

Abano Healthcare Group Limited Offer Document

Offer by Abano Healthcare Group Limited to acquire
ordinary shares on a pro rata basis

\$5.93 per share



IMPORTANT DOCUMENT

This is an important document and requires your prompt attention. If you are in doubt as to any aspect of the buy-back offer contained in this document, you should consult your financial or legal adviser.

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SUMMARY OF THE BUY-BACK OFFER

Abano Healthcare Group Limited is offering to acquire its ordinary shares on a pro rata basis. The key terms of this offer are summarised below:

PRO RATA ENTITLEMENT	Abano is offering to acquire 1 out of every 3 shares held by you at 5.00 pm on the record date of 1 December 2009
ADDITIONAL SHARES	If all shareholders do not accept the pro rata offer, you may elect to sell additional shares to Abano
OFFER PRICE	\$5.93 per share in cash
CLOSING DATE	5.00 pm on 18 December 2009
PAYMENT DATE	23 December 2009
BROKERAGE COSTS	You will not pay any brokerage costs if you accept the offer
EX DIVIDEND	Shares will be acquired from you excluding the right to the dividend of 52 cents per share, expected to be paid on 2 December 2009

THIS IS A SUMMARY ONLY OF THE OFFER. DETAILED TERMS AND CONDITIONS ARE SET OUT ON THE FOLLOWING PAGES OF THIS DOCUMENT. YOU SHOULD READ THESE CAREFULLY.

IMPORTANT CONTACTS

If you have any questions in respect of the offer process, please contact Abano's share registrar:

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna
Private Bag 92119, Auckland 1142, New Zealand

Telephone: 09 488 8777

Facsimile: 09 488 8787

HOW TO ACCEPT THE BUY-BACK OFFER

CLOSING DATE	The offer closes at 5.00 pm on 18 December 2009 If you wish to accept the offer, you must ensure that your Acceptance Form is sent to Abano's share registrar, Computershare Investor Services Limited, so as to be received before this time
HOW TO ACCEPT	Complete and sign the enclosed Acceptance Form in accordance with the instructions set out on that form Fax, hand deliver, or post the form to Computershare Investor Services Limited at the addresses set out above under the heading "Important Contacts"
IF YOU HAVE LOST YOUR ACCEPTANCE FORM	Please contact Computershare Investor Services Limited on 09 488 8777 and they will provide you with a new form

TIMETABLE

1 DECEMBER 2009	Record Date for buy-back
4 DECEMBER 2009	Offer Document mailed to shareholders
18 DECEMBER 2009	Closing Date
23 DECEMBER 2009	Payment Date

TERMS AND CONDITIONS OF OFFER TO ACQUIRE SHARES

THE OFFER

Abano Healthcare Group Limited (“**Abano**”) offers to acquire (the “**Offer**”):

- on a pro rata basis, 1 out of every 3 fully paid ordinary shares (“**shares**”) held by you (the “**Pro Rata Offer**”) at 5.00 pm on 1 December 2009 (“**Record Date**”);
- additional shares from you, beyond your entitlement to participate in the Pro Rata Offer, on the basis set out below under the heading “Additional shares”; and
- shares from you if the acquisitions contemplated above would result in you holding less than a Minimum Holding (as defined in the NZSX Listing Rules), on the basis set out below under the heading “Minimum Holdings”.

The Offer is made on the terms, and subject to the conditions, set out in this Offer Document and the accompanying Acceptance Form. Acceptance of the Offer by you constitutes a contract between you and Abano on those terms and conditions.

Abano is offering to acquire up to 7,744,203 shares, in aggregate, from shareholders under the Pro Rata Offer (including additional shares acquired if there is not full participation in the Pro Rata Offer). Shares will be acquired excluding the right to the dividend of 52 cents per share, expected to be paid on 2 December 2009.

PRICE

The price payable by Abano is \$5.93 per share in cash.

Abano will pay this price for each share acquired from you under the Offer.

KEY DATES

This Offer Document is dated 4 December 2009.

