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ASX ANNOUNCEMENT

8 October 2010

NETWORK EXPANSION IN SOUTHEAST QUEENSLAND (SEQ)

1300SMILES Ltd has today completed the acquisition of the Bray Park Dental practice.

Located in the Kensington Village Shopping Centre between Bray Park and Strathpine, this long-established practice is 1300SMILES's seventh practice in the important southeast Queensland region, which comprises the Sunshine and Gold Coasts as well as greater Brisbane.

This strategic corridor of practices is significant and convenient for patients and dentists alike. It delivers significant marketing, operational and demographic synergies and efficiencies.

The Bray Park practice is located 10 kilometers north of the 1300SMILES practice at Carseldine. Comparably small distances separate the company's facilities at Tingalpa, Carindale, and Springwood. To the north, the 1300SMILES Caloundra practice is only 70km away.

As a result, most of the population of suburban Brisbane, and SEQ, is now within easy range of one or more of 1300SMILES's multi-dentist practices.

The four dentists with established practices at Bray Park, including the principal dentist Dr. Peter Allen, have all committed to continue to operate their practices from this location.

While this acquisition is not of itself financially material (given the scale of the company's established operations) it is expected to make an immediate contribution to both profit and earnings per share.

ENDS

ABOUT 1300SMILES LTD

OVERVIEW OF THE COMPANY'S BUSINESS

The company provides the use of dental surgeries, practice management and other services to self employed dentists who carry on their own dental practices. The company provides surgery facilities at twenty sites located in the ten major population centres in Queensland. The administrative and corporate services headquarters is in Townsville.

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.

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 the number of dentists who use the company's existing facilities;
- Assisting the dentists who use the company's facilities to increase their turnover;
- Acquiring and managing additional practices in existing and new regions; and
- Establishing new practices in existing and new regions.

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 07 4721 1238 or on md@1300SMILES.com.au.

Qualified dentists who wish to know more about joining one of our established facilities are also encouraged to contact Dr. Holmes directly, email dentalcareers@1300smiles.com.au or visit our website www.dentalcareersaustralia.com.au.