



MEDIA RELEASE

Shareholders Association Hammers Hutson/Reeves proposal
22 May 2014

Many Investors, One Voice

The New Zealand Shareholders Association today came out firmly in support of Trevor Janes, Abano's Chairman. Mr Janes is facing a resolution, put by dissident shareholders Peter Hutson and James Reeves, to dismiss him as a director of Abano Healthcare.

NZSA Chairman John Hawkins said the Association had made extensive enquiries of both parties and institutional shareholders which included numerous face to face meetings. As an independent organisation set up to protect the interests of all retail shareholders, we have a duty to be involved said Hawkins. We want to take the personality attacks out of the equation and ensure shareholders receive accurate information upon which they can make an informed decision.

Hawkins said that the background to the current situation was very relevant. An earlier attempt by Hutson, Reeves and Australian private equity fund Archer Capital to take over Abano via a highly conditional scheme of arrangement was unanimously rejected by the Abano board. A report from Grant Samuel, which placed a significantly higher valuation on the company, confirmed the Abano board's view.

Most tellingly, by way of the offer, Hutson and Reeves were to retain a shareholding in the Archer controlled consortium and Hutson was also to receive Abano's share of the audiology business for a nominal sum – effectively handing him around \$33m of funds that Abano shareholders' had poured into the joint venture. NZSA cannot imagine how this could be considered to be in the interests of all shareholders and it raised serious questions around the credibility of the offer, said Hawkins.

Having been knocked back, Hutson and Reeves have changed tack and now claim to be acting to protect shareholders' interests. Mr Hutson says he had expressed concerns to the board and individual directors about the strategy, performance and operational leadership of Abano's dental business while he was a director. This is difficult to understand because NZSA has received written confirmation from all Abano directors stating that they had not been approached with these concerns prior to Hutson joining with Archer Capital. Furthermore, Mr Hutson was involved with and signed off on all board decisions, strategy and financial results up until his resignation. His fellow Abano directors had unanimously felt compelled to seek his resignation from the board due to unresolved conflict of interest issues resulting from Mr Hutson's role in the Archer consortium.

Hawkins said that while concentrating on the dental business, Mr Hutson conveniently neglects to mention the dismal performance of the audiology joint venture division that he ran until recently as CEO. The \$33m Abano has poured into this, and since had to write down to \$12.9m, has yet to yield any profit, unlike every other division including dental.

Hawkins said it was disturbing that a number of statements from Mr Hutson and Mr Reeves contained claims that were directly contradicted by documentary evidence in the Associations' possession. He said the Association was likely to release more specific information following the notice of meeting being placed on NZX.

We also see no cohesive business strategy being proposed by Hutson/Reeves here, said Hawkins. Dismissing Mr Janes will not achieve change. That can only come from engagement and discussion. We have seen plenty of evidence that Abano is willing to discuss issues relevant to shareholder concerns. Unfortunately, despite the rhetoric, there has been little genuine attempt on the part of Mr Hutson and Mr Reeves to reciprocate.

Hawkins said that given the nature of the Abano share register, retail shareholders will make a big difference to the outcome at this Special Meeting, and it was essential they all cast their votes or appoint a proxy.

Hawkins said the Shareholders Association would be writing to all Abano shareholders with its assessment of relevant issues, and would be voting undirected proxies **against** the Hutson/Reeves proposal to remove Mr Janes.

John Hawkins
Chairman
021640588

Ends.