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## **ASX ANNOUNCEMENT**

**24 May 2010**

### **MARKET UPDATE**

The 2010 Financial Year has been and continues to be a busy and exciting year of expansion, with acquisitions, existing and new facility upgrades, and the establishment of several greenfield facilities, all directed at increasing profits and shareholder returns while providing a rewarding environment for our staff and the dentists using our facilities. This update will give an overview of recent and upcoming activities.

#### **TINGALPA, BRISBANE**

We acquired this recently completed modern, state-of-the-art four chair facility last month. It was under-performing under the previous management but we have secured the practice on good terms and are confident that we can turn it around with the right people and the right mix of marketing, promotion and patient-focused service we are proud of.

It is also in relatively close proximity to our existing Carindale facilities, so cross-marketing and patient database mining and sharing will create synergies.

#### **SPRINGWOOD, BRISBANE**

We recently acquired a small existing practice in a long established location at Chatswood Central Shopping Centre. We expect to start work shortly on the fitout of a new six chair facility in the new medical precinct of this shopping centre, which includes an existing medical centre and pharmacy, plus a new pathology collection centre.

#### **CARSELDINE, BRISBANE**

This brand new, four chair facility opened on 20th January 2010 as a greenfield site at the Carseldine Central shopping centre. This practice is situated in a medical precinct adjoining a Terry White pharmacy, medical centre and pathology collection centre. This practice is growing rapidly and exceeding our targets and budget, as a start-up.

## **BUNDABERG**

A large new greenfield six chair facility is currently being fitted out and will become our second practice in Bundaberg. It is located adjacent to the Post Office on the main street and main intersection of the CBD. It has a very high profile and is being established to meet massive demand in this area, and complement the enormously successful practice we acquired there almost two years ago, which is at full capacity.

## **TOWNSVILLE**

Several of our Townsville facilities have and will receive moderate refurbishments and upgrades to enable expansion of the number of operators at each facility. This is to increase capacity for current and future growth and improve the patient-focused service delivery we are proud of.

## **MACKAY**

This facility has recently been expanded and upgraded to accommodate ten chairs. It is now starting to approach full operating capacity. Some minor reception and administration area renovations are to be commenced in the foreseeable future to improve the patient experience and functionality.

## **GLADSTONE**

This facility has undergone major external extensions due to landlord works to include a new (relocated) chiropractor, and another adjoining allied health use is expected. An internal refurbishment and upgrade will commence very soon.

## **TWEED HEADS**

This facility was established as a greenfield site in October 2008, adjacent to a busy medical centre, pharmacy, radiology, and pathology collection centre. Since then it has enjoyed rapid growth, again exceeding targets and budget.

We are currently installing another two dental chairs bringing this facility up to five chair capacity, with future scope for a final one, making six in total. This increased capacity is to cater for current demand and future growth.

## **CONCLUSION**

We are very excited about all these developments and how much progress has been made during this Financial Year. The full financial impact of all this will be realised over the coming years.

Overall, twenty (20) practices are now owned, operated and managed by 1300SMILES Ltd, a number we are very proud of. Our total capacity is now approaching 100 chairs.



On behalf of the Board  
Daryl Holmes  
Managing Director

## **ABOUT 1300SMILES LTD**

### **OVERVIEW OF THE COMPANY'S BUSINESS**

The Company provides the use of dental surgeries and practice management and other services to self employed dentists who carry on their own dental practices. The Company provides surgery facilities at twenty sites located in the ten major population centres in Queensland. The head administrative office is in Townsville.

The services provided by the Company allow the dentists to focus on the delivery of dental services rather than on the administrative aspects of carrying on their businesses. The dentists pay fees to the Company for the provision of these services under a Dental Service Agreement with the Company.

The dentists who use the Company's services range from new graduates to experienced dental professionals. Several dentists who use the Company's services have special interest and experience in such areas as endodontics, oral surgery, implants and periodontics and cross-refer work to other dentists who use the Company's services.

The Company provides comprehensive services in the areas of marketing, administration, billing and collections, and facilities certification and licensing to all participating dentists. The Company also provides all equipment and facilities, and sources all consumable goods using the buying power which derives from such a large group of dental businesses.

### **FUTURE DEVELOPMENTS**

The Company's core objective is to continue to increase profits and shareholder returns while providing a rewarding environment for our staff and the dentists using our facilities.

The Company aims to achieve a combination of organic growth in its existing locations and the addition of new practice management facilities.

The key drivers for future growth of the Company are:

- Increasing the number of dentists who use the Company's existing facilities.
- Assisting the dentists who use the Company's facilities to increase their turnover.
- Acquiring additional practices in existing and new regions.
- Establishing new practices in existing and new regions.

### **DENTIST ENQUIRIES**

Owners of dental practices who are interested in unlocking the goodwill value of their businesses are invited to contact Dr. Daryl Holmes, Managing Director, on 07 4721 1238 or on [md@1300SMILES.com.au](mailto:md@1300SMILES.com.au).

Qualified dentists who wish to know more about joining one of our established facilities are also encouraged to contact Dr. Holmes directly, or email [dentistrecruitment@1300SMILES.com.au](mailto:dentistrecruitment@1300SMILES.com.au)