

ABANO HEALTHCARE GROUP 2013 HALF YEAR RESULTS

Abano delivers strong results and growth for first six months

Abano Healthcare Group has reported strong earnings growth for the six months to 30 November 2012 as it continues to successfully roll out its long term growth strategy. The results are based on unaudited management accounts and are in line with market guidance.

The company reported revenues of \$107.9 million (up 6%, reflecting the change in the contracting basis for Australian dentists), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$14.8 million (up 26%) and a Net Profit After Tax (NPAT) of \$1.5 million (up 160%).

Excluding items required to be expensed under the International Financial Reporting Standards (IFRS), the one off gain from the sale of the company's brain injury rehabilitation business and a review of Bay International's goodwill and tax losses, the underlying EBITDA was \$15.4 million (up 23% on a comparable basis), resulting in an underlying NPAT of \$2.7 million (up 108% on a comparable basis).

Chairman of Abano, Trevor Janes commented: "The company also reports underlying earnings as the Board believes that this is a more appropriate representation of Abano's performance and provides more useful information on the "normalised" profit of the company, rather than the accounting requirements of IFRS."

He continued: "Recent changes to IFRS have also affected how acquisitions of minority holdings are accounted for. The result is that Abano's \$17.9 million acquisition of the 30% minority holding in Dental Partners is accounted for as a reduction in equity rather than an increase in the value of assets owned. This treatment results in a significant understatement of Abano's equity and the carrying value of Dental Partners in Abano's financial statements."

Managing director of Abano, Alan Clarke, commented: "Our businesses have performed well over the six month period, and we are now realising some of the early benefits from our accelerated dental acquisition programme and the investment into our dental and radiology businesses during FY12 and the first six months of FY13. These benefits will continue to be evident during the second half of the year and into FY14."

In line with the last three years, an interim dividend of 7.3 cents per share has been declared and will be paid on 29 January 2013.

First Six Months to 30 November	2012 Actual \$ Million	2013 Actual \$ Million
Revenue ⁱ	102.0	107.9
EBITDA	11.7	14.8
NPAT	0.6	1.5
Underlying EBITDA ⁱⁱ	12.5	15.4
Underlying NPAT ⁱⁱ	1.3	2.7

ⁱ The revenue result reflects the change in the basis for contracting dentists in the Australian dental business, Dental Partners, which now accounts for revenue after dentists' commissions, where as previously revenue was accounted for before commissions. While this will result in a drop in reported revenue for Dental Partners, there is no impact on EBITDA and NPAT. On a like for like basis, total revenue would have been \$119.7 million, an increase of 17 percent over the previous year.

ⁱⁱ Further information on underlying earnings, which is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS, is available on the Abano website at www.abano.co.nz/underlyingearnings.

FIRST HALF KEY EVENTS

- Improved revenue, earnings and profit growth, with results in line with guidance
- Settlement of sale of brain injury rehabilitation business in June 2012
- Acquisition of outstanding shareholding in Dental Partners in July 2012
- Completion and commencement of operations at new Millennium radiology clinic
- Acquisition of 19 dental practices providing \$16.9 million in additional, annualised gross revenues

BUSINESS PERFORMANCE

Dental

Our two dental networks in New Zealand and Australia continue to grow, with a new dental practice acquired, approximately every two weeks. During the six months to 30 November 2012, we acquired 19 practices, providing \$16.9 million in additional annualised gross revenues. We now have 136 dental practices across our Lumino The Dentists network in New Zealand and Dental Partners in Australia.

The trans-Tasman dental market is worth over \$7 billion a year, with only approximately 10% of the market held by corporate consolidators. We have an accelerated acquisition programme in place, and are currently the second largest dental corporate consolidator in Australasia.

Radiology

On 1 November 2012, we merged our two radiology businesses into one entity, now known as Insight+Ascot Radiology. Abano owns 73% of this business, and our expanded radiologist partners hold the remaining 27%, with plans to introduce new radiologist partners in the coming months.

In the past 18 months, we have invested significantly into leading edge technologies and equipment, as well as purpose built, state of the art facilities. The Insight+Ascot business is now one of the largest specialist radiology practices in the country and we are seeing strong demand and growth at all six clinics, particularly for PET CT scanning at our Ascot Central practice as this new technology becomes more widely accepted. Services have only recently commenced at the Millennium Institute on Auckland's North Shore, and have seen strong support and growing demand for all modalities.

Audiology

We are continuing to invest in the development of our audiology networks in Australia and Asia, and expect to see continued revenue growth, with a break even EBITDA result forecast to be reached in two to three years' time.

Good growth is being seen in our biggest markets in Australia, Taiwan and Malaysia. However, as previously advised, our three stores in each of the smaller markets of Singapore and Hong Kong have underperformed against expectations and remain soft.

Following a review of Bay International's consolidated result, and as previously done, under IFRS, we have de-recognised some of the tax assets and goodwill that have accumulated within Bay International over the past few years. This de-recognition is a non cash charge, which does not affect our ability to utilise these tax losses in the future.

Pathology and Orthotics

Our pathology and orthotics businesses have performed well in the first half of the year and delivered solid results in line with expectations.

Outlook

While economic conditions in the Australasian region remain difficult, we are seeing improved trading in dental on both sides of the Tasman and Abano continues to deliver growth and improving profit results.

We will continue to implement our proven and successful growth strategy, with a focus on dental in New Zealand and Australia, radiology in New Zealand, and our emerging audiology network in Australia and South East Asia. These are underpinned by solid annuity performances from our orthotics and pathology businesses.

As is our practice, we will issue a full year forecast around the end of March next year, once we have assessed trading over the Christmas and summer holiday period.

SUMMARY OF KEY DATES

Record date for dividend	14 January 2013
Confirmation of issue price for shares under the Dividend Reinvestment Plan (DRP). Shares will be issued at a 2.5% discount on closing price	22 January 2013
Payment date of interim dividend/Issue of shares under the DRP scheme	29 January 2013
Release of Interim Report	February 2013

ENDS

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Abano Healthcare Group is New Zealand's leading listed specialist healthcare investor and operator, with businesses in four sectors – audiology, rehabilitation, diagnostics and dental – and operations across New Zealand, Australia and Asia. www.abanohealthcare.co.nz