

ABANO HEALTHCARE GROUP INTERIM RESULTS TO 30 NOVEMBER 2010

Listed healthcare investor and operator, Abano Healthcare Group, today reported its results for the six months to 30 November 2010. The results, based on unaudited management accounts for the six months ended 30 November 2010, show Revenues of \$86.7 million, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$9.4 million and Operating Net Profit After Tax (Operating NPAT) of \$2.2 million.

Excluding the recent IFRS changes, underlying earnings provided an EBITDA of \$9.9 million and a NPAT of \$2.8 million. The previous year's first six month result also included the operations of Bay Audiology in New Zealand, which was sold during the period for a net gain on sale of \$76.6 million.

	Six months ended 30 November 2010 (\$m)	Six months ended 30 November 2009 (\$m)
Revenues	\$86.7	\$102.3
EBITDA	\$9.4	\$13.0
Net Profit After Tax (statutory profit)	\$2.2	\$80.0
Less: Net gain on sale of Bay New Zealand	-	\$(76.6)
Add back: Deferred interest expense on acquisition settlements	\$0.1	-
Add back: Acquisition Costs	\$0.5	-
Underlying Profit After Tax	\$2.8	\$3.4
Earnings Per Share from continuing operations	10.51 cents per share	8.15 cents per share
Interim dividend –operating*	7.3c per share	7.3c per share
Special dividend following sale of Bay New Zealand*	-	44.7c per share

*Special early interim dividend paid in December 2009 following settlement of the sale of Abano's New Zealand audiology business was a total of 52 cents per share, including the six month operating dividend of 7.3 cents per share.

The continuing operations of Abano's dental, diagnostic and rehabilitation sectors (excluding audiology due to the changes in ownership structures and sale) showed revenue growth of 16 percent, from \$74.8 million in the first six months of the previous period to \$86.7 million in the first six months of the current financial year. Underlying earnings at EBITDA grew from \$10.2 million to \$11.9 million, a 17 percent increase.

In line with the last two years, the Abano board has confirmed its intention to maintain a constant dividend payment of 21 cents per share for the 2011 financial year. Therefore, an interim dividend of 7.3 cents per share has been declared and will be paid on 20 January 2011. The Dividend Reinvestment Plan will be suspended for this dividend payment.

The six month result includes a full contribution from Abano's jointly held shareholding in NHC Group Pty Limited which was sold during the period, with settlement achieved after the period end on 10 December 2010. A gain on sale of approximately \$12 million will therefore be reported in the second half of the current financial year.

After carefully examining the company's financial position and considering immediate and planned growth opportunities, the board of Abano proposed a \$27.3 million capital return to shareholders by way of a pro-rata, compulsory 1 in 4 share cancellation. Following shareholder and final High Court approval, the cancellation will occur on 12 January 2011 with payment to shareholders on 20 January 2011.

Earnings Per Share from continuing operations for the six month period to 30 November 2010 were 10.51 cents per share, compared to 8.15 cents per share in the previous year's first half period. This was lower than expected as the share buy-back and cancellation offer made in November 2009 was undersubscribed, resulting in a higher number of shares on issue than planned. Following the planned share cancellation in January 2011, the number of shares on issue will be reduced by 25 percent and consequently, Earnings Per Share will improve going forward.

Abano's debt remains very modest with a 19.0 percent net debt to net debt plus equity ratio. The company currently has confirmed debt facilities of NZ\$45 million in New Zealand and A\$25 million in Australia, which will be utilised to further invest into the expansion of dentistry on both sides of the Tasman, radiology services in New Zealand and continued growth of Abano's joint venture audiology business in Australian and Asian markets.

Chairman of Abano, Alison Paterson, commented: "The first six months of the 2011 financial year was a period of concentrated growth and more change for Abano with the sale of our holding in NHC Group and the ongoing expansion of our dental businesses in New Zealand and Australia and our audiology networks in Australia and Asia. We also announced at our annual meeting that we would be proceeding with a \$5 million investment into leading edge PET/CT technology at Ascot Radiology in Auckland."

She continued: "Economic and trading conditions remained challenging during the first half of the year and consumer and business confidence is still down going into the second half. While healthcare is relatively protected from economic downturns, many areas of our Group are still dependent on discretionary healthcare spending and both the Australian and New Zealand economies remain very sluggish.

"In addition, policy changes in ACC referrals continued to impact in several businesses in the period and we have yet to see any substantial improvement in their performance, particularly in our brain injury rehabilitation business which is almost totally funded by ACC and Ministry of Health contracts."

Abano's growth businesses continued to expand in the first six months of the 2011 financial year. In New Zealand, Lumino The Dentists acquired a further four dental practices, taking the network to 54 practices nationwide and in Australia, Dental Partners acquired seven practices, expanding to 33 practices based predominantly in New South Wales, ACT, Victoria and Queensland.

Audiology operations in Australia and Asia also grew, with Abano most recently announcing its entry into Taiwan through the acquisition of a small audiology chain. This investment will help build the audiology management team's understanding of how to operate in this very large, traditional Chinese market.

Alison Paterson said: "Dental is a key sector for Abano and currently our dental businesses provide over half of the company's consolidated revenue. In January 2011, as planned, we will be relocating the Dental Partners head office to new premises in Southport, Queensland. This new facility will accommodate our growing support and back office team as well as provide a centralised training facility for clinicians.

“Audiology in Australia and Asia will continue to grow primarily through greenfield developments and therefore this investment in growth is expensed through the Profit and Loss account and not capitalised through the balance sheet. As a consequence and as previously advised, we expect investment losses in the near term and we do not expect any significant profit contribution from audiology for at least three to five more years.

“We have also taken the decision to accelerate the relocation of our regional audiology support offices. Firstly, from Singapore to Hong Kong to allow us to have a refreshed senior team closer to the Chinese markets of Taiwan and Hong Kong and secondly, from Brisbane to Sydney, to be closer to the New South Wales and Victoria markets. These changes will have a one-off cost which will be accounted for in the second half of the 2011 financial year, but will position us well for long term growth.

“Abano has an excellent management team, strong operating cashflows and funding facilities in place for continued investment in our growth sectors. Although the legacy of the global economic crisis continues to be felt, the Abano board is confident that Abano will continue with its proven track record of performance, delivering value to our shareholders.”

In line with Abano's normal market guidance communications, full year guidance will be provided around March 2011, once trading over the Christmas and summer holiday period has been assessed.

Key Dates:

Record date for share cancellation	12 January 2011
Record date for interim dividend	13 January 2011
Payment date for share cancellation and interim dividend	20 January 2011

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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 – with operations across New Zealand, Australia and Asia.

Existing subsidiaries, jointly controlled entities and associates include:

Abano Audiology	Bay International	50% owned by Abano
	Bay Audio Pty (Australia)	95% owned by Bay International
	Bay Audiology Hong Kong, Bay Audiology Singapore, Bay Audiology Malaysia, Bay Audio Taiwan	100% owned by Bay International
Abano Rehabilitation	Abano Rehabilitation - Burtons Healthcare (NZ), Health Partners (NZ), Ranworth Healthcare (NZ)	100% owned by Abano
	Orthotic Centre (NZ)	100% owned by Abano
Abano Diagnostics	Aotea Pathology (Wellington, NZ)	55% owned by Abano
	Ascot Radiology (Auckland, NZ) – Greenlane Imaging	73% owned by Abano
	Insight Radiology (NZ)	80% owned by Abano
Abano Dental	Lumino The Dentists (NZ)	100% owned by Abano
	Kidz-Teeth (NZ)	70% owned by Abano
	Dental Partners (Australia)	70% owned by Abano