in subsidiaries	23	-	-	39,109	39,109
Total assets		**1,021,670**	**773,437**	**209,180**	**187,367**
Equity					
Issued capital	14	33,290	33,290	33,290	33,290
Asset revaluation reserve	15	85,573	23,640	1,769	2,072
Interest rate swap reserve	15	486	503	486	503
Treasury stock	15,25	(3,739)	(2,926)	(3,739)	(2,926)
Retained earnings	15	256,594	205,992	13,915	6,742
Total equity		**372,204**	**260,499**	**45,721**	**39,681**
Liabilities					
Trade and other payables	10	13,663	28,508	11,544	26,779
Employee entitlements	11	3,935	2,612	722	631
Revenue in advance		6,478	5,392	63	70
Bank loans (secured)	12	147,500	117,000	147,500	117,000
Occupancy advances (non interest bearing)	13	456,345	338,735	3,630	3,206
Deferred tax liability (net)	5	21,545	20,691	-	-
Total liabilities		**649,466**	**512,938**	**163,459**	**147,686**
Total equity and liabilities		**1,021,670**	**773,437**	**209,180**	**187,367**
Net tangible assets per share (cents)		74.4	52.1		

The accompanying notes form part of these financial statements.

financial statements

Consolidated Statement of Cash Flows for the year ended 31 March 2008

	Note	GROUP 2008 $000	GROUP 2007 $000	PARENT 2008 $000	PARENT 2007 $000
Operating activities					
Receipts from residents		233,431	153,174	2,744	2,382
Interest received		614	605	4,464	1,354
Dividends received		-	-	27,000	18,000
Inter-company charges		-	-	5,288	4,821
Payments to suppliers and employees		(56,788)	(44,511)	(5,385)	(6,686)
Payments to residents		(47,703)	(34,388)	(531)	(574)
Interest paid		(3,725)	(1,067)	(3,689)	(1,054)
Net operating cash flows	22	**125,829**	**73,813**	**29,891**	**18,243**
Investing activities					
Repayment of advances from subsidiaries		-	-	13,681	29,617
Purchase of property, plant & equipment		(42,891)	(62,008)	(222)	(2,556)
Purchase of investment properties		(80,938)	(33,906)	(7)	-
Capitalised interest paid		(8,486)	(5,839)	-	-
Advances to employees		(106)	(32)	(105)	(32)
Investment in subsidiaries		-	-	(15,000)	(10,894)
Advances to subsidiaries		-	-	(36,090)	(63,302)
Net investing cash flows		**(132,421)**	**(101,785)**	**(37,743)**	**(47,167)**
Financing activities					
Drawdown of bank loans		30,500	48,255	30,500	48,255
Dividends paid		(22,000)	(18,000)	(22,000)	(18,000)
Purchase of treasury stock (net)		(813)	(1,242)	(813)	(1,242)
Net financing cash flows		**7,687**	**29,013**	**7,687**	**29,013**
Net increase in cash and cash equivalents		**1,095**	**1,041**	**(165)**	**89**
Cash and cash equivalents at the beginning of period		1,424	383	167	78
Cash and cash equivalents at the end of period		**2,519**	**1,424**	**2**	**167**

The accompanying notes form part of these financial statements.

accounting policies

Statement of Accounting Policies

Statement of compliance

The financial statements presented are those of Ryman Healthcare Limited ("the Company"), and its subsidiaries ("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. Ryman Healthcare Limited is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The 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 reporting standards as appropriate for profit-oriented entities.

Compliance with NZ IFRS ensures that the consolidated financial statements comply with International Financial Reporting Standards ("IFRS"). The parent entity financial statements also comply with 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 Group changed its accounting policies on 1 April 2007 to comply with NZ IFRS. The transition to NZ IFRS is accounted for in accordance with NZ IFRS-1 "First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards", with 1 April 2006 as the date of transition. An explanation of how the transition from superseded policies to NZ IFRS has affected the Company's and Group's balance sheet, income statement and cash flows is discussed in note 27.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2008, and the comparative information presented in these financial statements for the year ended 31 March 2007, and in the preparation of the opening NZ IFRS balance sheet at 1 April 2006 (as disclosed in note 27, the Group's date of transition to NZ IFRS).

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 (refer note 7).
- investment property is measured at fair value (refer note 8).
- certain financial assets and liabilities are measured at fair value (refer note 19).

accounting policies

Statement of Accounting Policies

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 7.

Valuation of investment property – policy (d) and note 8.

Management fees – policy (b).

Utilisation of tax losses – policy (l).

Significant accounting policies

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

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 IAS-27 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in note 23 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.

In the Company's financial statements, investments in subsidiaries are recognised at their cost, less any adjustment for impairment.

(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.

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.


accounting policies

Statement of Accounting Policies

(d) 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).

(e) Property, plant & equipment

Property, plant & equipment comprises completed care facilities, corporate assets and land and buildings under development. All property, plant & equipment are 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 substantially 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.

accounting policies

Statement of Accounting Policies

(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.

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

accounting policies

Statement of Accounting Policies

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.

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 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 to their fair value.

Interest bearing loans and borrowings

Loans and borrowings are initially recorded at fair value, plus 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 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.

(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.

accounting policies

Statement of Accounting Policies

(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 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 substantively 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 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 employee which accrues to the company 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 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.

accounting policies

Statement of Accounting Policies

(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 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) 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. The Board makes resource allocation decisions to this segment based on the expected cash flows and results of Group operations as a whole.

(s) New standards and interpretations not yet adopted

The Group and Parent have adopted all new standards and interpretations as issued by the Financial Reporting Standards Board (FRSB), except for the following:

NZ IAS 1 – Presentation of Financial Statements (revised). Approved: November 2007. Effective date – annual reporting periods beginning on or after: 1 January 2009

The revised standard requires the presentation of all recognised income and expenses in one statement (a statement of comprehensive income) or in two statements (an income statement and a statement of comprehensive income), separately from owner changes in equity. The revised standard also includes other minor changes to presentation and disclosure requirements. This standard will result in revised disclosure, but does not affect recognition or measurement of any balances within the financial statements. The Group and Parent will apply this revised standard in the financial year ended 31 March 2010.

NZ IFRS 8 – Operating Segments. Approved: December 2006. Effective date – annual reporting periods beginning on or after: 1 January 2009

A new way of determining segments with a focus on information provided to the "chief operating decision maker". The standards set out requirements for disclosures about products and services, geographical areas and major customers and includes consequential amendments to NZ IAS 34 Interim financial reporting. This standard may result in revised disclosures but does not affect reported profits. The Group and Parent will apply this revised standard in the financial year ended 31 March 2010.

NZ IAS 23 – Borrowing Costs. Approved: July 2007. Effective date – annual reporting periods beginning on or after: 1 January 2009

Main change from the previous version is the removal of the option to expense borrowing costs incurred in respect of "qualifying assets" for full reporting entities. As the Group already capitalises borrowing costs on "qualifying assets" this will have no impact on the Group. The Group and Parent will apply this revised standard in the financial year ended 31 March 2010.

NZ IFRS 3 – Business Combinations (revised). Approved: February 2008. Effective date – annual reporting periods beginning on or after: 1 July 2009

NZ IAS 27 – Consolidated and Separate Financial Statements (revised). Approved: February 2008. Effective date – annual reporting periods beginning on or after: 1 July 2009

The revised NZ IFRS 3 and NZ IAS 27 together change the accounting for business combinations.

The revised NZ IFRS 3 and revised NZ IAS 27 are to be applied prospectively to business combinations and changes in control in reporting periods beginning on or after 1 July 2009. Accordingly, no restatements will be required in respect of transactions prior to the date of adoption.

notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

	Note	GROUP 2008 $000	GROUP 2007 $000	PARENT 2008 $000	PARENT 2007 $000
1. Other Income					
Dividends received		-	-	27,000	18,000
Other income		113	67	5,347	4,821
Total other income		**113**	**67**	**32,347**	**22,821**
2. Operating Costs					
Employee costs		37,909	29,552	5,151	4,798
Property related expenses		7,475	5,734	217	217
Other operating costs (see below)		13,739	11,114	2,373	1,886
Total		**59,123**	**46,400**	**7,741**	**6,901**
Other operating costs include:					
Auditor's remuneration to Deloitte comprises:					
- audit of financial statements		110	130	110	95
- audit related services*		25	17	25	17
Directors Fees		347	267	347	267
Doubtful Debts		-	-	-	-
Donations		127	69	76	48
Lease and rental payments		272	408	238	232

* primarily relates to audit work in respect of the Group's transition to NZ IFRS.

