

ABANO HEALTHCARE GROUP POSTS RECORD OPERATING RESULT

Abano Healthcare Group today announced its audited full year results for the year to 31 May 2007 with a record operating net profit after tax (NPAT) of \$5.0 million.

This result was up 213 percent on the 2006 operating result of \$1.6 million (excluding the gain on the sale of ElderCare). Operating revenue for the year was \$89.5 million, with additional other income of \$0.5 million, including the gain on sale of investments from the divestment of Nelson Diagnostic Limited and Biostandards. There was a 107 percent increase in operating Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) from \$6.7 million to \$13.9 million.

This improved performance was driven by growth in the Abano portfolio and continuing improvements in trading margins in all existing businesses into the second half of the financial year. The 2007 financial year had a full twelve months contribution from both Bay Audiology and the Orthotic Centre, in addition to the continued organic expansion and acquisition of businesses in Audiology, Dental and Radiology.

Highlights for the 2007 financial year included:

- Continued national rollout of the Lumino Care Dental network with six new clinic acquisitions, taking the total number of clinics to 24, in addition to the appointment of Andy Tapper as Dental general manager in June 2006.
- Continued the expansion of the Bay Audiology network from 32 to 40 permanent and visiting clinics in New Zealand; and entry into the Australian market, which now has nine permanent and visiting clinics.
- \$102 million five year community pathology contract for Wellington, Hutt and Kapiti Coast regions awarded to Aotea Pathology, an Abano joint venture with Sonic Healthcare, in June 2006.
- Started operations in Aotea Pathology on 1 November 2006 with no disruption to patient services during transition. Nelson Diagnostic Laboratory sold to Medlab South in October 2006 following the loss of the community pathology contract.
- Acquisition of remaining 30 percent shareholding in Orthotic Centre NZ in October 2006, taking ownership to 100 percent.
- Acquisition of 80 percent of Greenlane Imaging in February 2007.
- Exercised option to acquire a further 40 percent of Ascot Radiology in May 2007, taking total ownership of this business to 80 percent.
- Invested in \$1.4 million 64 slice CT scanner for Ascot Radiology and established joint venture with leading cardiologists to utilise the technology in June 2006.

Chair of Abano, Alison Paterson, said: "Through our proven and successful partnership model, we continued to build on the Group's existing portfolio of healthcare and medical services businesses, improving our investment returns and increasing shareholder value.

"The 2007 result represents a 213 percent increase in Operating Earnings Per Share to 21.9 cents per share. The directors have confirmed a maiden dividend payment for the 2007 financial year of 11 cents per share, fully imputed, with the record date as at 13 August 2007.

Managing director of Abano, Alan Clarke, commented further on the Group's strategy and future direction.

"We believe that investing in businesses with strong private payment revenue streams is the most productive and rewarding strategic option for the Abano Group. Our investment philosophy is to identify successful businesses where we can enter into long term equity partnerships with the clinical founders who will continue to work with us in growing their businesses and creating additional shareholder value.

"There are many attractive opportunities for growth and development in this market, across a range of healthcare and medical sectors; however, we will be primarily focusing new investment into our proven existing operating businesses in Audiology, Dental and Radiology, while maintaining our position and continuing to improve margins in our other operating businesses in Pathology and Rehabilitation.

"We expect to see shareholder returns continue to improve as the performance of each of our businesses is enhanced by our established investment model and our operational and management infrastructure."

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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 (70 percent), Dilworth Hearing (40 percent owned by Bay Audiology), Bay Audio Pty (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)

More information on Abano Healthcare Group is available at www.abanohealthcare.co.nz.