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MEDIA RELEASE

1300SMILES Ltd - Big result, big investment in future growth

1300SMILES Ltd have announced record results for FY 2011. Net Profit After Tax was up by 18.9% to \$5.1 million, while Earnings Per Share grew 15.0% to 24.2 cents per share.

Shareholders will be rewarded with a fully franked final dividend of 8.0c. This will bring the full year dividend to 15.5c, fully franked, an increase of 13.1% on the previous year.

"In addition to this generous dividend payout, the company made substantial investment in future growth, spending \$3.4 million on building and expanding the company's facilities" Managing Director Dr. Daryl Holmes said.

During the year 1300SMILES opened a second, large facility in Bundaberg and acquired an existing practice in Bray Park, just north of Brisbane, in October. In July this year the company commenced works on a greatly expanded facility in the Carindale Shopping Centre which is expected to open by early September. And in Townsville, the company is committed to opening a new location later this year in the medical precinct of Stockland's new and successful "North Shore" development.

"These major projects, along with upgrading and expanding many of our existing facilities, lead directly to increased revenue and profit" Dr. Holmes commented.

"By 'sticking to our knitting' and being committed to simple, old-fashion business values and principles, like treating people well, serving them to the best of our ability, controlling costs and overheads, not over-gearing with debt, nor having any fancy financial or capital structuring, we consistently deliver growth in all key areas of our business, year on year, which is exactly what our shareholders want."

Dr. Holmes also noted that 1300SMILES had reached a dividend milestone during 2011. Since listing in 2005, the company has paid grossed up dividends totalling over 95c per share.

"That easily exceeds our 80c issue price... subscribers have now received more than their entire initial investment back," Dr. Holmes said.

The current turmoil in investment markets has little effect on the conservatively-run 1300SMILES. Dr. Holmes commented that the company's approach to business "has served our shareholders well in good economic times and bad, in bull markets and bear markets."

BACKGROUND INFORMATION ABOUT 1300SMILES LTD

1300SMILES Ltd owns and operates full-service dental facilities at twenty-one 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.

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