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ASX ANNOUNCEMENT

20 September 2007

1300SMILES Ltd (ASX code: ONT)

CALOUNDRA PRACTICE ACQUISITION SETTLES

On 5 September 2007 1300SMILES Ltd announced it had entered into a contract to acquire a major, long-established dental practice located in Caloundra, on Queensland's fast-growing Sunshine Coast. The company now advises this acquisition is settled and the Caloundra operation is now owned and operated by 1300SMILES Ltd. This means the revenue and profit from the Caloundra facility will be included in the company's accounts for about three-quarters of the 2008 financial year.

Caloundra is one of the major commercial centres on the Sunshine Coast, and is located about half way between Brisbane and Noosa. The population of Caloundra itself has been growing at about 4% per year.

The acquired practice has a long history and enjoys a prominent, central location. Several dentists base their busy practices at this facility; the practice principal, dentists, and staff will remain unchanged. 1300SMILES Ltd is confident this facility will continue to operate at current or improved levels of productivity and profitability.

About 1300SMILES Ltd

OVERVIEW OF THE COMPANY'S BUSINESS

The Company principally 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 multiple locations in Townsville, Cairns, Mackay, Gladstone, Caloundra, Brisbane, and the Gold Coast. The head administrative office is in Townsville.

The services provided by the Company allow 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, 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 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

Qualified dentists who wish to know more about joining one of our established facilities or about establishing a new facility are invited to contact Dr. Daryl Holmes, Managing Director, on 07 4721 1238 or on md@1300SMILES.com.au.

On behalf of the Board
Daryl Holmes
Managing Director