

ABANO SPECIAL MEETING

Slide One

Welcome to the Abano Healthcare Group Limited special meeting of shareholders.

My name is Jim Syme and I am the chairman of the board.

Along with my fellow directors and the management team here today, we are pleased to have this opportunity to present to you a very significant proposal for the company.

Slide Two ... Meeting Structure and Agenda

Before we get underway, I'd like to run through the structure of today's meeting.

The only business proposed to be considered at today's special meeting is the shareholders' resolution in respect of the sale of 100 percent of the shares of ElderCare New Zealand Limited (here after referred to as ElderCare) together with the inter-company loan from Abano Healthcare Group Limited (here after referred to as Abano) to ElderCare, to the Macquarie Group (here after referred to as Macquarie) for a total cash consideration of NZ\$63.5 million.

I will discuss the sale rationale and the sale process. We will then have time to answer any questions you may have in regards to the sale, and I ask that you keep all discussion to that particular issue which is before meeting.

After my presentation, and any questions you may have about the sale or the resolution, we will put the resolution before the meeting for your consideration.

Following your vote on the resolution our Managing Director Alan Clarke will address the meeting

As we have stated in the Notice of Meeting, approval of the sale requires 75 percent of voters entitled to vote and voting at today's meeting to approve the sale.

As a quorum is present, the meeting is duly constituted and I declare it open.

Slide Three ... Apologies

We have received apologies from Maurice Kidd.

Slide Four ... Directors

I would now like to introduce you to the Group's board of directors.

Unfortunately, Maurice Kidd is unable to be with us today, but in attendance we have Phil Newland and Alison Paterson, who are independent directors, Dr Clint Teague our executive medical director and Alan Clarke, the Group's managing director.

Slide Five ... Proxies

I wish to report that the company has received proxies in respect of 15,880,517 shares, in favour of the resolution or at the discretion of the board, representing 58.6 percent of the total number of shares on issue. There were no proxies received voting against the resolution.

Slide Six ... Conditional Sale of ElderCare

The matter before us is that Macquarie has agreed to purchase 100 percent of the shares of ElderCare, together with the related inter-company loan from Abano to ElderCare, for a total cash consideration of NZ\$63.5 million, to be paid in full upon settlement.

One of the conditions of the sale is the approval of the transaction by way of a special resolution of shareholders of the Company, which we will be considering today.

For the sale to progress, approval must be provided by 75 percent of shareholders entitled to vote, and voting, on the resolution at today's meeting.

The other conditions to the agreement are described in the explanatory notes to the Notice of Meeting, which you will all have received:

I can report that all conditions have been satisfied apart from the formal written notification of the approval as granted by the Overseas Investment Commission, we are expecting to receive that within the next few days.

This means that the last remaining condition ... apart from the standard Material Adverse Change clause ... is the approval by the meeting today to the transaction.

The resolution for approval by shareholders must be determined at today's special meeting, as this condition must be met by 25 July. If the resolution is not approved at today's meeting, there will not be enough time to convene a second special meeting and the sale will not proceed.

Slide Seven ... Sale process and strategic Review #1

We believe it is important for you, our shareholders, to understand the review process we went through when considering the future of Abano's aged care business, ElderCare.

The board and management have carefully reviewed the aged care sector, the operating environment and ElderCare's performance relative to the other Abano businesses, over the last two years.

The fundamental problem noted is that our ability to generate a satisfactory return on investment in this sector... that meets and exceeds our weighted cost of capital ... is limited and ElderCare has generated a return on invested capital on a stand alone NPAT basis of below 5% over the last five years.

Our key findings are summarised as follows:

1. This sector needs significant capital inputs to operate, maintain, acquire or develop new facilities

2.Strong growth in client numbers is forecast for the next twenty years with an aging population and a move to higher dependency care such as hospitals

3.The age and dependency of residents is increasing each year which means that their average length of stay is decreasing

4.There is a higher need for skilled and qualified staff with increasing competition emerging from the public sector and an escalating cost base

5.Greater regulation means that compliance costs are escalating and robust quality systems are mandatory

6.Finally, the Sector has an increasing dependency on Government funding and there are limited opportunities to advance private funding alternatives to increase prices and margins

We concluded that while there is increasing demand, the sector is better suited to larger businesses which have a lower cost of capital, a long term view, and who can spread administrative costs over a greater number of facilities by growing strongly in the next few years, thereby achieving the economies of scale necessary to increase operating profits.

