TOTAL FACE GROUP LIMITED

Annual Report 2015/16

Effortless Beauty™

TOTALFACE GROUP

Annual Report 2015/16

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About Total Face Group

Total Face Group Limited (TFG) is Australia's leading group of premium cosmetic clinics – for good looks.

This dynamic and visionary company is rapidly changing the way we all think about ageing and the acceptability of simply looking good.

With all-female executives, the TFG team understand women and the needs of women. It's so much more than just softening a line or a wrinkle – it's about looking the way you feel, good for your age not overdone. It's about compliments and confidence. TFG understand their clients because they are just like us.

Total Face Group now has 14 clinics across VIC, NSW & QLD offering 3 treatment modalities: Cosmetic Injectables, Skin Solutions and CoolSculpting® body fat reduction.

The difference is in our approach to helping achieve a refreshed and natural appearance and the commitment to ensuring all Clinicians are at the top of their field through education, learning and continuous training.

Total Face Group offer cosmetic solutions to clients who want honest and educated advice about their skin and ageing needs.

All consultations include a personalised facial skin assessment and a treatment plan that fits to your needs.

The Company provides client services and products across three treatment modalities:

Cosmetic Injectables	Skin Solutions	Body Fat Reduction
Anti–wrinkle injections, dermal filler treatments and lip enhancements	Laser skin rejuvenation, IPL, medical grade skin peels, microdermabrasion and skin care	no needles, no surgery and no downtime using CoolSculpting®

TFG is focussed on providing a complete, innovative and constantly evolving non-surgical aesthetic solutions to our clients. Our operating model is centred on a team of Doctors providing medical governance and oversight to our clinical team of Division 1 Nurses' and Dermal Therapists to ensure a client focused outcome and motivated team culture.

TFG Timeline

2014: Apr May June July Aug Sept Oct Nov Dec

2015: Jan Feb Mar Apr May June July Aug Sept Oct Nov Dec

2016: Jan Feb Mar Apr May June July

The Company was incorporated in April 2014 when Joanne Hannah and Jane Fielding together brought more than 10 years of industry experience and over 4 years of planning to create a business to provide aesthetic clients with the very best in treatment outcomes. Their mission is to create a network of centres dedicated to clinical excellence predicated on a customer centric culture.

By the end of July 2014 had acquired three Melbourne clinics located in Collins Street, Melbourne, Richmond and Hoppers Crossing.

In January 2015, TFG acquired Skinovate, a clinic with an almost 17 year history, and providing a further two Melbourne clinics located in Moonee Ponds and Prahran. Collectively the Melbourne clinic footprint has more than 50 years of trading history.

In October 2015, TFG expanded its operations through the acquisition of Heber Davis in central Sydney. Owned by Dr Geoffrey Heber and Dr Deborah Davis, this clinic has operated in the medical aesthetic industry for over 20 years.

In early October 2015, TFG opened its first organic clinic in Melbourne in the suburb of Windsor. This is an important milestone for TFG as it seeks to attract new clients through its various marketing initiatives in one of Melbourne's most affluent areas.

Listed on ASX January 2016

Acquired Face Today, Chatswood on 3rd February 2016

Acquired Rejuven8 Penrith on 24th February 2016, taking the NSW clinic footprint to 3

Acquired Lase by the Sea, Frankston on 1 March 2016

Acquired COZmedics, QLD (3 clinics Kenmore, Ascot & Maroochydore) on 18th July 2016. Established, reputable and high-end group of clinics providing a significant footprint in QLD. Owned by Dr Alison Jamieson who has practiced cosmetic medicine since 1995. Dr Jamieson is an Allergan trainer and industry key opinion leader.

Acquired Endless Solutions, Port Melbourne on 18th July 2016 providing an iconic clinic located in the 'top end' of Bay Street and offers a large client base.

Acquired Facial Artistry, ACT on 20th July 2016. Successful clinic located in a prestigious suburb of Canberra. Owned by Dr Bernard and Dr Jenny Leung. Dr Bernard Leung is an Allergan trainer for Canberra.

About the industry

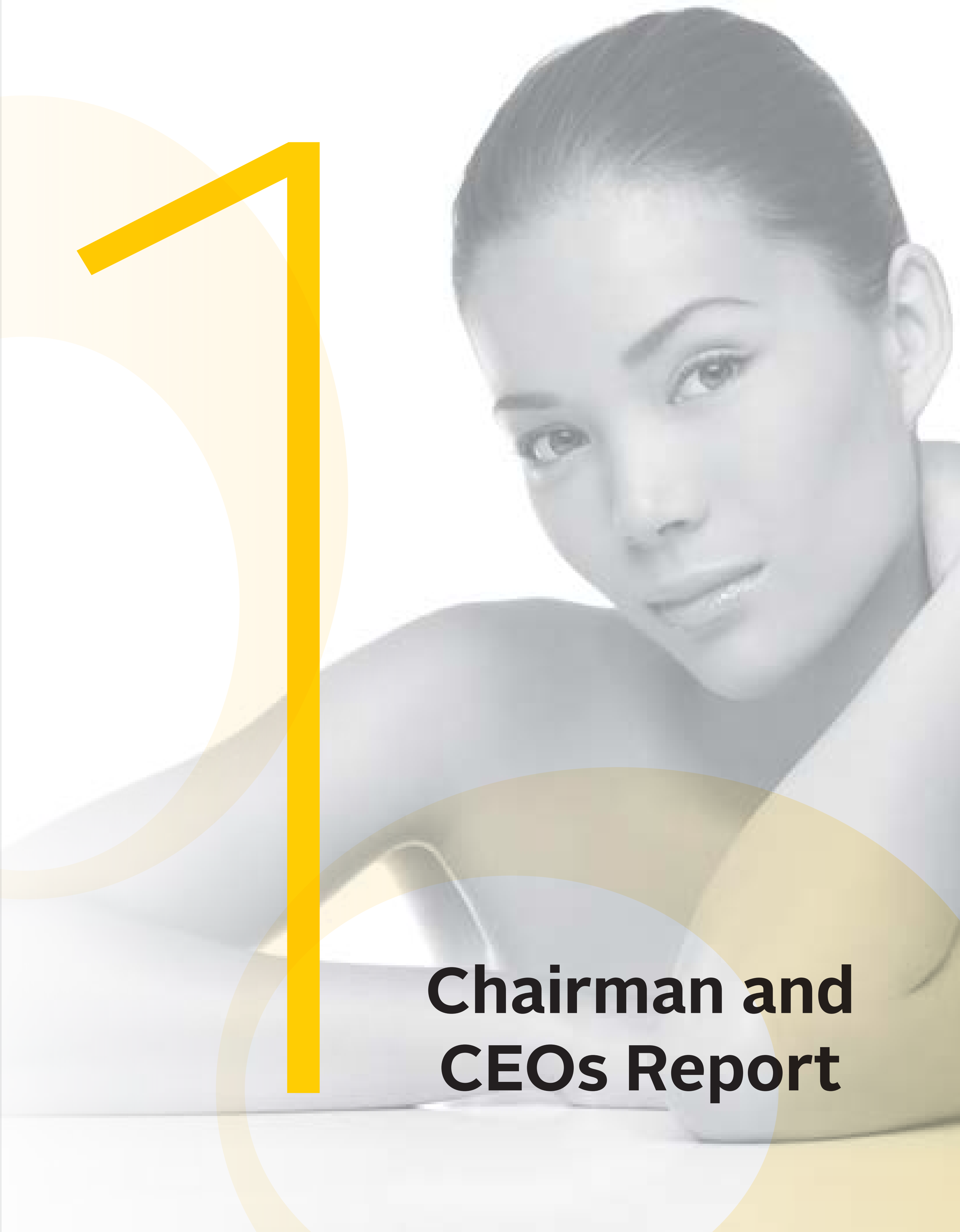
Cosmetic medical procedures are lifestyle choices undertaken to enhance an individual's appearance. Clients undertake these procedures for a number of reasons including improving self-esteem, improving confidence and wanting to look more youthful and rejuvenated. In general these procedures are not driven by medical need.

The industry is made up of several types of practitioners, clinicians and surgeons who administer invasive and non-invasive cosmetic procedures. Invasive procedures are characterised as those procedures that require a surgeon to conduct surgery with the use of anaesthesia. TFG does not provide or conduct invasive or surgical procedures. TFG solely provides non-invasive treatments that are temporary and involve a lower level of post-treatment medical complications.

Advancement in non-invasive products and techniques has produced opportunities for Australians to age with a softened, refreshed more natural look. Invasive procedures relying on surgery are typically a permanent option, which are more difficult to reverse. Men and women are better able to afford, and have more freedom and choice to undertake aesthetic treatments than ever before. Population and ageing trends are expected to continue to support the increased adoption and growth of these treatments over coming years.

The administration of injections into the skin, face and body is the largest product segment within the industry at present. The primary chemical used in this segment is Botox®, which is the brand name given to pharmaceutical maker Allergan's strain of botulinum toxin type A7.

Other cosmetic non-surgical procedures include minimally invasive cosmetic treatments such as laser hair removal, microdermabrasion and chemical peels as well as non-invasive body fat reduction treatments. These treatments are generally much less expensive than surgical options, with consumers undergoing them more frequently and tend to be undertaken on a recurring basis. The accessibility to these services has seen a significant shift in recent years, largely the result of increased social acceptance and affordability.



1 Chairman and CEOs Report

Chairman and CEOs Report

Dear fellow shareholders,

It really is a privilege that we present to you the 2016 Total Face Group Limited (TFG) annual report; our first as a publically listed company.

From the outset we would like to thank you, our shareholders, for putting your faith and trust in us and our extraordinary team of doctors, clinicians and support staff as we build the most respected and influential non-invasive medical aesthetic business in Australia. At the date of this report, we operate from 14 clinics across Queensland, NSW, Canberra and Victoria and in early September 2016 we will open our first retail skin solutions clinic in Melbourne.

Given the time and energy invested in the first half of FY2016 to undertake an ASX listing of the Company, we are pleased with the results we have achieved. In the financial period total revenue reached $7.9 million, an increase of $5.6 million or 245% on the prior year. Underlying EBITDA of ($0.9m) (prior year ($0.7m) reflects the continued investment in corporate infrastructure and the investment we are making in establishing our brand.

We completed four acquisitions during FY2016:

- Heber Davis Cosmetic Clinic – Broadway, Sydney NSW – established in 1988
- Face Today Mediclinic – Chatswood, Sydney NSW – established 2007
- Rejuven8 Cosmetic Clinic – Penrith, Sydney NSW – established 2006
- Lase by the sea – Frankston, Melbourne VIC – established 2004

All four acquisitions have integrated smoothly and are performing well; it is particularly pleasing to have achieved like for like revenue growth at Heber Davis of 6% considering the maturity of that clinic.

We continued to invest in our proprietary software known as "TESSA". TESSA is an end-to-end clinical, operational and customer relationship management (CRM) application. The clinical modules ensure we meet the strict regulatory requirements of providing medical grade treatments from patient records and enable us to track and record the ordering and prescription of Schedule 4 medications. The operational modules have been designed and developed to provide scheduling, rostering and inventory control and financial governance to provide timely reporting on daily activity at a clinic level also in place. The CRM modules are continuing to be developed to drive better touch and connection with our clients. Excluding our most recent acquisitions, TESSA is now installed across all but one of our clinics.

"It's incredible how far the business has come in a relatively short period as we position TFG to be the trusted and most influential brand in the non-invasive cosmetic treatment market that is today still extremely fragmented"

***Paul Fielding** – Executive Chairman*

One of the most important activities to be initiated during early 2016 was to establish a brand that existing and new clients will connect with. The industry today produces annual revenues in excess of $1 billion with market penetration rates of less than 5% and yet has no clear brand other than the word "BOTOX®". We see an enormous opportunity for TFG to create and be "the" industry benchmark brand.

