

Making Contact

ABANO SHAREHOLDER NEWSLETTER

ISSUE FOURTEEN JUNE 2009

Company Happenings //

The 2009 financial year has drawn to a close and Abano has continued to generate strong revenue and operating cashflows. All of our businesses have improved their performance over last year, meeting or exceeding forecast.

The dental sector is showing continued improvement in its overall contribution and margin, having acquired a further twenty seven clinics this financial year in New Zealand and Australia.

The consolidated audiology group has opened or acquired more than thirty new permanent clinics this financial year in New Zealand, Australia and Asia, and is showing good revenue and earnings growth over last year.

In particular, Bay's New Zealand operations are seeing strong demand for their services and products, driven in part by a recent, highly successful promotional campaign aimed at both seniors and baby boomers. This has seen all clinics working overtime to process an unprecedented demand for free initial pre-screening appointments which will then lead to revenue generating fittings in coming months. The costs of the campaign have been expensed in the 2009 financial year; however, the full financial benefit will not be recognised until the new financial year.

As a result, we recently updated our market guidance for the financial year ended 31 May 2009. The expected revenue and EBITDA performance is above or at the top end of the guidance provided 18 months ago, with NPAT slightly below that guidance. Importantly, this will again be a record result, continuing a seven year trend of sustained EBITDA and NPAT improvement.

Our current market guidance is revenue of \$184 to \$187 million, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$30.5 to \$32.5 million and a Net Profit After Tax (NPAT) of between \$9.1 to \$9.7 million.



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Company Happenings // CONTINUED

Abano continues to have strong support from our long term banking partners, ASB Bank in New Zealand and CBA in Australia. We recently increased our funding with ASB Bank in New Zealand and we now have a confirmed funding facility of NZ\$100 million in New Zealand, with maturity terms of between 2011 and 2013, with rollover provisions. This is in addition to a separate AUD\$25 million facility with CBA in Australia, with maturity terms at the end of 2013, which is ring fenced as a dedicated facility to fund the acquisition of dental practices in our Australian dental business, Dental Partners. This effectively gives the Abano group confirmed regional facilities equivalent to NZ\$130 million to draw on.

In April, I and two other members of Abano's senior management team personally re-committed to the ongoing growth and success of our business, through the repayment of \$482,000 of employee loans which were provided to us under the shareholder approved Long Term Incentive scheme in 2005.

I am pleased to confirm that we all chose to hold our shares and finance this loan externally, rather than selling some of the shares. This again demonstrates our commitment and strong belief in the future of the business and the company's investment strategy. Our senior management team now holds a significant number of shares in Abano, with myself and Richard Keys, our CFO, in the top 20 shareholders, with several other staff, including Andy Tapper, our Managing Director of Dental, in the top 50 shareholders.

Thank you all for your continuing support and I look forward to meeting you in coming months at our Investor Roadshow or Annual Meeting later this year.

Investor Roadshow August 2009 //

Every year, the Abano management team visit a number of brokers around the country and provide our investors with an overview of the company and our strategy. These meetings provide an opportunity for investors to talk directly to us about the company and our strategy and gain a more personal and in-depth understanding of the way forward.

All our existing investors and any interested parties are welcome to attend these meetings. Please contact your broker and request an invitation to meet with us during our roadshow in August.

Presentations from the Roadshow will also be available on the Abano website at www.abano.co.nz.

All requests or enquiries in regards to the Investor Roadshow can be made to Richard Keys, chief financial officer, tel: 09 300 1413 or richard.keys@abanohealthcare.co.nz.

AUDIOLOGY // UPDATE

// BAY AUDIOLOGY (NEW ZEALAND)



WOW, YOU'VE GOT TO HEAR THIS!

FREE Hearing Check*
5 Year Extended Warranty* – usually 2 years
Batteries for 5 years*
Demonstration* – try a hearing aid that is right for you

Limited appointments available
Offer valid until 27 February 2009
*Terms and conditions apply – for details please visit
www.bayaudiology.co.nz or your local Bay Audiology clinic.

