



RYMAN HEALTHCARE HALF YEAR REPORT 2008





contents

Highlights	1
Report to Shareholders	2-6
Income Statement	8
Statement of Changes in Equity	9
Balance Sheet.....	10
Statement of Cash Flows.....	11
Accounting Policies	12
Notes to the Financial Statements	13-14
Directory	15
Village Directory	16



highlights



- Realised profit up 10% to \$25.9 million
- Interim dividend lifted to 2.4 cents per share
- Successful opening of new Nelson village
- Resource consents received for Whangarei and Orewa villages

Key Statistics		30 Sept 08 6 Months	30 Sept 07 6 Months
Realised Profit ¹	\$million	25.9	23.6
Sales of Occupation Rights ²	\$million	83.7	75.3
Operating Cash Flows	\$million	61.1	61.0
Net Assets	\$million	390.1	284.0
Dividend per Share	cents	2.4	2.2
New Facilities Built ³	number	174	265
Completed Facilities ³	number	3,554	3,184
Landbank ³ (to be developed)	number	1,808	1,960

1 Realised Profit excludes deferred tax expense and unrealised fair value movements in investment properties (refer note 3 to the interim financial statements).

2 Sales of occupation rights are not treated as revenue under International Financial Reporting Standards.

3 Includes both retirement village units and care beds.

report to shareholders

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

Financial Highlights

The Group earned a realised profit of \$25.9 million for the six months ended 30 September 2008, up 10% on the same period last year – a very good result in what is undoubtedly a challenging marketplace. Unrealised valuation adjustments lifted the reported profit under International Financial Reporting Standards to \$35.1 million.

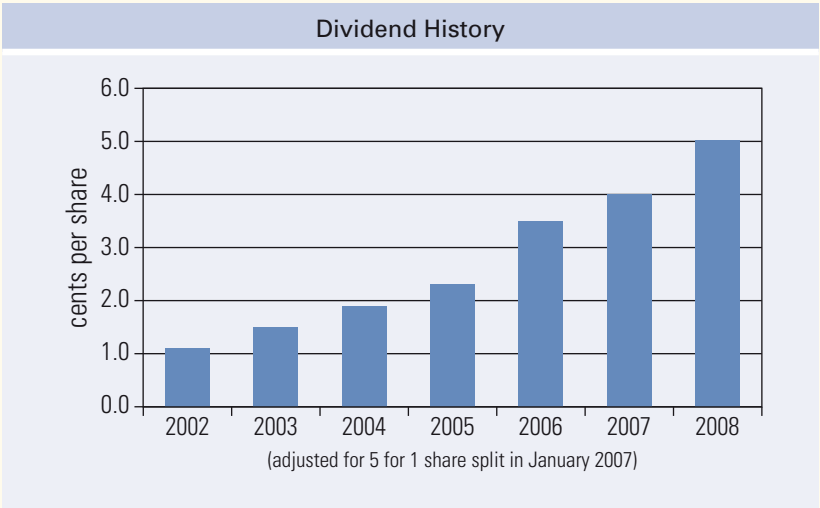
Six Months Ended	30 Sept 2008 \$m	30 Sept 2007 \$m
Realised Profit	25.9	23.6
Less: Deferred tax expense	(1.4)	(1.5)
Plus: Unrealised fair value movement in investment properties*	10.6	12.6
Reported Profit after tax	35.1	34.7

* Refer note 3 to the interim financial statements.

Operating cash flows were again very strong at \$61 million for the half, which reinforces the company's ability to increase dividends and to fund its expansion programme, without seeking fresh capital.

An interim dividend of 2.4 cents per share has been declared, up from 2.2 cents last year, which reflects the company's policy of increasing dividends in line with the growth in realised profits. The dividend will be paid on 12 December 2008 and the record date for entitlements is 5 December 2008.

The company's balance sheet remains strong, with shareholders equity increasing to \$390 million and a conservative level of bank debt. During the period the company's term bank facilities were extended and renewed to ensure that we are well placed to fund the development of our new villages.



We have placed significant emphasis on our realised profit as it reflects actual transactions with customers, and it is the major driver of our cash flow, dividends and ultimately shareholder value. We will continue to report realised profit as our headline indicator of trading performance and clearly isolate the impact of unrealised valuation movements.

Portfolio Growth

Our commitment to our growth path remains firm, with construction work across six villages in the first half, and work commencing in the second half on our two new large-scale villages in Whangarei and Orewa.

The new Ernest Rutherford Retirement Village in Stoke, Nelson opened very successfully in April and is already home to over 150 residents in the townhouses, serviced apartments, resthome and hospital. The village is continuing to expand with the opening of a new hospital and dementia facility and the building of two new stages of townhouses in the second half.

Although we encountered a setback in our development plans in April, when the resource consent application for our Orewa village was declined, we responded quickly, undertaking a major redesign which was accepted by both the neighbouring residents and the council, and brought forward our plans for the new Whangarei village. We have now received resource consent and work is underway on both villages. While the delay at Orewa has held back our growth plans slightly in the current financial year, both the Whangarei and Orewa villages will provide us with significant growth potential over the next two to three years.