In short, FY2016 has been a year of setting foundations that will shape the Company in the years ahead. We have a great deal of work to do, but we know that our people and the relationships that we have established and continue to strengthen with key industry suppliers has resulted in a strong and exciting start to our journey.

We look forward to FY2017 as we continue to unlock the significant opportunities that lie ahead for your company.

Thank you.

Paul Fielding
Chairman

Joanne Hannah
Chief Executive Officer

"We believe in a world where acceptance and compliments can come naturally. At Total Face Group we are passionate about building a company that provides an honest and educated approach to cosmetic treatments and changes the values of an industry"

***Joanne Hannah** – Chief Executive Officer*

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Corporate governance statement

Corporate Governance Statement

The Board of Directors of Total Face Group Ltd ("TFG" or "the Company") are responsible for ensuring the existence of an effective governance environment to safeguard the interests of the Company, its shareholders and other stakeholders. The Board is committed to achieving and maintaining the highest standards of accountability and transparency in the management and conduct of its business. The Board guides and monitors the business on behalf of the shareholders to whom they are accountable.

The Corporate Governance Statement outlines the extent to which the Company's corporate governance policies and practices are consistent with the 'Corporate Governance Principles and Recommendations' published by the ASX Corporate Governance Council ("Recommendations").

The Board considers that it generally complies with these principles and recommendations and, where the Company does not comply, this is due to the current relative size of the Company, scale and nature of its current operations together with the reasons why it has not been followed.

Principle 1- Lay solid foundations for management and oversight

1.1 The role of the Board and Management

The Board adopted a Charter in November 2015 to establish an overall framework for the corporate governance and control of the Company.

The Board's role is to provide strategic guidance and effective oversight of management. It is ultimately accountable to shareholders for the management and direction of management and of the business of the Company.

The Board may establish committees from time to time as it determines to assist it in carrying out its responsibilities under a separate charter setting out its role, responsibilities, authority, powers and composition.

The Board Charter can be found at http://totalfacegroup.com.au/investor-centre

1.2 Appointment and re-election of Board members

Prior to appointing a new director, appropriate checks are conducted to ensure that the candidate brings a diverse range of experience, expertise, skills and independence relevant to the Company and its business.

There have been no new appointments or re-elections since listing. Material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a director will be provided to security holders.

1.3 Written agreements

The Company has written agreements with each director and senior executive setting out the terms of their appointment. A summary of the main elements and terms of the agreement were set out in the Company's prospectus and is again provided in the Remuneration Report section in the Annual Report.

1.4 Company secretary

The Company Secretary is accountable to the Board, through the Chairman, for the Company's compliance in respect of all corporate governance matters, communications and lodgements with regulators and the administration of the Board and all Committees meetings.

1.5 Diversity

The Board has adopted a Diversity Policy that drives commitment to the recognition and promotion of diversity in the workplace. The Company believes that pro-actively embracing diversity among its workforce helps it provide a workplace with greater employee satisfaction levels, enabling it to attract and retain quality people within the organisation, to better understand the market in which it operates, and to assist in achieving its corporate objectives.

The Company's Diversity Policy can be found at http://totalfacegroup.com.au/investor-centre

The Board's remuneration and Nomination Committee is responsible for implementing the Diversity Policy, setting the Company's measureable objectives and benchmarks for achieving diversity and reporting to the Board on compliance with the Diversity Policy.

With female's representing 80% of our clients, it is no surprise that our corporate and clinical employee base is heavily female weighted.

Current gender diversity	Female	Male
Board of Directors	50%	50%
Non-executive Directors	50%	50%
Executive KMP	100%	-
Group (employees and contractors)	91.8%	8.2%

The Company has developed the following diversity objectives:

- offer flexible work arrangements,
- undertake programs regarding unconscious bias,
- product employees and contractors with education and policies around bullying and workplace harassment,
- mentoring, sponsorship and leadership programs to targeted, well performing staff
- develop a recruitment policy designed to provide a selection of candidates from a diverse cultures, demographics etc.

Actions required to formally implement these objectives have been communicated by the Executive Directors to Key Management Personnel and operational managers.

With female's representing 80% of our clients, it is no surprise that our corporate and clinical employee base is heavily female weighted.

1.6 Board evaluation

The Board will review its processes and its performance annually to satisfy itself that it is performing to maximum efficiency and that there has been no exposure of Board members to any legal liability (such as negligence).

Internal review to be done following the release of financial results for 2016 and prior to the Annual General Meeting of the Company.

The Company's Board Performance Evaluation Policy can be found at http://totalfacegroup.com.au/investor-centre.

1.7 Performance evaluation of senior executives

As discussed in the Remuneration Report, key performance indicators (KPI's) for the CEO and key executives have been developed to generally include measures relating to the group, the relevant business unit and the individual. KPI's include financial measures, people, client, strategy, risks and growth measures relevant to the position.

Principle 2- Structure the Board to add value

2.1 Nominations Committee

The Board has a Remuneration & Nomination Committee. The member of the Committee are:

- Dr Vilma Di Maria (chair)
- John Conidi
- Paul Fielding

The committee charter can be found at http://totalfacegroup.com.au/investor-centre.

Given the amalgamation of the Board in its existing entirety only formed in October 2015, the Committee has not formally met since listing in January 2016. A meeting of the Committee if scheduled following completion and release of the financial accounts of the Company and prior to the AGM.

2.2 Board Skills Matrix

The Company has a "board skills matrix" setting out the mix of skills and diversity that the existing Directors possess and helps identify those skills that the Board aims to strengthen in its membership.

Experience & Skills	PF	JH	VDM	JC
Industry Expertise		x	x	
Strategy & planning	x	x	x	x
Mergers & acquisition	x			x
Corporate Governance	x	x	x	x
Accounting & Finance	x			x
Risk Management	x	x	x	x
Leadership, people & talent	x	x	x	x
Sales & marketing	x	x	x	x

2.3 Size & composition of the Board

The Board of Directors of the Company comprises of:

Name	Role	Length of Service
Paul Fielding	Executive Chairman	Since April 2014
Joanne Hannah	CEO and Executive Director	Since May 2015
John Conidi	Non- Executive (Independent) Director	Since May 2015
Dr Vilma Di Maria	Non- Executive (Independent) Director	Since October 2015

The Board considers that each of John Conidi and Vilma Di Maria is an independent director, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the independent exercise of the Director's judgement and each is able to fulfil the role of an independent director.

At each meeting of Directors of the Company, the Directors are requested to declare any conflicts of interest that may have arisen since the previous meeting or that may conflict with any items for discussion on the meeting's agenda. The Board confirms that in its view, the independent Directors met the criterion during the year of being independent of management and free from outside influences which could materially interfere with the independence and objective judgement of the Director.

The qualifications and experience of Board members are provided in the Directors Report.

2.4 Independent Directors

Full compliance with this ASX recommendation (requires a majority of independent Directors) has not been met. Currently there is an equal representation of Executive and Independent Directors. The Company believes that due to the expertise of the Board and the size of the Company, equal representation is sufficient mitigation at this present time. As the Company and the Board expand, the number of independent Directors will increase.

2.5 Independent Chairman

Full compliance with this ASX recommendation has not been met. While the Chairman is not the CEO, he is not considered independent. The Board acknowledges the ASX Recommendation and seeks to appoint an Independent Chairman when a suitable candidate, who can contribute more than independence, presents him/herself.

2.6 Induction Program

The Company has a program for inducting new Directors by providing proper information in relation to the Company's business, policies and procedures before and after appointment.

The opportunity to access continuing education in relation to the Company extending to its business, the industry in which it operates, and generally information required by them to discharge the responsibilities of their office are offered throughout their appointment.

Principle 3 – Promote ethical and responsible decision making

3.1 Business conduct and ethics

The Boards governance framework incorporates various policies that formalise the role and responsibilities of the Board including the:

- Code of conduct for Directors & Officers, found at http://totalfacegroup.com.au/investor-centre. This is designed to guide behaviour, enhance investor confidence in the Company and demonstrate the commitment of the Company to ethical standards and practices.
- Code of Conduct for Transactions in Securities, found at http://totalfacegroup.com.au/investor-centre. This outlines the duties and constraints applicable to directors and officers of the Company dealing in Securities of TFG that arise from the common law, the Act and the ASX Listing Rules.

Principle 4 – Safeguard integrity in Financial Reporting

4.1 Audit Committee

The Board has established an Audit & Risk Committee which operates under the approved charter which can be found at http://totalfacegroup.com.au/investor-centre.

The role of the Audit & Risk Committee is to assist the Board in discharging its obligations with respect to ensuring an effective Corporate Governance Framework including:

- The appropriateness of risk management and compliance procedures;
- The correctness and reliability of financial information prepared for use by the Board; and
- The integrity of the internal controls affecting the preparation and provision of that financial information in determining policies or for inclusion in the financial report.

The Audit & Risk Committee:

- comprises three members, all of which are Directors but only 2 non-executive Directors;
- is chaired by an independent Director who is not Chairman of the Board;
- has at least 2 members with financial expertise; and
- has at least 1 member with an understanding of the industry in which the Company operates.

Full compliance with the ASX recommendation (which requires three member, all of whom are non-executive directors and a majority of whom are independent) has not been met. The company believe that given the current size of the Company and Board the expertise of the Audit & Risk Committee members is sufficient at this present time. The Board will increase the Committee when the Board is expanded to include 3 independent non-executive Directors.

The members of the Audit & Risk Committee are disclosed in the Directors Report including their relevant qualifications, experience and number of times they have met during the year.

4.2 Financial Report Accountability

The CEO and CFO declare whether, in their respective opinions, the Companies financial records have been properly maintained and whether the financial statements present a true and fair view of the Company's financial position and performance, and are in accordance with appropriate accounting standards and that the opinion is formed on the basis of a sound system of risk management and internal control which is operating effectively. This declaration is required to be presented to the Board before they approve the Company's financial statements for a financial period including quarterly cash flow reporting.

4.3 External auditor at AGM

The external auditor of the Company attends General Meetings and is available to answer shareholder questions which are relevant to the audit.

Principle 5 – Make timely and balanced disclosure

5.1 Continuous disclosure policy

The Company has adopted a policy which establishes procedures that are aimed at ensuring that Directors and Management are aware of, and fulfil, their obligations in relation to the timely disclosure of material price-sensitive information. Under the continuous disclosure policy, the Board is responsible for managing the Company's compliance with its continuous disclosure obligations.

Continuous disclosure announcements are also made available on the Company's website at http://totalfacegroup.com.au/investor-centre.

Principle 6 – Respect the rights of securityholders

6.1 Information on website

The Company's continuous disclosure policy objective is to ensure the market is fully informed of its strategy and financial performance. The Company seeks to provide equal access to information for all investors in accordance with all applicable laws.

Financial and other relevant information is communicated to shareholders through ASX lodgements and the Company's website http://totalfacegroup.com.au/investor-centre.

6.2 Investor relations

The Company has implemented a communication facility through its website where investors and shareholders can make enquiries online.

6.3 Securityholders meetings

The Company facilitates online voting and the submission of questions for shareholders who are unable to attend meetings of security holders and the Company. The Company encourages participation at meetings and does not utilise technology to disseminate live proceeding of its shareholder meetings.

6.4 Electronic communications

Computershare, the Company's share registry provides shareholders with the option to receive and send communications electronically.

Principle 7 – Recognise and manage risk

7.1 Oversight of risk

The role of the Audit & Risk Committee is to assist the Board in discharging its obligations with respect to ensuring the appropriateness of risk management and compliance procedures including:

- Monitor the effectiveness of the Company's risk and compliance internal controls and systems;
- Regularly consider and monitor the Company's exposure to significant risks,
- Monitor compliance with relevant legislative and regulatory requirements; and
- Review the Board's policies to ensure they remain adequate and effective.

The Audit & Risk Committee:

- comprises three Directors two of which are non-executive independent Directors;
- is chaired by an independent Director;
- has at least 2 members with financial expertise; and
- has at least 1 member with an understanding of the industry in which the Company operates.

