

28 January 2005

PRELIMINARY HALF YEAR RESULTS ANNOUNCEMENT

Headline: HY to 30/11/04 \$0.045m, \$0.312m -85.6%, no div

Name of listed issuer: Abano Healthcare Group Limited

For half year ended: 30 November 2004

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on unaudited accounts.

CONSOLIDATED OPERATING STATEMENT

Current half year NZ\$0.045m, down 85.6%, previous corresponding half year \$0.312m

Total operating revenue: NZ\$33.004m, down 1.9% from NZ\$33.645m

OPERATING SURPLUS BEFORE TAX: NZ\$0.434m, down 39% from NZ\$0.711m

Less tax on operating profit: NZ\$(0.389m), previous corresponding half year NZ\$(0.405m)

OPERATING DEFICIT AFTER TAX BUT BEFORE MINORITY INTERESTS: NZ\$0.045m, down 85.3% from NZ\$0.306m

Minority interests: nil, previous corresponding half year: NZ\$0.006m

OPERATING DEFICIT AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER: NZ\$0.045M, down 85.6% from \$0.312m

Extraordinary items after tax attributable to Members of the Listed Issuer: nil

OPERATING DEFICIT AND EXTRAORDINARY ITEMS AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER: NZ\$0.045M, down 85.6% from \$0.312m

Earnings per share: 0.02 cents down from 0.16 cents

Interim dividend: nil

PROGRESSIVE SIX MONTHS FOR ABANO HEALTHCARE

Abano Healthcare Group Ltd announce interim results to 30 November 2004

Listed healthcare and medical services provider, Abano Healthcare Group Limited, today announced its unaudited results for the six months to 30 November 2004. Results for the period were in line with the guidance provided by the company on 28 October 2004.

Overall, revenues at \$33.1 million were up on the last six-month period (\$31.1 million), but stable compared to the previous corresponding half-year (\$33.7 million).

Revenues reflected an improved performance from Abano Aged Care, due in part to the new 18 bed extension at Whitianga, and steady returns from the three remaining sectors – Diagnostics, Dental and Rehabilitation.

EBITDA of \$4.0 million was achieved for the six-month period to 30 November 2004, with an overall NPAT of \$0.05 million. This compares to an EBITDA of \$4.5 million and NPAT of \$0.31 million for the previous corresponding half year period.

Following the investment of \$5.23 million by RECT Funds Management for 15.5 percent of the issued capital of the company, bank debt for the period was reduced significantly to \$30.2 million, compared to \$35.3 million as at 30 November 2003 and \$35.4 million as at 31 May 2004.

During the first half of the year, a number of strategic initiatives were put in place to improve and advance the capital structure and performance of the Group over the long term.

These initiatives included the signing of agreements to purchase three new businesses, with discussions progressing on the purchase of a fourth; investment in two of the Group's key aged care facilities; an investment in the Group by RECT Funds Management for 15.5 percent of the issued capital; and a one for ten share consolidation, effective from 14 December 2004.

Additionally, Cullen Investments and parties associated with Eric Watson advised of a sell down from 55.09 percent to 18.5 percent of the issued capital of the company.

Progressive Six Months for Abano Healthcare

Settlement on the first of the new acquisitions – 100 percent of Victoria Ave Dental Centre - took place on 1 December 2004, with the remaining two acquisitions, consisting of 100 percent of Auckland Dental Group and 40 percent of Ascot Radiology (with an option to acquire a further 40 percent), due to be settled on 1 February 2005.

Managing director of Abano Healthcare Group, Mr Alan Clarke, commented on the activity during the first half: "It has been a challenging and progressive time for the company, with a number of new acquisitions negotiated and settled. Our financial results were consistent with our market guidance, and we expect to improve on these as our new businesses settle and add value to their respective sectors' results and the company's consolidated performance."

In addition to previously announced initiatives, and in line with the continual review of the Group's businesses by the board, the company is also advising that it has appointed Clavell Capital to review the strategic opportunities available for the Aged Care sector.

The chairman of Abano Healthcare Group, Mr Jim Syme, said: "As a part of our standard review of each of the company's operating sectors, we have appointed Clavell Capital to advise on different opportunities for the Aged Care sector, including expansion and acquisition, release of the capital in the land and building assets, or sale of part or all of the aged care portfolio."

"The board and management priorities for the immediate future are to improve our bottom line profitability performance and return for our shareholders, and we will continue to identify appropriate business strategies for each of our sectors; negotiate profitable acquisition and development opportunities; and work with our key clients to create contract certainty and improved referrals."

"Guidance for the full year will be provided, once we have settled the planned acquisitions and reviewed the operating environment."

- Ends -

For more information, please contact:

Alan Clarke
Managing Director, Abano Healthcare Group Ltd
Tel: 09 360 6820 or Mob: 021 368 818