

Snapshot

Stocks that have attracted the attention of **Si** writers.

STOCKS

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1300 Smiles

RATHER THAN employing dentists, 1300 Smiles charges a management fee for its services providing rooms and administrative, financial and marketing support to self-employed practitioners. The Townsville-based company owns 18 dental surgeries in Queensland and northern NSW and expects acquisitions and an uptick in patient numbers to drive earnings this year. Management fees are calculated as a percentage of surgery revenue. In the first half,

Si view

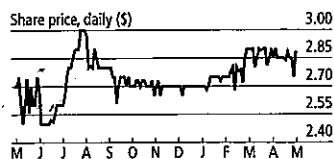
The dental services business is expanding rapidly but faces competition from rival Dental Corp, which has \$180 million to spend buying up practices.

the business reported an 8.6 per cent increase in net profit to \$2.3 million and increased its interim dividend 20 per cent to 6.5¢ a share. But it's not all smiles. The company's plans to expand could be hampered by larger rival Dental Corp, which late last year secured \$180 million of debt to spend on acquisitions. Dental Corp owns 85 practices, buying profitable businesses from dentists and taking over the administrative functions. The dentists receive mostly cash and some Dental Corp shares in payment. 1300 Smiles isn't too worried, though. Managing director Daryl Holmes believes Dental Corp will struggle to retain dentists once they reach the end of their five-year contracts. Holmes says he's confident his

ASX CODE: ONT

Healthcare

Provides rooms and practice management to self-employed dentists.
Year end: June 30



Market cap	\$60.8m		
52 week ▲	\$3.00	52 week ▼	\$2.50
Yield	4.34pc	Hist. P/E	15.0
		2008	2009
Revenue	\$15.1m		\$22.3m
Net profit	\$2.1m		\$3.8m
EPS	10.9¢		18.7¢
Dividend	9.5¢		11.4¢

business can continue to deliver sustainable growth and notes the company has generated positive cash flow every reporting period.
Justin Bailey

Australian Agricultural Company

THE CATTLE company is undergoing the biggest transformation in its 186-year history as it seeks to find new, sustainable earnings streams to offset risks inherent in breeding. Under new management, Australian Agricultural Company will switch focus from being a large cattle breeder to a cattle trader, marketer and processor. The change comes after several years of disappointing earnings as drought, floods and currency fluctuations affected its ability

Si view

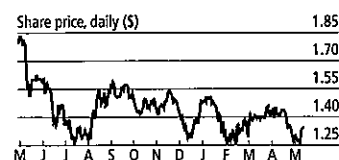
Is in the early stages of a turnaround as it seeks to deliver sustainable earnings for investors, who have been disappointed in recent years as bad weather impeded cattle breeding and returns.

to breed cattle. In addition, accounting rules require AAco to value its land and cattle on the day it closes its accounts, which means the fluctuating cattle price can hurt. The company, which has been beset by boardroom power struggles, suffered a \$53.7 million loss in 2009, compared with a loss of \$38.7 million the previous year. It hasn't paid a dividend since December 2008. Chief executive David Farley, who took on the role in December, wants AAco to begin trading its own cattle later this year rather than having a third party sell cattle on its behalf. Farley has recruited well-regarded Elders executive Troy Setter to spearhead the trading operations. AAco will also invest in processing facilities such as abattoirs – a

ASX CODE: AAC

Food and beverages

Australia's largest beef producer.
Year end: December 31



Market cap	\$342.2m		
52 week ▲	\$1.86	52 week ▼	\$1.18
Yield	-20.30pc	Est. P/E	13.9
		2008	2009
Revenue	\$236.9m		\$157.5m
Net loss	\$38.7m		\$53.7m
EPS	-15.0¢		-20.3¢
Dividend	7.0¢		N/A

sector of the market familiar to major shareholder IFFCO, a Dubai-based conglomerate. AAco wants to increase cash flow by 2010.
Julie-anne Sprague

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