The members of the Audit & Risk Committee are disclosed in the Directors Report including their relevant qualifications, experience and number of times they have met during the year.

7.2 Implementation of risk management systems and risk review

A risk management framework has been developed and implemented since listing on the ASX in accordance with the Audit & Risk Committee Charter.

7.3 Internal audit function

The Company does not have an internal audit function. The Audit & Risk Committee monitor and evaluate internal control processes through its risk management framework to identify strategic, operational and risk mitigation improvements.

7.4 Sustainability risks

The Audit & Risk Committee together with the Board, see "sustainability" as the Company's ability to withstand uncertain material risks identified in its Risk Management Framework.

The Risk Management Framework not only identifies risks including economic, financial, operational and regulatory risks but it also:

- Identifies potential triggers
- The impact to the Company; and
- Mitigating actions to prevent the risk from occurring or reducing the impact on the Company

The table below is an extract of sustainability risks and mitigating actions taken from the Company's Risk Management Plan:

Sustainability Risk Category	Risk Description	Mitigating Actions
Environmental		
Disasters	Catastrophic events including acts of terrorism, international hostilities, labour strikes, earthquakes or other natural disasters could occur in Australia or places of manufacture of key supplies.	Disaster recovery and business continuity plans in place to minimise disruption where possible.
Social		
Reputation	TFG operates in an industry in which its reputation is very important to business success. The Company's performance could be adversely impacted, or the medical aesthetic retail industry generally, as a result of adverse publicity about the industry as a whole.	Process in place to escalate and resolve dissatisfied clients and adverse reactions. Branding strategy focussed on myth busting and reversing any stigma attached to the industry
Economic		
Competition	The medical aesthetic industry in which TFG operates is competitive. The Company's competitors include other General Practitioners, Plastic Surgeons, Dermatologists, Health and Day Spas and Cosmetic Clinics. At present, other than the requirement to be supported by a Doctor, there are limited barriers to the growth in direct competitors to TFG in the medical aesthetic industry.	Strong growth strategy through acquisitions of reputable clinics with established client base. Consistent branding, services and procedures across the group to ensure the TFG experience is differentiated from single site competitors.
Resources	If circumstances arise where capital resources are insufficient and further financing is required, there can be no assurance that further financing will be obtained on reasonable or acceptable terms.	Monitoring of cash flow performed weekly. Limited use of and reliance on debt financing.
Discretionary Spending	If Australian economic conditions deteriorate, consumers reduce their level of spending.	Review pricing of packages regularly Offer special deals and payment plans to ensure treatments remain attainable so far as regulations allow (i.e we will not entice treatment through discounting).

Principle 8 – Remunerate fairly and responsibly

8.1 Remuneration committee

The board policy for determining the nature and amount of remuneration of key management personnel is agreed by the Board as a whole. The Remuneration and Nomination Committee is established by the Board to advise on remuneration and issues relevant to remuneration policies and practices including those for senior management and non-executive Directors.

The remuneration and Nomination committee comprises:

- Three directors, two of which are non-executive independent Directors
- A non-executive independent chair

The members of the Remuneration and Nomination Committee are disclosed in the Directors Report including their relevant qualifications and experience. Given the Company only listed in January 2016, the Remuneration and Nomination Committee have not met since the formation of the Committee in November 2015. The Committee will meet following release of the annual report and prior to the Annual General Meeting of the Company.

8.2 Executive versus non-executive remuneration

For executives, the company provides a remuneration package that incorporates an annual salary and a Chairman's discretionary bonus. The contracts for service between the company and executives are on a continuing basis, the terms of which are not expected to change in the immediate future.

Non-executive directors receive fees and do not receive options or bonus payments.

8.3 Equity-based remuneration

The Company does not have an equity based remuneration scheme. It does have a Long Term Incentive Plan (LTIP) that allows for the award of performance-related rights ('Rights') subject to the LTIP Rules. The Plan is designed to assist in the motivation, retention and reward of the Company's Directors and senior executives. In addition, the Plan is designed to align the interests of Directors and senior executives more closely with the interests of shareholders.

The LTIP can be found on our website at http://totalfacegroup.com.au/investor-centre.

No rights have been granted pursuant to the LTIP.

Directors' Report

Directors' Report

The directors present their report together with the financial report of the consolidated entity consisting of Total Face Group Limited (ACN 169 177 833) and the entities it controlled, for the financial year ended 30 June 2016 and auditor's report thereon.

Directors

The names of directors in office at any time during or since the end of the year are:

Paul Fielding	appointed 22 April 2014
Joanne Hannah	appointed 18 May 2015
John Conidi	appointed 18 May 2015
Vilma Di Maria	appointed 13 October 2015

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal activities

The principal activities of the consolidated entity during the financial year were providing non-invasive cosmetic treatments.

There has been no significant change in the nature of these activities during the financial year.

Results

The consolidated loss after income tax attributable to the members of Total Face Group Ltd was ($1,613,054) (2015: $1,085,015 loss).

Review of operations

A review of the operations of the consolidated entity during the financial year and the results of those operations are as follows:

- Establishment of our Windsor clinic, our first greenfield site that opened in October 2015
- Continued investment in Total Face Group's end-to-end operational & clinical application, "TESSA"
- Acquisition of Heber Davis Pty Ltd in October 2015
- Admission to the ASX in January 2016 raising $6m
- Acquired Face Today Mediclinic, Chatswood and Rejuven8 Penrith Skin Clinic in February 2016
- Acquisition of Lase By the Sea, Frankston in March 2016 and then relocated to Mornington Peninsula in June 2016
- Retail finance agreement with zipMoney for the provision of coolsculpting treatments
- Commenced conversion of the Prahran clinic into a retail skin care store

Significant changes in the state of affairs

Significant changes in the consolidated entity's state of affairs during the financial year were:

- Pre IPO raising of $4m
- Acquisition of Heber Davis Pty Ltd in October 2015
- Admission to the ASX in January 2016 raising $6m
- Acquisition of Face Today Mediclinic, Chatswood and Rejuven8 Penrith Skin Clinic in February 2016
- Acquisition of Lase By the Sea, Frankston in March 2016 and then relocated to Mornington Peninsula in June 2016

After balance date events

On the 11th July 2016, there was a general meeting of the members of the Company. Shareholders of the Company resolved to raise $10m from institutional and sophisticated investors. On 18th July 2016, those funds were used to acquire COZmedics (QLD) and Endless Solutions (Port Melbourne) and Facial Artistry (Canberra) on 20th July 2016. The remaining funds are to be invested in CoolSculpting® to grow the body fat reduction modality.

Likely developments

The company will continue to pursue its operating strategy to create shareholder value. In the opinion of the directors, the after balance date events disclosed above provide an indication of the likely increase in operations.

Environmental regulation

The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Dividend paid, recommended and declared

No dividends were paid, declared or recommended since the start of the financial year.

Share options granted to directors and executives

No options over unissued ordinary shares were granted during or since the end of the financial year to directors and officers of the company.

Shares under option

No options over unissued ordinary shares were outstanding at the end of the financial year.

Shares issued on exercise of options

No shares were issued during the reporting period or up to the date of this report on exercise of options.

Rounding of amounts

The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest dollar.

Information on directors and company secretary

The qualifications, experience and special responsibilities of each person who has been a director of Total Face Group Limited ("TFG") at any time during or since 1 July 2015 is provided below, together with details of the company secretary as at the year end.

Paul Fielding
Chartered Accountant

Paul is a highly skilled professional with a high degree of commercial acumen and has the ability to negotiate outcomes in complex and competitive environments. He has worked in the services sector for more than 20 years.

Paul successfully took Ingena Group Limited (ASX: IGL) and RXP Services Limited (ASX: RXP) to IPO raising in excess of $50m across both organisations. IGL and RXP experienced significant growth organically and acquisitively in which Paul has played a key role.

TFG Roles:

- Audit & Risk Committee member
- Remuneration & Nomination Committee member
- Executive Chairman

Joanne Hannah

Joanne, CEO was previously the Business Development Manager for Allergan (Botox® and Juvederm®) and has extensive experience in healthcare both in Australia and internationally. At Allergan she was responsible for educating doctors and nurses in facial anatomy, facial ageing and injecting techniques.

In addition, Joanne worked closely with clinics across Victoria helping business owners drive revenue and improve profitability. Joanne brings an unrivalled understanding of the aesthetics industry and business processes to TFG. As a clinical educator and business advisor with Allergan, Joanne worked closely with the top global and Australian experts in the field of cosmetic injectables.

TFG Roles:

- Managing Director and Chief Executive Officer.

John Conidi
Certified Practicing Accountant

John has over 14 years of experience developing, acquiring and managing healthcare businesses. His success in strategy, management and business development has driven the rapid expansion of Capitol Health Ltd.

TFG Roles:

- Audit & Risk Committee chair
- Remuneration & Nomination Committee member
- Non-executive Director

John is one of the founders and Managing Director of Capitol Health Ltd (ASX: CAJ). John is also a Director of Oz Brewing Ltd (ASX: OZB) and Kibaran Resources Ltd (ASX: KNL).

John is a Director of 3D Group Pty Ltd ACN 168 587 531 (3D). John was appointed to the Board of 3D in March 2014. 3D was placed into voluntary administration in December 2014. The Directors (other than John Conidi) have considered the circumstances surrounding John's involvement in 3D and are of the view that his involvement as a director of 3D, prior to 3D being placed into voluntary administration, does not have an impact on his appointment and contribution as a director of TFG.

Dr Vilma Di Maria
Fellowship of General Practice

Vilma obtained her Fellowship of General Practice in 1996. She spent most of her general practice involved in women's health where she developed her interest in skin conditions and aesthetic medicine.

Vilma joined Mr Howard Webster's practice early in 2005 and has since worked alongside Mr Webster at ARC Plastic Surgery. Vilma became a trainer for Allergan in 2008 where she is regularly called upon to train both national and international doctors and nurses. Vilma has also been a member of Allergan's Advisory Board since 2008.

TFG Roles:

- Audit & Risk Committee member
- Remuneration & Nomination Committee chair
- Non-executive Director

Liza Juegan
Graduate Diploma of Chartered Accounting

Liza is an accountant with 9 years' experience at Ernst & Young (EY). Her skills were founded in financial statement, compliance and risk management audits within the financial services industry. More recently, her time at EY has provided experience in management consulting, including analysis of target operating models for optimisation, review of the due diligence process for outsourcing key operational services and review of service level agreements for completeness and aptness.

TFG Roles

- Chief Financial Officer
- Company Secretary

Directors' meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		Audit & Risk Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Paul Fielding	9	8	1	1
Joanne Hannah	9	9	-	-
John Conidi	9	8	1	1
Dr Vilma Di Maria	8	7	1	1

The Remuneration & Nomination Committee did not meet during the year however one is scheduled to occur prior to the Annual General Meeting of the Company.

Directors' interests in shares or options

Directors' relevant interests in shares of Total Face Group Limited or options over shares in the company (or a related body corporate) are detailed below.

Directors' relevant interests in:	Ordinary shares of Total Face Group Ltd	Options over shares in Total Face Group Ltd
Paul Fielding^	14,263,799	-
Joanne Hannah	2,090,000	-
John Conidi	-	-
Dr Vilma Di Maria	110,000	-

^ includes shares held in the name of Jane Fielding (spouse)

Indemnification and insurance of directors, officers and auditors

During the financial year, the consolidated entity paid a premium insuring all the directors and the officers. Under the policy, the Company cannot release to any third party or otherwise publish the amount of premium. Accordingly the Company relies on section 300(9) of the Corporations Act to exempt it from requirement to disclose the premium amount of the relevant policy. The terms of the insurance contract prevent further disclosure. The Company is not aware of any liability that arose under these indemnities as at the date of this report.