	Note	GROUP 2008 $000	GROUP 2007 $000	PARENT 2008 $000	PARENT 2007 $000
3. Depreciation					
Buildings		1,767	1,405	75	55
Plant and Equipment		708	617	281	273
Furniture and Fittings		1,001	730	44	35
Motor Vehicles		273	255	159	142
Total		**3,749**	**3,007**	**559**	**505**
4. Finance Costs					
Total interest paid on bank loans		13,141	7,367	13,104	7,354
Release of interest rate swap reserve	15	(621)	(312)	(621)	(312)
Amount of interest capitalised		(8,486)	(5,839)	-	-
Charged to subsidiaries		-	-	(8,486)	(5,839)
Net interest expense on bank loans		**4,034**	**1,216**	**3,997**	**1,203**

Notes to the Financial Statements for the year ended 31 March 2008

	Note	GROUP 2008 $000	GROUP 2007 $000	PARENT 2008 $000	PARENT 2007 $000
5. Income Tax					
(a) Income tax recognised in income statement					
Tax expense comprises:					
Current tax expense		-	-	-	-
Prior period adjustment		-	-	-	177
Deferred tax expense					
- Origination and reversal of temporary differences		3,226	2,752	(2,800)	(88)
- Reduction in tax rate		(1,694)	-	366	-
		1,532	2,752	(2,434)	(88)
Total income tax expense		**1,532**	**2,752**	**(2,434)**	**89**
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:					
Profit before income tax expense		74,134	62,138	26,739	17,601
Income tax expense calculated at 33%		24,464	20,505	8,824	5,808
Non-taxable dividends		-	-	(8,910)	(5,940)
Non-taxable income		(21,614)	(16,631)	(114)	(124)
Other		376	(1,122)	(2,600)	345
Reduction in tax rate		(1,694)	-	366	-
Total tax expense		**1,532**	**2,752**	**(2,434)**	**89**

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 33% payable by New Zealand corporate entities on taxable profits under New Zealand tax law. The corporate tax rate in New Zealand was changed from 33% to 30% with effect from 1 April 2008. This revised rate has not impacted the current tax payable for the current financial year but will do so in future periods. However, the impact of the change in tax rate has been taken into account in the measurement of deferred taxes at the end of the reporting period.

Total Group tax losses available amounted to $30,370,186 (2007: $18,332,170) and Parent $15,266,869 (2007: $6,777,159). Recognition of the deferred tax asset is based on utilisation of tax losses to date, combined with expected taxable earnings in future periods.

notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

5. Income Tax (continued)

GROUP	2008		2007	
	%	$000	%	$000
Reconciliation of effective tax rate				
Profit before tax		74,134		62,138
Income tax using the corporate tax rate	33.0%	24,464	33.0%	20,505
Non-taxable income	(29.1)%	(21,614)	(26.8)%	(16,631)
Other	0.5%	376	(1.8)%	(1,122)
Reduction in tax rate	(2.3)%	(1,694)	0.0%	-
Total income tax expense	**2.1%**	**1,532**	**4.4%**	**2,752**

PARENT	2008		2007	
	%	$000	%	$000
Reconciliation of effective tax rate				
Profit before tax		26,739		17,601
Income tax using the corporate tax rate	33.0%	8,824	33.0%	5,808
Non-taxable dividends	(33.3)%	(8,910)	(33.7)%	(5,940)
Non-taxable income	(0.4)%	(114)	(0.7)%	(124)
Other	(9.7)%	(2,600)	1.9%	345
Reduction in tax rate	1.3%	366	0.0%	-
Total income tax expense	**(9.1)%**	**(2,434)**	**0.5%**	**89**

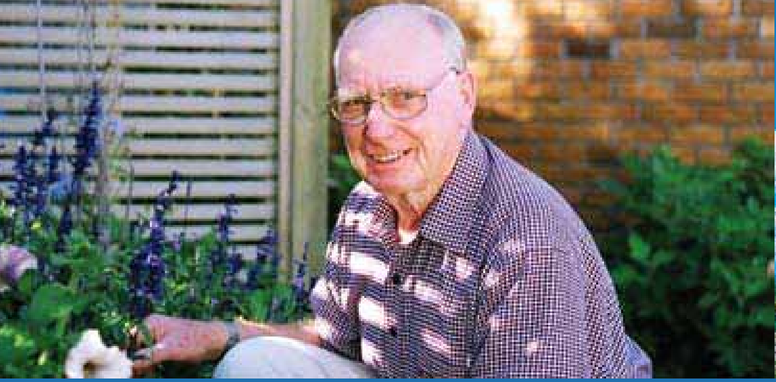
notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

5. Income Tax (continued)

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

	Opening Balance	Recognised in income	Recognised in equity	Closing Balance
	$000	$000	$000	$000
GROUP - 2008				
Property, plant & equipment	(10,980)	(915)	638	(11,257)
Investment properties	(17,851)	(4,293)	-	(22,144)
Deferred management fee revenue in advance	1,779	326	-	2,105
Interest rate swap	(248)	-	40	(208)
Other	559	289	-	848
Tax value of loss carry-forwards recognised	6,050	3,061	-	9,111
Total deferred taxation	**(20,691)**	**(1,532)**	**678**	**(21,545)**
GROUP - 2007				
Property, plant & equipment	(10,192)	(788)	-	(10,980)
Investment properties	(14,399)	(3,452)	-	(17,851)
Deferred management fee revenue in advance	1,484	295	-	1,779
Interest rate swap	(18)	-	(230)	(248)
Other	498	61	-	559
Tax value of loss carry-forwards recognised	4,918	1,132	-	6,050
Total deferred taxation	**(17,709)**	**(2,752)**	**(230)**	**(20,691)**
PARENT - 2008				
Property, plant & equipment	(639)	12	-	(627)
Investment properties	(268)	16	-	(252)
Deferred management fee revenue in advance	23	(2)	-	21
Interest rate swap	(248)	-	40	(208)
Other	109	64	-	173
Tax value of loss carry-forwards recognised	2,236	2,344	-	4,580
Total deferred taxation	**1,213**	**2,434**	**40**	**3,687**
PARENT - 2007				
Property, plant & equipment	(536)	(103)	-	(639)
Investment properties	(254)	(14)	-	(268)
Deferred management fee revenue in advance	23	-	-	23
Interest rate swap	(18)	-	(230)	(248)
Other	75	34	-	109
Tax value of loss carry-forwards recognised	2,242	(6)	-	2,236
Total deferred taxation	**1,532**	**(89)**	**(230)**	**1,213**




notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

5. Income Tax (continued)

	GROUP		PARENT	
	2008	2007	2008	2007
	$000	$000	$000	$000
(c) Imputation credit memorandum account				
Opening balance	14	102	-	98
Resident withholding tax paid	8	2	-	-
Imputation credits forgone	-	(90)	-	(98)
Closing balance	**22**	**14**	**-**	**-**
Imputation credits available directly and indirectly to shareholders of the parent company, through:				
Parent company	-	-		
Subsidiaries	22	14		
	22	**14**		

6. Trade and Other Receivables

	GROUP 2008	GROUP 2007	PARENT 2008	PARENT 2007
Trade debtors	56,971	49,096	457	596
Other receivables	166	875	-	253
Total receivables	**57,137**	**49,971**	**457**	**849**

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 either the Group or Parent (2007: $Nil Group and Parent).

notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

7. Property, Plant & Equipment

	Freehold Land At Cost Or Valuation	Buildings At Cost Or Valuation	Property Under Development At Cost	Plant & Equipment At Cost	Furniture & Fittings At Cost	Motor Vehicles At Cost	Total
GROUP - 2008	$000	$000	$000	$000	$000	$000	$000
Gross carrying amount							
Balance at 1 April 2007	22,073	75,476	100,123	6,469	4,399	1,520	210,060
Additions	192	789	113,251	1,089	1,482	78	116,881
Transfers at cost	2,725	24,517	(140,043)	422	907	-	(111,472)
Disposals at cost	-	-	-	-	-	(3)	(3)
Revaluation adjustment	61,295	(4,435)	-	-	-	-	56,860
Balance at 31 March 2008	**86,285**	**96,347**	**73,331**	**7,980**	**6,788**	**1,595**	**272,326**
Accumulated Depreciation							
Balance at 1 April 2007	-	(2,668)	-	(1,679)	(1,353)	(648)	(6,348)
Current year depreciation	-	(1,767)	-	(708)	(1,001)	(273)	(3,749)
Depreciation on Disposals	-	-	-	-	-	1	1
Revaluation adjustment	-	4,435	-	-	-	-	4,435
Balance at 31 March 2008	**-**	**-**	**-**	**(2,387)**	**(2,354)**	**(920)**	**(5,661)**
Total Book Value	**86,285**	**96,347**	**73,331**	**5,593**	**4,434**	**675**	**266,665**
GROUP - 2007							
Gross carrying amount							
Balance at 1 April 2006	17,758	64,515	71,770	5,457	3,152	1,094	163,746
Additions	407	395	113,171	773	583	426	115,755
Transfers at cost	3,908	10,566	(84,818)	239	664	-	(69,441)
Balance at 31 March 2007	**22,073**	**75,476**	**100,123**	**6,469**	**4,399**	**1,520**	**210,060**
Accumulated Depreciation							
Balance at 1 April 2006	-	(1,263)	-	(1,062)	(623)	(393)	(3,341)
Current year depreciation	-	(1,405)	-	(617)	(730)	(255)	(3,007)
Balance at 31 March 2007	**-**	**(2,668)**	**-**	**(1,679)**	**(1,353)**	**(648)**	**(6,348)**
Total Book Value	**22,073**	**72,808**	**100,123**	**4,790**	**3,046**	**872**	**203,712**


notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

7. Property, Plant & Equipment (continued)

	Freehold Land At Cost Or Valuation	Buildings At Cost Or Valuation	Property Under Development At Cost	Plant & Equipment At Cost	Furniture & Fittings At Cost	Motor Vehicles At Cost	Total
PARENT - 2008	$000	$000	$000	$000	$000	$000	$000
Gross carrying amount							
Balance at 1 April 2007	485	2,786	1,893	2,583	300	825	8,872
Additions	3	3	32	115	-	6	159
Transfers at cost	13	966	(1,170)	148	37	-	(6)
Revaluation adjustment	(303)	(177)	-	-	-	-	(480)
Balance at 31 March 2008	**198**	**3,578**	**755**	**2,846**	**337**	**831**	**8,545**
Accumulated Depreciation							
Balance at 1 April 2007	-	(109)	-	(1,051)	(120)	(239)	(1,519)
Current year depreciation	-	(75)	-	(281)	(44)	(159)	(559)
Revaluation adjustment	-	177	-	-	-	-	177
Balance at 31 March 2008	**-**	**(7)**	**-**	**(1,332)**	**(164)**	**(398)**	**(1,901)**
Total Book Value	**198**	**3,571**	**755**	**1,514**	**173**	**433**	**6,644**
PARENT - 2007							
Gross carrying amount							
Balance at 1 April 2006	485	2,646	177	2,295	195	457	6,255
Additions	-	140	1,720	288	105	368	2,621
Transfers at cost	-	-	(4)	-	-	-	(4)
Balance at 31 March 2007	**485**	**2,786**	**1,893**	**2,583**	**300**	**825**	**8,872**
Accumulated Depreciation							
Balance at 1 April 2006	-	(54)	-	(778)	(85)	(97)	(1,014)
Current year depreciation	-	(55)	-	(273)	(35)	(142)	(505)
Balance at 31 March 2007	**-**	**(109)**	**-**	**(1,051)**	**(120)**	**(239)**	**(1,519)**
Total Book Value	**485**	**2,677**	**1,893**	**1,532**	**180**	**586**	**7,353**

Notes to the Financial Statements for the year ended 31 March 2008

7. Property, Plant & Equipment (continued)

All completed resthomes and hospitals included within the definition of property, plant & equipment were revalued to fair value based on an independent valuation report prepared by registered valuers, CB Richard Ellis Limited, as at 31 March 2008 in accordance with NZ IAS 16. 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 9% to 17%), together with observed transactional evidence in respect of the market value per care bed (ranging from $75,000 to $130,000 per care bed) in estimating and determining fair value.

Freehold land held pending development of a retirement village amounted to $27.0 million (2007: $29.3 million) and are valued at cost. A proportion of this balance will be transferred to investment properties upon completion.

Interest of $8.486 million (2007: $5.839 million) has been capitalised during the period of construction in the current year. The weighted average capitalisation rate on funds borrowed is 8.74 % per annum (2007: 7.92 % per annum).

The assets shown at cost are head office assets, retirement village assets under development, plant and equipment, furniture and fittings and motor vehicles.

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:

	GROUP			PARENT		
	Freehold Land	Buildings	Total	Freehold Land	Buildings	Total
	$000	$000	$000	$000	$000	$000
Carrying amount						
Carrying amount at 31 March 2008	19,923	77,945	**97,868**	214	1,893	**2,107**
Carrying amount						
Carrying amount at 31 March 2007	13,839	55,321	**69,160**	199	1,039	**1,238**

notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

8. Investment Properties

	GROUP		PARENT	
	2008 $000	2007 $000	2008 $000	2007 $000
At fair value				
Balance at beginning of financial year	517,422	397,585	4,916	4,537
Transfer from property, plant and equipment	111,472	69,441	6	4
Fair value movement				
Realised	41,858	28,935	319	309
Unrealised	23,640	21,461	29	66
	65,498	50,396	348	375
Balance at end of financial year	**694,392**	**517,422**	**5,270**	**4,916**

Realised fair value gains arise from transactions with residents. Investment properties are not depreciated and are fair valued.

The carrying value of investment property is the fair value of the property as determined by an independent valuation report prepared by registered valuers CB Richard Ellis Limited, as at 31 March 2008, combining discounted future cash flows and the occupancy advances received from residents. 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, with the exception of individual retirement village unit pricing.

Operating expenses

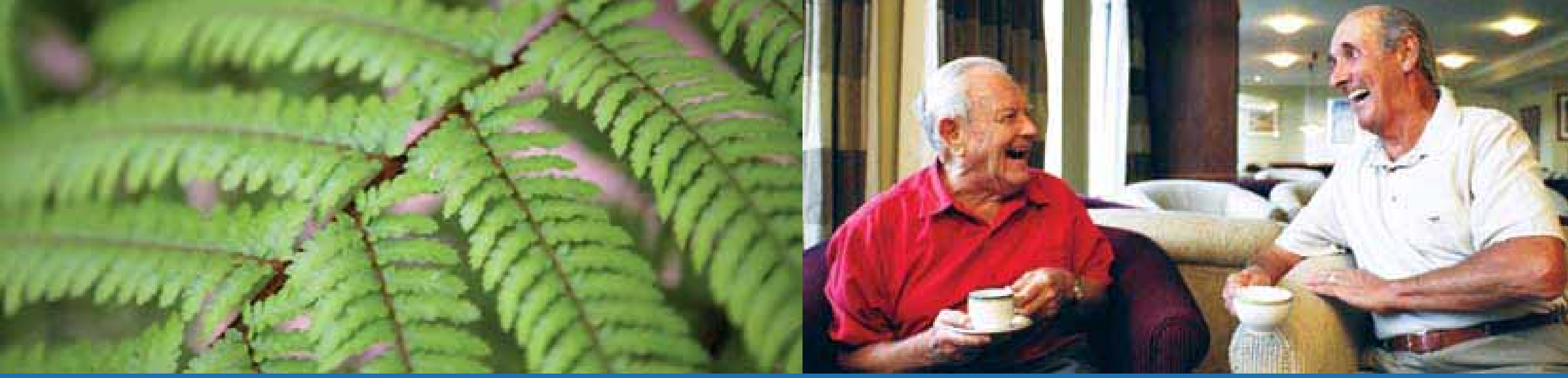
Direct operating expenses arising from investment property that generated income from management fees during the period amounted to $1.377 million (2007: $1.214 million). There was no investment property that did not generate income from management fees during the period for both Group and Parent.

