



**Total Face Group Limited**

**ACN 169 177 833**

**Supplementary Prospectus**

## **1 Important Information**

This is a supplementary prospectus (**Supplementary Prospectus**) which is supplemental to and must be read in conjunction with the replacement prospectus dated 17 November 2015 (**Replacement Prospectus**) issued by Total Face Group Limited (ACN 169 177 833) (**TFG** or the **Company**) relating to the initial public offering of fully paid ordinary shares in the Company and listing of the shares on the official list of ASX Limited (**ASX**). The Replacement Prospectus replaced the prospectus issued by the Company on 2 November 2015.

This Supplementary Prospectus is dated 7 December 2015 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. Neither ASIC, nor ASX nor their respective officers take responsibility for the contents of this Supplementary Prospectus or for the merits of the investment to which the Replacement Prospectus and this Supplementary Prospectus.

Other than as set out below, all details in relation to the Replacement Prospectus remain unchanged. Terms and abbreviations defined in the Replacement Prospectus have the same meaning in this Supplementary Prospectus (except where otherwise indicated). If there is a conflict between the Replacement Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Replacement Prospectus as an electronic prospectus and may be accessed on the Company's website at [www.totalfacegroup.com.au](http://www.totalfacegroup.com.au). The Company will send a copy of the Supplementary Prospectus to all applicants who have subscribed for securities pursuant to the Replacement Prospectus prior to the date of this Supplementary Prospectus.

This Supplementary Prospectus has been prepared to enable the Company to:

- provide additional information to investors in relation to the impact on the Company's business of possible regulatory change; and
- update disclosure in the Financial Information section of the Replacement Prospectus.

This Supplementary Prospectus is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

## 2 Medical Board of Australia - Public Consultation Paper

On 17 March 2015, the Medical Board of Australia (**the Board**) released its Public Consultation Paper and Regulation Impact Statement titled 'Registered medical practitioners who provide cosmetic medical and surgical procedures' which sought feedback and invited discussion from stakeholders on issues related to medical practitioners who provide cosmetic medical and surgical procedures, the effectiveness of current regulation of medical practitioners providing these procedures, whether additional safeguards are needed and feasible options in relation to medical practitioners who provide cosmetic medical and surgical procedures.<sup>1</sup>

The paper compared four non-regulatory and regulatory options to address the issues mentioned above:

- Option 1:** Retain the status quo in providing general guidance about the Board's expectations of medical practitioners providing these procedures via the Board's approved code of conduct.
- Option 2:** Provide consumer education material about the provision of cosmetic medical and surgical procedures by medical practitioners.
- Option 3:** Strengthen current guidance for medical practitioners providing cosmetic medical and surgical procedures through new, practice-specific guidelines that clearly articulate the Board's expectations of medical practitioners.
- Option 4:** Strengthen current guidance for medical practitioners providing cosmetic medical and surgical procedures through new, practice-specific guidelines as per option 3 but which provide less explicit guidance to medical practitioners.

In response to the paper's release, the Board received almost 600 submissions, with 489 published on its website along with an online petition.

The Company is well aware of the Board's paper, having made a detailed submission of its own.

To the best of the Company's knowledge, there have been no developments since the close of the consultation period and the publication of the responses.

At the request of ASIC, the Company has been asked to provide additional disclosure by way of this Supplementary Prospectus, to address some of the proposed options raised in the Board's consultation paper. The Company has reviewed and assessed the risks and impacts each option may have on its business.

**Option 1 - Retain the status quo in providing general guidance about the Board's expectations of medical practitioners providing these procedures via the Board's approved code of conduct.**

The Company believes that this option will have no effect on its current operations.

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<sup>1</sup> <http://www.medicalboard.gov.au/News/Past-Consultations/Consultations-March-2015.aspx>

**Option 2 - Provide consumer education material about the provision of cosmetic medical and surgical procedures by medical practitioners.**

The Company believes that this option will have no effect on its current operations as the issues raised under Option 2 fit within the current operating model of the Company.

As part of the Company's normal operating model, all clients receive a comprehensive assessment and consultation prior to treatment from a qualified medical practitioner.

TFG uses comprehensive consent forms which have been developed by and sanctioned by the Company's Medical Board that clearly mention risks and complications.