No indemnities have been given or insurance premiums paid to insure the auditors' of the consolidated entity.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of Total Face Group Limited or any of its subsidiaries.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Non-audit services

Non-audit services were provided by the auditors of entities in the consolidated group during the year, namely Pitcher Partners (Melbourne), network firms of Pitcher Partners as detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

	2016	2015
	$	$
Amounts paid and payable to Pitcher Partners (Melbourne) for non-audit services:		
Taxation services	13,200	-
Investgating Accountants Report	71,795	-
Total auditors' remuneration for non-audit services	**84,995**	-

Remuneration report (Audited)

The directors present the consolidated entity's 2016 remuneration report which details the remuneration information for Total Face Group Limited's executive directors, non-executive directors and other key management personnel.

A. Details of key management personnel

(i) Directors	Period of Responsibility	Position
Paul Fielding	Appointed 22 April 2014	Executive Chairman
Joanne Hannah	Appointed 18 May 2015	Director and Chief Executive Officer
John Conidi	Appointed 18 May 2015	Director – Non-Executive – Independent
Vilma Di Maria	Appointed 13 October 2015	Director – Non-Executive – Independent

(ii) Executives		
Jane Fielding	Appointed 1 July 2014	Head of Clinical Operations
Liza Juegan	Appointed 12th October 2015	Company Secretary & Chief Financial Officer

B. Remuneration policies

The board policy for determining the nature and amount of remuneration of key management personnel is agreed by the Board as a whole. The Remuneration and Nomination Committee is established by the Board to advise on remuneration and issues relevant to remuneration policies and practices including those for senior management and non-executive Directors.

The remuneration and Nomination committee comprises:

- Three directors, two of which are non-executive independent Directors
- A non-executive independent chair

The members of the Remuneration and Nomination Committee are disclosed in the Directors Report including their relevant qualifications and experience. Given the Company only listed in January 2016, the Remuneration and Nomination Committee have not met since the formation of the Committee in November 2015. The Committee will meet following release of the annual report and prior to the Annual General Meeting of the Company.

For executives, the company provides a remuneration package that incorporates an annual salary and a Chairman's discretionary bonus. The contracts for service between the company and executives are on a continuing basis, the terms of which are not expected to change in the immediate future.

Non-executive directors receive fees and do not receive options or bonus payments.

The Company does not have an equity based remuneration scheme. It does have a Long Term Incentive Plan (LTIP) that allows for the award of performance-related rights ('Rights') subject to the LTIP Rules. The Plan is designed to assist in the motivation, retention and reward of the Company's Directors and senior executives. In addition, the Plan is designed to align the interests of Directors and senior executives more closely with the interests of shareholders.

The LTIP can be found on our website at http://totalfacegroup.com.au/investor-centre.

No rights have been granted pursuant to the LTIP.

Service Agreements

The contracts for service between the Company and specified executives are formalised in service agreements. The major provisions in the agreements relating to remuneration are set out below.

Joanne Hannah Managing Director & Chief Executive Officer

- Permanent employment contract commencing 1st May 2014
- Termination by provision of six months' notice by either party
- Eligible to participate in the Long Term Incentive Plan

Liza Juegan Company Secretary & Chief Financial Officer

- Permanent employment contract commencing 12th October 2015
- Termination by provision of three months' notice by either party
- Eligible to participate in the Long Term Incentive Plan

Jane Fielding Director of Clinical Services

- Subcontractor Agreement with JMN Services Pty Ltd for the provision of the services of Jane Fielding as Head of Clinical Operations to the Company, commencing 1 July 2014
- Eligible to participate in the Long Term Incentive Plan

C. Details of key management personnel remuneration

(a) Directors' remuneration:

	Short-Term				Post employment			Long-term	Share-based payment	TOTAL	Total perform-ance related	Options as % of total
2016	Salary/ fees	Cash bonus	Non-monetary	Other	Super-annuation	Retirement benefits	Termination benefits	Incentive plans	Options			
	$	$	$	$	$	$	$	$	$	$	%	%
Paul Fielding	45,454	-	-	-	-	-	-	-	-	45,454	-	-
Joanne Hannah	218,000	45,662	-	-	23,338	-	-	-	-	287,000	15.9%	-
John Conidi	43,333	-	-	-	-	-	-	-	-	43,333	-	-
Dr Vilma Di Maria	26,667	-	1,000	-	-	-	-	-	-	27,667	-	-
	333,454	**45,662**	**1,000**	**-**	**23,338**	**-**	**-**	**-**	**-**	**403,454**	**-**	**-**
2015												
Paul Fielding	-	-	-	-	-	-	-	-	-	-	-	-
Joanne Hannah	218,000	10,984	-	-	19,476	-	-	-	-	248,460	-	-
John Conidi	-	-	-	-	-	-	-	-	-	-	-	-
Dr Vilma Di Maria	-	-	-	-	-	-	-	-	-	-	-	-
	218,000	**10,984**	**-**	**-**	**19,476**	**-**	**-**	**-**	**-**	**248,460**	**-**	**-**

(b) Executives' remuneration:

	Short-Term				Post employment			Long-term	Share-based payment	TOTAL	Total perform-ance related	Options as % of total
2016	Salary/ fees	Cash bonus	Non-monetary	Other	Super-annuation	Retirement benefits	Termination benefits	Incentive plans	Options			
	$	$	$	$	$	$	$	$	$	$	%	%
Jane Fielding	150,000	-	-	-	-	-	-	-	-	150,000	-	-
Liza Juegan	102,468	-	1,333	-	9,734	-	-	-	-	113,535	-	-
	252,468	**-**	**1,333**	**-**	**9,734**	**-**	**-**	**-**	**-**	**263,535**	**-**	**-**
2015												
Jane Fielding	150,000	-	-	-	-	-	-	-	-	150,000	-	-
Liza Juegan	-	-	-	-	-	-	-	-	-	-	-	-
	150,000	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**	**-**

D. Key management personnel's equity holdings
(a) Number of shares held by key management personnel

All shares held by key management personnel are restricted securities, in escrow until January 2018.

2016	Balance 1/07/15	Received as Remuneration	Received on the exercise of options	Other changes (net)*	Total balance at 30/06/16	Number held nominally at 30/6/16
Directors						
Paul Fielding	1,166,709	-	-	11,667,090	12,833,799	-
Joanne Hannah	190,000	-	-	1,900,000	2,090,000	-
John Conidi	-	-	-	-	-	-
Dr Vilma Di Maria^	-	110,000	-	-	110,000	-
Executives						
Jane Fielding	130,000	-	-	1,300,000	1,430,000	-
Liza Juegan	-	13,334	-	133,340	146,674	-
	1,486,709	**123,334**	**-**	**15,000,430**	**16,610,473**	**-**

**At the Annual General Meeting of the Company held 12th October 2015, the shareholders of the Company resolved to reconstruct the capital of Company. As a result, every one fully paid ordinary share was split into 11 fully paid ordinary shares.*

^The Company recognises that the interest held by Dr Vilma Di Maria does not influence in any material respect, her capacity to bring an independent judgement to the Board and to act in the best interests of the entity and shareholders generally.

E. Loans with key management personnel

As at 30 June 2016, the Company owes Paul Fielding $9,278 (2015: $43,750). The balance represents a credit card facility in the name of Paul Fielding utilised by Total Face Group as required.

F. Other transactions with key management personnel

Paul Fielding is sole director, company secretary and shareholder of Fielding Hill Pty Ltd (Fielding Hill).

On 1 October 2015, Total Face Group entered into a Lease of premises located at Level 4, 7 Bank Place with Fielding Hill. These premises will be used as the Company's corporate headquarters. The lease is for a 3 year term, commencing on 15 October 2015, with an option for a further 3 year term. The rental payable under the lease is $68,000 plus GST per annum plus outgoings. The lease is in a standard form and the Board considers that it is on arms-length commercial terms. Fielding Hill has provided the Company with an expert market appraisal which confirms that the rental amount is reasonable and in line with market rates.

-Audited Remuneration Report ends-

Signed in accordance with a resolution of the directors.

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Paul Fielding
Director
Melbourne
30 August 2016

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Auditor's independence declaration

PITCHER PARTNERS

TOTAL FACE GROUP LTD AND CONTROLLED ENTITIES
ABN 43 169 177 833

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF TOTAL FACE GROUP LTD

In relation to the independent audit for the year ended 30 June 2016, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of any applicable code of professional conduct.

K L BYRNE

Partner

PITCHER PARTNERS

Melbourne

30 August 2016

5 Consolidated financial statements and notes

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2016

	Notes	30-Jun-16	30-Jun-15
		$	$
Revenue and Other Income			
Sales revenue	5	7,907,562	2,293,694
Other revenue	5	37,282	1,878
		7,944,844	**2,295,572**

Less Expenses			
Wages, Salaries & Employment costs		2,580,080	1,293,065
Materials and consumables used		2,280,215	648,959
Contractors		1,665,732	486,266
Occupancy expenses		725,745	187,946
Depreciation and amortisation		557,570	159,242
IT & Communications		323,462	58,050
Advertising & Marketing		250,142	56,669
Accounting		230,341	76,612
Finance costs		161,818	181,512
Consultants		150,836	81,271
Director Fees		115,455	-
Travel		124,854	2,231
Acquisition costs		94,790	8,332
Insurance		77,843	26,316
Printing & Stationery		33,455	13,603
Other expenses		185,560	100,513
		9,557,898	**3,380,587**

Loss before income tax expense		**(1,613,054)**	**(1,085,015)**
Income tax expense	7	-	-
Net Loss from continuing operations		**(1,613,054)**	**(1,085,015)**
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		**(1,613,054)**	**(1,085,015)**

Loss is attributable to:			
Members of the parent		(1,613,054)	(1,085,015)

Total comprehensive loss attributable to:			
Members of the parent		(1,613,054)	(1,085,015)

Earnings per share for loss from continuing operations attributable to equity holders of the parent entity:			
Basic earnings per share		(0.02)	(0.02)
Diluted earnings per share		(0.02)	(0.02)

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2016

	Notes	2016	2015
		$	$
Current assets			
Cash and cash equivalents	8	2,601,306	371,947
Receivables	9	107,467	238,286
Inventories	10	917,690	183,791
Other assets	11	259,538	25,061
Total current assets		**3,886,001**	**819,085**

Non-current assets			
Receivables	9	164,439	200,962
Property, plant and equipment	12	2,608,177	1,408,401
Intangible assets	13	8,417,802	3,217,470
Deferred tax assets	7	42,103	7,745
Other assets	11	98,947	35,856
Total non-current assets		**11,331,469**	**4,870,434**
Total assets		**15,217,469**	**5,689,519**

Current liabilities			
Payables	14	1,445,710	724,601
Other liabilities	17	840,649	-
Borrowings	15	558,375	250,919
Current tax	7	(86,204)	-
Provisions	16	191,479	71,371
Total current liabilities		**2,950,009**	**1,046,891**

Non-current liabilities			
Borrowings	15	932,862	783,950
Provisions	16	6,899	1,137
Deferred tax liabilities	7	-	-
Total non-current liabilities		**939,761**	**785,087**
Total liabilities		**3,889,771**	**1,831,978**

Net assets		**11,327,699**	**3,857,541**

Equity			
Contributed capital	18	14,025,768	4,942,556
Retained earnings	19	(2,698,069)	(1,085,015)
Equity attributable to owners of Total Face Group Limited		**11,327,699**	**3,857,541**
Non-controlling interests	20	-	-
Total equity		**11,327,699**	**857**

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2016

Consolidated Entity	Contributed equity	Retained earnings	Total Equity
	$	$	$
Balance as at 1 July 2015	**4,942,556**	**(1,085,015)**	**3,857,541**
Loss for the year	-	(1,613,054)	(1,613,054)
Total comprehensive loss for the year	**-**	**(1,613,054)**	**(1,613,054)**
Transactions with owners in their capacity as owners:			
Contributions	10,010,000	-	10,010,000
Business acquisitions	292,500	-	292,500
Capital raising costs	(1,219,288)	-	(1,219,288)
	9,083,212	**-**	**9,083,212**
Balance as at 30 June 2016	**14,025,768**	**(2,698,069)**	**11,327,699**