The Offer opens on 4 December 2009 and closes at 5.00 pm on 18 December 2009 (“**Closing Date**”).

If this Offer becomes unconditional in all respects (see below under the heading “Conditions”), settlement of the Offer will occur on 23 December 2009 (“**Payment Date**”).

DETAILS OF ENTITLEMENTS

The number of shares registered in your name at 5.00 pm on the Record Date, and your pro rata entitlement to sell shares into the Pro Rata Offer, are printed on the Acceptance Form.

Fractional entitlements have been rounded up or down to the nearest share (at Abano’s discretion).

PARTICIPATION IS VOLUNTARY

Participation in the Offer is entirely voluntary.

You are entitled to accept the Pro Rata Offer in full, in part, or not at all. If you do not wish to participate in the Pro Rata Offer (or any other aspect of the Offer), you do not need to take any further action.

You do not need to engage a stockbroker to participate in the Offer. You simply need to complete and return the Acceptance Form (in accordance with this Offer Document and the instructions on the form itself). No brokerage will be charged by Abano if you accept the Offer.

ADDITIONAL SHARES

If you accept the Pro Rata Offer in full, you may also request that Abano acquire, at the price set out above, additional shares registered in your name at 5.00 pm on the Record Date.

If you make such a request, Abano will acquire additional shares from you **IF** other shareholders do not take up their full entitlements under the Pro Rata Offer. There is no guarantee that Abano will acquire any additional shares.

If Abano receives acceptances to the Pro Rata Offer and acceptances for additional shares which, in aggregate, represent more than 7,744,203 shares, the number of additional shares to be acquired will be scaled down proportionately. This is to ensure that, in total, the number of shares acquired under the Pro Rata Offer, together with additional shares acquired (but excluding Unmarketable Parcels acquired by Abano – see below under the heading “Minimum Holdings”) does not exceed 7,744,203 shares.

MINIMUM HOLDINGS

If acceptance of the Pro Rata Offer and/or the sale of additional shares to Abano would result in you holding less than a Minimum Holding under the NZSX Listing Rules (being, as at the Record Date, 50 shares) (an “**Unmarketable Parcel**”), you are entitled to sell to Abano all (but not part only) of your remaining shares (your Unmarketable Parcel) at the price set out above.

HOW DO I ACCEPT THE OFFER?

If you wish to accept the Offer:

- complete and sign the enclosed Acceptance Form in accordance with this Offer Document and the instructions on the form itself; and
- return the completed and signed Acceptance Form by hand delivery, facsimile or post (in the enclosed reply-paid envelope) so as to be received by Abano no later than 5.00 pm on the Closing Date, at:

Abano Healthcare Group Limited

c/- Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1142
New Zealand

If calling from within New Zealand:

Telephone: 09 488 8777
Facsimile: 09 488 8787

If calling from outside New Zealand:

Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787

No acknowledgement of receipt of acceptances of the Offer will be issued. Acceptances received after 5.00 pm on the Closing Date, but which bear a postmark or other evidence of postage or despatch on or prior to 5.00 pm on the Closing Date, may be accepted by Abano.

Abano may, in its discretion, treat any Acceptance Form as valid notwithstanding that it does not otherwise comply with the instructions set out above under the heading “How do I accept the Offer?” or any instructions on the Acceptance Form. In addition, Abano may, in its discretion, rectify any errors in, or omissions from, any Acceptance Form to enable that form to constitute a valid acceptance of the Offer and to facilitate the acquisition of the relevant shares.

STATUS OF ACCEPTANCES

Acceptances are irrevocable and cannot be withdrawn (unless the conditions to the Offer are not satisfied or waived).

YOUR OBLIGATIONS TO ABANO

If you accept the Offer (including, for the avoidance of doubt, by way of a request to sell additional shares or sell your Unmarketable Parcel), you must ensure, and you are deemed to warrant to Abano:

- that you are, and will remain until the Payment Date, the legal and beneficial owner of the shares for which you have accepted the Offer or that you are, and will remain until the Payment Date, the legal owner and have the necessary power, capacity and authority to accept the Offer;

- that, on the Payment Date, legal and beneficial title to the relevant shares will transfer to Abano free from all liens, charges, mortgages, encumbrances and other adverse interests (provided that you acknowledge that such shares will be cancelled on acquisition);
- that the Acceptance Form has been duly and validly completed and signed; and
- that your participation in the Offer is based solely on reliance on your own judgement and not on any representation, warranty or statement made by Abano or its directors (except as expressly set out in this Offer Document or any NZX announcement in connection with the Offer).

