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Media Release

Dental Group Shines with Record Results

Queensland's largest provider of dental services, 1300SMILES Ltd, is poised for further expansion following a record lift in performance in the first half of the 2012 financial year.

1300SMILES Ltd owns twenty-three established multi-dentist facilities in Cairns, Townsville, Mackay, Rockhampton, Gladstone, Bundaberg, the Sunshine Coast, several locations in greater Brisbane, the Gold Coast (at Tweed Heads), and Toowoomba.

1300SMILES Managing Director Dr. Daryl Holmes said the company enjoyed its best ever half yearly growth, with record increases in Revenue, Net Profit After Tax, Earnings Per Share, and Dividend Per Share.

Dr. Holmes said the company's Net Profit After Tax was \$3.4 million for the first half, up 27% on the previous half-yearly period. The fully-franked interim dividend increased by 15% to 8.6c per share.

"I am pleased that 1300SMILES finished the period with no net debt and significant cash resources to fund ongoing operations, as well as new acquisitions," Dr. Holmes said.

"To maintain our growth trajectory we will continue to look at opportunities to expand our presence in new and existing markets, through the purchase of existing dental practices or by opening our own new operations."

Dr. Holmes said a recent fund-raising by the tightly-held 1300SMILES provided even greater security and opportunity for investors in the company.

"During the half year, we completed a rare issue of new shares, raising \$8.3 million through the issue of 2.4 million new shares to institutional investors. The best time to raise money is before you need it," said Dr. Holmes.

"1300SMILES has ample credit facilities and good relations with our bank, but we've taken steps to protect ourselves from changes to bank lending policies, which could arise as they contend with higher funding costs.

"1300SMILES has a growing and highly profitable core business, a rock-solid balance sheet, and sufficient cash on hand to continue growing."

Dr. Holmes said 1300SMILES was an active campaigner for improved community-wide dental care and would look to use its influence in the industry to advocate for changes to government policy in dental service delivery.

“The Queensland Government in particular is struggling with the need to make dental care more widely available,” Dr Holmes said.

“We believe there is capacity within the private dental sector to satisfy much of the presently-unmet demand for dental services.

“1300SMILES is keen to cooperate with governments on a shared service delivery model that cost-effectively commits private sector resources to areas of greatest community need. We could make a significant contribution.”

Media enquiries: 1300SMILES Ltd on 07 47 201 300 or md@1300smiles.com.au

ABOUT 1300SMILES LTD

OVERVIEW OF THE COMPANY'S BUSINESS

1300SMILES Ltd owns and operates full-service dental facilities at twenty-three sites, mainly 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