Consolidated Entity	Contributed equity	Retained earnings	Total Equity
	$	$	$
Balance as at 22 April 2014	-	-	-
Loss for the period	-	(1,085,015)	(1,085,015)
Total comprehensive loss for the period	**-**	**(1,085,015)**	**(1,085,015)**
Transactions with owners in their capacity as owners:			
Contributions	5,090,420	-	5,090,420
Capital raising costs	(147,864)	-	(147,864)
	4,942,556	**-**	**4,942,556**
Balance as at 30 June 2015	**4,942,556**	**(1,085,015)**	**3,857,541**

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2016

	Notes	2016	2015
		$	$
Cash flow from operating activities			
Receipts from customers		8,900,166	2,525,129
Payments to suppliers and employees		(9,558,685)	(2,907,752)
Interest received		9,419	-
Finance costs		(161,818)	(181,512)
Income tax paid		(114,757)	-
Net cash used in operating activities	21(a)	**(925,674)**	(564,135)
Cash flow from investing activities			
Payment for property, plant and equipment		(1,684,099)	(1,567,643)
Payment for business combinations		(3,694,473)	(3,217,470)
Payment for investments		(574,933)	-
Payment for other non-current assets		(94,790)	-
Net cash used in investing activities		**(6,048,296)**	**(4,785,113)**
Cash flow from financing activities			
Proceeds from share issue		10,010,000	4,942,556
Payments for share issue costs		(1,219,289)	-
Net proceeds from related parties		(43,750)	43,750
Proceeds from borrowings		761,360	1,128,950
Repayment of borrowings		(304,992)	(94,061)
Payment for security deposit		-	(300,000)
Net cash provided by financing activities		**9,203,329**	**5,721,195**
Net increase / (decrease) in cash and cash equivalents		**2,229,359**	**371,947**
Cash and cash equivalents at beginning of the period		371,947	-
Cash and cash equivalents at end of the period	21(b)	**2,601,306**	**371,947**

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

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Notes To The Financial Statements Year Ended 30 June 2016

Note 1: Statement of significant accounting policies

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Total Face Group Ltd and controlled entities as a consolidated entity (TFG). Total Face Group Ltd is a company limited by shares, incorporated and domiciled in Australia. The address of Total Face Group Ltd's registered office and principal place of business is Level 4, 11-19 Bank Place, Melbourne Victoria. Total Face Group Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the directors as at the date of the directors' report.

Compliance with IFRS

The consolidated financial statements of Total Face Group Ltd also comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Going concern

The financial report has been prepared on a going concern basis.

Despite the consolidated entity reporting a loss for the year ended 30 June 2016 it has, at reporting date, a positive net asset position of $11,327,699 with $2,601,306 held in cash. Current assets exceeded current liabilities at reporting date by $935,992.

Consistent with its acquisitive growth strategy, the entity has raised $10m and acquired another 5 clinics following balance date as detailed at Note 29: Subsequent Events.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

(d) Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered to have passed to the buyer at the time of delivery of the goods to the customer.

Revenue from rendering of services to customers is recognised upon delivery of the service to the customer.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is measured net of the amount of goods and services tax (GST).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

(g) Property, plant and equipment

Cost and valuation

Each class of property, plant and equipment is measured at cost less where applicable, accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amounts of all property, plant and equipment are calculated using the straight line method over their estimated useful lives commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

	2016	2015
Computer equipment	33%	33%
Clinic equipment	20-25%	20-25%
Leased clinic equipment	20-25%	20-25%
Leasehold improvements	10%	10%

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of profit or loss. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(i) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in profit or loss.

Acquisition related costs are expensed as incurred.

(j) Intangibles

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Refer to Note 1(i) for a description of how goodwill arising from a business combination is initially measured.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less any accumulated impairment losses.

Trademarks and licences

Trademarks and licences are recognised at cost and are amortised over their estimated useful lives, which range from 3 to 5 years. Trademarks and licences are carried at cost less accumulated amortisation and any impairment losses.

(k) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(l) Development Expenditure

Expenditure attributed to the development of the entity's own end to end operational and clinical software, "TESSA", is capitalised to the extent that it relates to the design, construction and testing.

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when the project are expected to deliver future economic benefits and these benefits can be measured reliably.

Amortisation of development expenditure

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. Amortisation of the development expenditure commences from the date of first use over the effective life of the intangible asset.

(m) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Total Face Group Limited (parent entity) and its wholly owned subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2014. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances; and
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

(n) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(o) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(iii) Bonus plan

The consolidated entity recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

(iv) Termination benefits

The group recognises an obligation and expense for termination benefits at the earlier of: (a) the date when the group can no longer withdraw the offer for termination benefits; and (b) when the group recognises costs for restructuring and the costs include termination benefits. In either case, the obligation and expense for termination benefits is measured on the basis of the best estimate of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before twelve months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

(p) Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

(q) Financial instruments

Classification

The consolidated entity classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities
Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of financial assets
Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment as a result of one or more events ('loss events') having occurred and which have an impact on the estimated future cash flows of the financial assets.

For loans and receivables and held-to-maturity investments carried at amortised cost, impairment losses are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

(r) Goods and services tax (GST)
Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Comparatives
Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Consistent with the prior year financial report, the comparatives are for the period 22nd April 2014 to 30 June 2015.

(t) Rounding of amounts
The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest dollar.

(u) Accounting standards issued but not yet effective at 30 June 2016
The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to Total Face Group Limited and controlled entities ("TFG"). TFG has decided not to early adopt any of these new and amended pronouncements. TFG's assessment of the new and amended pronouncements that are relevant to TFG but applicable in future reporting periods is set out below.

AASB 9: Financial Instruments (December 2014), AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB 2014-8: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the Group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

Impact of this standard is yet to be assessed but not expected to significantly impact the financial statements of TFG.

AASB 15: Revenue from Contracts with Customers, AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15 and AASB 2016-3: Amendments to Australian Accounting Standards – Clarifications to AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2018

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

Impact of this standard is yet to be assessed but not expected to significantly impact the financial statements of TFG.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
    - investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
    - property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

Impact of this standard is yet to be assessed but not expected to significantly impact the financial statements of TFG.

AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 (applicable for annual reporting periods commencing on or after 1 January 2017).

This Amending Standard amends AASB 107: Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. To the extent necessary to satisfy this objective, entities will be required to disclose the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchange rates;
- changes in fair values; and
- other changes.

Impact of this standard is yet to be assessed but not expected to significantly impact the financial statements of TFG.

Note 2: Significant accounting estimates and judgements

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to management's expectations regarding which assets will be expected to benefit from the synergies arising from the business combination that gave rise to the goodwill. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a maximum period of 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of between 5.5-6.6% for cash flows in year two to five and which is conservatively based on the industry average of 10% and a discount rate of 10.85% to determine value-in-use.

(b) Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists the recoverable amount of the asset is determined.

(c) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(d) Fair value measurements

Certain financial assets and liabilities are measured at fair value. Fair values have been determined in accordance with fair value measurement hierarchy.

Note 3: Change in accounting estimate

During the current financial year the company reassessed the useful life of the consumables required for use in the CoolScupting® machines. At the time of recognition of the asset there was an expectation that it would be used for more than one period and the assumption was reasonable given the available information at the time. The usage of the asset indicated that it would have a useful life less than one period. The change in estimate resulted in a reclassification between property plant and equipment and inventory.

Note 4: Financial risk management

The consolidated entity is exposed to a variety of financial risks comprising:

- Interest rate risk
- Credit risk
- Liquidity risk

The board of directors has overall responsibility for identifying and managing operational and financial risks.

The consolidated entity holds the following financial instruments:

	2016	2015
	$	$
Financial assets		
Cash and cash equivalents	2,601,306	371,947
Security deposit	246,659	-
Other receivables	25,247	439,248
	2,873,212	811,195

Financial liabilities		
Amortised cost		
Payables	1,445,710	724,601
Borrowings	1,491,237	1,034,869
	2,936,947	1,759,470

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The consolidated entity has finance leases which are at a fixed interest rate.

The exposure to interest rate risks in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Financial instruments	Interest bearing	Non interest bearing	Total carrying amount	Weighted average effective interest rate	Fixed / variable rate
	$	$	$	%	
2016					
(i) Financial assets					
Cash	1,879,199	722,108	2,601,306	1.05%	Variable
Security Deposit	-	246,659	246,659	9.7%	Fixed
Other receivables	25,247	-	25,247	0.0%	
Total financial assets	**1,904,446**	**968,767**	**2,873,212**		
(ii) Financial liabilities					
Payables	-	1,445,710	1,445,710	0.0%	
Finance lease liability	1,491,237	-	1,491,237	10.2%	Fixed
Total financial liabilities	**1,491,237**	**1,445,710**	**2,936,947**		

2015					
(i) Financial assets					
Cash	371,947	-	371,947	0.0%	
Security Deposit	228,879	-	228,879	9.7%	Fixed
Other receivables	210,369	-	210,369	0.0%	
Total financial assets	**811,195**	**-**	**811,195**		
(ii) Financial liabilities					
Payables	-	724,601	724,601	0.0%	
Finance lease liability	1,034,869	-	1,034,869	10.7%	Fixed
Total financial liabilities	**1,034,869**	**724,601**	**1,759,470**		

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Sensitivity

If interest rates were to increase/decrease by 100 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	2016	2015
+/- 100 basis points	$	$
Impact on profit after tax	19,919	-
Impact on equity	-	-

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

(i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

(ii) Other receivables

The consolidated entity does not have any material credit risk exposure for other receivables or other financial instruments.

The security deposit receivable is in accordance with a deed of setoff in relation to clinic equipment financing.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The consolidated entity has finance leases which are at a fixed interest rate.

Maturity analysis

The tables below represents the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

	< 6 Months	6-12 Months	1-5 years	Total contractual cash flows	Carrying amount
Year ended 30 June 2016	$	$	$	$	$
Cash	2,601,306	-	-	-	2,601,306
Security deposit	50,000	-	196,659	300,000	246,659
Other receivables	25,247	-	-	25,247	25,247
Payables	(1,445,710)	-	-	(1,445,710)	(1,445,710)
Borrowings	(334,999)	(352,229)	(1,018,488)	(1,705,716)	(1,491,237)
Net maturities	**895,844**	**(352,229)**	**(821,829)**	**(2,826,179)**	**(63,735)**

	< 6 Months	6-12 Months	1-5 years	Total contractual cash flows	Carrying amount
Year ended 30 June 2015	$	$	$	$	$
Cash	371,947	-	-	-	371,947
Security Deposit	-	-	228,879	228,879	228,879
Other receivables	210,369	-	-	210,369	210,369
Payables	(724,601)	-	-	(724,601)	(724,601)
Borrowings	(175,224)	(175,226)	(902,923)	(1,253,373)	(1,034,869)
Net maturities	**(317,509)**	**(175,226)**	**(674,044)**	**(1,538,726)**	**(1,320,222)**

(d) Fair value compared with carrying amounts

The fair value of financial assets and financial liabilities equates to their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

Note 5: Revenue and other income

Revenue and other income from continuing operations

	2016	2015
	$	$
Sales revenue		
Sale of goods	7,907,562	2,293,694
	7,907,562	**2,293,694**

Other revenue		
Commission received	7,007	-
Rebates	3,077	1,878
Interest	27,198	-
	37,282	**1,878**

Note 6: Loss from continuing operations

Loss from continuing operations before income tax has been determined after the following specific expenses:

Cost of goods sold		
Materials and consumables used	2,280,215	648,959
	2,280,215	**648,959**

Employee benefits expense		
Bonus accrual	38,037	-
Other employee benefits	2,542,043	1,043,065
	2,618,117	**1,043,065**

Depreciation of non-current assets		
Leasehold Improvements	28,030	608
Computer Equipment	12,125	2,894
Clinic equipment	504,659	155,656
Motor Vehicle	3,295	-
	548,109	**159,158**