Our clinicians personally consult and explain the consent form with the patient and ask them to initial each paragraph to ensure they have read and understood every part and have every opportunity to ask questions and back out of the treatment if necessary. One part of the assessment and consultation advises clients of the outcomes that may be expected from the treatment together with possible adverse reactions. Clients sign this comprehensive consent form prior to treatment in the presence of the treating clinician.

Additional educational material can be provided to the clients during the consultation.

**Option 3 - Strengthen current guidance for medical practitioners providing cosmetic medical and surgical procedures through new, practice-specific guidelines that clearly articulate the Board's expectations of medical practitioners.**

The Board has since indicated its preference for Option 3 via a media release on 17 March 2015 on the Australian Health Practitioner Regulation Agency (**AHPRA**) website which included a summary of the draft guidelines that can be found on AHPRA's website.<sup>2</sup>

Of the draft guidelines, the Company believes that only the proposed mandatory face-to-face consultation requirement before prescribing Schedule 4 cosmetic injectables may have an effect on its business.

Cosmetic injectable treatments are performed by either a Division 1 Nurse or a Doctor. In the event the treatment is performed by a Division 1 Nurse, it is TFG's current practice that there is a three-way consultation between the Division 1 Nurse, the client and a Doctor prior to their treatment. Currently in Victoria, this is conducted via telemedicine if the Doctor is not present. This ensures:

- a) that the treatment recommended is approved by 2 clinicians and the client;
- b) the client can be confident that she/he is not being "oversold" and/or offered treatments that will not result in a good aesthetic outcome;
- c) having two healthcare professionals involved together in the treatment improves the safety and appropriateness of the treatment;
- d) an appropriate risk benefit analysis is made involving the client and alternatives discussed; and
- e) the client is involved in the decision making process

When treatments are performed by a Doctor, there is no necessity for a Division 1 Nurse to be present for the consultation or the treatment and as such is a two-way consultation directly between the Doctor and the client.

The Company currently has a mixture of in-clinic prescribing doctors supported by a number of doctors who prescribe by way of telemedicine. If the Board mandates this proposed mandatory "in-

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<sup>2</sup> <https://www.ahpra.gov.au/News/2015-03-17-media-release-mba.aspx>

person” face-to-face prescribing the Company will face increased costs that are not currently budgeted for.

It is the Company’s opinion that the financial impact of any increased costs could materially impact the financial performance of its Injectables modality. More than 60% of consultations within this modality are already conducted face-to-face, with the remaining conducted via telemedicine. All consultations in NSW are currently conducted face-to-face.

The Company notes that there is currently no difference in costs for face-to-face consultations versus those conducted via telemedicine.

If the proposed requirement for face-to-face consultations became mandatory under the guidelines, the Company expects it could cover those consultations not already conducted face-to-face via its existing capacity of doctors plus the employment of one further doctor, or full time equivalent (FTE).

The Company anticipates that the cost of an additional FTE doctor would be up to \$300,000 per annum. The additional 1 FTE will be enough to cover existing operations and the proposed acquisitions of the 2 Sydney clinics. We expect the number of FTE doctors required to provide face to face consultations will increase as the company continues to grow. The quantum of FTE doctors will be dependent on the growth of the Injectables modality relative to our other modalities and how efficiently the company can schedule face-to-face consultations.

The Company does not expect any impact on the financial performance of either the Skin Solutions or Body Fat Reduction modalities.

**Option 4 - Strengthen current guidance for medical practitioners providing cosmetic medical and surgical procedures through new, practice-specific guidelines as per option 3 but which provide less explicit guidance to medical practitioners.**

It is in the opinion of the Company that Option 4 poses no additional costs or burdens than those identified for Option 3 above.

### **3 Financial Information section of Replacement Prospectus**

ASIC has also requested clarification be provided in relation to the Historical Statement of Cash Flows (section 7.5), specifically, information about the proceeds from the share issue of \$4,942,556, that is, how and when were these funds were raised.

The Company advises that of these funds, \$1,213,750 (2,450,000 shares) was raised during the period 22 April to 30 June 2014 and \$3,876,670 (less transaction costs of \$147,864 net of tax) (1,687,158 shares) was raised during the period 1 July 2014 to 30 June 2015. These raisings were by way of excluded offers under the Corporations Act to various sophisticated investors, related parties, employees and others.

