

## **ABANO ADVISES OF WITHDRAWAL OF BID FOR WELLINGTON REGIONAL PATHOLOGY CONTRACT**

Abano Healthcare Group Limited (NZX:ABA) has today advised that its subsidiary, Aotea Pathology Limited (Aotea), has withdrawn its bid in the current RFP process to provide pathology services for the lower North Island, encompassing the three District Health Boards (DHBs) of Capital & Coast, Hutt Valley and Wairarapa.

The decision comes after extensive discussions in recent months between the three DHBs and Aotea, to try and establish a constructive and commercially sound partnership for the provision of pathology services to these regions.

Richard Keys, Abano's Chief Operating Officer and a director of Aotea said; "While we wish to work constructively with the DHBs, with the current process, timeframes and timetable changes, our conclusion was that the proposed terms of contract in its current form would not be in the interests of our clinicians and staff at Aotea or Abano's shareholders and it could well place the existing pathology services and the region's communities at considerable risk.

"Our decision to withdraw was not taken lightly. We believe that the current process would result in an outcome that was clinically unsound and financially unsustainable, and with all risk being transferred to the provider."

The current contract for community pathology services ends on 31 October 2015.

This decision means Abano is now reviewing the likely impairment charge that it would be required to make. Abano has previously indicated that if the new contract was not awarded to Aotea and the existing contract ended, Abano would need to write off the book value of this business, which is currently \$11 million.

Abano has a 55 percent shareholding in Aotea Pathology, with Sonic Healthcare, one of the world's largest pathology business and listed on the ASX, holding the remaining 45 percent. The business is part of Abano's diagnostics sector which also includes Insight+Ascot Radiology in Auckland. This sector provided 16 percent of Abano's Group gross revenue in FY14.

### **ENDS**

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