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 pending availability of individual unit titles.

9. 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 12). The interest rate on all overdraft facilities at 31 March 2008 was 12.90% (2007: 12.15%).



Notes to the Financial Statements for the year ended 31 March 2008

10. Trade & Other Payables

	GROUP		PARENT	
	2008 $000	2007 $000	2008 $000	2007 $000
Trade payables	11,877	12,423	10,660	11,529
Other payables	1,786	16,085	884	15,250
Total trade and other payables	**13,663**	**28,508**	**11,544**	**26,779**

Trade payables are typically paid within 30 days of invoice date or 20th of the month following invoice date.

11. Employee Entitlements

Holiday pay accrual and other benefits	3,935	2,612	722	631

12. Borrowings

Bank loans (secured)	147,500	117,000	147,500	117,000
Less than 1 year	35,000	20,000	35,000	20,000
Within 1-2 years	112,500	97,000	112,500	97,000
Average interest rates	9.50%	8.51%	9.50%	8.51%

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 8).

The subsidiary companies listed at note 23 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 19.

The carrying amount of borrowings is disclosed in note 19.

notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

13. Occupancy Advances (non interest bearing)

	GROUP		PARENT	
	2008	2007	2008	2007
	$000	$000	$000	$000
Gross occupancy advances	498,701	372,862	4,089	3,753
Less: management fees & resident loans	(42,356)	(34,127)	(459)	(547)
Closing Balance	**456,345**	**338,735**	**3,630**	**3,206**

Gross occupancy advances are non interest bearing.

14. Share Capital

Issued and paid up capital consists of 500,000,000 fully paid ordinary shares (2007: 500,000,000) less treasury stock of 2,464,459 shares (2007: 2,263,475 shares) (refer to note 25). All shares rank equally in all respects.

Basic and diluted earnings per share has been calculated on the basis of 497,619,284 ordinary shares (2007: 498,032,452), having adjusted for treasury stock.

15. Reserves

Asset Revaluation Reserve				
Opening Balance	23,640	23,640	2,072	2,072
Deferred tax rate change	638	-	-	-
Revaluation of property, plant and equipment	61,295	-	(303)	-
Closing Balance	**85,573**	**23,640**	**1,769**	**2,072**
Interest Rate Swap Reserve				
Opening Balance	503	(36)	503	(36)
Valuation of interest rate swap	564	1,117	564	1,117
Released to income statement	(621)	(312)	(621)	(312)
Net Fair Value movement	(57)	805	(57)	805
Deferred tax movement on interest rate swap reserve	40	(266)	40	(266)
Closing Balance	**486**	**503**	**486**	**503**

notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

15. Reserves (continued)

	GROUP		PARENT	
	2008	2007	2008	2007
	$000	$000	$000	$000
Treasury Stock				
Opening Balance	(2,926)	(1,684)	(2,926)	(1,684)
Acquisitions	(1,413)	(1,242)	(1,413)	(1,242)
Exercise/forfeiture of options	600	-	600	-
Closing Balance	**(3,739)**	**(2,926)**	**(3,739)**	**(2,926)**
Retained Earnings				
Opening Balance	205,992	164,606	6,742	7,230
Net profit attributable to shareholders	72,602	59,386	29,173	17,512
Dividends paid	(22,000)	(18,000)	(22,000)	(18,000)
Closing Balance	**256,594**	**205,992**	**13,915**	**6,742**

16. Dividends

	2008 Cents per share	2008 Total $000	2007 Cents per share	2007 Total $000
Recognised amounts				
Final dividend paid – prior year	2.2	11,000	1.8	9,000
Interim dividend paid – current year	2.2	11,000	1.8	9,000
		22,000		**18,000**
Unrecognised amounts				
Final dividend	2.8	14,000	2.2	11,000

The number of shares increased to 500,000,000 from 100,000,000 following a 5:1 share split which took effect on 26 January 2007.

notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

17. 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 23 to the financial statements.

	GROUP		PARENT	
	2008	2007	2008	2007
	$000	$000	$000	$000
Transactions involving the parent entity				
Dividend revenue				
Dividends received from subsidiary companies	-	-	27,000	18,000
Salaries and consulting fees				
Paid to shareholder directors	103	413	103	413
Intercompany charges by parent to subsidiary company				
Interest charge	-	-	4,233	1,297
Management fees	-	-	2,080	4,821
Balances owing by				
Subsidiary companies	-	-	153,054	132,852

Ryman Healthcare Limited has provided funding on an unsecured basis to subsidiary companies which is on-call and repayable on demand. Advances owing by subsidiary companies arise due to the parent company providing funding for the development of new villages. Interest was charged at rates of 0% - 8.5% at the discretion of Ryman Healthcare Limited. No related party debts have been written off or forgiven during the year.

18. Key Management Personnel Compensation

	GROUP		PARENT	
Compensation				
Short term employee benefits	2,135	1,795	2,135	1,795

Key management personnel are the senior management team of the Group and include 11 senior management team members (2007: 11).

In addition, the company provides certain senior employees with limited recourse loans on an interest free basis to assist employee's participation in the Company share scheme. Refer note 25 for details.

Notes to the Financial Statements for the year ended 31 March 2008

19. Financial Instruments

The financial instruments consist of bank, trade & other receivables, trade and other payables, occupancy advances, subsidiary advances, employee entitlements, employee advances, loans and interest rate swaps.

Categories of financial instruments	GROUP		PARENT	
	2008	2007	2008	2007
	$000	$000	$000	$000
Financial assets				
Loans and receivables (including cash equivalents)	59,919	51,552	153,776	134,025
Derivative instruments in designated hedge accounting relationships (interest rate swaps)	694	751	694	751
	60,613	**52,303**	**154,470**	**134,776**
Financial liabilities				
Amortised cost	621,443	486,855	163,396	147,616

(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, bank balances, trade and other receivables and interest rate swaps. The maximum credit risk at 31 March 2008 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 2008 was $60.6 million (2007: $52.3 million) and there were no material overdue debtors as at 31 March 2008 (2007: $Nil). Financial assets comprise:

Cash and cash equivalents	2,519	1,424	2	167
Trade and other receivables	57,137	49,971	457	849
Fair value of interest rate swaps	694	751	694	751
Advances to subsidiaries	-	-	153,054	132,852
Advances to employees	263	157	263	157
	60,613	**52,303**	**154,470**	**134,776**

notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

19. 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 Company 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 2008 the Group had an interest rate swap agreement in place with a total notional principal amount of $60.0 million (2007: $45.0 million). The agreement effectively changes the Company's interest rate exposure on the principal of $60.0 million (2007: $45.0 million) from a floating rate to a fixed rate of 7.44% (2007: 7.14%). The fair value of the agreement at 31 March 2008 was $0.694 million (2007: $0.751 million). The interest rate swap agreement covers notional debt amounts for a term of five years at a composite interest rate of 7.44% (2007: 7.14%).

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

Cash flow hedges

	GROUP & PARENT			
Outstanding	Average contracted fixed interest rate		Notional principal amount	
	2008	2007	2008	2007
	%	%	$000	$000
Less than 1 year	7.44	7.14	60,000	45,000
1 to 2 years	7.44	7.14	48,000	45,000
2 to 3 years	7.44	7.14	48,000	45,000
3 to 4 years	7.44	7.14	36,000	36,000
4 to 5 years	7.44	7.14	27,000	27,000

(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.


