



1300SMILES LIMITED
ACN 094 508 166

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting: 28 November 2013

Time of Meeting: 10.00am (Townsville time)

Place of Meeting: 1300SMILES Stadium
14 Golf Links Drive
Kirwan
TOWNSVILLE QLD 4817

This Notice of Annual General Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of **1300SMILES Limited ACN 094 508 166 (Company)** will be held at 1300SMILES Stadium, 14 Golf Links Drive, Kirwan, Townsville, Qld, 4817 on 28 November 2013 at 10.00am (Townsville time).

AGENDA

ORDINARY BUSINESS

1. Financial Statements and Reports

- 1.1 To receive and consider the Company's Annual Report comprising the Directors' and Auditor's Report, Directors' Declaration, Income Statements, Financial Position Statements, Statements of Changes in Equity, Cash Flow Statements and notes to and forming part of the accounts for the year ended 30 June 2013.

ORDINARY RESOLUTIONS

1. Re-election of Mr Robert Jones as a Director

Mr Jones retires by rotation in accordance with Article 13 of the Company's Constitution and, being eligible, offers himself for re-election.

"That Mr Robert Jones be re-elected as a Director of the Company".

The directors recommend that you vote in favour of the re-election of Mr Jones.

2. Remuneration Report

To consider and, if thought fit, pass the following Advisory Resolution:

"That, the Remuneration Report for the year ended 30 June 2013 (as set out in the Directors Report) is adopted."

The Chairman intends to vote all undirected proxies in favour of the Remuneration Report, shareholders appointing the Chairman as their proxy but do not want their proxy vote cast in favour of the Remuneration Report you should mark the against or abstain box in respect of Resolution 2.

The vote on this Advisory Resolution is advisory only and does not bind the Directors of the Company.

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

BY ORDER OF THE BOARD

William Bass
Company Secretary
24 October 2013

NOTES

Appointment of proxy

A proxy form is enclosed for your use if required. Please see the instructions on the back of the form.

Persons entitled to vote

Under regulation 7.11.37 of the Corporations Regulations 2001, the directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the Company's register of members at 7.00pm (Townsville time) on 26 November 2013.

Corporate representatives

A member, that is a body corporate, may appoint an individual as its representative to exercise all or any of the powers the body corporate may exercise at the meeting. The appointment may be a standing one.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is provided to shareholders of **1300SMILES Limited ACN 094 508 166 (Company or 1300SMILES)** to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at 1300SMILES Stadium, 14 Golf Links Drive, Kirwan, Townsville, QLD, 4817 on 28 November 2013 at 10.00am (Townsville time).

The Directors recommend shareholders read the accompanying Notice of Annual General Meeting (**Notice**) and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The Notice of Meeting sets out the details of two separate matters to be put to Shareholders comprising the following:

Ordinary Resolutions

1. Re-election of Mr Robert Jones as a Director
2. To consider the Remuneration Report

Specific comments relating to the Resolutions are set out below.

1. **Resolution 1 – Re-election of Mr Robert Jones as a Director**

Mr Robert Jones was appointed as a Director on 25 September 2007, and re-elected at the 2007, 2009 and 2011 Annual General Meetings. Mr. Jones retires by rotation in accordance with Article 13 of the Company's Constitution and, being eligible, offers himself for re-election.

Mr Jones was a Director and Chairman of the Mater Health Services North Qld Ltd from 1993 until 2013. Mater Health Services North Qld Ltd owns and operates two fully accredited private hospitals in Townsville, the Mater Hospital (Pimlico) and Mater Hospital (Hyde Park).

The directors, with Mr Jones abstaining, recommend that you vote in favour of the re-election of Mr Jones

2. **Resolution 2 - Remuneration Report**

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executive of the Company; and

- details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The vote of the members is advisory only and does not bind the Directors of the Company.

The remuneration report may be found in the annual financial report which has been sent to members who requested a copy. The report is also available on the Company's website at www.1300SMILES.com.au

Following consideration of the Remuneration Report, members will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The directors believe that the Company's remuneration policies and structures are appropriate relative to the size of the Company and its business.

The directors recommend that you vote in favour of this resolution.

The Chairman intends to vote all undirected proxies in favour of the Remuneration Report. Shareholders appointing the Chairman as their proxy but who do not want their proxy vote cast in favour of the Remuneration Report you should mark the against or abstain box in respect of Resolution 2.

Voting exclusion statement

A vote must not be cast (in any capacity) on resolution 2 by or on behalf of a member of 1300SMILES Limited key management personnel ("KMP"), details of whose remuneration is included in the Remuneration Report, or their closely related parties, whether as a shareholder or as a proxy. However a vote may be cast on resolution 2 by a KMP, or a closely related party of a KMP, if:

- ② It is cast as proxy for a person who is entitled to vote, and who has specified in writing how the proxy is to vote on resolution 2; or
- ② it is cast by the Chairman as a proxy for a person who is entitled to vote and the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP; and
- ② the vote is not cast on behalf of a KMP or a closely related party of a KMP.

1300 SMILES LIMITED

PROXY FORM

APPOINTMENT OF PROXY

I/We
(name of shareholder)

being a member/s of 1300SMILES Limited and entitled to attend and vote hereby appoint

the Chairman of the Meeting **OR**
(mark with an "X")

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of 1300SMILES Limited to be held at 1300SMILES Stadium, 14 Golf Links Drive, Kirwan, Townsville, Queensland on 28 November 2013 at 10.00am (Townsville time) and at any adjournment of that meeting.

If you do not wish to direct your proxy how to vote please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman of the meeting intends to vote all undirected proxies in favour of the resolutions, with the exception of Resolution 1 where undirected proxies will be voted as 'Abstaining'.

Voting directions to your proxy – please mark

		For	Against	Abstain*
Resolution 1	Re-election of Mr Robert Jones as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Adopt the Remuneration Report (non binding resolution)#	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If no direction is given above, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of each resolution (including any procedural resolution) to be considered by the meeting and at any adjournment of that meeting.

Execution

This section *must* be signed in accordance with the instructions below to enable your directions to be implemented.

Individual or Security holder 1

Sole Director and
Sole Company Secretary

Security holder 2

Director

Security holder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

____ / ____ / ____
Date

How to Complete the proxy Form

1. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company.

2. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

3. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint on a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.*
- (b) Return both forms together in the same envelope.*

4. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 10.00AM on 26 November 2013, being 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged with the Company:

IN PERSON: 1300SMILES Limited, Ground Floor, 105 Denham Street, Townsville QLD 4810

BY MAIL: 1300SMILES Limited, PO Box 5021, Townsville QLD 4810

BY FAX: (07) 4771 5217