

ASX ANNOUNCEMENT

5 September 2007

1300 SMILES Ltd (ASX code: ONT)

Sunshine Coast - Significant Dental Practice Acquired

1300 SMILES Ltd has entered into a contract to acquire a long-established, large, multi-dentist practice located in Caloundra, one of the major commercial centres on Queensland's Sunshine Coast.

This facility, located about half way between Brisbane and Noosa, serves one of Queensland's fastest growing regional populations. Caloundra City itself is growing at a rate of about 4% per year.

The practice has a proven history and prominent, central location. The dentists and hygienists who base their practices at the Caloundra facility are working close to optimal capacity ensuring ongoing productivity and profitability, plus there exists scope to enhance it's already-excellent performance and reputation. The practice principal, dentists and all the staff will remain unchanged.

This move into the key Sunshine Coast market reflects the company's continuing focus to expand by acquisition and by establishing new practices in suitable markets. Following the company's recent expansion into Gladstone and Carindale, the Caloundra facility helps to consolidate the company's presence in southeast Queensland. Most of the significant population centres between Cairns and the Gold Coast are now served by 1300 SMILES Ltd facilities.

About 1300 SMILES 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

For personal use only

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.