Notes to the Financial Statements for the year ended 31 March 2008

19. Financial Instruments (continued)

(c) Liquidity Risk (continued)

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has 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 $27.27 million (2007: $21.17 million) in 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):

	Contractual Maturity Dates							
	2008				2007			
	On Demand	Less than 1 Year	Greater than 1 Year	Total	On Demand	Less than 1 Year	Greater than 1 Year	Total
GROUP	$000	$000	$000	$000	$000	$000	$000	$000
Financial liabilities:								
Trade & other payables	-	13,663	-	13,663	-	28,508	-	28,508
Employee entitlements	-	3,935	-	3,935	-	2,612	-	2,612
Bank loans (secured)	-	37,511	112,500	150,011	-	21,823	97,000	118,823
Occupancy advances (non interest bearing)	-	51,234	405,111	456,345	-	43,045	295,690	338,735
	-	**106,343**	**517,611**	**623,954**	**-**	**95,988**	**392,690**	**488,678**

Gross occupancy advances 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 the repaid occupancy advance (net of management fees), and represent a positive net operating cash flow to the Group.

The Group maintains the following lines of credit:

- $2.25 million (2007:$1.75 million) overdraft facility that is secured. Interest would be payable at the 3 month BKBM rate plus a specified margin.
- A loan facility of $170.0 million (2007: $135.0 million) of which $35.0 million (2007: $35.0 million) is for 1 year and $135.0 million (2007: $100.0 million) is for 2 years.

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


Notes to the Financial Statements for the year ended 31 March 2008

19. Financial Instruments (continued)

(c) Liquidity Risk (continued)

	Contractual Maturity Dates							
	2008				2007			
	On Demand	Less than 1 Year	Greater than 1 Year	Total	On Demand	Less than 1 Year	Greater than 1 Year	Total
PARENT	$000	$000	$000	$000	$000	$000	$000	$000
Financial liabilities:								
Trade & other payables	-	11,544	-	11,544	-	26,779	-	26,779
Employee entitlements	-	722	-	722	-	631	-	631
Bank loans (secured)	-	37,511	112,500	150,011	-	21,823	97,000	118,823
Occupancy advances (non interest bearing)	-	882	2,748	3,630	-	585	2,621	3,206
	-	**50,659**	**115,248**	**165,907**	**-**	**49,818**	**99,621**	**149,439**

(d) Fair Values

The carrying amounts of financial instruments in the Group and Parent 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.

(e) Market Risk

The Group is primarily exposed to interest rate risk, refer note 19 (b).

Based on the Group's average net level of interest bearing debt, the Group and Parent's profit and equity for the year ended 31 March 2008 would decrease/increase by $486,073 (2007: decrease/ increase by $254,752) if there was a movement of plus/(minus) 50 basis points. This is mainly attributable to the Group and Parent's exposure to interest rates on its variable borrowings.

(f) 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 2008 and 31 March 2007.

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.

Notes to the Financial Statements for the year ended 31 March 2008

20. Commitments

Capital Expenditure Commitments

At balance date there were commitments relating to land purchases and construction contracts amounting to $16.8 million (2007: $17.0 million). Conditional contracts relating to land purchases at Gisborne and Whangarei as at 31 March 2008 amounted to $7.6 million (2007: $2.3 million).

Operating Lease Commitments

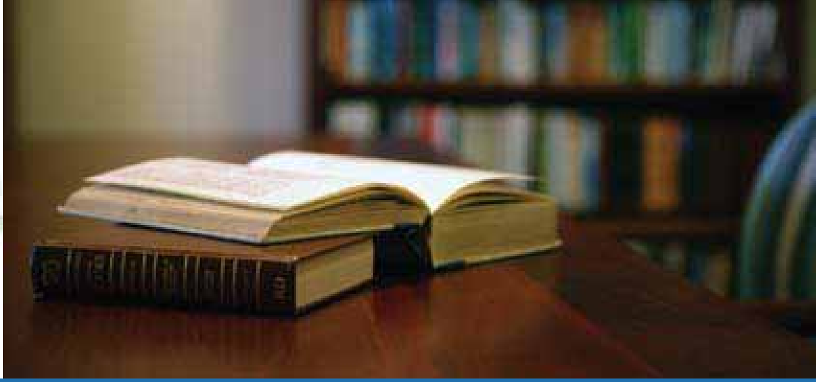
Operating Lease expenditure committed to but not recognised in the financial statements.

	GROUP		PARENT	
	2008 $000	2007 $000	2008 $000	2007 $000
Commitments within:				
Less than 1 year	244	236	244	224
Between 1 and 5 years	244	448	244	448
More than 5 years	-	-	-	-
	488	**684**	**488**	**672**

The Group has an ongoing commitment for maintaining the land and buildings of the integrated retirement villages, resthomes and hospitals. In addition, the Group and Parent have bond commitments in respect of developing villages which amount to $5.6 million (2007: $4.8 million).

21. Contingent Liabilities

The Group had no contingent liabilities as at 31 March 2008 (2007: $Nil).



notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

22. Reconciliation of Net Profit after tax with Net Cashflow from Operating Activities

	GROUP		PARENT	
	2008 $000	2007 $000	2008 $000	2007 $000
Net profit after tax	**72,602**	**59,386**	**29,173**	**17,512**
Non-cash items:				
Fair value movement of investment properties	(65,498)	(50,396)	(348)	(375)
Management fees	(7,234)	(5,773)	(8)	(32)
Depreciation	3,749	3,007	559	505
Deferred tax	1,532	2,752	(2,434)	89
Movements in balance sheet items:				
Trade and other payables	591	2,354	2,041	724
Trade and other receivables	(7,166)	(26,585)	391	(493)
Employee entitlements	1,323	260	91	2
Occupancy advances	125,930	88,808	426	311
Net operating cash flows	**125,829**	**73,813**	**29,891**	**18,243**

23. Subsidiary Companies

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

Anthony Wilding Retirement Village Limited
Beckenham Courts Retirement Village Limited
Edmund Hillary Retirement Village Limited
Ernest Rutherford Retirement Village Limited
Frances Hodgkins Retirement Village Limited
Glamis Private Hospital Limited
Grace Joel Retirement Village Limited
Hilda Ross Retirement Village Limited
Jane Winstone Retirement Village Limited
Julia Wallace Retirement Village Limited
Malvina Major Retirement Village Limited
Margaret Stoddart Retirement Village Limited
Ngaio Marsh Retirement Village Limited
Rita Angus Retirement Village Limited
Rowena Jackson Retirement Village Limited
Ryman Napier Limited
Ryman Orewa Limited (formerly St Emilion Limited)
Ryman Taranaki Limited
Shona McFarlane Retirement Village Limited

24. Segment Information

The Group operates in one industry, the provision of care and accommodation to the elderly. All operations are carried out in New Zealand. The Board makes resource allocation decisions based on expected cash flows and results of the Group's operations as a whole.

notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

25. Employee Share Scheme

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

The Company 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 2,464,459 fully allocated shares, which represents 0.49% of the total shares on issue. (2007: 2,263,475 fully allocated shares which represented 0.45% 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 Company by selling the shares on market.

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

	2008		2007	
	Number of Shares	Purchase/ Sale Price	Number of Shares	Purchase/ Sale Price
Balance at beginning of the financial year	2,263,475		1,553,250	
Purchased on market during the year	680,091	$2.09	710,225	$1.76
Forfeited during the financial year	(113,636)	$2.27	-	
Exercised during the financial year	(365,471)	$2.27	-	
Balance at end of the financial year	**2,464,459**		**2,263,475**	

The balance outstanding at 1 April 2006 was purchased on market at a price of $1.10 per share. Shares have been purchased in November 2005, August 2006 and August 2007.

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.

26. Subsequent Events

The directors resolved to pay a final dividend of 2.8 cents per share or $14.0 million, with no imputation credits attached, to be paid on 27 June 2008.

27. Explanation of Transition to New Zealand Equivalents to IFRS

The Group changed its accounting policies on 1 April 2007 to comply with NZ IFRS. The transition to NZ IFRS is accounted for in accordance with NZ IFRS-1 'First-Time Adoption of New Zealand Equivalents to International Reporting Standards', with 1 April 2006 as the date of transition.

