



1300SMILES LIMITED
ACN 094 508 166

NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY MEMORANDUM

Date of Meeting: Thursday 10 November 2016

Time of Meeting: 10.00am (Townsville time)

Place of Meeting: 1300SMILES Ltd
105 Denham Street
TOWNSVILLE QLD 4810

A Form of Proxy is enclosed with the Notice and instructions for its completion and return by post are shown on the form. You can also vote online at www.investorvote.com.au

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 Ltd, 105 Denham Street, Townsville, Qld, 4810 on 10 November 2016 at 10.00am (Townsville time).

AGENDA

ORDINARY BUSINESS

1. Financial Statements and Reports

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 2016.

ORDINARY RESOLUTIONS

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

Mr Robert 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."

2. Remuneration Report

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

"That, the Remuneration Report for the year ended 30 June 2016 (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 3.

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

3. Special Resolution – Adoption of new constitution

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That, pursuant to sections 136(2) and 648G of the Corporations Act, the constitution submitted to this meeting and signed by the chairman of this meeting for the purpose of identification is approved and adopted as the constitution of the Company in substitution for and to the exclusion of the existing constitution of the Company with effect from the end of this meeting."

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

Bryan Dulhunty
Company Secretary
3rd October 2016

NOTES

Appointment of proxy

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

Completed Proxy Forms must be received by the Share Registry, at least 48 hours before the time for holding the meeting or any adjournment of the meeting.

ONLINE: Go to Computershare's website www.investorvote.com.au and log in using the control number found on the front of your accompanying proxy form, or scan the QR code on the front of the accompanying proxy form with your mobile device and insert your postcode.

BY MAIL: Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001

BY FAX: (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555

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 8 November 2016.

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 Ltd, 105 Denham Street, Townsville, QLD, 4810 on 10 November 2016 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 three 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

Special Resolution

- 3 Adoption of new constitution

Specific comments relating to the Resolutions are set out below.

1. **Resolution 1 – Re-election of Mr Robert Jones as a Director** (Chairman, Non-Executive Director)

Mr Robert Jones was first appointed a Non-Executive Director in September 2007 and last stood for re-election in 2015. 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.

The Chairman intends to vote all undirected proxies in favour of this resolution. Shareholders appointing the Chairman as their proxy but who do not want their proxy vote cast in favour of the Re-election of Mr Robert Jones should mark the against or abstain box in respect of Resolution 1.

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.

As the directors have a personal interest in the proposed Resolution, they make no recommendation as to how shareholders should vote on 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:

- 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
- 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
- the vote is not cast on behalf of a KMP or a closely related party of a KMP.

3. Resolution 3 - Special Resolution [*] – Adoption of new constitution

The adoption of a new constitution by the Company will provide the Company with a constitution that is consistent with the Corporations Act 2001 (Cth) (**Corporations Act**) and the ASX Listing Rules (**Listing Rules**).

Since the Company adopted its current constitution in 2004 there have been a number of changes to company law and Listing Rules. So that the Company's constitution is consistent with the Corporations Act and Listing Rules, the directors have determined to recommend that shareholders repeal the current constitution and adopt a replacement constitution.

The following is a summary of the updated provisions in the constitution. The summary is not exhaustive and is not a definitive statement of the rights and liabilities of the shareholders of the Company. A full copy of the proposed new constitution is available on request from the Company and can be viewed on the Company's website (www.1300smiles.com.au/corp-governance/).

Direct voting

The ASX Corporate Governance Council has encouraged listed companies to consider ways to facilitate shareholder participation in members' meetings. A number of companies listed on ASX have amended their constitutions to provide for direct voting, or at least to allow the Company to implement direct voting in the future. Direct voting enables shareholders to vote on resolutions to be considered at a meeting without the need to attend the meeting or to appoint a proxy (or other representative). A direct vote would usually be

submitted before the meeting, in any form approved by the relevant board of directors, such as by fax, post or electronically.

The proposed constitution contains new provisions to address direct voting, should the Board decide to implement such a measure in the future. Consistent with the recommendations of the Chartered Secretaries of Australia, the proposed constitution empowers the Board to determine appropriate procedures for the implementation of direct voting, including as to the form, method, and timing requirements for the vote to be valid.

General meetings

The Company may hold a meeting of its members at two or more venues using any technology that gives the members as a whole a reasonable opportunity to participate. The chairperson of a general meeting may refuse admission to a person or require them to leave and not return if the person refused to permit examination of any article in their possession, is in possession of an electronic recording device or other offensive or dangerous article or otherwise causes a disruption to the meeting.

Subject to the Corporations Act, the Board may cancel or postpone a meeting of members or change the place for the meeting, prior to the date on which the meeting is to be held. However, this rule does not apply to a meeting called in accordance with the Corporations Act by a director, member or by the Board on the request of the members, unless that director or those members consent to the cancellation or postponement.

Polls

A poll may be demanded by the chairperson, at least five members entitled to vote on the resolution or members with at least 5% of the votes that may be cast on the resolution on the poll.

Dividends

Subject to the Corporations Act, the Constitution and the terms of issue or rights of any shares with special rights to dividends, the Board may determine that a dividend is payable, fix the amount and the time and method for payment and authorise payment or crediting by the Company, to or at the direction of, each member entitled to that dividend. The Board may rescind or alter any such determination before payment is made.

