

Media Release

27 October 2006

ABANO FORECASTS IMPROVED RETURNS FOR SHAREHOLDERS

Sustainable profitability, increased private revenue, improved earnings per share and confirmation of a maiden dividend payment at the end of the 2007 financial year, were all key announcements at the Abano Healthcare Group annual meeting held today.

Presiding over his final annual meeting as chairman of Abano Healthcare Group, prior to his retirement as a director immediately following the meeting, Mr Jim Syme expressed his confidence in the future of the Abano group.

“2006 was a very successful year for Abano and marked a period of significant change with the sale of the aged care business, ElderCare, and our investment into the audiology and orthotics sectors. We now have a number of businesses with capable and talented leaders that are strengthening and growing their operations.

“Overall, we were pleased to report improved operational earnings per share. Excluding the gain on sale from ElderCare, earnings per share rose from 3.7 cents per share in 2005 to 7.0 cents per share in 2006, and we expect to see further improvements in this financial year and beyond”.

Mr Syme also confirmed the company was on track to produce an increased interim profit for the six months to 30 November 2006.

“The core financial performance for the six months ending 30 November 2006 will be significantly ahead of last year, as the benefits from the changes made to the Group’s portfolio of businesses start to flow through to the bottom line.

“For the first six month period, we are expecting revenues in the range of \$39 million to \$41 million, an EBITDA of between \$5.0 million to \$5.3 million and NPAT of between \$1.8 million and \$2.1 million”.

He continued: “Pleasingly, we are also expecting the full year to be well up on last year’s result. Our guidance for the full year to 31 May 2007 is that we expect revenues to be between \$79 million to \$83 million, EBITDA in the range of \$9 million to \$10 million and a NPAT of \$2.6 million to \$3.1 million”.

Based on these forecasts, it was announced that Abano will pay a maiden dividend at the end of the 2006/07 financial year, of 50 percent of the NPAT achieved. The dividend will carry full imputation credits.

In addition to Mr Syme's retirement as a director and following the re-election of Alison Paterson, it was announced that the Abano board had elected Alison as chairman. Ms Paterson addressed the meeting and expressed her confidence in the company and management team and her delight at the Group's financial progress.

Shareholders were also informed of several other changes to the board. Phil Newland, a long standing director, recently gave notice to the Abano board that he would be resigning as a director from December 2006, due to other work commitments, and it was announced that Mr Graeme Edmond would be joining the board following the annual meeting.

Mr Syme said: "Mr Edmond is currently Group Managing Director of Optical Holdings Limited and its subsidiary businesses, including Visique. He is a widely respected and experienced company director with a depth of experience in both the public and private healthcare and medical services markets, including past roles as CEO of Auckland District Health Board and Midland Regional Health Authority. His input and knowledge will be of great value to the Abano board".

He concluded: "The Group's task ahead is to continue to grow, and with the strong leadership of Alan Clarke and our sector partners and management teams implementing our agreed strategic plan, I believe that shareholders will see a rapid rise in profitability and the consequent increase in dividends".

Managing director, Mr Alan Clarke, provided shareholders with further information on the Group's operations and commentary on the strategic plan for each sector.

"Abano has made excellent progress in the financial year under review with a focused strategy and steady operational progress. The operational hole created by the sale of our Aged Care Sector, in July last year, was filled with our investments in Bay Audiology and the Orthotic Centre which both contributed strongly in the second half of the financial year, since their acquisition.

"We have growth strategies in place for our Audiology, Dental, Radiology and Orthotics businesses, with hold and maintain strategies for Pathology and Brain Injury Rehabilitation. The individual sector strategies in these existing businesses, translate to a projection of over \$90 million in Group revenues and an EBITDA of greater than \$12 million by 2008, and over \$100 million in revenues and an EBITDA greater than \$15 million by 2009".

Mr Clarke concluded by congratulating and thanking Mr Syme for his leadership of the Abano board.

“When Jim arrived, Abano (then Eldercare), had two businesses - one in aged care and one in rehabilitation – with annual revenues of under \$35 million; an EBITDA of under \$4.5 million generating an operational loss after tax of over \$4 million, with over \$40 million in debt.

“He leaves us today with annualised revenues of over \$79 million, an EBITDA of over \$9 million and a forecast NPAT of over \$2.6 million, an announced dividend policy and a great business footprint to work forward from. Jim, as chairman of an able and dedicated board, I thank you for this legacy”.

Shareholders agreed to all resolutions at the meeting:

- Re-electing Price Waterhouse Coopers as external auditors for the company;
- Re-electing Mrs Alison Paterson to the board.

- ends -

For more information, please contact:

Alan Clarke

Managing Director, Abano Healthcare Group Limited

Tel: 09 300 1412 Mob: 021 368 818.

Full copies of the chairman’s address and managing director’s speech 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% owned by Bay Audiology)
 - Abano Rehabilitation - Burtons Healthcare, Health Partners, Ranworth Healthcare (100 percent), Orthotic Centre (70 percent)
 - Abano Diagnostics - Aotea Pathology (55 percent), Ascot Radiology (40 percent)
 - Abano Dental - Lumino Care Dental (100 percent)