An explanation of how the transition from previous NZ GAAP to NZ IFRS has affected the Group and Parent's equity and profit for the period is set out in the following tables and notes that accompany the tables.

notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

27. Explanation of Transition to New Zealand Equivalents to IFRS (continued)

(1) Reconciliation of equity

		As at 1 April 2006		As at 31 March 2007	
		GROUP	PARENT	GROUP	PARENT
	Note	$000	$000	$000	$000
Equity previously reported under previous NZ GAAP		**243,725**	**79,083**	**288,757**	**78,684**
Fair value movement of investment properties	b & c	-	-	-	-
Management fees	d	(4,498)	(70)	(5,392)	(70)
Deferred tax	e	(17,691)	1,550	(20,443)	1,461
Fair value movement of interest rate swaps	f	(54)	(54)	751	751
Deferred tax on interest rate hedge reserve	g	18	18	(248)	(248)
Investment in subsidiaries recorded at cost	h	-	(37,971)	-	(37,971)
Treasury stock	i	(1,684)	(1,684)	(2,926)	(2,926)
Equity under NZ IFRS		**219,816**	**40,872**	**260,499**	**39,681**

(2) Reconciliation of profit for the period ended 31 March 2007

		GROUP	PARENT
	Note	$000	$000
Profit previously reported under previous NZ GAAP		**41,571**	**17,534**
Fair value movement of investment properties	b & c	21,461	67
Management fees	d	(894)	-
Deferred tax	e	(2,752)	(89)
Profit under NZ IFRS		**59,386**	**17,512**

(3) Effect of NZ IFRS on the cash flow statement for the financial year ended 31 March 2007

There are no material differences between the cash flow statement presented under NZ IFRS and the cash flow statement presented under previous NZ GAAP, except as noted below in respect of development work in progress and treasury stock.

Notes to the Financial Statements for the year ended 31 March 2008

27. Explanation of Transition to New Zealand Equivalents to IFRS (continued)

Notes to the reconciliations of income and equity

(a) Presentation and reclassification

Revised balance sheet format

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

Plant and equipment and furniture and fittings

The Group and Parent elected to measure plant and equipment and furniture and fittings on transition to NZ IFRS at deemed cost, being the book values at 1 April 2006.

At 1 April 2006 and 31 March 2007 there has been no impact on equity or on the carrying amounts as a result of this election for the Group and Parent.

Reclassification of occupancy advances as a liability

Previously under NZ 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.

This resulted in the recognition of occupancy advances as a liability for the Group at 31 March 2007 of $338.7 million (1 April 2006: $256.6 million) and Parent at 31 March 2007 of $3.2 million (1 April 2006: $2.9 million).

Development work in progress

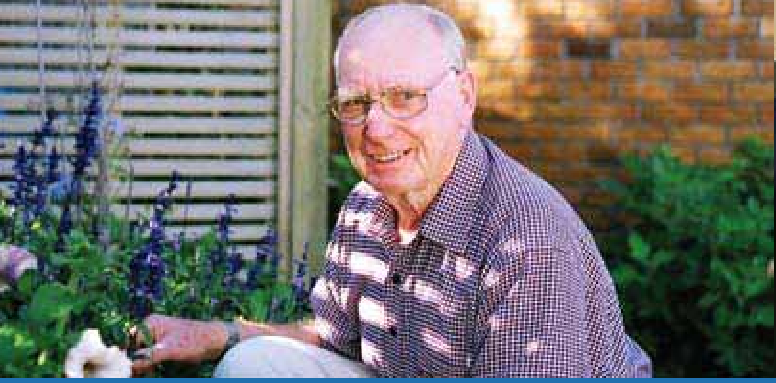
Previously under NZ GAAP, retirement village units and common facilities under development were recorded within investment properties at cost. Under NZ IFRS these amounts are classified as property, plant and equipment until completed. Accordingly, the cash flow statement now also reflects this treatment;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

This resulted in a decrease to previously reported investment properties at 31 March 2007 of $51.3 million (1 April 2006: $48.4 million) for Group and at 31 March 2007 of $Nil (1 April 2006: $Nil) for Parent, with a corresponding increase to property, plant and equipment in the Group and $Nil for Parent.

Inventory reclassification

Previously under NZ 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.

This resulted in a decrease to previously reported inventory at 31 March 2007 of $1.1 million (1 April 2006: $0.81 million) for Group and at 31 March 2007 of $Nil (1 April 2006: $Nil) for Parent, with a corresponding increase in investment properties in Group and $Nil for Parent.



Notes to the Financial Statements for the year ended 31 March 2008

27. Explanation of Transition to New Zealand Equivalents to IFRS (continued)

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

Previously under NZ 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, as discussed in (c) below, 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.

This change resulted in previously reported retained earnings being increased at 31 March 2007 by $105.8 million (1 April 2006: $84.3 million) for Group and at 31 March 2007 increased by $0.612 million (1 April 2006: $0.545 million) for Parent, with a corresponding decrease to the asset revaluation reserve for Group and Parent.

(c) New and resales of occupation rights

Previously under NZ 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.

This resulted in a decrease to previously reported revenue for the year ended 31 March 2007 of $127.0 million for Group and $0.98 million for Parent.

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 NZ 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 and Parent estimates that the typical period of occupancy for an independent unit is seven years, with four years being the average for serviced units.

This resulted in the recognition of a revenue in advance liability at 31 March 2007 of $5.4 million (1 April 2006: $4.5 million) for Group and at 31 March 2007 of $0.07 million (1 April 2006: $0.07 million) for Parent.

(e) Income taxes

Previously under NZ 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 and Parent has established a deferred tax asset, reflecting tax losses.

As at 1 April 2006 an initial net deferred tax liability of $17.7 million was recorded for Group, of which $10.7 million was adjusted against retained earnings, with the remaining $7.0 million adjusted against previously reported asset revaluation reserves. An initial deferred tax asset of $1.5 million was recorded in Parent, of which $2.0 million was adjusted against retained earnings, with the remaining $0.5 million adjusted against previously reported asset revaluation reserves.

Notes to the Financial Statements for the year ended 31 March 2008

27. Explanation of Transition to New Zealand Equivalents to IFRS (continued)

All other movements in deferred tax in both Group and Parent have been adjusted against retained earnings with the exception of deferred tax in respect of interest rate swap reserve (refer to note (g) below).

As at 31 March 2007 a net deferred tax liability of $20.7 million has been recorded for Group and a net deferred tax asset of $1.2 million recorded for Parent (including deferred tax on the Group and Parent's interest rate swap reserve (refer to note (g) below)).

(f) Interest rate swaps

Previously under NZ 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 hedged transaction occurs. There is no impact to the income statement of this change.

This resulted in the recording of an interest rate swap asset at 31 March 2007 of $0.75 million (1 April 2006: $0.05 million interest rate swap liability) for Group and Parent and the recognition of an interest rate swap hedge reserve in equity of the same amount in Group and Parent (prior to deferred tax, see note (g) below). There was no impact on the income statement for Group and Parent.

(g) Deferred tax on interest rate hedge reserve

Previously under NZ GAAP, deferred tax on the interest rate hedge reserve was not recorded in the financial statements.

Under NZ IFRS deferred tax on interest rate hedge reserve is recognised in the balance sheet directly against the hedge reserve itself. There is no impact to the income statement of this change.

Deferred tax on the interest rate hedge reserve at 31 March 2007 was a $0.248 million liability (1 April 2006: $0.018 million asset) and the interest rate swap hedge reserve is reported net of these amounts for Group and Parent. There was no impact to the income statement for this change for Group and Parent.

(h) Investment in subsidiaries

Previously under NZ GAAP, investment in subsidiaries in the Parent was carried at a combination of cost and fair value in the balance sheet.

Under NZ IFRS the Company has elected to record investments in subsidiaries at cost in the balance sheet. As a result, on transition to NZ IFRS as at 1 April 2006 investments in subsidiaries in the Parent decreased by $38.0 million and the asset revaluation reserve has decreased by $38.0 million. There was no further impact on the Parent's balance sheet at 31 March 2007 following this change. The Group's balance sheet is unaffected by this change.