By accepting the Offer you are deemed to have:

- irrevocably authorised Abano and Computershare to refuse, prior to the Payment Date, to register any transfer of any or all of the shares in respect of which you have accepted the Offer (except for acquisitions by Abano pursuant to this Offer); and
- irrevocably agreed, to the maximum extent permitted by law, that none of Abano, its directors, officers, employees, advisers and Related Parties will have any liability to you of any nature whatsoever in connection with the Offer (except for the payment of the acquisition price by Abano to you in accordance with this Offer Document) including, without limitation, in relation to the taxation consequences for you of electing to participate in the Offer.

All documents and payments sent to and by you (or your nominee) in connection with the Offer are solely at your risk.

CONDITIONS

The Offer is conditional on, and subject to, the following:

- Abano receiving valid acceptances to the Pro Rata Offer (together with additional shares acquired, if there is not full participation in the Pro Rata Offer) representing, in aggregate, at least 3,761,097 shares;
- no matter or circumstance arising on or prior to the Payment Date which would give rise to the application of section 52(3) of the Companies Act 1993 (“**Act**”) (being a matter or circumstance which would result in the board of Abano ceasing to be satisfied, on reasonable grounds, that Abano will, immediately after settlement of the Offer on the Payment Date, satisfy the solvency test set out in the Act);
- no restraining order being in place on the Payment Date in respect of the Offer; and
- the board of Abano remaining satisfied, on the Payment Date, that the acquisition of shares on the basis contemplated by this Offer Document will not result in any breach of law, the NZSX Listing Rules, Abano’s constitution or otherwise be likely to give rise to adverse tax consequences for Abano or all or a significant number of shareholders.

These conditions are solely for the benefit of Abano and may, to the extent capable of waiver, be waived by Abano in its sole discretion.

If the conditions are not satisfied or waived prior to 11.00 am on the Payment Date, the Offer will lapse and Abano will not, and will not be required to, acquire any shares from any shareholder pursuant to the Offer.

SETTLEMENT AND PAYMENT

If this Offer becomes unconditional in all respects and you have completed the Acceptance Form in accordance with this Offer Document and the instructions on that form (or Abano has rectified that form as permitted by this Offer Document), on the Payment Date, Abano will:

- acquire from you the number of shares that Abano is obliged to acquire under the Offer and notify you of this number (including any additional shares acquired or Unmarketable Parcel acquired);
- Abano will either send a cheque (by normal post) or make an electronic transfer for the aggregate amount payable to you in respect of the Offer (if you do not select a method of payment, or if the details that you provide are not sufficient to effect an electronic transfer, you will be paid by cheque); and
- advise NZX of the details of the aggregate number of shares acquired under the Offer (and any other particulars required by the NZSX Listing Rules).

ENTITLEMENT TO PARTICIPATE IN THE OFFER

The Offer is made by Abano to shareholders who were the registered holders of shares at 5.00 pm on the Record Date, in respect of their shareholding at that time. Each shareholder's registered holding at that time, and their entitlement to participate in the Pro Rata Offer, is set out on the enclosed Acceptance Form.

POST RECORD DATE SHARE TRANSACTIONS

If you were not a registered shareholder at 5.00 pm on the Record Date (for example, if you acquired shares after that time), you are not entitled to participate in the Offer.

If you were a registered shareholder at 5.00 pm on the Record Date and became the registered holder of further shares after that time (including shares allotted under Abano's Dividend Reinvestment Plan), you will not be entitled to participate in the Pro Rata Offer in respect of those further shares.