Amortisation of non current assets		
Licences	9,461	-
Software development	-	-
	9,461	**-**

Finance costs expensed		
Finance charges paid or payable under equipment leases	161,818	181,512
	161,818	**181,512**

Note 7: Income tax

(a) Components of tax expense:

	2016	2015
	$	$
Current tax	-	-
Deferred tax	-	-
Under/(over) provision in prior years	-	-
	-	-

(b) Prima facie tax payable

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

Profit/(loss) before tax from continuing operations	(1,613,054)	(1,085,015)
Profit/(loss) before tax from discontinued operations	-	-
Total profit/(loss) before income tax	(1,613,054)	(1,085,015)
Prima facie income tax payable on profit before income tax at 30% (2015: 30%)	(483,916)	(325,505)
Add tax effect of:		
Other non-allowable items	34,336	1,161
Timing differences not brought to account	(150,156)	48,668
Tax losses not brought to account	599,736	275,676
	-	-

(c) Current tax

Current tax relates to the following:

Current tax liabilities / (assets)		
Opening balance	28,553	-
Income tax	-	-
Tax payments	-	-
Under / (over) provisions	(114,757)	-
Current tax liabilities / (assets)	**(86,204)**	**-**

(d) Deferred tax

Deferred tax relates to the following:

Deferred tax assets		
The balance comprises:		
Tax losses carried forward	-	-
Employee benefits	7,745	7,745
Heber Davis acquisition	34,358	-
	42,103	**7,745**
Net deferred tax assets/(liabilities)	**42,103**	**7,745**

(e) Deferred tax assets not brought to account

Temporary differences	707,969	48,668
Operating tax losses	925,240	275,676
	1,633,209	**324,344**

Note 8: Cash and cash equivalents

	2016	2015
	$	$
Cash at bank and on hand	2,598,050	370,147
Petty cash	3,256	1,800
	2,601,306	**371,947**

Note 9: Receivables

Current		
Security deposit	82,220	27,917
Other receivables	25,247	210,369
	107,467	**238,286**

Non-current		
Security deposit	164,439	200,962
	164,439	**200,962**

Security deposit		
Not later than one year	100,000	50,000
Later than one year and not later than 5 years	200,000	250,000
Minimum repayment	**300,000**	**300,000**
Add: unearned income	(53,341)	(71,121)
	246,659	**228,879**

Security deposit relates to Deed of Set Off for equipment finance received. The original deposit amount is returned proportionately over the life of the finance term.

Note 10: Inventories

Injectable inventory at cost	557,242	148,319
Dermal inventory at cost	94,741	35,472
CoolSculpting® inventory at cost	265,707	-
Total Inventories	**917,690**	**183,791**

Note 11: Other assets

Current		
Prepayments	49,538	25,061
Deposits Paid	210,000	-
	259,538	**25,061**

Non-current		
Rental Bonds	98,947	35,856
	98,947	**35,856**

Note 12: Property plant and equipment

	2016	2015
	$	$
Motor Vehicle		
At cost	27,000	-
Accumulated depreciation	(3,295)	-
	23,705	**-**

Leasehold Improvements		
At cost	352,755	51,628
Accumulated depreciation	(145,709)	(608)
	207,046	**51,020**

Computer equipment		
At cost	58,285	19,639
Accumulated amortisation	(20,152)	(2,894)
	38,133	**16,745**

Clinic equipment		
At cost	1,348,162	173,224
Accumulated depreciation	(339,506)	(15,649)
	1,008,656	**157,575**

Leased clinic equipment		
At cost	2,084,460	1,323,110
Accumulated depreciation	(539,754)	(140,049)
Useful life revision	(214,068)	-
	1,330,638	**1,183,061**

Total property, plant and equipment		
Cost	3,870,662	1,567,601
Accumulated depreciation	(1,048,417)	(159,200)
Useful life revision	(214,068)	-
Total property, plant and equipment	**2,608,177**	**1,408,401**

(a) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

Motor Vehicle		
Carrying amount at beginning of year	-	-
Additions	27,000	-
Disposals	-	-
Additions through acquisition of entities / operations	-	-
Assets classified as held for sale and other disposals	-	-
Net amount of revaluation increments less decrements	-	-
Depreciation expense	(3,295)	-
Impairment	-	-
Carrying amount end of year	**23,705**	**-**

Note 12: Property plant and equipment *(cont'd)*

	2016	2015
	$	$
Leasehold Improvements		
Carrying amount at beginning of year	51,020	-
Additions	123,002	51,628
Disposals	-	-
Additions through acquisition of entities / operations	59,280	-
Transfers between classes	1,774	-
Depreciation expense	(28,030)	(608)
Carrying amount end of year	**207,046**	**51,020**

Computer Equipment		
Carrying amount at beginning of year	16,745	3,703
Additions	27,342	15,936
Disposals	-	-
Additions through acquisition of entities / operations	7,417	-
Transfers between classes	(1,247)	-
Depreciation expense	(12,125)	(2,894)
Carrying amount end of year	**38,133**	**16,745**

Clinic equipment		
Carrying amount at beginning of year	157,575	-
Additions	804,554	8,410
Disposals	-	-
Additions through acquisition of entities / operations	151,481	164,814
Depreciation expense	(104,954)	(15,649)
Carrying amount end of year	**1,008,656**	**157,575**

Clinic equipment under lease		
Carrying amount at beginning of year	1,183,061	-
Additions	761,350	1,323,110
Disposals	-	-
Depreciation expense	(399,705)	(140,049)
Useful life revision	(214,068)	-
Carrying amount end of year	**1,330,638**	**1,183,061**

Total Property Plant & Equipment		
Carrying amount at beginning of year	1,408,401	3,703
Additions	1,743,248	1,399,084
Additions through acquisition of entities / operations	218,178	164,814
Transfers between classes	527	-
Depreciation expense	(548,109)	(159,200)
Useful life revision	(214,068)	-
Carrying amount end of year	**2,608,177**	**1,408,401**

(b) Useful life revision

During the current financial year the company reassessed the useful life of the consumables required for use in the CoolScupting® machines. At the time of recognition of the asset there was an expectation that it would be used for more than one period and the assumption was reasonable given the available information at the time. The usage of the asset indicated that it would have a useful life less than one period. The change in estimate resulted in a reclassification between property plant and equipment and inventory.

Note 13: Intangible assets

	2016	2015
	$	$
Goodwill		
At cost	7,665,029	3,098,760
	7,665,029	**3,098,760**

Reconciliation		
Carrying amount at beginning of year	3,098,760	95,000
Additions through business combination	4,566,269	3,003,760
Carrying amount end of year	**7,665,029**	**3,098,760**

Trademark and licences		
At cost	65,099	-
Accumulated amortisation and impairment	(9,495)	-
	55,604	**-**

Reconciliation		
Carrying amount at beginning of year	-	-
Additions through acquisition	63,818	-
Transfer between classes	1,247	-
Amortisation charge	(9,461)	-
Impairment charge	-	-
Carrying amount end of year	**55,604**	**-**

Capitalised development costs		
At cost	697,169	118,710
Accumulated amortisation and impairment	-	-
	697,169	**118,710**

Reconciliation		
Carrying amount at beginning of year	118,710	-
Additions through internal development	578,459	118,710
Amortisation charge	-	-
Impairment charge	-	-
Carrying amount end of year	**697,169**	**118,710**

Total Intangibles		
Carrying amount at beginning of year	3,217,470	95,000
Additions through acquisition	4,630,087	3,003,760
Additions through internal development	578,459	118,710
Transfer between classes	1,247	-
Amortisation charge	(9,461)	-
Carrying amount end of year	**8,417,802**	**3,217,470**

Impairment tests for goodwill and intangible assets with indefinite useful lives

Goodwill is allocated to cash generating units (CGU's) according to management's expectations regarding which assets will be expected to benefit from the synergies arising from the business combination that gave rise to the goodwill. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a maximum period of 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of between 5.5-6.6% for cash flows in year two to five and which is conservatively based on the industry average of 10% and a discount rate of 10.85% to determine value-in-use.

Goodwill and intangibles with indefinite useful lives are allocated to the following cash generating units (CGU):

	2016	2015
	$	$
Fletcher Brown		
Goodwill	95,000	95,000
	95,000	**95,000**

Melbourne Collagen Foundation & Cosmetic Skin Institute		
Goodwill	1,757,500	1,757,500
	1,757,500	**1,757,500**

Skinovate		
Goodwill	1,237,169	1,246,260
	1,237,169	**1,246,260**

Heber Davis		
Goodwill	2,572,860	-
	2,572,860	**-**

Clay Spa & Beauty		
Goodwill	60,000	-
	60,000	**-**

Face Today		
Goodwill	850,000	-
	850,000	**-**

Rejuven8 Penrith		
Goodwill	700,000	-
	700,000	**-**

Lase By The Sea		
Goodwill	392,500	-
	392,500	**-**

Total Goodwill	7,665,029	3,098,760

No reasonable change in the key assumptions of the value in use calculations would result in impairment.

Note 14: Payables

	2016	2015
	$	$
Current		
Trade creditors	973,708	261,305
Directors fees payable	60,000	-
Other payables & accruals	402,724	419,546
Payable to related parties	9,278	43,750
	1,445,710	**724,601**

Note 15: Borrowings

Current		
Secured		
Finance Lease liability	558,375	250,919
	558,375	**250,919**

Non-current		
Secured		
Finance Lease liability	932,862	783,950
	932,862	**783,950**

(a) Secured lease liability – finance lease	1,491,237	1,034,869

(b) Finance leases:

(i) Commercial financing arrangements for the purchase of clinic equipment

(ii) Future minimum lease payment and the present value of the net minimum lease payment

• Not later than one year	687,229	350,450
• Later than one year and not later than five years	1,018,487	902,923
Total minimum lease payments	**1,705,716**	**1,253,373**
• Future finance charges	214,479	218,504
Present value of minimum lease payment	**1,491,237**	**1,034,869**

(c) Terms and conditions and assets pledging as security relating to the above financial instruments

(i) Repossession of clinic equipment under finance in event of default or breach.

(ii) Security cash deposit in accordance with Deed of Set Off to be released over the life of the term. This security deposit has been recognised in receivables.

(d) Defaults and breaches

(i) There have been no defaults or breaches of any of the equipment finance leases during or subsequent to balance date.

(e) Operating lease commitments

Non-cancellable operating leases of clinic premises contracted for but not capitalised in the financial statements:

Payable		
• Not later than one year	599,395	226,251
• Later than one year and not later than five years	871,858	134,421
	1,471,253	**360,672**

Note 16: Provisions

	2016	2015
	$	$
Current		
Employee benefits	153,442	71,371
Bonuses	38,037	-
	191,479	71,371

Non-current		
Employee benefits	6,899	1,137
	6,899	1,137

Aggregate employee benefits liability	**198,378**	**72,508**

Note 17: Other liabilities

Current		
Income in advance	123,839	-
Deferred consideration	716,810	-
	840,649	**-**

Note 18: Contributed capital

(a) Issued and paid up capital

Ordinary shares fully paid	14,025,768	4,942,556

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in shares on issue

	Parent Equity		Parent Equity	
	2016		2015	
	No of Shares	$	No of Shares	$
Beginning of the financial year	4,140,015	4,942,556	2,450,000	1,213,750
Issued during the year :				
Heber Davis Acquisition	74,074	250,000	-	-
Lase By The Sea Acquisition	125,000	42,500	-	-
Capital Raising	1,066,666	4,010,000	1,690,015	3,876,670
Initial Public Offering	15,000,000	6,000,000	-	-
Reconstruction (11:1)	52,807,550	-	-	-
Transaction costs of equity issued (net of tax)	-	(1,817,148)	-	(147,864)
Consideration for Transaction costs of equity issued (net of tax)	1,494,648	597,860	-	-
End of the financial year	**74,707,953**	**14,025,768**	**4,140,015**	**4,942,556**

(c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

(d) Capital Management

When managing capital, management's objective is to ensure the consolidated entity ultimately provides returns to shareholders and benefits for other stakeholders.

