

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

---

30<sup>th</sup> January 2017

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 second quarter ended 31 December 2016 for Total Face Group Limited (TFG).

**Highlights**

- Positive operating cash flow of \$1.2m for the three months to Dec 31.
- Cash receipts from customers reached \$5.89m for the quarter, an increase of 22% on the previous quarter
- Cash receipts from customers reached \$10.73m for the half year
- Purchased and installed a further 4 CoolSculpting® machines taking total machines installed to 28
- Recouped over \$200k in marketing spend from Zeltiq Aesthetics Inc.
- Ended the quarter with a cash balance of \$1.7m

**Finance and Corporate Overview**

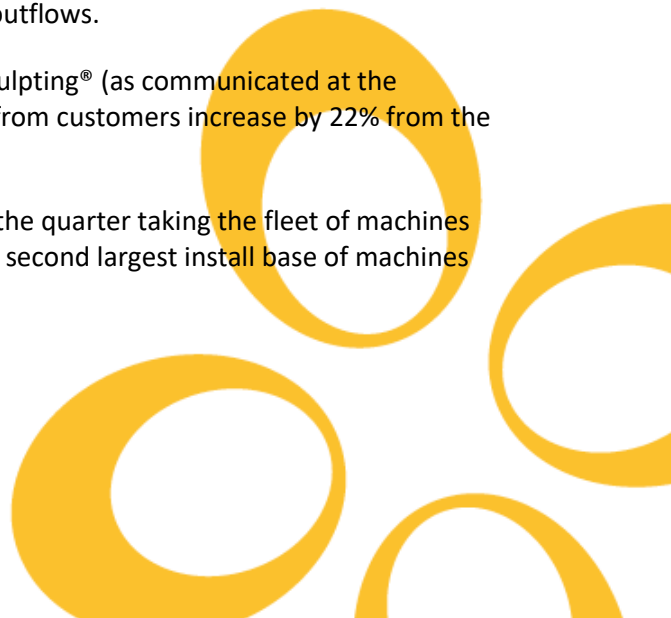
The quarter resulted in a positive cash flow from operations of \$1.21m, a significant increase on the previous quarter, with receipts from customers of \$5.89m and again reflects the underlying strength in the Company's ability to generate free cash flows from its operating activities. Importantly, our operating cash flows in the quarter covered our investment outflows.

Despite some delays in bringing all clinics on line with CoolSculpting® (as communicated at the Company's AGM), TFG's strong second quarter saw receipts from customers increase by 22% from the prior quarter.

A further 4 CoolSculpting® machines were purchased during the quarter taking the fleet of machines now installed across the clinic network to 28. TFG is now the second largest install base of machines globally.

**TOTAL FACE GROUP**

PO Box 317, Collins Street West, Melbourne VIC 8007  
**WWW.TOTALFACEGROUP.COM.AU**



For the quarter, the number of CoolSculpting® cycles sold reached 816 and increase of 51% on the prior quarter. Across November and December we undertook a targeted campaign promoting CoolSculpting® across a number of media platforms to drive traffic to our dedicated CoolSculpting® web site – [www.coolsculptingaustralia.com.au](http://www.coolsculptingaustralia.com.au). Using Google analytics we know the campaign resulted in over 2,500 web page sessions with over 3,500 page views with an average session time of just under one minute. Importantly, 84% of the traffic was new to the site indicating the campaign was successful in drawing awareness to a new potential client base.

Cosmetic Injectables continued to perform strongly across the quarter and we maintained the prior quarters increase in the average spend per cosmetic injectable treatment.

In November we engaged an external call centre who used data from our TESSA system to target injectable clients that had not been into one of our clinics within expected timeframes. Over a four week period this program resulted in over 300 appointments being made. Given the success of this program we will continue to make use of the call centre for selected targeting to drive appointments across all three modalities.

At the clinic level we continue to see no drop off in operating performance with the clinics who joined the group in July all operating in line with expectations. Integration activities have gone smoothly and we continue to see network benefits both internally and externally with our key our suppliers.

## **Mid-Year Results**

Subject to external audit, we expect to release our mid-year results on Wednesday 22<sup>nd</sup> February, 2017.

We expect revenue for the half to reach \$10.0m and we expect to maintain gross margins above 70% and clinic profitability above 25%.

Despite the delays experienced in bringing CoolSculpting® online and the resultant impact at both the top line and bottom line, we expect EBITDA excluding one-offs of approximately \$1.0m.

## 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")**

31 DECEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,899	10,731
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,265)	(4,578)
(c) advertising and marketing	(240)	(583)
(d) leased assets	(10)	(21)
(e) staff costs	(1,964)	(3,625)
(f) administration and corporate costs	(392)	(854)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	8
1.5 Interest and other costs of finance paid	(37)	(75)
1.6 Income taxes paid	-	(48)
1.7 Government grants and tax incentives	-	48
1.8 Other (provide details if material)	216	216
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,209</b>	<b>1,219</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(733)	(3,182)
(b) businesses (see item 10)	(182)	(7,046)
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	(144)	(282)
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (acquisition costs &amp; lease deposits)</b>	(46)	(556)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,105)</b>	<b>(11,066)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	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)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(134)	(267)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(134)</b>	<b>8,976</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,760	2,601
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,209	1,219
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,105)	(11,066)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(134)	8,976
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,730</b>	<b>1,730</b>

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	1,730	1,759
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,730</b>	<b>1,759</b>

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	91
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	2,195
9.3	Advertising and marketing	212
9.4	Leased assets	10
9.5	Staff costs	1,920
9.6	Administration and corporate costs	431
9.7	Other (provide details if material)	-
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>4,768</b>

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	i) Lase By the Sea (earn out) ii) Rejuven8 (earn out) iii) Face Today (earn out) iv) Sunshine Vein Clinic	
10.2 Place of incorporation or registration	i)VIC ii)NSW iii)NSW iv)QLD	
10.3 Consideration for acquisition or disposal	i) \$25,000 ii) \$37,500 iii) \$44,784 iv) \$75,000	
10.4 Total net assets	n/a	
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:   
(Company secretary)

Date: .....30/01/2017.....

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.