DIRECTORS AND RELATED PARTIES MAY PARTICIPATE

Directors of Abano and other Related Parties of Abano are entitled to participate in the Offer on the same basis as all shareholders, provided that they held shares at 5.00 pm on the Record Date.

IMPORTANT INFORMATION

BACKGROUND

In August 2009, Abano agreed to sell its 70% shareholding in Bay Audiology Limited (“**Bay Audiology**”) to National Hearing Care (New Zealand) Limited (“**NHC**”). Abano will receive proceeds in connection with the sale of approximately \$118 million (representing a capital profit to Abano of approximately \$70 million). NHC also agreed to acquire the remaining 30% stake in Bay Audiology from interests associated with Mr Peter Hutson.

The cash proceeds of the sale, which settled on 3 November 2009, will (amongst other things) be used by Abano to retire bank debt (to the extent of approximately \$60 million), fund a return of capital to shareholders by way of the Offer (approximately \$46 million) and fund a partially imputed special interim dividend (approximately \$12 million).

The Abano directors believe that these transactions leave Abano with significant balance sheet capacity to pursue its audiology aspirations in Australia and Asia, and to facilitate continued investment in its dental businesses in New Zealand and Australia and its radiology businesses in New Zealand.

Further information regarding the sale of Bay Audiology is set out in Abano’s NZX announcement of 27 August 2009 and in the notice of meeting sent to shareholders in respect of Abano’s 2009 annual meeting.

CANCELLATION

Shares acquired by Abano under the Offer will be cancelled on acquisition, in accordance with section 66 of the Act.

TAXATION TREATMENT

Abano has taken tax advice in respect of the Offer.

This advice confirms that the acquisition, by Abano, of shares under the Pro Rata Offer (together with the acquisition of additional shares, to the extent that there is not full participation in the Pro Rata Offer) should not be treated as a dividend for tax purposes if:

- the acquisition of shares is part of a pro-rata cancellation and the total proceeds paid to shareholders are equal to, or greater than, 15% of the market value of all shares on issue at the time shareholders were first notified of the acquisition;
- the total proceeds do not exceed Abano’s available subscribed capital; and
- the Commissioner of Inland Revenue has confirmed in writing that neither the whole, nor part, of the proceeds of the share acquisition is in lieu of the payment of dividends.

The first condition to the Offer (as set out above under the heading “Conditions”) is intended to ensure that the first requirement above is satisfied. Abano has received confirmation from the Commissioner of Inland Revenue that the total proceeds do not exceed Abano’s available subscribed capital and Abano has also received a binding ruling from the Commissioner of Inland Revenue to satisfy the third requirement above.

Abano has also been advised that the acquisition of shares from shareholders who hold less than a Minimum Holding should not be treated as a dividend for tax purposes if, for each such shareholder:

- all of their remaining shares are acquired; and
- the proceeds of acquisition do not exceed Abano’s available subscribed capital. Abano has been advised that this requirement will be satisfied.

Accordingly, Abano understands that:

- the acquisition of shares under the Offer will not be treated as a dividend for tax purposes and, accordingly, Abano will not attach imputation credits to, or withhold resident or non-resident withholding tax from, the proceeds of such acquisition;
- amounts received by shareholders from the sale of shares to Abano under the Offer will be treated for tax purposes in the same manner as if shareholders had sold shares to third parties. Accordingly, shareholders will generally not be subject to income tax on those amounts, unless they acquired the shares for the purposes of disposal, or carry on the business of dealing in securities or investment and sold the shares to Abano in the course of carrying on that business.

The taxation summary above is based on Abano's understanding of New Zealand tax law as at the date of this Offer Document and is intended to be general and explanatory in nature, and not tax advice in respect of any specific shareholder. If you wish to be sure as to the tax consequences of participating in the Offer having regard to your particular circumstances, you should obtain advice from your tax adviser.

FINANCIAL CONSEQUENCES OF THE OFFER

If all shareholders accept the Pro Rata Offer (or if sufficient additional shares are acquired), Abano will, on the Payment Date, acquire and cancel 7,744,203 ordinary shares, at a total cash cost of \$45,923,124. Immediately following such acquisition, Abano will have 15,488,405 ordinary shares on issue, excluding any shares issued under the Dividend Reinvestment Plan.