Management manages capital through the monitoring of historical and forecast performance and cashflows. The ratio of debt to total capital is also monitored to ensure the consolidated entity does over use or rely on debt to finance its strategic objectives.

Note 19: Retained earnings

	2016	2015
	$	$
Balance at the beginning of year	(1,085,015)	(316,415)
Net loss attributable to members of Total Face Group Limited	(1,613,054)	(768,600)
Balance at end of year	**(2,698,069)**	**(1,085,015)**

Note 20: Interests in subsidiaries

Subsidiaries of the group	Country of incorporation	Ownership interest held by the group		Ownership interest held by NCI	
		2016	2015	2016	2015
		%	%	%	%
Heber Davis Pty Ltd	Australia	100	-	-	-

Note 21: Cash flow information

(a) Reconciliation of cash flow from operations with loss after income tax

	2016	2015
	$	$
Profit from ordinary activities after income tax	(1,613,054)	(1,085,015)

Non Cash Items		
Depreciation and amortisation	557,570	159,242
Interest paid	-	71,101
Interest received	(17,780)	-
Acquisition costs	94,790	-

Changes in assets and liabilities		
(Increase)/decrease in trade receivables	185,122	(210,369)
(Increase)/decrease in inventory	(225,037)	(183,791)
(Increase)/decrease in other assets	4,732	(60,917)
(Decrease)/increase in trade and other creditors	178,304	680,851
(Decrease)/increase in income tax payable	(114,757)	-
(Decrease)/increase in deferred taxes	-	(7,745)
(Decrease)/increase in employee entitlements	24,436	72,508
Net cash flow from operating activities	**(925,674)**	**(564,135)**

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:

	2016	2015
	$	$
Cash at bank	2,601,306	371,947
Closing cash balance	**2,601,306**	**371,947**

Note 22: Business combinations

(a) Heber Davis Pty Ltd

On 9th October 2015, the consolidated entity acquired 100% of the share capital of **Heber Davis Pty Ltd**. Heber Davis is a premium cosmetic clinic in Broadway, Sydney NSW. The acquisition is in line with the company's acquisitive growth strategy to become a national industry leader.

Details of the purchase consideration:	$
Cash paid	2,100,000
Shares issued	250,000
Deferred consideration	250,000
Net Tangible Asset Post completion Adjustment	22,016
Total purchase consideration	**2,622,016**

74,074 shares (pre-reconstruction) were issued as part of the consideration transferred at a price of $3.375 (pre-reconstruction) being the fair value on date of completion as agreed between the willing buyer and seller.

Deferred Consideration

The post- completion payment of $250,000 is to be 50% cash & 50% shares in Total Face Group Limited. This deferred consideration is contingent on Heber Davis Pty Ltd achieving EBITDA of $550,000 for financial year ending 30 June 2016. The issue of any shares as part of this post completion payment will be based on a 30 day weighted average share price preceding 31 August 2016.

The following assets and liabilities acquired have been provisionally accounted for and will be finalised before the end of the next reporting period

Assets and liabilities acquired	Recognised on acquisition at fair value
	$
Cash	130,733
Prepayments	83,022
Inventory	272,461
Property, plant and equipment	218,179
Deferred Tax Assets	34,358
Income in advance	(103,237)
Trade and other creditors	(484,566)
Provisions	(101,434)
Net identifiable assets acquired	**49,516**
Add: goodwill	2,572,500
Total purchase consideration	**2,622,016**

Goodwill is not deductible for tax purposes.

Goodwill comprises of expected synergies from combining the acquirer and acquiree and intangibles that did not qualify for separate recognition.

Contribution since acquisition

Since the acquisition date Heber Davis Pty Ltd has contributed revenue of $2,870,590 and a net profit of $423,533 which is included within the consolidated loss for the period.

Transaction costs

Transaction costs of $22,765 were incurred in relation to the acquisition. These costs are included with acquisition costs in the statement of comprehensive income.

Note 22: Business combinations *(cont)*

(b) Face Today Mediclinic

On 3rd February 2016, the consolidated entity acquired the business of **Face Today Mediclinic**, Chatswood NSW. The acquisition is in line with the company's acquisitive growth strategy to become a national industry leader.

Details of the purchase consideration:	$
Cash paid	650,000
Inventory	106,084
Deferred consideration	200,000
Employee entitlements receivable	(22,166)
Total purchase consideration	**933,918**

Deferred Consideration

The post-completion payment of $250,000 is to be 50% cash & 50% shares in Total Face Group Limited. This deferred consideration is contingent on the continued operations of the business achieving EBITDA of $233,796 for the 12 months following acquisition. The cash component of the deferred consideration is paid quarterly in accordance with agreed targets per the business sale and purchase agreement. The issue of any shares as part of this post completion payment will be based on a 30 day weighted average share price preceding 3 February 2017. A cash payment of $30,000 has been paid during the reporting period for the first quarter of the deferred consideration earn out period.

The following assets and liabilities acquired have been provisionally accounted for and will be finalised before the end of the next reporting period.

Assets and liabilities acquired	Recognised on acquisition at fair value
	$
Employee Entitlements	(22,166)
Inventory	106,084
Net identifiable assets acquired	**83,918**
Add: goodwill	850,000
Total purchase consideration	**933,918**

Goodwill is not deductible for tax purposes.

Goodwill comprises of expected synergies from combining the acquirer and acquiree and intangibles that did not qualify for separate recognition.

Contribution since acquisition

Since the acquisition date Face Today Mediclinic has contributed revenue of $800,066 which is included within the consolidated loss for the period.

Transaction costs

Transaction costs of $38,909 were incurred in relation to the acquisition. These costs are included with acquisition costs in the statement of comprehensive income.

Note 22: Business combinations *(cont)*

(c) Rejuven8 Penrith

On 24th February 2016, the consolidated entity acquired the business of **Rejuven8**, Penrith NSW. The acquisition is in line with the company's acquisitive growth strategy to become a national industry leader.

Details of the purchase consideration:	$
Cash paid	450,000
Inventory	72,753
Deferred consideration	250,000
Total purchase consideration	**772,753**

Deferred Consideration

The maximum post- completion payment of $300,000 is to be 50% cash & 50% shares in Total Face Group Limited. This deferred consideration is contingent on the continued operations of the business achieving EBITDA of $250,000 for the 12 months following acquisition. The cash component of the deferred consideration is paid quarterly in accordance with the business sale and purchase agreement. The issue of any shares as part of this post completion payment will be based on a 30 day weighted average share price preceding 24 February 2017. A cash payment of $28,190 has been paid during the reporting period for the first quarter of the post completion period.

The following assets and liabilities acquired have been provisionally accounted for and will be finalised before the end of the next reporting period.

Assets and liabilities acquired	Recognised on acquisition at fair value
	$
Inventory	72,753
Net identifiable assets acquired	**72,753**
Add: goodwill	700,000
Total purchase consideration	**772,753**

Goodwill is not deductible for tax purposes.

Goodwill comprises of expected synergies from combining the acquirer and acquiree and intangibles that did not qualify for separate recognition.

Contribution since acquisition

Since the acquisition date Rejuven8 Penrith has contributed revenue of $420,086 which is included within the consolidated loss for the period.

Transaction costs

Transaction costs of $15,650 were incurred in relation to the acquisition. These costs are included with consulting expenses in the statement of comprehensive income.

Note 22: Business combinations *(cont)*

(d) Lase By The Sea, Peninsula

On 1st March 2016, the consolidated entity acquired the business of **Lase By The Sea**, Frankston, VIC. The acquisition is in line with the company's acquisitive growth strategy to become a national industry leader.

Details of the purchase consideration:	$
Cash paid	250,000
Shares at fair value	42,500
Inventory	24,966
Deferred consideration	100,000
Total purchase consideration	**417,466**

125,000 ordinary shares were issued based on $0.40 per share in accordance with the business sale and purchase agreement.

Deferred Consideration

The maximum post- completion payment of $100,000 is to be paid quarterly in cash over the 12 months following acquisition. A cash payment of $25,000 has been paid during the reporting period for the first quarter of the post completion payment period.

The following assets and liabilities acquired have been provisionally accounted for and will be finalised before the end of the next reporting period.

Assets and liabilities acquired	Recognised on acquisition at fair value
	$
Inventory	24,966
Net identifiable assets acquired	**24,966**
Add: goodwill	392,500
Total purchase consideration	**417,466**

Goodwill is not deductible for tax purposes.

Goodwill comprises of expected synergies from combining the acquirer and acquiree and intangibles that did not qualify for separate recognition.

Contribution since acquisition

Since the acquisition date Lase By the Sea has contributed revenue of $112,931 which is included within the consolidated loss for the period.

Note 22: Business combinations *(cont)*

(e) Clay Spa & Beauty

On 8th March 2016, the consolidated entity acquired the business of **Clay Spa & Beauty**, Williamstown VIC. The acquisition is in line with the company's acquisitive growth strategy to become a national industry leader.

Details of the purchase consideration:	$
Cash paid	60,000
Total purchase consideration	**60,000**

Assets and liabilities acquired	Recognised on acquisition at fair value
	$
Net identifiable assets acquired	-
Add: goodwill	60,000
Total purchase consideration	**60,000**

Goodwill is not deductible for tax purposes.

Goodwill comprises of expected synergies from combining the acquirer and acquiree and intangibles that did not qualify for separate recognition.

Contribution since acquisition

Since the acquisition date Clay Spa & Beauty has contributed revenue of $123,361 which is included within the consolidated loss for the period.

Note 23: Earnings per share

	2016	2015
	$	$
Reconciliation of earnings used in calculating earnings per share:		
Loss from continuing operations	(1,613,054)	(1,085,015)
Loss from discontinued operations	-	-
Loss used in calculating basic earnings per share	**(1,613,054)**	**(1,085,015)**
Earnings used in calculating diluted earnings per share	**(1,613,054)**	**(1,085,015)**

	2016	2015
	No of Shares	No of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	74,707,953	45,540,165
Effect of dilutive securities:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**74,707,953**	**45,540,165**

In October 2015 the shareholders of the Company approved the capital reconstruction to split every 1 fully paid ordinary shares into 11 fully paid ordinary shares. Accordingly, the number of shares as at 30 June 2015 disclosed above and used in calculating basic earnings per share is the adjusted number of shares for comparative purposes. The actual number of issued fully paid ordinary shares at 30 June 2015 was 4,140,015. Refer to Note 18 for a reconciliation of the movement in contributed capital.

Note 24: Directors' and executives' compensations

	2016	2015
	$	$
Compensation by category		
Short-term employment benefits	635,917	368,984
Post-employment benefits	33,072	19,476
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	668,989	**388,460**

Note 25: Related party disclosures

(a) The consolidated financial statements include the financial statements of Total Face Group Ltd and its controlled entities listed below:

	Country of incorporation	Percentage owned	
		2016	2015
Parent Entity:			
Total Face Group Ltd	Australia		
Subsidiaries of Total Face Group Ltd			
Heber Davis Pty Ltd	Australia	100%	0%

(a) The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Transactions with entities with joint control or significant influence over the entity
None
Transactions with entities with associates
None
Transactions with entities with joint ventures in which the entity is a venturer
None
Transactions with directors, key management personnel and other related parties
Paul Fielding is sole director, company secretary and shareholder of Fielding Hill Pty Ltd (Fielding Hill).
On 1 October 2015, Total Face Group Limited and controlled entities (Total Face Group) entered into a Lease of premises located at Level 4, 7 Bank Place, Melbourne with Fielding Hill. These premises will be used as the Company's corporate headquarters. The lease is for a 3 year term, commencing on 15 October 2015, with an option for a further 3 year term. The rental payable under the lease is $68,000 plus GST per annum plus outgoings. The lease is in a standard form and the Board considers that it is on arms-length commercial terms. Fielding Hill has provided the Company with an expert market appraisal which confirms that the rental amount is reasonable and in line with market rates.
As at 30 June 2016, the Company owes Paul Fielding $9,278 (2015: $43,750). The balance represents a credit card facility in the name of Paul Fielding utilised by Total Face Group as required.