## **4 Updated Indicative Timetable**

### **4.1 Key Dates**

The indicative timetable set out under the heading “Key Dates” on page 6 of the Replacement Prospectus is deleted and replaced with the following:

#### **Key Dates**

Replacement Prospectus Date	17 November 2015
Offer Opens	18 November 2015
Supplementary Prospectus Date	07 December 2015
Offer Closes	11 December 2015
Allotment and Issue of Shares	12 January 2015
Expected Dispatch of Security holding statements	12 January 2015
Expected Commencement of ASX Trading	14 January 2015

Note: This timetable is indicative only. Total Face Group Limited reserves the right to extend the closing date of the Offer at any time after lodgement of the Supplementary Prospectus without notice. The decision to grant official quotation, and the date of quotation of the Shares on ASX, is subject to the determination and at the discretion of the ASX and may vary with any change in the closing date.

The Company advises that, as at the date of this Supplementary Prospectus, the Company has not processed any applications or issued any securities pursuant to the Replacement Prospects and the Company’s securities have not become admitted to quotation on ASX.

## 5 Updated references to “FY2015” in the Historical Statements of Cash Flow Table

The statement and table set out under the heading “Historical Statements of Cash Flow” on page 6 of the Replacement Prospectus is deleted and replaced with the following:

Set out in the table below is the statutory consolidated historical statement of cash flow for 22/04/2014 – 30/06/2015 for TFG.

<b>Statutory historical audited</b>	<b>22/04/2015 – 30/06/2015</b>
<b>Cash flow from operating activities</b>	
Receipts from customers	2,525,129
Payments to suppliers and employees	(2,907,752)
Finance costs	(181,512)
<b>Net cash used in operating activities</b>	<b>(564,135)</b>
<b>Cash flow from investing activities</b>	
Payment for property, plant and equipment	(1,567,643)
Payment for investments	(3,217,470)
<b>Net cash used in investing activities</b>	<b>(4,785,113)</b>
<b>Cash flow from financing activities</b>	
Proceeds from share issue	4,942,556
Proceeds from borrowings	1,128,950
Repayment of borrowings	(94,061)
Net proceeds from related parties	43,750
Payment for security deposit	(300,000)
<b>Net cash provided by financing activities</b>	<b>5,721,195</b>
<b>Reconciliation of cash</b>	
Net increase/(decrease) in cash held	371,947
<b>Cash at end of period</b>	<b>371,947</b>

## **6 Applications**

### **6.1 Withdrawal of previous Applications**

In accordance with section 724(2) of the Corporations Act, if you applied for securities under the Replacement Prospectus before the date of this Supplementary Prospectus, you may withdraw your application and be repaid your application monies, provided you give the Company written notice of your wish to do so before 8 January 2016.

Any repayments made by the Company pursuant to an applicant exercising their right to withdraw their application will be made in full without interest.

An Applicant who wishes to withdraw their application and obtain a refund must submit a written request to the Company at the address set out below so that it is received within 1 month of the date of this Supplementary Prospectus (ie by close of business on 8 January 2016).

Total Face Group Limited

Level 4, 11 Bank Place

Melbourne VIC 3000

The details for the payment of the refund cheque and the address to which it should be sent as set out in the written request must correspond with the details contained in the Application Form lodged by that applicant.

If you do not wish to withdraw your application, you do not need to take any action.

### **6.2 New Applications**

Applications for securities after the date of this Supplementary Prospectus must be made using the Application Form attached to or accompanying the Replacement Prospectus. The Application Form contains detailed instructions on how it is to be completed.

## **7 Directors' Authorisation**

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

The Directors believe that the Replacement Prospectus, when read together with this Supplementary Prospectus, contains all the information that would be required by sections 710 and 711 of the Corporations Act and does not contain any material statement that is misleading or deceptive.

In accordance with section 720 of the Corporations Act, each Director has given and has not withdrawn its consent to the lodgement of this Supplementary Prospectus with ASIC.

Signed for and on behalf of Total Face Group Limited

Dated: 07 December 2015



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Joanne Hannah

Executive Director and Chief Executive Officer

*This Supplementary Prospectus is intended to be read with the replacement prospectus dated 17 November 2015 issued by Total Face Group Limited (ACN 169 177 833)*