Customer Demand

Demand for the company's product is continuing to grow, with sales of occupation rights increasing to 294 retirement village units, up 11% on the same period last year, and resthome/hospital occupancy is at record highs.

The growth in demand has occurred at a time when the economy has been slowing markedly. This growth reflects not only the burgeoning number of elderly people but also the growing need for our services and the quality and unique nature of the Ryman retirement villages. It is worthy of note that over two thirds of our residents move to our villages to access care services – a need which remains, irrespective of wider economic conditions.



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

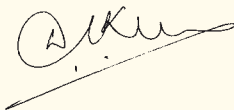
Outlook

We remain committed to growing the portfolio, using our in-house team to design, build, sell and operate the new villages on greenfield sites around New Zealand.

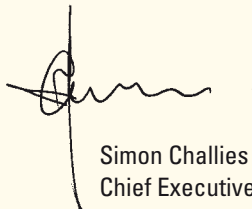
Based on our current building programme we expect our realised profits to be as good, if not slightly better, in the second half.

Our medium term target is to build at least 300 retirement village units and 100 care beds per annum. We are well positioned to maintain this rate of growth with a landbank of 1,800 units and beds spread over twelve villages, a strong balance sheet and good demand for our facilities throughout the country.

Thank you for your support. You can be assured that we are firmly focussed on increasing the value of your investment in the long term.



Dr. David Kerr
Chairman



Simon Challies
Chief Executive



financial statements

Consolidated Income Statement for the six months ended 30 September 2008

	Note	Six Months Ended 30 Sept 2008 unaudited \$000	Six Months Ended 30 Sept 2007 unaudited \$000	Year Ended 31 March 2008 audited \$000
Revenue				
Care fees		37,675	29,702	63,240
Management fees		7,032	5,292	11,485
Interest		399	321	704
Other income		66	95	113
Total revenue		45,172	35,410	75,542
Fair value movement of investment properties	3	31,001	31,723	65,498
Total income		76,173	67,133	141,040
Operating expenses		(34,671)	(27,732)	(59,123)
Depreciation expense		(2,184)	(1,661)	(3,749)
Finance costs		(2,815)	(1,537)	(4,034)
Total expenses		(39,670)	(30,930)	(66,906)
Profit before income tax		36,503	36,203	74,134
Income tax expense		(1,391)	(1,479)	(1,532)
Net profit for the period		35,112	34,724	72,602
Earnings per share				
Basic and diluted		7.0 cents	6.9 cents	14.6 cents

Note: all net profit is attributable to Company shareholders.

Consolidated Statement of Changes In Equity for the six months ended 30 September 2008

	Six Months Ended 30 Sept 2008 unaudited \$000	Six Months Ended 30 Sept 2007 unaudited \$000	Year Ended 31 March 2008 audited \$000
Equity at beginning of period	372,204	260,499	260,499
Net profit for the period	35,112	34,724	72,602
Revaluation of property, plant and equipment	-	-	61,295
Deferred tax impact on reserves	-	-	638
Fair value movement of interest rate swaps	(2,194)	293	(57)
Movement in deferred tax related to interest rate swaps	660	247	40
Total recognised income and expense	33,578	35,264	134,518
Treasury stock movement	(1,650)	(813)	(813)
Dividends paid to company shareholders	(14,000)	(11,000)	(22,000)
Equity at end of period	390,132	283,950	372,204

The accompanying notes form part of these interim financial statements.

Consolidated Balance Sheet as at 30 September 2008

	Note	As at 30 Sept 2008 unaudited \$000	As at 30 Sept 2007 unaudited \$000	As at 31 March 2008 audited \$000
Assets				
Cash and cash equivalents		3,999	3,668	2,519
Trade and other receivables		54,847	48,360	57,137
Interest rate swaps		-	1,043	694
Advances to employees		217	245	263
Property, plant and equipment		266,727	214,550	266,665
Investment properties	3	762,185	602,019	694,392
Total assets		1,087,975	869,885	1,021,670
Equity				
Issued capital		33,290	33,290	33,290
Asset revaluation reserve		85,573	23,630	85,573
Interest rate swap reserve		(1,048)	1,043	486
Treasury stock		(5,389)	(3,739)	(3,739)
Retained earnings		277,706	229,726	256,594
Total equity		390,132	283,950	372,204
Liabilities				
Trade and other payables		11,960	14,819	13,663
Interest rate swaps		1,500	-	-
Employee entitlements		4,236	3,525	3,935
Revenue in advance		7,227	5,858	6,478
Bank loans (secured)		144,000	150,500	147,500
Occupancy advances (non interest bearing)	4	506,642	389,311	456,345
Deferred tax liability (net)		22,278	21,922	21,545
Total liabilities		697,843	585,935	649,466
Total equity and liabilities		1,087,975	869,885	1,021,670
Net Tangible Assets per share		78.0 cents	56.8 cents	74.4 cents

The accompanying notes form part of these interim financial statements.

