

Media Release
29 November 2004



ABANO HEALTHCARE ON TRACK TO POSITIVE FUTURE

Jim Syme, chairman of Abano Healthcare Group, confirmed the company was on track for a positive future, at the annual meeting held today, 29 November 2004 at Ellerslie Convention Centre in Auckland.

Following a year of consolidation and investment into the Group's infrastructure, the company had recently made a number of announcements including a capital placement to RECT Funds Management (RFM) and several acquisition and development initiatives. In addition the Company also received notification from Eric Watson and parties Associated with him that they had sold down to 19.9 percent of the company.

Mr Syme provided shareholders with further information on these initiatives, emphasising the value of the Group's infrastructure and management offer when developing existing businesses or acquiring new enterprises to add to the Group.

Also announced at the meeting was a 1:10 share consolidation, effective on the 14th of December 2004; and the acquisition of a second new dental practice in Remuera.

Shareholders agreed to all resolutions, including re-electing Price Waterhouse Coopers as external auditors for the company; re-electing Mr Alan Clarke and Mr Jim Syme to the board; ratifying the first placement to RFM; and approving the adoption of a new constitution which is being done largely to comply with the New Zealand Exchange requirements, which would also allow for the board to place 15 percent of the company's capital, as allowed under the new Exchange listing rules.

Mr Syme emphasised that, although the capital placement would result in a dilution of other shareholdings, the long term benefit of a strong, blue chip cornerstone investor such as RFM, was of significant value to all share holders. This second placement of 7.5 percent of the issued capital of the company went unconditional at the meeting, following approval of Resolution 4 by shareholders. This will result in a further 18,244,743 shares being placed with RFM at 13 cents per share, for an additional investment of \$2.4 million.

Chief executive officer, Mr Alan Clarke, discussed the company's progress in each of its four healthcare and medical services sectors, and focused on the four year positive trend in the Group's consolidated EBITDA result and operating revenue.

Commenting on this trend, he said: “Although we faced a disappointing loss last year, we are pleased with the overall progress of the Group in the past four years. We have successfully transitioned from purely an aged care provider to a major player in the healthcare and medical services industry in New Zealand.

“Our investments and acquisitions in the past four years have allowed us to develop a strong foundation for the Group, and our plans for the future are to continue to grow, utilising economies of scale and back office synergies to create a dynamic and successful company.’

Mr Clarke also focused on the funding crisis looming in the healthcare industry in New Zealand. Citing a recent report from Kim von Lanthén of the Health Funding Association of New Zealand, he said: “Public health inflation has leapt to an estimated eight percent per annum in the past three years, greatly in excess of CPI inflation.”

“Projections by the Ministry of Health in the 1990’s suggested that public health spending into the future was sustainable, a view supported by Treasury. However, now both Health and Treasury projections have been revised, and by updating the data for the current level of health inflation, public health expenditure is calculated to grow exponentially to over 63 percent of GDP by 2005. This excludes the additional funding required when the removal of asset testing comes into play next year.”

Mr Clarke closed by saying the role of the private sector for both funding and delivery was vital to ensure New Zealand would enjoy a first world health system, and Abano Healthcare, with over 1,300 staff and over \$65 million in revenues through four sectors of healthcare, was committed to that end.

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Full copies of the chairman’s address and CEO’s speech are available at www.abanohealthcare.co.nz.