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Media Release

1300SMILES FY'16 Results deliver record full year dividend of 22.5c

1300SMILES Ltd has today announced solid and strong results for the year to 30 June 2016, with NPAT up 15.8% to \$7.6 million and a final dividend of 11.5c per share setting new records, both as the largest dividend ever paid and the largest full year dividend up 17.2% to 22.5cps in total.

Managing Director and Founder, Dr. Daryl Holmes said “the Directors of 1300SMILES are committed to declare dividends which give shareholders the opportunity to participate fully as the owners of the business.”

According to Dr. Holmes, “We are very proud of the overall result for 2016 - it is consistent and pleasing, but with a notable difference from previous periods. The unusual aspect of this good result is that it was achieved in a period in which Revenue was flat, at \$36.4 million.”

“I expect Revenue growth to resume, following the current period of political and economic uncertainty, and as it does so I expect we’ll see an increased portion of Revenue falling through to the bottom line. Within the 2016 financial year we saw notably positive improvements from the third to the fourth quarters, and I expect this trend to continue into the 2017 financial year.”

Dr Holmes went on to say “Our services to patients, our management tools, and our administrative processes have all improved radically over the past decade, but we have maintained our solid focus on providing quality dental care to patients, and attractive working environment to dentists and staff, and good financial results for shareholders.”

“2016 was a year in which much of our profit growth came from internal improvements-- an achievement of which all our staff should be proud. Our relentless focus on costs and efficiency came to the fore and we finished the year leaner and more efficient than ever.”

During the year, a Performance Management Project was largely completed, creating the best possible and most cost-effective corporate management system, involving a major upgrade of corporate management software - digitising, streamlining, and automating many head office and management processes, greatly improving access to better management data, faster, and at lower cost than ever before.

When talking about the dental industry and future, Dr. Holmes went on to outline “The dental market remains somewhat confused by the activity of private health insurers, private equity firms and other players with shallow roots in the dental industry. 1300SMILES plays a long game and we will wait until the acquisition opportunities are better. I speculate that the current market conditions will create significant opportunities for us in the foreseeable future.”

The company also reported ongoing strong demand for its Dental Vouchers scheme (\$49 - \$99pw direct debit payment plans) which fits perfectly with the company’s key objectives of availability, accessibility and affordability.

ENDS

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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.1300smiles.com.au/careers.