Proxies

An appointment of a proxy is valid if it is in accordance with the Corporations Act, Listing Rules or in a form (including electronic) that the Board may prescribe or accept. The appointment of a proxy is not revoked by the appointing member attending and taking part in the general meeting but, if the member votes on any resolution, the proxy is not entitled to vote, and must not vote, as the member's proxy on the resolution.

For proxy appointments submitted electronically, the appointment is taken to have been duly signed and validated where the appointment includes or is accompanied by a personal identification code allocated by the Company to the appointing member, has been authorised in another manner approved by the Board and specified in or with the notice of meeting or is otherwise authenticated in accordance with the Corporations Act.

The new constitution also includes customary provisions for how incomplete or invalid proxies are dealt with by the Company. This provides the Company with flexibility to request oral clarification of proxy instructions, return the appointment for proper execution or validation or otherwise extend the time for lodgement of a proxy.

Officers' indemnity and insurance

To the extent permitted by the Corporations Act, the Company indemnifies current and past officers of the Company and of any related body corporate of the Company against a liability incurred by the person acting in

that capacity and against all legal costs incurred in connection with proceedings in which the person becomes involved because of that capacity. The Company may pay or agree to pay the premium on a policy of insurance in respect of a person who is or has been an officer of the Company or any related body corporate of the Company to the full extent permitted by the Corporations Act.

Notices

The Company may give any document to a member by, among others, sending it to the fax number, electronic address, other electronic means nominated by the member or any other means permitted by the Corporations Act or Listing Rules. A document sent or given by fax or other electronic means is taken to be effected by properly addressing and transmitting the fax or electronic transmission and is taken to be given and received on the day after the date of its transmission.

Notwithstanding this, the Board may prescribe general or specific requirements in relation to electronic notices including requirements as to the classes of, and circumstances in which, notices may be sent, verification (whether by encryption code or otherwise) and the circumstances in which, and the time when, the notice is taken to be given.

Proportional takeover approval

A proportional takeover bid is a bid to buy a specified portion of each shareholder's shares. The Company is prohibited from registering a transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover bid (being an off-market bid for a specific proportion of a class of shares) unless and until an ordinary resolution approving the proportional takeover bid is passed by the holders of the bid class shares (other than the bidder or its associates).

In accordance with the Corporations Act, the proportional takeover provisions will automatically cease to have effect on the third anniversary of the date of the adoption of the constitution or the most recent renewal term, but can be renewed by the Company in general meeting.

Reasons for the proposed provisions

Without the proposed provision, a proportional takeover bid for the Company might enable a bidder to obtain control of the Company without shareholders having an opportunity to sell all their shares.

The proposed provision gives shareholders the opportunity to decide whether a proportional takeover bid should proceed. If a meeting of shareholders approves such a bid, individual shareholders can make separate decisions as to whether or not they wish to accept that bid for the specified proportion of their shares.

Present acquisition proposals

At the date of this notice, none of the directors is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages

The proposed provision is advantageous as it gives shareholders a mechanism to decide whether any proportional takeover bid should proceed or not.

The provisions will ensure that all shareholders have the opportunity to consider a proportional takeover bid and vote on whether it should be permitted to proceed. This should ensure that any future proportional takeover bid is structured to be attractive to a majority of independent shareholders.

However, it may be argued the proportional takeover approval provisions make a proportional takeover more difficult to achieve and therefore proportional bids will be discouraged. This in turn, may reduce opportunities

that shareholders may have to sell shares in the Company at an attractive price to persons seeking control of the Company and may therefore eliminate any element of takeover speculation from the Company's share price.

It may also be argued that the provisions constitute an additional restriction on the ability of shareholders to deal freely with their shares.

There is no specific advantage or disadvantage for directors (in their capacity as directors of the Company) of the proportional takeover provisions.

The Board considers that the inclusion of the proposed proportional takeover provisions is in the best interests of shareholders and accordingly recommend that you vote in favour of the resolution.

If Resolution 3 is passed, the proposed new constitution will apply with effect from the close of the Annual General Meeting.

The directors unanimously recommend that shareholders vote in favour of Resolution 3.



1300 SMILES Dentists

ABN 91 094 508 166

Lodge your vote:

Online: www.investorvote.com.au

By Mail: Computershare Investor Services Pty Limited GPO Box 242 Melbourne Victoria 3001 Australia

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MR SA...
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... your form to
(within Australia) ... 783 447
(outside Australia) ... 3 9473 2555
For intermediary Online subscribers only
(custodians) www.termediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:00am (Townsville time) Tuesday 8 November 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose...

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy...

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE, or turn over to complete the form ->

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member(s) of 1300SMILES Ltd hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

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or failing the individual, corporate named, or if no individual or body corporate 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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of 1300SMILES Ltd to be held at 1300SMILES Ltd, 105 Denham Street, Townsville, QLD 4810 on Thursday, 10 November 2016 at 10:00am (Townsville time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 2** (except where I/we have indicated a different voting intention below) even though **Item 2** connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 2** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

Ordinary Resolutions

1 Re-election of Mr Robert Jones as a Director (Chairman)

For Against Abstain

2 Remuneration Report

Special Resolution

3 Adoption of new constitution

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____

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