Note 26: Auditor's remuneration

(a) Amounts paid and payable to Pitcher Partners Melbourne for:

	2016	2015
	$	$
(i) Audit and other assurance services		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	85,550	45,200
Other assurance services	-	-
Total remuneration for audit and other assurance services	**85,550**	**45,200**

	2016	2015
	$	$
(ii) Other non-audit services		
Investigating Accountants Report	76,745	-
Taxation services	13,200	-
Total remuneration for non-audit services	**89,945**	**-**
Total remuneration of Pitcher Partners Melbourne	**175,495**	**-**

Note 27: Parent entity information

Summarised presentation of the parent entity, Total Face Group Limited, financial statements:

(a) Summarised statement of financial position

Assets		
Current assets	3,931,976	819,085
Non-current assets	10,716,343	4,870,434
Total assets	**14,648,319**	**5,689,519**
Liabilities		
Current liabilities	2,806,695	1,046,891
Non-current liabilities	937,461	785,087
Total liabilities	**3,744,156**	**1,831,978**
Net assets	**10,904,163**	**3,857,541**
Equity		
Contributed capital	14,025,765	4,942,556
Retained earnings	(3,121,602)	(1,085,015)
Total equity	**10,904,163**	**3,857,541**

(b) Summarised Statement of Profit or Loss and Other Comprehensive Income

Loss for the year	(2,036,587)	(1,085,015)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(2,036,587)**	**(1,085,015)**

(c) Parent entity guarantees

None

(d) Parent entity contingent liabilities

None.

(e) Parent entity contractual commitments

In July 2016, the parent entity executed a Supply & Services Agreement with Zetiq® Aesthetics, Inc and Lumenis (Australia) Pty Ltd, the respective manufacturer and distributor of CoolSculpting® machines. The agreement commits Total Face Group Ltd to purchase additional machines prior to 31 December 2016 with advantageous pricing, marketing and clinical support to be provided to Total Face Group Ltd in line with its growth strategy.

Note 28: Segment information

Total Face Group Limited and its controlled entities operate cosmetic injectable and aesthetic clinics. There is only one reportable segment based on the aggregation criteria in AASB 8 Operating Segments. Operations are only conducted in the entity's domiciled country providing non-invasive, non-surgical cosmetic procedures throughout its clinic network.

Note 29: Subsequent events

With the approval from shareholders, Total Face Group Ltd raised $10m on 15th July 2016 to fund the following business acquisitions and further investment in CoolSculpting® as outlined in the Investor presentation released to the market on 9th June 2016.

(a) COZmedics

On 18th July 2016, the consolidated entity acquired the business of COZmedics Maroochydore, Kenmore & Ascot, QLD. The acquisition is in line with the company's acquisitive growth strategy to become a national industry leader.

Details of the purchase consideration:	**$**	
Cash paid	3,465,000	
Shares at fair value	1,237,500	
Deferred consideration	817,718	(i)
Employee entitlements reimbursement	(37,500)	
Stock	131,323	
Total purchase consideration	**5,614,041**	

4,950,000 ordinary shares were issued based on $0.25 per share.

(i) Deferred Consideration

Deferred consideration is yet to be quantified. In accordance with the Business Sale & Purchase Agreements, deferred consideration is to be:

- Based on 4.5 times the 12 month EBIT for the period 1 July 2015 to 30 June 2016 in excess of $1,100,000 payable 70% cash and 30% shares in Total Face Group Ltd at an issue price of $0.30
- Based on 3 times the 12 month EBIT for the period 1 July 2016 to 30 June 2017 payable 50% cash and 50% shares in Total Face Group Ltd issued at the higher of $0.30 or the weighted average share price preceding 28 August 2017.

The following assets and liabilities acquired have been provisionally accounted for and will be finalised before the end of the next reporting period

Assets and liabilities acquired	**Recognised on acquisition at fair value**
	$
Clinic Equipment	91,792
Leasehold improvements	556,086
Stock	131,323
Employee entitlements	(53,572)
Income in advance	(48,300)
Net identifiable assets acquired	**677,329**
Add: goodwill	4,936,712
Total purchase consideration	**5,614,041**

Transaction costs

Transaction costs of $249,333 were incurred in relation to the acquisition. Of this amount, $8,733 costs are included within consulting expenses in the statement of comprehensive income.

(b) Endless Solutions

On 18th July 2016, the consolidated entity acquired the business of Endless Solutions, Port Melbourne VIC. The acquisition is in line with the company's acquisitive growth strategy to become a national industry leader.

Details of the purchase consideration:	**$**
Cash paid	625,000
Shares at fair value	150,000
Stock	7,265
Total purchase consideration	**782,265**

600,000 ordinary shares were issued based on $0.25 per share.

The following assets and liabilities acquired have been provisionally accounted for and will be finalised before the end of the next reporting period

Assets and liabilities acquired	**Recognised on acquisition at fair value**
	$
Clinic Equipment	76,410
Stock	7,265
Net identifiable assets acquired	**83,675**
Add: goodwill	698,590
Total purchase consideration	**782,265**

(c) Facial Artistry

On 20th July 2016, the consolidated entity acquired the business of Facial Artistry, Canberra ACT. The acquisition is in line with the company's acquisitive growth strategy to become a national industry leader.

Details of the purchase consideration:	**$**	
Cash paid	2,100,000	
Shares at fair value	66,667	
Stock	105,756	
Employee entitlements reimbursement	(2,333)	
Deferred Consideration	1,200,000	(i)
Total purchase consideration	**3,470,090**	

266,667 ordinary shares were issued based on $0.25 per share:

(i) Deferred Consideration

Deferred consideration is yet to be quantified. In accordance with the Business Sale & Purchase Agreements, deferred consideration is to be based on 3 times the 12 month EBIT for the period 1 July 2016 to 30 June 2017 in excess of $600,000 to a maximum EBIT of $1,000,000 payable 50% cash and 50% shares in Total Face Group Ltd at an issue price the higher of $0.40 or the 30 day weighted average preceding the 28th August 2017.

The following assets and liabilities acquired have been provisionally accounted for and will be finalised before the end of the next reporting period.

Assets and liabilities acquired	**Recognised on acquisition at fair value**
	$
Clinic Equipment	66,452
Stock	105,756
Employee Entitlements	(3,333)
Net identifiable assets acquired	**168,875**
Add: goodwill	3,301,215
Total purchase consideration	**3,470,090**

Transaction costs

Transaction costs of $11,195 were incurred in relation to the acquisition. Of this amount, $8,733 of these costs are included with acquisition costs in the statement of comprehensive income for the period ended 30 June 2016.

Directors declaration

The directors declare that the financial statements and notes set out on pages 36-72 in accordance with the Corporations Act 2001:

(a) comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;

(b) as stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and

(c) give a true and fair view of the financial position of the consolidated entity as at 30 June 2016 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Total Face Group Ltd will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2016.

This declaration is made in accordance with a resolution of the directors.

Paul Fielding
Director
Melbourne
30 August 2016

PITCHER PARTNERS

TOTAL FACE GROUP LIMITED AND CONTROLLED ENTITIES
ABN 43169177 833

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
TOTAL FACE GROUP LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of Total Face Group Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PITCHER PARTNERS

TOTAL FACE GROUP LIMITED AND CONTROLLED ENTITIES
ABN 43169177 833
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
TOTAL FACE GROUP LIMITED AND CONTROLLED ENTITIES

Opinion

In our opinion:

(a) the financial report of Total Face Group Limited and controlled entities and controlled entities is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 29 of the directors' report for the year ended. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Total Face Group Limited and controlled entities and controlled entities for the year ended complies with section 300A of the *Corporations Act 2001*.

K L BYRNE
Partner

PITCHER PARTNERS
Melbourne

30 August 2016

Shareholder Information

Shareholder Information

The Shareholder information below was applicable as at 26th August 2016.

Ordinary Shares

120,524,620 fully paid ordinary shares.

All ordinary shares carry one vote per share.

Options

No options over unissued shares or interests in the consolidated entity were granted during or since the end of the financial year.

Distribution of shareholders in each class of equity securities:

Range	Total Holders	Units	%
1 - 100	5	8	0.00
101-1,000	0	0	0.00
1,001 - 10,000	70	394,241	0.33
10,001 - 100,000	206	9,118,947	7.57
100,001 - 500,000	81	18,854,655	15.64
500,001 - 1,000,000	14	10,626,022	8.82
1,000,001 - 9,999,999,999	26	81,530,747	67.65
Rounding			-0.1
	402	**120,524,620**	**100.00%**

Unmarketable securities

	Minimum parcel size	Holders	Fully Paid Ordinary Shares
Minimum $500.00 parcel at $0.2450 per unit	2,041	12	11,858

Restricted Securities subject to voluntary escrow

	Fully Paid Ordinary Shares
Escrow to 14 January 17	814,814
Escrow to 18 July 2017	5,816,667
Escrow to 14 January 2018	31,199,390
Total Restricted Securities subject to voluntary escrow	**37,830,871**
Unrestricted Ordinary Fully Paid Shares	82,693,749
Total Issued Ordinary Fully Paid Shares	**120,524,620**

Substantial holders in the company

Shareholder Name	Number	%
UBS Nominees Pty Ltd	13,974,940	11.6%
RBC Investor Services	8,040,000	6.7%
Paul Fielding	6,783,799	5.6%

Equity security holders

The largest 20 security holders of ordinary fully paid shares (quoted and unquoted restricted securities) are shown below:

Rank	Name	No of ordinary fully paid shares	% of shares on issue
1	UBS Nominees Pty Ltd	13,974,940	11.6%
2	RBC Investor Services	8,040,000	6.7%
3	Mr Paul Richard Fielding	6,783,799	5.6%
4	National Nominees Limited	4,964,258	4.1%
5	HSBC Custody Nominees	4,800,000	4.0%
6	BRISPOT Nominees Pty Ltd	4,431,847	3.7%
7	COZmedics Results Pty Ltd	3,600,000	3.0%
8	Super Fielding Pty Ltd	3,300,000	2.7%
9	Flashlight Advisory Pty Ltd	3,025,000	2.5%
10	FIP Investments (Vic) Pty Ltd	2,750,000	2.3%
11	Indigo Pacific Pte Ltd	2,750,000	2.3%
12	Australian Executor Trustees	2,641,950	2.2%
13	Mrs Joanne Hannah	2,090,000	1.7%
14	Alceon Liquid Strategies Pty	2,000,000	1.7%
15	Marshall William Holding Pty	1,650,000	1.4%
16	Mr Kyriakos Poutakidis	1,595,000	1.3%
17	Tomhagen Pty Ltd	1,494,648	1.2%
18	JC & RE Hill Investments Pty Ltd	1,466,663	1.2%
19	CSM Investments Pty Ltd	1,463,000	1.2%
20	Mrs Jane Louise Fielding	1,430,000	1.2%
	Total Top 20 Holders	**74,251,105**	**61.6%**
	Total Remaining Holders Balance	**46,273,515**	**38.4%**

Shareholder enquiries

Shareholder with enquiries about their shareholding should contact the share registry:

Computershare Investor Services
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067
Phone: 1300 137 328

Corporate Directory

Directors

Paul Fielding - Executive Chairman

Joanne Hannah - Chief Executive Officer

John Conidi - Non-Executive Independent Director

Dr Vilma Di Maria - Non-Executive Independent Director

Company Secretary

Liza Juegan

Registered Office

Total Face Group Ltd (ACN 169 177 833)
Level 4
11-19 Bank Place
Melbourne Victoria 3000
Phone: +61 3 8547 3600
13 FACE

Auditors

Pitcher Partners
Level 19
15 William Street
Melbourne Victoria 3000

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067
Phone: 1300 137 328

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WWW.TOTALFACEGROUP.COM.AU