



ASX ANNOUNCEMENT
QUARTERLY UPDATE & APPENDIX 4C
TOTAL FACE GROUP LIMITED (ASX: TFG)

28th October 2016

Company Announcements Office
Australian Securities Exchange
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Sir/Madam,

Re: Appendix 4C – Quarterly Report

Please refer to the 'Appendix 4C' attached for cash flows for the first quarter ended 30 September 2016 for Total Face Group Limited (TFG).

Highlights

- Cash receipts from customers reached \$1.9m in the month of September resulting in positive operating cash flow of \$438k for that month
- Successfully completed of \$10m capital raising
- Successfully completed the acquisition of 5 further clinics taking total clinics to 14
- Launched the Company's branding "**For Good Looks**" in September
- Purchased and installed a further 13 CoolSculpting® machines taking total machines installed to 24
- Cash balance at the end of the quarter of \$1.76m

Finance and Corporate Overview

The Quarter 1 FY17 operating cash flow reflects timing of a number of annual expenses (ASX listing fees, Group insurances), rent in advance on acquired clinics in July 2016, changes to the timing of payroll and outflows associated with the Company's brand launch in September 2016. In September 2016, the Company achieved a positive cash flow from operations of \$438k on receipts from customers of \$1.9m and reflects the underlying strength in Company's ability to generate free cash flows from its operating activities.

In July the Company successfully completed a \$10m capital raising to facilitate the acquisition of 5 clinics – two in Brisbane, one on the Sunshine Coast and one in both Canberra and Melbourne. These acquisitions broadened our national clinic network and established an eastern seaboard presence that was a key factor in securing the *Business Chicks* partnership announced to the market on 8th August 2016.



As planned, the capital raise has also enabled the Company to further invest in our body fat reduction modality using CoolSculpting® equipment. During the quarter we have installed a further 13 machines taking our total machines in use at the end of the quarter to 24.

To support the introduction and investment in CoolSculpting® we conduct “CoolEvents” across our clinic network. The expansion of installed machines, combined with CoolEvents has seen treatments more than double across the quarter. We expect this trend to continue in Quarter 2 FY17 and beyond as we increase the number of events and increase training of clinicians to perform the treatments.

Our core business of cosmetic procedures has also seen steady growth. Most pleasing was the increase in the average spend per cosmetic injectable treatment which rose 16% during the quarter.

The relocation of our Peninsula (VIC) clinic to new premises with an additional 3 treating rooms enabled the introduction of CoolSculpting® and the expansion of treatment capacity. This has seen organic (excluding CoolSculpting®) growth of 52% from Quarter 4 FY16.

The rollout of our proprietary end to end operational system and clinical application, TESSA is starting to provide dividends in terms of the data being captured and our ability to use that data to drive targeted campaigns to our existing client base. During the quarter we provided over 1,750 treatments/consultations to new clients or existing clients having their first appointment in a different modality. As the data we capture matures further, we expect campaigns to drive cross referrals between modalities to also mature, ensuring clients benefit from all treatment modalities. The obvious outcome for the Company is an increase in the revenue per client per annum.

In September we gathered key suppliers, promoters and our most important asset - our team that includes some of the industry’s most respected and influential practitioners - to launch our brand. Our brand is a key foundation to establishing ourselves as the most influential and trusted cosmetic provider of choice. The manifesto can be seen on youtube at <https://www.youtube.com/watch?v=zSV1pfgGJkQ&sns=em>

Looking forward, in Quarter 2 FY17 we forecast pre cash receipts operating outflows of \$4.4m with lower operating costs as annual outgoings have been incurred and labour costs to reflect expected growth in sales.

TOTAL FACE GROUP

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

TOTAL FACE GROUP LTD

ABN

43 169 177 833

Quarter ended ("current quarter")

30 SEPTEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,831	4,831
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(2,314)	(2,314)
(c) advertising and marketing	(344)	(344)
(d) leased assets	(10)	(10)
(e) staff costs	(1,661)	(1,661)
(f) administration and corporate costs	(463)	(463)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(37)	(37)
1.6 Income taxes paid	(48)	(48)
1.7 Government grants and tax incentives	48)	48)
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	9	9
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2,449)	(2,449)
(b) businesses (see item 10)	(6,864)	(6,864)
(c) investments	-	-
(d) intellectual property	(138)	(138)
(e) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (acquisition costs & lease deposits)	(510)	(510)
2.6 Net cash from / (used in) investing activities	(9,961)	(9,961)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	10,000	10,000
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(757)	(757)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(133)	(133)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	9,110	9,110
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,601	2,601
4.2 Net cash from / (used in) operating activities (item 1.9 above)	9	9
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(9,961)	(9,961)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	9,110	9,110
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	1,759	1,759

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,759	2,601
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,759	2,601

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	78
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Director fees, CEO remuneration and rent of corporate head office to related entity.	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(1,904)
9.3 Advertising and marketing	(221)
9.4 Leased assets	(9)
9.5 Staff costs	(1,883)
9.6 Administration and corporate costs	(344)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(4,361)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	i) COZmedics ii) Facial Artistry iii) Endless Solutions iv) Lase By the Sea (earn out) v) Heber Davis (earn out)	
10.2 Place of incorporation or registration	i) QLD ii) ACT iii) VIC iv) VIC v) NSW	
10.3 Consideration for acquisition or disposal	i) \$4,091,283 ii) \$1,995,756 iii) \$626,689 iv) \$25,000 v) \$125,000	
10.4 Total net assets	i) \$677,329 ii) \$102,423 iii) \$83,675 iv) - v) \$49,516	
10.5 Nature of business	Non-surgical Cosmetic Clinics	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date:28/10/2016.....
(Company secretary)

Print name:Liza Juegan.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.