There is no impact to the Group or Parent's income statement for this change.

(i) Treasury stock

Previously under NZ GAAP, advances to senior employees to purchase shares in the Company were treated as employee advances until the amount was repaid. Under NZ IFRS these on market acquisitions are treated as the purchase of treasury stock. This had the effect of reducing Group and Parent equity at 1 April 2006 by $1.7 million, and at 31 March 2007 by $2.9 million. There was no impact on the Group and Parent's income statement. Treasury stock purchases are now classified as a financing activity in the cash flow statement; previously, advances to employees were treated as an investing activity in the cash flow statement.

notes to the financial statements

Notes to the Financial Statements for the year ended 31 March 2008

27. Explanation of Transition to New Zealand Equivalents to IFRS (continued)

(j) Results to 31 March 2008 under previous NZ GAAP

This financial year reflects the first time which 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 financial year would have been reported under previous NZ GAAP, by way of supplementary information:

	GROUP	
	Previous NZ GAAP Year ended 31 March 2008 $000	Previous NZ GAAP Year ended 31 March 2007 $000
Revenue		
New sales of occupation rights	103,610	73,400
Resales of occupation rights	66,892	53,594
Management fees	12,571	9,981
Care fees	63,240	52,456
Interest received	704	755
Other income	114	67
Total revenue	**247,131**	**190,253**
Operating surplus before interest, tax and depreciation	**58,659**	**45,039**
Depreciation	(3,749)	(3,007)
Interest expense (net)	(3,330)	(461)
Profit before taxation	**51,580**	**41,571**
Tax expense	-	-
Profit after taxation - previous NZ GAAP	**51,580**	**41,571**
Earnings per share	10.3 cents	8.3 cents

28. Authorisation

The directors authorised the issue of these financial statements on 21 May 2008.

Sidney Ashton
Non Executive Director & Chair of Audit Committee

David Kerr
Chairman

auditor's report

Deloitte.

We have audited the financial statements on pages 16 to 50. The financial statements provide information about the past financial performance and financial position of Ryman Healthcare Limited and Group as at 31 March 2008. This information is stated in accordance with the accounting policies set out on pages 19 to 25.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of Ryman Healthcare Limited and Group as at 31 March 2008 and of the results of operations and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board of Directors.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing;

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Company and Group circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor we have no relationship with or interests in Ryman Healthcare Limited or any of its subsidiaries.

Unqualified Opinion

We have obtained all the information and explanations we have required.

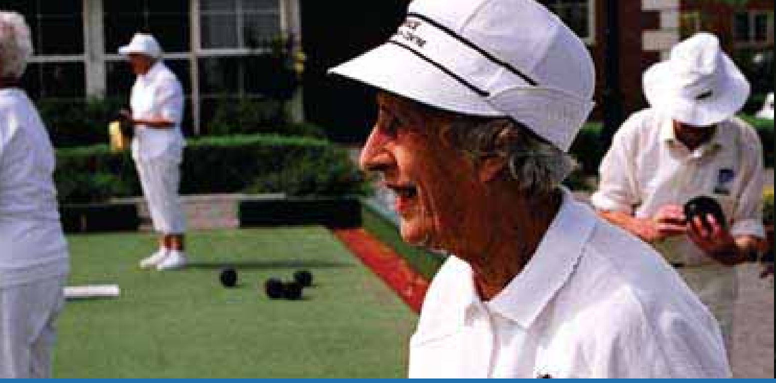
In our opinion:

- proper accounting records have been kept by Ryman Healthcare Limited as far as appears from our examination of those records; and
- the financial statements on pages 16 to 50:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards; and
  - give a true and fair view of the financial position of Ryman Healthcare Limited and Group as at 31 March 2008 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 21 May 2008 and our unqualified opinion is expressed as at that date.

Deloitte

Chartered Accountants
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. David Kerr, Don Trow, Sidney Ashton and Michael Cashin 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 CEO, setting the terms of the CEO'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 four standing committees, being the audit, 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.

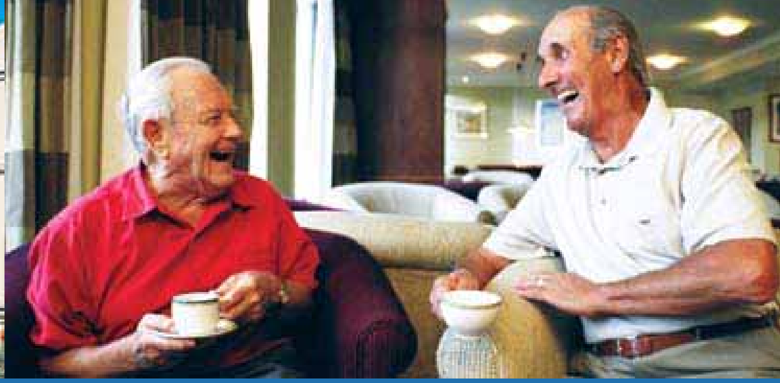
Audit Committee

The Audit Committee 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 Audit Committee consists of three non-executive directors, at least two of whom must be independent directors. The members are currently Sidney Ashton (Chair), Don Trow and Michael Cashin, who are all members of the Institute of Chartered Accountants, and are all independent directors.

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;



statement of corporate governance

- 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 Executive, Chief Financial Officer and the external auditors to attend Audit Committee 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.

Remuneration & Nominations Committee

The committee comprises David Kerr (Chair) and Michael Cashin, who are both independent directors.

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 CEO and directors' remuneration;
- advise and assist the CEO 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 Michael Cashin and Andrew Clements.

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 Audit Committee, 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


directors' disclosures

General Disclosures

Kevin Hickman

Trustee:	The Hickman Family Trust
Director:	James Lloyd Developments Limited
Director:	Valachi Downs Limited
Director:	Rita May Limited
Director:	Airport Business Park Chch Limited
Director:	Little Wing Trading Company Limited

David Kerr

Chairman:	Centre Care Limited
Advisor:	Canterbury District Health Board
Consultant:	Pegasus Health
Trustee:	Health Ed Trust NZ Inc
Advisor:	Medical Protection Society Limited
Director:	Pharmac Limited
President:	New Zealand Medical Association

Michael Cashin

Director:	Cavotec MSL Holdings Limited
Director:	Cavotec Group Holdings NV
Director:	Cashin Corporate Services Limited
Chairman:	Wellington Waterfront Limited
Trustee:	The J Campbell Barrett Wellington Anaesthesia Trust

Sidney Ashton

Chair:	Charities Commission
Trustee:	Diabetes Training & Research Trust
Member:	Nominating Committee for the Guardians of NZ Superannuation
Director:	Lamb & Hayward Limited
Member:	Creative New Zealand Arts Board

Donald Trow

Chairman:	Smartshares Limited
Chairman:	Advisory Committee to Statutory Managers of Equiticorp Group
Chairman:	NZX Discipline
Director:	Opus International Consultants Limited
Emeritus Professor of Accountancy:	Victoria University of Wellington
Chairman:	Wellington Presbyterian-Methodist Halls of Residence Trust (Everton Hall)
Chairman:	Audit & Investment Committee, Royal Society of New Zealand

Andrew Clements

Managing Director:	Emerald Capital Limited & its wholly owned Subsidiaries
Director:	Zeus Capital Limited
Director:	The New Zealand Refining Company Limited
Chairman:	Orion Corporation Limited
Director:	Goldpine Group Limited
Director:	Goldpine Properties Limited
Director:	Open Holdings Limited
Director:	Fusion Electronics
Director:	Revera Limited
Trustee:	Foundation for Youth Development

directors' disclosures

Specific Disclosures

The Company has received a notice under section 145 (2) of the Companies Act 1993 to the effect that information received by Andrew Clements, in his capacity as a director, would be disclosed to the directors of Emerald Capital Holdings Limited.

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.

