

Media Release
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ABANO CONTINUES SUCCESSFUL GROWTH WITH SECURE FUNDING LINES
Annual Meeting of shareholders

Continued growth, secure funding and a company which is continuing to track to a record forecast result were the key messages delivered to shareholders today at the Abano Healthcare Group annual meeting in Auckland.

Abano, with multiple businesses in four healthcare and medical services sectors across New Zealand and Australia, was continuing to grow, said chairman Alison Paterson, with secure funding lines in place for current acquisition and expansion.

"Abano has multiple well performing businesses in the Audiology, Dental, Diagnostics and Rehabilitation sectors.

"We are also no longer just a New Zealand company; we have spread our investment model to include two profitable and expanding business networks in Australia and I am delighted to announce today that we will soon be entering selected Asian markets with audiology services.

"While there are many opportunities across a range of healthcare and medical sectors, we select our investment areas carefully and will continue to concentrate on our proven and successful investments, particularly in Audiology in New Zealand, Australia and now Asia, Dental in New Zealand and Australia and Radiology in New Zealand.

"We are acutely aware of the impact on financing growth in the current economic climate. Our funding remains strong with secured debt lines with ASB in New Zealand and CBA in Australia for long term facilities.

"While we have sufficient funding and facilities in place to meet our immediate strategic growth objectives, we will be reviewing our debt equity ratios going forward to ensure we maintain a prudent ratio of borrowings."

The company also provided an update on its current performance for the year to date and confirmed its market guidance for the 2009 financial year.

Alison Paterson continued: "The extent of the current economic downturn is unprecedented and it represents a material risk factor for all New Zealand businesses. Because of its nature, healthcare is reasonably protected from economic conditions; however, there are some areas of private healthcare discretionary spending which will be affected.

"Counter intuitively, Abano's retention of some long term public healthcare contracts, across a number of our businesses, will in fact help insulate us against reduced client or patient spending in coming months.

“With almost six months having been completed in the current financial year, all businesses are making good progress on last year. Some planned acquisitions have taken longer than expected to settle; however, we have made good progress in other business areas and acquisitions. The full annualised contribution of several investments announced in recent months will only impact in the second half and indeed some will not be fully evident until the 2010 financial year.

“Based on our current underlying performance, combined with these new investments and with a weather eye on the extraordinary economic times, the directors’ expectation is that the company will still achieve our previously stated market guidance, with Revenues of between \$170 to \$180 million, an EBITDA of \$28.0 to \$32.0 million and a Net Profit After Tax of \$10.0 to \$11.0 million for the financial year ended 31 May 2009.”

“For the six months ending on 30 November 2008, we expect revenues to be in the range of \$85.0 to \$86.0 million; EBITDA of \$14.1 to \$14.5 million; and Net Profit After Tax of \$4.0 to \$4.3 million. This compares with revenues of \$59.6 million and EBITDA of \$11.0 million and a Net Profit After Tax of \$3.8 million for the same six month period last year,” said Alison.

Managing director, Mr Alan Clarke, commented further on the growth of the company:

“Our growth has continued unabated into the 2009 financial year, with numerous acquisitions in dental, audiology and radiology and through our entry into new markets in Australia and, as now planned, into Asia.

“Several of these initiatives and investments took place in recent months. We entered the Australian Dental market in July. We then acquired the King Hearing Australian audiology chain in August and specialist obstetric ultrasound practice, Insight Radiology in New Zealand in November, along with a number of larger New Zealand dental practices.

“We are therefore expecting a stronger second half performance over our first half as the benefits from these initiatives start to flow through, however, will only see the full financial impact in the 2010 financial year.

“Although the economic conditions may mean that growth potential for private healthcare businesses may be affected in the short term, the demand for private healthcare continues to grow. Our strategy remains to continue to de-risk ourselves from any majority reliance on politically influenced contracts public healthcare contracts and to focus on businesses generating high private revenue streams.

“Abano has come a long way. Our international footprint is only just becoming apparent and the demand for the services we offer continues to grow throughout the Asia Pacific region.”

At the meeting, it was also announced that director, Graeme Edmond, would be resigning from the board, due to extended work commitments from his new role as Managing Director of SpecSavers NZ Limited.

Alison Paterson said: “I would like to thank Graeme sincerely for his valuable contribution to the board over the last two years.

“The significant geographical expansion of our company in the past 24 months, coupled with Graeme's decision to resign, has caused the board to reappraise the appropriate skill mix required at board level. Following that review, an independent recruitment process is under way in anticipation of an appointment of a further director in the New Year. In this review we have taken into account the views of our two major shareholders.”

In addition, Peter Hutson, the Executive Chairman and shareholder in Abano's Bay Audiology group of companies and in interested party of Healthcare Industry Limited, which has a 19.9% shareholding in Abano, was elected as an executive director at the meeting.

Shareholders at the meeting passed all resolutions, including:

1. Reappointment and remuneration of PricewaterhouseCoopers as auditors
2. Re-election of Mr Philip Newland as a director
3. Re-election of Mr Trevor Janes as a director
4. Election of Mr Peter Hutson as a director
5. Approval of short term incentive scheme for Mr Alan Clarke
6. Approval of Executive Long Term Incentive Share Schemes

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Notes:

Abano Healthcare Group is New Zealand's leading listed specialist healthcare investor and operator, with businesses in four sectors – audiology, rehabilitation, diagnostics and dental.

Existing subsidiary entities include:

Abano Audiology	Bay Audiology (NZ) Bay Audiology South (South Island, NZ) Dilworth Hearing Bay Audio Pty (Australia)	70% owned by Abano 85% owned by Bay Audiology 40% owned by Bay Audiology 82% owned by Bay Audiology
Abano Rehabilitation	Burtons Healthcare (NZ) Health Partners (NZ) Ranworth Healthcare (NZ) Orthotic Centre (NZ)	100% owned by Abano
Abano Diagnostics	Aotea Pathology (Wellington, NZ) Ascot Radiology/Greenlane Imaging (Aklid, NZ) Insight Radiology (NZ)	55% owned by Abano 73% owned by Abano 80% owned by Abano
Abano Dental	Lumino The Dentists (NZ) Kidz-Teeth (NZ) Dental Partners (Australia)	100% owned by Abano 70% owned by Abano 70% owned by Abano

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