Slide Eight ... Sale process and strategic Review #2

Following our review, we determined that there were three strategic options for us to consider:

The first option was to grow the ElderCare business through expansion of existing facilities and acquisition of new facilities, with the objective of gaining critical mass and economies of scale ... this was dismissed as the board was unable to justify the capital investment required to maintain or grow the business to the extent required to achieve an acceptable return on our invested capital.

The second option was the sale of the land and building assets, and then subsequently leasing them back. This would release capital to invest in higher return businesses and reduce the overall capital inputs.

We spoke to a number of potentially interested investors who indicated that their leaseback terms required an 11 to 13 percent yield on the capital value of land and buildings.

These terms would have eroded ElderCare's operating margins, and our analysis showed that the business would still be unable to meet our required cost of capital hurdles, therefore, the board also dismissed this option.

The final option for consideration ... was the sale of part or all of the ElderCare business.

The board determined that a sale would result in an improved financial performance for the Group, yielding a greater return on our invested capital if we re-invested the proceeds in more profitable, less capital-intensive healthcare and medical sectors.

This scenario was modelled and projected to have a positive impact on the Group, enhancing our profitability, return on invested capital and earnings per share.

Slide Nine ... Sale process and strategic Review #3

We then resolved to have this decision and our assumptions tested independently and we commissioned Northington Partners to undertake this work.

A copy of their report was made available in the notice of meeting for your consideration.

Finally, the board commissioned Clavell Capital to find out what value the market placed on the aged care business.

Clavell initiated a careful process of invited tender and issued an Information Memorandum on the business to a group of investors on both sides of the Tasman.

Following an indicative non-binding bid round, a smaller group were invited to undertake an intensive due diligence investigation and submit binding bids.

The board then selected Macquarie on the basis of their bid price. The price offered for the business was considered carefully and was at a premium to book value.

The board then invited Macquarie to undertake a further limited period due diligence with a view to preparing sale and purchase contracts
On completion of this work the board again considered the terms of the contract and we were satisfied with the offer.

The board agreed to sign the contract on the 23 May 2005, with the conditions as set out in the Notice of Meeting, and we then announced our decision to the market.

Slide Ten ... Macquarie

Macquarie is an established global investor in infrastructure banking and essential community services.

ElderCare is being purchased as its cornerstone investment vehicle for its entry into the New Zealand market.

Macquarie has also recently acquired Canada's largest aged care provider, Leisureworld, and through its investment in Retirement Care Australia, a portfolio of Australian aged care facilities from the Salvation Army.

We understand that Macquarie's intentions are to retain the business as a long-term investment vehicle and no changes to operations, staffing or management are expected.

Slide Eleven ... Benefits of the Sale

The sale provides financial resources to enable us to look at additional financial and strategic opportunities for the shareholders of the Group.

If approved, settlement is expected to occur on Wednesday 13 July 2005. The impact of the sale will first be seen in the 2005/06 financial year and after costs associated with the sale, the net proceeds will realise a capital gain over book value of approximately \$10 million.

After the sale, the Group will have net cash reserves of \$29.5million

Slide Twelve ... Capital Payment to Shareholders

As the owners of Abano Healthcare Group, we believe it is important that you, our shareholders also benefit directly from the sale.

We have therefore carefully considered the amount we can return to shareholders without compromising future investment opportunities, while ensuring we have sufficient funds to meet our vendor warrantee obligations under the sale and purchase agreement with Macquarie.

We are pleased to confirm that following settlement of the Sale, we will be returning \$10 million to shareholders through an off market, voluntary, pro-rata share buy back.

The buy back price and ratios will be set by the Board, once the ElderCare sale is approved and settlement completed.

We expect the buy back offer to commence within the next month with more information on this initiative posted to shareholders.

Slide Thirteen ... Forecast to May 31 2005

Our forecast for the 2004/2005 financial year is that the company's trading has improved and the guidance for the result to 31 May 2005 is now at the upper end of the forecast being revenues of \$65 to \$66 million EBITDA of \$7.2 to \$7.5 and a small loss at NPAT.

Slide Fourteen ... Future Performance of Abano

Following the sale of ElderCare the Board is confident that there will be a return to sustainable bottom line profits, and an improved return on capital at both EBITDA and NPAT, which exceeds our cost of capital and enhances shareholder value, more information will be made available at the companies upcoming annual general meeting expected to be held in late September 2005.

With this return to full after tax profits, expected at the end of the 2005/2006 financial year, it is the boards intention to introduce an annual dividend policy

The financial base of the Group will be strengthened, even after the capital profit element in the sale is returned to shareholders.