Experience life at full volume

Call 0800 700 851
www.bayaudiology.co.nz

BAY AUDIOLOGY
HEARING HEALTH

WOW, YOU'VE GOT TO HEAR THIS!

Bay Audiology in New Zealand kicked off the 2009 calendar year with a high profile marketing and advertising campaign which generated unprecedented levels of interest. The campaign, which was tailored to target different audiences, encouraged those with potential hearing loss to visit Bay Audiology for a free hearing check.

The offer was marketed through eye catching colour inserts in local papers, leaflets delivered to mailboxes and a direct marketing campaign to existing clients who would benefit. Bay Audiology also established a strong online presence on www.grownups.co.nz, the most visited website by the 50+ age group with over 8,000 unique visitors per month. Added into the mix were two new television commercials targeted at both the Senior and the Baby Boomer market, which ran for the final four weeks of the campaign.

The response was hugely successful and all Bay Audiology clinics are now working full time to process the hearing check appointments. If hearing problems are identified during the check, customers are booked for a second appointment where a professional audiologist provides them with advice and options to improve their hearing, including fitting them for the most suitable hearing device.

// BAY AUDIO (AUSTRALIA)

REVOLUTIONARY WORLD FIRST TOUCH-SCREEN SYSTEM LETS CUSTOMERS SELF CHECK HEARING HEALTH

Bay Audio Australia is committed to continually developing innovative concepts to provide Australians with better access to hearing services. One of the most recent innovations developed by, and exclusive to, Bay Audio is the new touch screen hearing screener technology.

Bay Audio technicians, with the help of audiologist advisors, recently designed a revolutionary world-first touch screen system that lets customers self-check their hearing health. All customers need to do is put on the pair of special headphones and follow a 'virtual audiologist' through a series of questions associated with sounds and tones. The touchscreens are intended to make the first steps to better hearing as easy as possible, and are a first for hearing clinics worldwide.



// continued over page

AUDIOLOGY // UPDATE

The process is free, no appointment is required and it takes just five minutes to complete a hearing screening.

The results are then printed out at the end of the screening to give an indication of the customer's hearing health. If the results indicate hearing loss, the customer is recommended to book for a comprehensive hearing test with a Bay clinician. This allows customers to screen test themselves, without the pressure of "making an appointment" and puts them in control of their own hearing health.

All new Bay Audio retail stores feature this touch screen technology and it will also be rolled out in stores across the New Zealand and Asia Bay Audiology networks.

The latest Bay store to open in Australia was in Toowoomba at Clifford Garden's Shopping Centre at the start of April 2009. In just four weeks, several hundred customers have completed a self hearing screening as a result of walking past the store and seeing the signage.

Customer Service Officer of Bay Clifford Gardens, Kate McClean, said: "The touch screens are fantastic in driving foot traffic to the store and the self-check device is a far less daunting or intimidating hearing check experience for our customers."

// BAY AUDIOLOGY (ASIA)

Bay Audiology in Asia, which was established in late 2008 through small acquisitions in Singapore and Hong Kong, is performing to expectations.

As with the other Bay Audiology businesses in Australia, Bay Audiology in Asia operates through clinics in retail shopping malls associated with high foot traffic. Recently, a new store was opened in the busiest part of Shatin Centre Mall in Hong Kong, which sees around 10,000 people passing by the store front each day.

To support the development of this business, Amanda Clement, an Australian audiometrist who now lives in Singapore, has been appointed as the new Singapore Regional Manager. Amanda has extensive retail experience and worked for several other audiology businesses, including Oticon, before moving to Singapore.



DENTAL // UPDATE

// DENTAL PARTNERS

CONFERENCE AIDS IN BUSINESS DEVELOPMENT AND GROWTH



With a network of 18 practices, 50 dentists and 143 other staff, Dental Partners has shown rapid growth since its inception in July 2008.