The share acquisitions under the Offer will be funded out of the proceeds of the sale of Abano's interest in Bay Audiology and will be reflected in Abano's financial statements as a reduction of shareholders' funds (equity).

The analysis set out above assumes that no shareholder who holds less than a Minimum Holding elects to sell their Unmarketable Parcel to Abano under the Offer and that Abano does not issue any shares prior to the Payment Date (whether under Abano's Dividend Reinvestment Plan or otherwise).

COMPANIES ACT / LISTING RULES

Clause 5.1 of Abano's constitution permits it to acquire its own shares (including on a selective basis).

The Pro Rata Offer to acquire shares is permitted by, and undertaken in accordance with, section 60(1)(a) of the Act and NZSX Listing Rule 7.6.1(b).

The offer to acquire additional shares (beyond a shareholder's entitlement to participate in the Pro Rata Offer) is permitted by, and undertaken in accordance with, section 60(2) of the Act and NZSX Listing Rule 7.6.1(b).

The offer to acquire shares which constitute less than a Minimum Holding (an Unmarketable Parcel) is permitted by, and undertaken in accordance with, sections 60(1)(b)(ii) and 61 of the Act and NZSX Listing Rule 7.6.1(c).

Related Parties of Abano are permitted to participate in the Pro Rata Offer pursuant to NZSX Listing Rule 9.2.4(b).

The directors of Abano have unanimously passed the resolutions and signed the certificates required by sections 52(1), 52(2), 60(3), 60(5), 61(1) and 61(3) of the Act.

TAKEOVERS CODE

As shares acquired under the Offer will be cancelled on the Payment Date, each shareholder's percentage shareholding in Abano may increase immediately after the cancellation.

The Takeovers Code prohibits any Abano shareholder from increasing its percentage voting control (when aggregated with the voting control of the shareholder's associates) above 20%, except through a procedure permitted by the Takeovers Code (such as a takeover offer, or shareholder approval).

However, clause 5 of the Takeovers Code (Class Exemptions) (No 2) Notice 2001 provides that an Abano shareholder which, together with its associates, increases its voting control above 20% as a consequence of the Offer will not be in breach of the Takeovers Code, provided that the shareholder's voting control is reduced to its original level within six months. During that six month period the shareholder must not exercise its additional voting rights.

Please note that the Takeovers Code summary above does not constitute, nor is intended to be, legal advice.

Shareholders who consider that the Takeovers Code may apply to them as a consequence of the Offer should seek appropriate legal advice.

GLOSSARY

“Abano”	means Abano Healthcare Group Limited.
“Acceptance Form”	means the Acceptance Form enclosed with this Offer Document to be used for the purposes of accepting the Offer.
“Act”	means the Companies Act 1993.
“Bay Audiology”	means Bay Audiology Limited.
“Closing Date”	means 18 December 2009.
“Computershare”	means Computershare Investor Services Limited, Abano’s share registrar.
“Offer”	means the offer, by Abano, to acquire shares on the basis set out in this Offer Document under the heading “Terms and Conditions of Offer to Acquire Shares” and the accompanying Acceptance Form.
“Minimum Holding”	means the Minimum Holding of shares in Abano determined in accordance with the NZSX Listing Rules being, as at the Record Date, 50 shares.
“NHC”	means National Hearing Care (New Zealand) Limited.
“NZX”	means NZX Limited, the operator of the NZSX market on which Abano shares are quoted.
“Payment Date”	means 23 December 2009.
“Pro Rata Offer”	means the offer, by Abano, to acquire on a pro rata basis, 1 out of every 3 shares held by you at 5.00pm on the Record Date.
“Record Date”	means 1 December 2009.
“Related Party”	has the meaning given to that term in NZSX Listing Rule 9.2.3.
“share”	means a fully paid ordinary share in Abano.
“Unmarketable Parcel”	means a shareholding in Abano which is less than a Minimum Holding.

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