

Media Release

9 November 2007

ABANO TRACKING TO FORECASTS, SHAREHOLDERS TOLD AT ANNUAL MEETING

All businesses in the Abano group are currently performing either “at or ahead of” the recent Market Guidance forecast, shareholders were told at the annual meeting today.

Chairman Alison Paterson noted that the Market Guidance forecast, made on October 8, predicted revenues between \$121 to \$125 million, EBITDA between \$21.5 to \$23.0 million and approximate profit growth of 42% to between \$6.8 million and \$7.5 million.

“As an update to that forecast, all businesses across the Abano group are currently performing either at or ahead of forecast. Fee increases, new ACC and DHB contracts and improved business processes have boosted performance for our Orthotics, Pathology and Rehabilitation businesses.

“The benefits from the growth strategies in place for our Dental, Audiology and Radiology sectors continue to provide further improvement to margins and bottom line returns, with ongoing acquisitions and the opening of new clinics,” Mrs Paterson told shareholders.

Record operating levels, continuing growth and new acquisitions were the focus for shareholders at the annual meeting, held today in Auckland.

Alison Paterson, expressed her confidence in Abano’s strategy to invest in the private healthcare and medical services market and confirmed the Group was on track to provide a record profit for the 2008 financial year.

“From small beginnings seven years ago, an exciting NZ business story is beginning to emerge”, Alison Paterson told the meeting.

“From our initial operation as a niche aged care provider in 2000, Abano Healthcare Group is now one of New Zealand’s leading private investors and operators of healthcare and medical services businesses.

“In the past seven years, revenues have grown by 162% from \$34.1 million in 2001 to \$89.5 million at 31 May this year; and results have reversed from a loss to an operating profit of \$5 million for the 2007 financial year.

“The results for the past year were excellent and the benefits of Abano’s long term strategy – to invest in successful healthcare and medical businesses with strong private revenue streams – are now starting to be realised.”

Managing director, Mr Alan Clarke, discussed the operational performance of the company.

“Benefits from the growth strategy are now becoming evident, with the strong performance of Abano’s dental, audiology and radiology businesses. Abano is in a rapid growth phase, with a number of acquisitions and site openings since the beginning of the financial year.”

The Lumino dental business has grown from 24 to 31 clinics with seven clinics acquired in recent months and an increasing number of opportunities under review. This business is now starting to realise the benefits of economies of scale, which is at the core of this sector’s business model. Acquisitions are providing an average EBITDA to revenue contribution of over 20% and this is a key driver in increasing the consolidated earnings margin of the Abano Dental sector.

The Bay Audiology network in NZ has opened or acquired an additional six new clinics in 2008, taking the total network to 44 clinics around the country. In addition, the Bay Audio network in Australia has grown to 15 clinics, with an acquisition of another four clinic practice currently under contract.

Abano’s Australian strategy is to establish a critical mass of profitable clinics in Queensland, through both acquisition as well as the setting up of new clinics. This approach, together with setting up the infrastructure to support the brand for expansion across other Australian states, is a low-risk and low-cost strategy.

Significant opportunities have also been identified for Bay Audiology in a number of Asian countries.

Alan Clarke commented: “Most countries, including Asia, have a one in six proportion of people with hearing difficulties. In New Zealand and Australian, 25 to 30 percent of these people are being treated. However, in Asia, this treatment rate is in the low single digits.

“With limited existing providers and large populations, this represents a significant market opportunity for Bay Audiology.

“We are being encouraged to enter these markets by major international manufacturers of hearing devices who see advantages in partnering with retail specialists such as Bay. These partnerships have the potential to significantly mitigate our risks in entering these markets. Conversely, the potential in these markets, now and over time, is huge.”

Radiology also continues to perform strongly with the expanded clinic base now operating across two sites in Greenlane Hospital and Ascot Hospital in Auckland. Plans are being progressed for a third clinic in the new Ascot Central clinical building which is currently under construction and due to open in April 2008.

Mrs. Paterson also commented on the recent market activity around Abano Healthcare Group.

“The value of Abano has been highlighted in recent weeks and we have been pleased to see the market recognises and has responded to this.

“As previously advised, due diligence is continuing with other parties, and discussions are still progressing. We hope to update shareholders shortly.

“It is important that shareholders appreciate Abano is in the early stage of a significant growth phase and that benefits of the reinvestment of proceeds from the sale of ElderCare business into the four Abano business platforms – Audiology, Dental, Diagnostics and Rehabilitation - is only now beginning to produce the types of returns anticipated.

“As the intrinsic demand for healthcare continues to increase, so do the opportunities in the private healthcare market. We are well positioned to take advantage of this increased demand and expect to see shareholder returns continue to increase as we grow through expansion and acquisition.”

Shareholders agreed to all resolutions at the meetings, including:

- Re-election of PricewaterhouseCoopers as external auditors for the Company;
- Re-election of Susan Paterson to the board;
- Election of Graeme Edmond to the board;
- Approval of an increase in directors' fees; and
- Approval of an amendment to the Executive Share Scheme.

Ends

For more information, please contact:

Alan Clarke

Managing Director,
Abano Healthcare Group Limited
Tel: 09 300 1412
Mob: 021 368 818.

Richard Keys

Chief Financial officer
Abano Healthcare Group Limited
Tel: 09 300 1413
Mob: 0274 818 368

Full copies of the speeches and presentations are available at www.abanohealthcare.co.nz.

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 (70 percent), Dilworth Hearing (40 percent owned by Bay Audiology), Bay Audio Pty in Australia (85 percent owned by Bay Audiology)
 - Abano Rehabilitation - Burtons Healthcare, Health Partners, Ranworth Healthcare, Orthotic Centre (100 percent)
 - Abano Diagnostics - Aotea Pathology (55 percent), Ascot Radiology (80 percent), Greenlane Imaging (80 percent)
 - Abano Dental - Lumino Care Dental (100 percent)

Released on behalf of Abano Healthcare Group by Jackie Fairbairn, spice communications group.
Tel: 09 3666100 or mobile: 027 246 2505