Three of these practices were acquired since the start of the 2009 year, with Dr Colin Nelson of Northside Orthodontics in Brisbane, Dr Rick Luu and Dr Janine Lee of Simply Smiles on the Gold Coast and another specialist practice in New South Wales, joining the Dental Partners network.

The most recent acquisition was Simply Smiles at Tugun on the Gold Coast. The practice has been established for the past 29 years and run by Dr Luu and Dr Lee for the last seven years. In January 2007, the practice moved to its current location at Tugun where it enjoys very high exposure to passing traffic.

With a growing team of Practice Managers, Dental Partners ran an inaugural three day Practice Managers Conference in February 2009, providing participants with an opportunity to enjoy the collegiality of being part of a leading dental group.

The conference programme incorporated interactive training seminars and workshops, team building activities and events, and culminated in a Trade Exhibition supported by leading suppliers to the Dental Industry. It was also the launch event for Dental Partners commitment to education, business development and networking.

// LUMINO DENTAL

GREATER PRESENCE FOR LUMINO DENTAL THROUGHOUT NEW ZEALAND

Lumino Dental's continued acquisition drive has seen the leading dental brand expand its presence into three new regions in recent months.

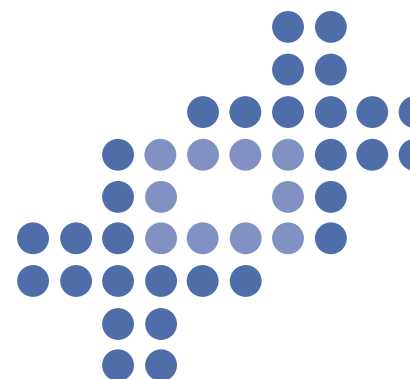
Leading practices in Christchurch, Tauranga and Napier have now joined the Lumino Dental network, providing local clients with high quality dental care.

The new practices are Lincoln Dental in Christchurch, City Dental on the Park in Tauranga and Tamatea Family Dental Practice in Napier.

The growth of Lumino The Dentists, which has been expanding at a rate of eight to twelve new practices a year, has been driven by an increasing demand within New Zealand for high-quality, yet affordable, dental services.

Growing numbers of New Zealanders are recognising the benefits of regular dental care and are seeking out dentists that can meet all of their needs. Lumino Dental's aim is to meet this ever escalating demand by offering the highest standard of dental healthcare to New Zealanders no matter where they live through the growing family of skilled practitioners.

With this objective in mind, an investment into a stronger brand presence is being initiated for the new financial year where the customer and their experience is placed at the centre of our established national network of 42 clinics and 380 staff, including 105 dentists.



DIAGNOSTICS // UPDATE

// INSIGHT RADIOLOGY

www.insightradiology.co.nz

Insight Radiology is Auckland's leading provider of pregnancy imaging including 4D ultrasounds. The business has recently launched a new website to promote its services and provide information for existing and potential clients.

The website www.insightradiology.co.nz is an important marketing tool for Insight Radiology, which specialises in high quality ultrasounds, and particularly 4D scans, for expectant parents.

Pregnancy is a very special journey and more and more parents are bonding with their babies before they are born, thanks to 4D technology.

From images of the baby sucking its thumb, waving its hands or simply smiling, Insight Radiology provides expectant parents with an incredibly detailed, magical and breathtaking glimpse of their unborn baby, and creates an experience that will be treasured forever.

At www.insightradiology.co.nz, clients can discover more about pregnancy imaging, including viewing video clips of 4D pregnancy ultrasounds. Information on different radiology services and explanations of the procedure processes are also available at the click of a mouse.

With eye-catching imagery, simple site navigation and easy to digest information, the site has been designed as both an information portal for clients and a marketing tool for Insight Radiology.

// AOTEA PATHOLOGY

CONTINUOUSLY IMPROVING PATHOLOGY SERVICES EVERY DAY

Ensuring the highest possible quality standards across all levels of the business is essential for Aotea Pathology in its mission to continually improve on the care and services it provides. This includes ensuring all documentation is as accurate as possible.

