

ASX ANNOUNCEMENT

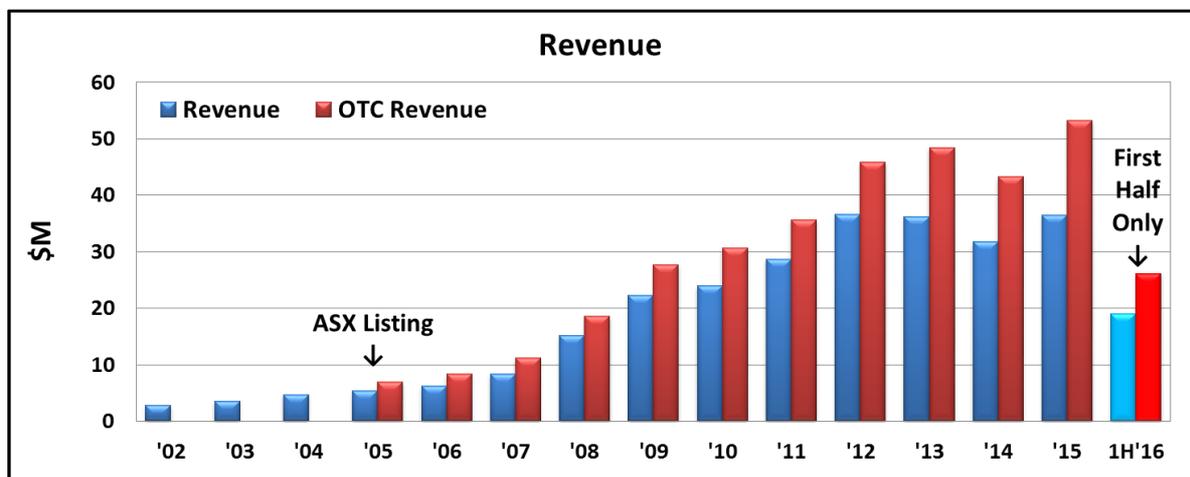
www.1300SMILES.com.au

15 February 2016

First Half OTC Revenue

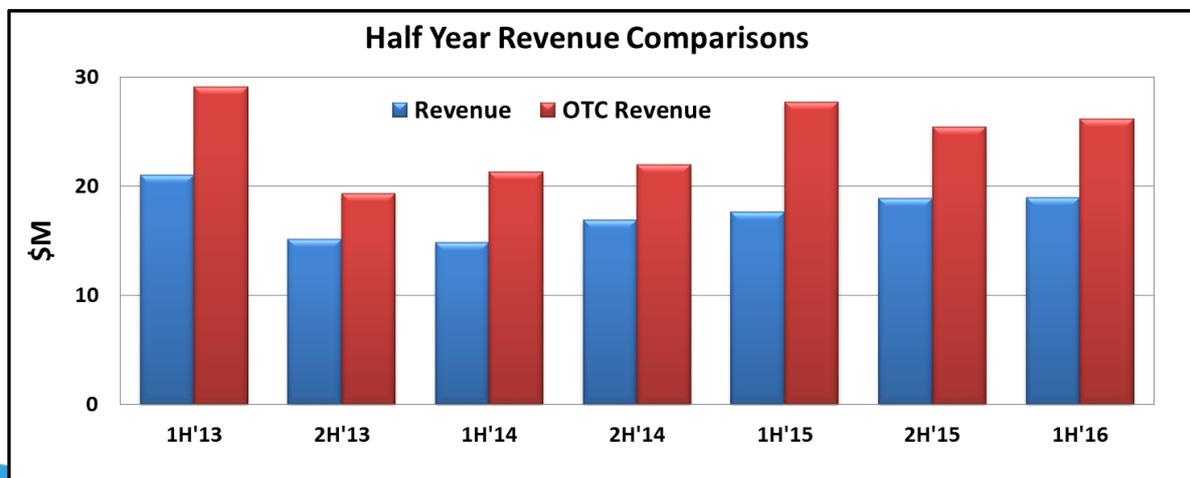
1300SMILES seeks to provide consistent and meaningful reports to enable a clear understanding of the company's business. On occasion we change the form of our reports to emphasise or clarify issues which we believe to be important to shareholders.

In our recent report for the first half of the 2016 financial year we decided not to include a chart showing Revenue and OTC Revenue by year. We have been pleasantly surprised to learn that shareholders read our reports closely enough to notice this change and ask us about it. We are therefore happy to provide the following charts. These should be read in conjunction with the half yearly report.



Reconciliation of OTC Revenue (non-IFRS) to Statutory Revenue per (Financial Statements)

| | '05 | '06 | '07 | '08 | '09 | '10 | '11 | '12 | '13 | '14 | '15 | 1H'16 |
|--|-----|-----|------|------|------|------|------|------|------|------|------|-------|
| OTC Revenue (\$m) | 7.0 | 8.3 | 11.2 | 18.6 | 27.6 | 30.7 | 35.7 | 45.9 | 48.5 | 43.3 | 53.2 | 26.2 |
| Less amount retained by self-employed Dentists (\$m) | 1.6 | 2.1 | 2.8 | 3.4 | 5.3 | 6.8 | 6.9 | 9.2 | 12.3 | 11.5 | 16.6 | 7.1 |
| Statutory Revenue (\$m) | 5.4 | 6.2 | 8.4 | 15.2 | 22.4 | 23.9 | 28.7 | 36.7 | 36.2 | 31.8 | 36.6 | 19.0 |



As noted in my letter accompanying the half year report, first half OTC Revenue in the 2016 year was down slightly in comparison to the previous year's first half. This fact says more about the previous year's first half than about anything else, as that was a period in which OTC Revenue leapt ahead abruptly. The Half Year Revenue Comparisons chart above shows this clearly. From my point of view the trends in both Revenue and OTC Revenue remain solid.

This announcement and further information about 1300SMILES Ltd can be found on the company's web-site www.1300SMILES.com.au.

A handwritten signature in black ink, appearing to be 'Daryl Holmes', with a long horizontal flourish extending to the right.

On behalf of the Board
Daryl Holmes
Managing Director

ABOUT 1300SMILES LTD

OVERVIEW OF THE COMPANY'S BUSINESS

1300SMILES Ltd owns and operates full-service dental facilities at its sites in New South Wales, South Australia, and in the ten major population centres in Queensland. The company continually seeks to expand its presence into other geographical areas throughout Australia. It does so both by establishing its own new operations and by acquiring existing dental practices. The administrative and corporate offices are in Townsville.

1300SMILES enables the delivery of services to patients by providing the use of dental surgeries, practice management and other services to self employed dentists who carry on their own dental practices. 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. In some circumstances the company also employs qualified dentists.

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, 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 support staff, 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 profits by attracting more dentists to our existing facilities and expanding those facilities which are already at full capacity;
- Assisting dentists who already practice within the 1300SMILES system to increase their turnover and income through benchmarking, training, and mentoring;
- Establishing new practices in existing and new regions (greenfield sites);
- Acquiring substantial existing practices where we can do so on favourable terms; and
- Managing dental facilities owned by others.

DENTIST ENQUIRIES

Owners of dental practices who are interested in unlocking the goodwill value of their businesses (or freeing themselves from all the management hassles) are invited to contact Dr. Daryl Holmes, Managing Director, on +61 (7) 4720 1300 or md@1300SMILES.com.au.

Qualified dentists who wish to know more about joining one of our established facilities are encouraged to contact Dr. Holmes directly or email dentalcareers@1300smiles.com.au or visit our website www.dentalcareersaustralia.com.au.