

1300SMILES DENTISTS

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Media Release

1300SMILES Ltd - Record Results Ahead Of Industry Turbulence

1300SMILES Ltd Managing Director Dr Daryl Holmes advised shareholders at today's annual general meeting that the company has delivered record results from sticking to its knitting, and enters a turbulent period for the industry in the strongest financial position it has ever enjoyed.

For the fifth year in a row the company achieved new record levels of Revenue, Net Profit After Tax, Earnings Per Share, and Dividends Per Share.

Dr Holmes warned that the closure of the commonwealth government's Chronic Disease Dental Scheme tomorrow, with no immediate replacement, will result in significant change across the industry, rendering many solo practices and small partnerships unsaleable. He said that dentists in many such practices will experience a sharp drop in their personal income. "They will have to seriously consider providing dentistry a different way," he said.

Dr Holmes said that 1300SMILES was pulling out all the stops, noting that "A crisis is something which should never be allowed to go to waste. 1300SMILES is heading into the coming chaos with its head held high and a clear view of what we need to do to come out of it stronger, bigger, and more profitable than before." He went on to say, "Opportunities of many shapes, sizes and forms will arise during the months ahead, and being ready, willing and able to act is critical, which is where 1300SMILES is at."

"We're going to make dentistry far more affordable. We're going to eliminate the main barriers to regular dental care. We're going to make ongoing basic dental care available at a fixed price to everyone who wants to participate. That price is \$1 a day," Dr Holmes said.

Dr Holmes noted that 1300SMILES's new interest-free treatment plan, announced last month and delivered with Dental Members Australia, had been taken up at an astonishing rate. "It's hard to convey just how excited I am about this program. We're aiming for a big change," he said.

"It's reasonable to expect that public dental waiting lists will blow out courtesy of the closure of the CDDS; however, we hope that this initiative will assist to get and keep as many people as possible off those lists. 1300SMILES also stands ready to work with any government at any level in a practical effort to address the unmet need for dental care in Australia," he said

"There will be disruption and discomfort in the industry. I am extremely pleased that we're heading into this turbulent period with a strong balance sheet and a strong underlying business, with our highest ever cash reserve and substantial borrowing facilities in place, and I'm confident that 1300SMILES will come out of the coming crisis stronger than before," he said.

ENDS

Media enquiries: Dr. Daryl Holmes at 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-four 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