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ASX ANNOUNCEMENT

20 February 2007

Acquisition and Expansion of Gladstone Dental Centre

1300 SMILES Ltd (ASX code: ONT) is pleased to announce that it has entered into a binding contract to acquire an established dental practice in Gladstone, Queensland. Gladstone is an important regional centre serving a population of about 50,000, just south of Rockhampton. Demand for dental services in the Gladstone region is expected to remain strong.

The existing multi-dentist practice is very much a going concern, having been established over 25 years ago.

Upon settlement (expected on 28 February 2007) 1300 SMILES Ltd will immediately commence an upgrade of the facilities and equipment to the Company's demanding standards and requirements. It will also expand the facility significantly, adding new surgeries for additional dentists and hygienists, with the new surgeries expected to be available for use by April 2007.

Patients seeking to book appointments in Gladstone can now use the Company's central booking service by dialing 1300-SMILES (1300-764537).

Dentists who wish to locate their practices within this new and expanded facility can now contact the Company to discuss this.

This acquisition reflects the Company's ongoing effort to expand its geographical coverage by acquisition and by establishing new facilities for the convenience of dentists who wish to establish or re-locate their practices within the Company's proven structure of an ASX-listed operator of dental facilities in Australia.

About 1300 SMILES Ltd

1300 SMILES Ltd 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 locations in Townsville, Cairns, Mackay, Brisbane, Gold Coast and now Gladstone. 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.

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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 interests and experience in such areas as endodontics, oral surgery, periodontics, implantology, and complex restorative, 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.

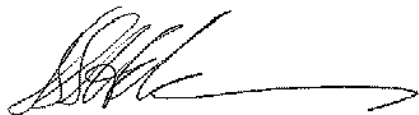
The Company's core objective is to continue to increase profits and shareholder returns while providing a rewarding environment for our staff and the dentists using our facilities.

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 will be:

- 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.
- Ongoing attraction of new dentists to the Company's existing and new facilities.

The Company is capable of establishing new, top-quality facilities anywhere in Australia, at no cost to the participating dentists, and is always pleased to discuss such opportunities as may arise.



On behalf of the Board
Daryl Holmes
Managing Director