Significant balance sheet capacity will remain to secure future opportunities for cash consideration, as prudent debt levels are re-introduced and it is the boards policy to ensure the company has an effective and efficient balance sheet going forward.

Slide Fifteen ... Boards Recommendation

In summary, the sale of ElderCare to Macquarie is a very positive and beneficial transaction for Abano and our shareholders, and the board therefore recommends that you vote in favour of the Sale.

I would now like to move to the resolution before the meeting

Slide Seventeen ... Resolution

The motion is that for the purposes of section 129 of the Companies Act 1993 and Rule 9.1.1 of the Listing Rules of New Zealand Exchange Limited, the sale by the Company of all of the shares of ElderCare New Zealand Limited and the inter-company loan from the Company to ElderCare New Zealand Limited, to Macquarie Bank Limited for total consideration of NZ\$63,500,000, on the terms and conditions set out in the agreement for sale and purchase dated 23 May 2005 between Macquarie Bank Limited and the Company, be approved..

Thank you

Slide Eighteen ... Alan Clarke

I would now like to invite Alan Clarke to address the meeting and to update us on the progress that has been made on the investment front

Slide Nineteen ... Acquisitions Following the Sale

We have been pursuing a number of attractive new investment opportunities that generate a return on investment that is above our weighted average cost of capital and are compatible and attractive businesses for the Abano Group.

I am delighted to report that good progress has been made as follows:

We have recently announced a number of new dental acquisitions in the North Island along with the roll out of the newly launched Lumino Brand.

This is part of our national dental strategy development and there are more planned acquisitions under investigation with collective revenues of over \$5 million.

We have also announced our intention to form New Zealand's second largest single site community pathology laboratory in Wellington by merging the operations of Medlab Wellington with Sonic Healthcare's Valley Diagnostic laboratory - this is planned for completion in mid-2006.

We are also pursuing two investment opportunities in the rehabilitation and diagnostic sectors that we believe will be concluded in coming weeks.

The combined revenues in year one of these businesses will be over \$6.0 million and they will contribute over \$1.5 million at operating EBITDA and over \$1.0 million at NPAT.

We are negotiating to acquire a majority holding in both, at a weighted average share holding of 73 percent and we will pay in the order of \$5.3 million for these shares.

This investment is projected to provide a return at EBITDA to Abano of over 25 percent and over 15 percent at NPAT in their first two years.

Both agreements are expected to be finalised and announced in coming weeks with settlement occurring between September 2005 and October 2005.

Slide Twenty ... Acquisition of Bay Audiology Limited #1

We are delighted today ... to announce that we have signed a conditional agreement to acquire a 70 percent investment in Bay Audiology - New Zealand's largest and only national network of Audiology clinics - for a consideration of \$21 million.

We will form a partnership with the clinical founders of Bay Audiology and we will have an option to acquire their remaining 30% holding in five years time, in 2010, on a pre-determined price formula based on Bay Audiology's future earnings subject to a minimum floor price

This investment is an excellent one for the group and opens up a sector that we believe has great potential.

Slide Twenty One ... Acquisition of Bay Audiology Limited #2

Over the next five years we will be in partnership with Peter Hutson, Anya Andrews and Scott Wright who are the current owners and founders of the business.

Bay Audiology started in 1993 and has grown to the point that Bay has projected revenues exceeding \$21 million, with an EBITDA contribution of greater than 26% of revenue.

Abano's investment will yield a return on investment at EBITDA of over 20% and at NPAT of over 15% over the next two years as Bay is projected to expand its network and continue growing.

Bay Audiology is an attractive and sizable national business opportunity with demonstrable and sustained profitable growth over the last ten years.

Our investment strategy is to provide an infrastructure of strategic development support to Bay to allow the business to develop to its full potential, with management, governance and financial inputs from Abano to achieve that goal.

This is an investment model that allows proven businesses with successful clinical management teams to fully maximise their potential in partnership with us at Abano while each business maintains their own unique identity.

Shareholders will hear more about Bay as we will be discussing it again at our Annual Meeting in September.

Slide Twenty Two ... Abano's Organisation

Following these acquisitions and investments, Abano will have businesses operating in four sectors of the healthcare market – dental, diagnostics including radiology and pathology, rehabilitation and audiology.

These will provide us with a diversified portfolio of businesses which will give us balanced revenue streams, attractive returns on our invested capital and strong opportunities for growth.

Thank you for your attendance today, and thank you for your continued support of Abano Healthcare Group.