Indirect evidence from international studies shows that minor preventable system errors in the diagnostics process can have serious consequences for patient care. Therefore, Aotea Pathology has recently implemented an Electronic Real Time Audit System into its test registration process.

When a doctor or medical practitioner refers a patient to a laboratory for medical tests, the patient brings a form to the lab. This is then manually entered into the system. It is at this stage that minor errors can occur.

Now the introduction of the Electronic Real Time Audit System has created a double entry system which provides a secondary check on essential information including patient details, referrer details and the tests required.

Dr Karen Wood, CEO of Aotea Pathology, says the Audit System has already delivered a reduction in the level of minor entry errors, and the journey of a patient sample through the lab has become more streamlined and efficient.

Looking forward, Aotea is investigating the use of Electronic Ordering, where test requests are sent electronically from the referrer to the laboratory, providing the maximum level of accuracy by removing the manual input system.

REHABILITATION // UPDATE

// ABANO REHABILITATION

INVESTMENT IN TRAINING BENEFITS EVERYONE

The key focus for everyone involved in the Abano Rehabilitation business is to help clients regain independence in every task and activity they engage in. Investment into ongoing staff training is an important part of providing the best possible care and service for clients.

Clinical training ranges from enabling staff to better understand and implement the individual rehabilitation plan for each client through to learning fresh skills in order to provide new services, such as the post-acute rehabilitation service for clients straight out of hospital.

Abano Rehabilitation also leads the way in non-clinical training. Non-clinical rehabilitation coach staff can participate in the Level 3 National Certificate courses and four senior clinicians have trained as

assessors with Career Force, the industry training organisation for community-based support services, so that on the job learning can be formally recognised as part of the Certificate course.

Two senior managers have also been involved in designing a new Level 4 Certificate course in rehabilitation of people with traumatic brain injury, which is due to start in 2010. This will allow experienced staff to carry on studying for a higher level qualification which is directly relevant to their work.

Training and ongoing support for staff is a significant investment for Abano Rehabilitation in both cost and time. However, the return on this investment is immeasurable in people terms with clients making amazing progress in regaining their independence, in some case, years after their brain injury.

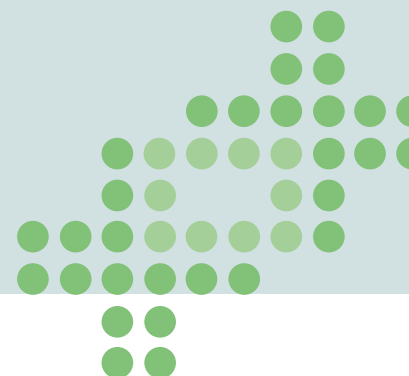
// ORTHOTICS

CUSTOM MADE REHABILITATION

Manufacturing specialised, custom-fit orthotics for patients is a significant part of the service offered by The Orthotic Centre. And with the installation of a new state of the art infrared production oven, the business is not only reducing the time needed to make each orthotic, it's also helping the environment through reduced power usage.

Specialist input is required throughout the manufacturing process to ensure the correct orthotic is provided. From an initial plaster mold of the limb, a plastic shell is created, which is then fitted and fine tuned for the individual patient. Plastic foam (EVA) and silicone are used to line the shells and to protect specific high risk areas.

Clients requiring custom fit orthotics range from prominent sporting personalities to baby boomers, disabled children to seniors.





Smile...it makes you feel good.

At Lumino, our aim is simple, to give you the highest standard of advanced cosmetic and traditional dentistry.

Lumino offers the widest choice of preventative, restorative and cosmetic dental treatments in New Zealand including whitening, porcelain veneers, crowns, white fillings, and orthodontics.

We'll give you a healthy, confident smile and a superior dental experience so you'll look good...and you'll feel good too.

And it's more affordable than you might think. So, give us a call today and let us put a Lumino Smile on your face.

Makeover your smile today

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Lumino
The Dentists

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