

1300SMILES DENTISTS

1300SMILES STADIUM ANNOUNCEMENT

Dear Shareholder,

I am pleased to advise that the home of the North Queensland Cowboys will now be known as 1300SMILES Stadium.

The 1300SMILES Stadium is the largest venue in north Queensland and draws sports fans from an area stretching from Cairns to Mackay to Mt. Isa and beyond. More important, it enjoys great visibility among NRL fans up and down the east coast and across to New Zealand. I invite you to think about how many times the stadium is mentioned, by name, in the course of every NRL match.

Our arrangement is with Stadiums Queensland, not the NRL or the Cowboys. The other events held at 1300SMILES Stadium each year will make the 1300SMILES brand prominent in the minds of sport and entertainment fans of many kinds.

In 2012 almost 300,000 people attended events at the stadium (formerly called Dairy Farmers Stadium). In that year the stadium came into sharp focus to a cumulative TV audience of 7.6 million.

The 1300SMILES Stadium occupies a favoured position among such venues in Australia. A study carried out by Repucom International estimates that the reputation and media value of the stadium exceed those of comparable venues by 50%, mainly thanks to the interest in the Cowboys and their drawing power on both free-to-air and pay television.

That same study concluded that Rugby League fans are among the most enthusiastic of all, with at least five million regular followers in Australia.

There is, of course, a cost associated with naming rights such as these. We have procured these rights at a reasonable price, particularly when considered on a per practice basis, and we believe that the increased awareness of the 1300SMILES brand will bring benefits to all of our 24 established facilities. It's no secret that 1300SMILES aims to build a presence around Australia, and we believe this step will help ensure that 1300SMILES is known to a significant portion of the population.

We believe that the increased awareness of the 1300SMILES brand will boost our ongoing effort to bring dental care to a far wider market. Many people still don't realise that fully seventy percent of all Australians simply never see a dentist until they find themselves in pain. That pain is totally unnecessary, as are the significant problems which eventually create that pain.

We will use this initiative to continue to promote the 1300SMILES Dental Care Plan, which offers fixed price, interest free ongoing dental care. We believe that this approach removes a significant barrier and makes dental care practical and affordable for many in our community.

Shareholders may be aware that I, personally, am a Cowboys supporter. But I trust that all shareholders, regardless of which team you support and even if you don't like sport, will see the clear and practical benefits which will flow to 1300SMILES from the prominent market presence of the 1300SMILES Stadium.

With my best regards,



Dr Daryl Holmes
Managing Director
1300SMILES Ltd

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