Shareholdings

Director	Relevant Interest 2008	Relevant Interest 2007
Kevin Hickman	35,834,955[1]	35,834,955[1]
David Kerr	112,590[2]	92,590[2]
Donald Trow	185,185[3]	185,185[3]
Michael Cashin	200,020[4]	200,020[4]
Sidney Ashton	1,000,000[5]	1,000,000[5]
Andrew Clements	10,000,000[6]	10,000,000[6]

1 Held as a trustee of The Hickman Family Trust
2 Shares held by David Kerr and Debbie Kerr
3 Held as a trustee of The Don Trow Family Trust
4 Held by Animato Enterprises Limited
5 Shares held by S B Ashton and J E Ashton
6 Held by Zeus Delta Ltd

Directors of Subsidiary Companies

David Kerr, Kevin Hickman and Simon Challies are directors of all the Company's subsidiaries.

Directors Remuneration

Directors remuneration paid during the financial year:

Director	Directors Fees	Consulting Fees
Kevin Hickman	$46,667	$103,333
David Kerr (Chairman)	$93,333	-
Donald Trow[1]	$53,333	-
Michael Cashin[1]	$53,333	-
Sidney Ashton[1]	$53,333	-
Andrew Clements	$46,667	-

1 member of Audit Committee

Employees Remuneration

The number of employees or former employees of the Company, 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
$410,000 - $420,000	1
$290,000 - $300,000	1
$270,000 - $280,000	1
$230,000 - $240,000	1
$170,000 - $180,000	2
$160,000 - $170,000	2
$140,000 - $150,000	5
$130,000 - $140,000	1
$110,000 - $120,000	4
$100,000 - $110,000	2

Share Dealing

Director	Nature of Interest	Shares Acquired	Consideration	Date
David Kerr	Beneficial	10,000	$2.41	18 June 2007
David Kerr	Beneficial	10,000	$1.84	31 January 2008

David Kerr and Michael Cashin, as custodians of the Ryman Healthcare Employee Share Purchase Scheme, acquired 680,091 shares during the year, disposed of 479,107 shares during the year, and held 2,464,459 shares in total at 31 March 2008 (also refer note 25).

shareholder information

Top 20 Shareholders as at 3 June 2008

Rank	Registered Shareholder	No. of Ordinary Shares Held	% of Ordinary Shares Held
1	Emerald Capital Holdings Limited	69,117,275	13.82%
2	Ngai Tahu Capital Limited	40,000,000	8.00%
3	K J Hickman, J Hickman, J W D Ryder & J A Callaghan[1]	35,834,955	7.17%
4	Tea Custodians Limited[2]	27,039,130	5.41%
5	833763 Alberta Incorporated	24,950,000	4.99%
6	Tainui Group Holdings Limited	22,500,000	4.50%
7	New Zealand Superannuation Fund Nominees Limited[2]	19,755,184	3.95%
8	MFL Mutual Fund Limited[2]	15,198,186	3.04%
9	G A Cumming	10,000,000	2.00%
10	Zeus Delta Limited	10,000,000	2.00%
11	National Nominees New Zealand Limited[2]	9,984,468	2.00%
12	Custodial Services Limited	8,326,454	1.67%
13	Citibank Nominees (NZ) Limited[2]	8,143,465	1.63%
14	Premier Nominees Ltd - ING Wholesale Australasian Share Fund A/C[2]	7,637,261	1.53%
15	Premier Nominees Ltd - ING Wholesale Equity Selection Fund[2]	6,747,721	1.35%
16	Premier Nominees Ltd - Armstrong Jones Property Securities Fund[2]	6,707,478	1.34%
17	Masfen Securities Limited	5,250,000	1.05%
18	HSBC Nominees (New Zealand) Limited[2]	5,140,028	1.03%
19	W M G Yovich & J J Yovich	5,090,570	1.02%
20	A Ross	5,000,000	1.00%
		342,422,175	**68.48%**

1 Held as trustees of The Hickman Family Trust

2 Held by New Zealand Central Securities Depository Ltd as custodian

Distribution of Shareholders as at 3 June 2008

Size of Shareholding	Number of Shareholders		Shares Held	
1 - 1,000	888	11.60%	669,918	0.13%
1,001 - 5,000	3,028	39.56%	9,544,324	1.91%
5,001 - 10,000	1,489	19.45%	12,106,463	2.42%
10,001 - 50,000	1,897	24.78%	43,301,797	8.66%
50,001 - 100,000	193	2.53%	14,110,502	2.82%
100,001 and Over	159	2.08%	420,266,996	84.06%
Total	**7,654**	**100.00%**	**500,000,000**	**100.00%**

Substantial Security Holder Notices Received as at 3 June 2008

Shareholder	Relevant Interest	%	Date of Notice
Emerald Capital Holdings Limited	69,117,275	13.82%	23 August 2006
Ngai Tahu Capital Limited[1]	62,500,000	12.50%	8 February 2008
Tainui Group Holdings Limited[1]	62,500,000	12.50%	8 February 2008
ING (NZ) Limited	41,752,149	8.35%	14 December 2007
K J Hickman, J Hickman, J W D Ryder & J A Callaghan[2]	35,834,955	7.17%	21 November 2006
Fisher Funds Management Limited	27,140,002	5.43%	25 March 2008

1 Relevant interest pursuant to a letter agreement dated 8 February 2008 between Ngai Tahu Capital Limited and Tainui Group Holdings Limited.

2 Held as trustees of The Hickman Family Trust.


directory

Head Office / Registered Office
Level 11, Clarendon Tower,
Cnr Worcester Boulevard & Oxford Terrace,
PO Box 771, Christchurch
Telephone: 64 3 366 4069, Fax: 64 3 366 4861
Email: ryman@rymanhealthcare.co.nz
Website: www.rymanhealthcare.co.nz

Auditor
Deloitte

Banker
ANZ National Bank

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

Directors
Sidney Ashton, Michael Cashin, Andrew Clements,
Kevin Hickman, David Kerr (Chairman), Donald Trow

Chief Executive
Simon Challies

CFO & Company Secretary
Gordon MacLeod

Villages

Anthony Wilding Retirement Village
5 Corbett Crescent, Aidanfield, Christchurch
Ph: (03) 338 5820

Beckenham Courts Retirement Village
222 Colombo Street, Beckenham, Christchurch.
Ph: (03) 337 2702

Edmund Hillary Retirement Village
221 Abbotts Way, Remuera, Auckland
Ph: (09) 570 0070

Ernest Rutherford Retirement Village
49 Covent Drive, Stoke, Nelson
Ph: (03) 538 0880

Frances Hodgkins Retirement Village
40 Fenton Crescent, St Clair, Dunedin.
Ph: (03) 455 0277

Glamis Hospital
28 Montpellier Street, Mornington, Dunedin.
Ph: (03) 477 6966

Grace Joel Retirement Village
184 St Heliers Bay Road, St Heliers, Auckland.
Ph: (09) 575 1572

Hilda Ross Retirement Village
30 Ruakura Road, Hamilton.
Ph: (07) 855 9542

Jane Winstone Retirement Village
49 Oakland Avenue, St Johns Hill, Wanganui
Ph: (06) 345 6783

Julia Wallace Retirement Village
28 Dogwood Way, Clearview Park, Palmerston North
Ph: (06) 354 9262

Malvina Major Retirement Village
134 Burma Road, Khandallah, Wellington.
Ph: (04) 478 3754

Margaret Stoddart Retirement Village
23 Bartlett Street, Riccarton, Christchurch.
Ph: (03) 348 4955

Ngaio Marsh Retirement Village
95 Grants Road, Christchurch.
Ph: (03) 352 5140

Princess Alexandra Retirement Village
145 Battery Road, Napier.
Ph: (06) 835 9085

Rita Angus Retirement Village
66 Coutts Street, Kilbirnie, Wellington.
Ph: (04) 387 7626

Rowena Jackson Retirement Village
40 O'Byrne Street North, Waikiwi, Invercargill.
Ph: (03) 215 9988

Shona McFarlane Retirement Village
66 Mabey Road, Lower Hutt.
Ph: (04) 577 1090

Woodcote Retirement Village
29 Woodcote Avenue, Hornby, Christchurch.
Ph: (03) 349 8788

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