

Media release
6 July 2005

ABANO SHAREHOLDERS APPROVE SALE OF AGED CARE BUSINESS

Shareholders of Abano Healthcare Group today voted in favour of the sale of the company's aged care business, ElderCare, to The Macquarie Group for NZ \$63.5 million, and settlement is planned for 13 July 2005.

The chairman of Abano, Mr Jim Syme, also confirmed a one-off cash return of capital of \$10m is due to be made to shareholders following the settlement of the sale.

"We are pleased to confirm that the capital return, by way of an off market, voluntary, pro-rata share buyback, is due to commence within the next month", he said.

"Details of the pro-rata percentages and buyback price will be announced in the next few weeks, and an offer document will be sent to all shareholders. The share buyback is conditional upon Inland Revenue Department approval and minimum threshold shareholder acceptances, and the board encourages all shareholders to take up this offer."

Mr Syme continued: "We also advise that our year end forecast will be at the upper end of the guidance provided in May 2005, being revenues of \$65 to \$66 million, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$7.2 to \$7.5 million and a small loss at Net Profit After Tax (NPAT)."

Also at today's special meeting, managing director of Abano, Mr Alan Clarke, discussed the recent announcements on acquisitions made by the Group.

"The announcement this morning of our conditional agreement to progressively invest in up to 100 percent of Bay Audiology Limited over the next five years is a milestone achievement for the Group. Bay Audiology is New Zealand's largest audiology service provider, and, subject to shareholder approval at Abano's annual meeting to be held in September, Abano will initially invest \$21 million for a 70 percent shareholding. .

"Bay has revenues exceeding \$21 million with an EBITDA contribution of greater than 26 percent of revenue. We will maintain our model of clinical partnership with the founding clinical directors who will retain 30 percent for the next five years.

“After a five year period, Abano will have the ability to acquire the remaining 30 percent shareholding based on a pre-determined price formula related to Bay Audiology’s future earnings subject to a minimum floor price. Abano’s investment will yield a return on investment at EBITDA of over 20 percent and at NPAT of over 15 percent over the next two years as Bay is projected to expand its network and continue growing.”

Abano has also recently announced a number of new dental acquisitions in the North Island as part of Abano’s dental network, Lumino, and also the opportunity to form New Zealand’s second largest single site pathology laboratory in Wellington by merging the operations of Medlab Wellington with Sonic Healthcare’s Valley Diagnostic laboratory.

Mr Clarke continued: “We are also pursuing two attractive investment opportunities, one in the rehabilitation sector and one in the diagnostics sector. The combined revenues of these two investments in year one will be around \$6 million, with an EBITDA contribution of over \$1.5 million, and \$1.0 million at NPAT.

“We are negotiating to acquire a majority holding in both, and will pay an estimated \$5.3 million for these holdings, which will provide a return at EBITDA of over 25 percent and over 15 percent at NPAT.”

With the sale of the ElderCare business, the continued rollout of the acquisition strategy and a return to bottom line profitability, the Board has also signalled its intention to introduce an annual dividend programme at the completion of the 2005/06 financial year.

- Ends -

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Notes to Editors:

- Abano Healthcare Group is New Zealand’s leading listed specialist healthcare investor and operator, with businesses currently operating in three sectors – rehabilitation, diagnostics and dental.
- Following approval and acquisition of Bay Audiology, the Group will also operate in the audiology sector.

- Existing subsidiary entities include:
 - Abano Rehabilitation - Burtons Healthcare, Health Partners, Ranworth Healthcare
 - Abano Diagnostics - Medical Laboratory Wellington, Nelson Diagnostic Laboratories, Ascot Radiology (40 percent)
 - Abano Dental - Lumino Care Dental and Auckland Dental Group
- More information on Abano Healthcare Group is available at www.abanohealthcare.co.nz
- A full transcript of today's SGM speeches can also be found at www.abanohealthcare.co.nz in the Investor Centre.