Consolidated Statement of Cash Flows for the six months ended 30 September 2008

	Note	As at 30 Sept 2008 unaudited \$000	As at 30 Sept 2007 unaudited \$000	As at 31 March 2008 audited \$000
Operating activities				
Receipts from residents		125,901	107,041	233,431
Interest received		285	273	614
		126,186	107,314	234,045
Payments to suppliers and employees		(36,401)	(26,065)	(56,788)
Payments to residents		(25,829)	(18,997)	(47,703)
Interest paid		(2,811)	(1,297)	(3,725)
		(65,041)	(46,359)	(108,216)
Net operating cash flows	2	61,145	60,955	125,829
Investing activities				
Purchase of property, plant and equipment		(19,180)	(36,947)	(42,891)
Purchase of investment properties		(17,692)	(39,080)	(80,938)
Capitalised interest paid		(3,689)	(4,283)	(8,486)
Advances (to)/repaid by employees		46	(88)	(106)
Net investing cash flows		(40,515)	(80,398)	(132,421)
Financing activities				
Drawdown (repayment) of bank loans		(3,500)	33,500	30,500
Dividends paid		(14,000)	(11,000)	(22,000)
Purchase of treasury stock (net)		(1,650)	(813)	(813)
Net financing cash flows		(19,150)	21,687	7,687
Net increase in cash and cash equivalents		1,480	2,244	1,095
Cash and cash equivalents at beginning of period		2,519	1,424	1,424
Cash and cash equivalents at the end of period		3,999	3,668	2,519

The accompanying notes form part of these interim financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

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

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

Basis of preparation

The unaudited interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with the New Zealand Equivalent to International Accounting Standards 34 (NZ IAS 34) "Interim Financial Reporting".

The financial statements for the six months ended 30 September 2008 are unaudited.

These financial statements have been prepared under the same accounting policies and basis as the annual company report as at 31 March 2008 and should be read in conjunction with the financial statements and related notes included in the Company's Annual Report for the year ended 31 March 2008.

The financial statements were approved by the Board of Directors on 20 November 2008.

The information is presented in thousands of New Zealand dollars.

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

	Six Months 30 Sept 2008 unaudited \$000	Six Months 30 Sept 2007 unaudited \$000	Year Ended 31 March 2008 audited \$000
Net profit after tax	35,112	34,724	72,602
<i>Non-cash items:</i>			
Fair value movement of investment properties	(31,001)	(31,723)	(65,498)
Depreciation	2,184	1,661	3,749
Deferred tax	1,391	1,479	1,532
<i>Movements in balance sheet items:</i>			
Accrued management fees	(4,952)	(2,776)	(7,234)
Trade and other payables	(178)	1,247	591
Trade and other receivables	2,290	1,612	(7,166)
Employee entitlements	301	913	1,323
Occupancy advances	55,998	53,818	125,930
Net operating cash flows	61,145	60,955	125,829

3. INVESTMENT PROPERTIES

	As at 30 Sept 2008 unaudited \$000	As at 30 Sept 2007 unaudited \$000	As at 31 March 2008 audited \$000
Balance at beginning of financial period	694,392	517,422	517,422
Transfer from property, plant and equipment	36,792	52,874	111,472
Fair value movement - Realised	20,354	19,123	41,858
- Unrealised	10,647	12,600	23,640
	31,001	31,723	65,498
Net movement for period	67,793	84,597	176,970
Balance at end of financial period	762,185	602,019	694,392

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

4. OCCUPANCY ADVANCES (non interest bearing)

Occupancy advances comprise the following balances:

	As at 30 Sept 2008 unaudited \$000	As at 30 Sept 2007 unaudited \$000	As at 31 March 2008 audited \$000
Gross occupancy advances	555,015	427,082	498,701
Less: management fees and resident loans	(48,373)	(37,771)	(42,356)
Closing balance	506,642	389,311	456,345

Gross occupancy advances are non interest bearing.

5. DIVIDEND

On 20 November 2008 an interim dividend of 2.4 cents per share was declared and will be paid on 12 December 2008. The record date for entitlements is 5 December 2008.

6. COMMITMENTS

The Group had commitments relating to land purchases and construction contracts amounting to \$13.4 million as at 30 September 2008 (31 March 2008: \$16.8 million and 30 September 2007: \$14.3 million). This includes conditional contracts relating to land purchases as at 30 September 2008 amounting to \$7.1 million (31 March 2008: \$7.6 million and 30 September 2007: \$8.1 million).

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 Limited

Share Registrar

Link Market Services
PO Box 91976
Auckland 1142
Telephone: 64 9 375 5998
Fax: 64 9 375 5990
Email: Imsenquiries@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

village directory

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

Evelyn Page Retirement Village

30 Ambassador Glade, Orewa, Auckland.
Ph: (09) 421 1915

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 Mander Retirement Village

262 Fairway Drive, Whangarei.
Ph: (09) 435 3850

Jane Winstone Retirement Village

49 Oakland Avenue, St Johns Hill, Wanganui.
Ph: (06) 345 6783

Jean Sandel Retirement Village

71 Barrett Road, New Plymouth.
Ph: (06) 751 4420

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



village locations





RYMAN HEALTHCARE HALF YEAR REPORT 2008

