Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	**1300SMILES Limited**
ABN	91 094 508 166
Financial Year Ended	30 June 2019
Previous Corresponding Reporting Period	30 June 2018

Results for Announcement to the Market

		$'000	Percentage increase/ (decrease) over previous corresponding period
Revenue from ordinary activities		40,313	3.2%
Profit / (loss) from ordinary activities after tax attributable to members		7,772	1.8%
Net profit / (loss) for the period attributable to members		**7,772**	**1.8%**
Dividends (distributions)	Amount per security		Franked amount per security
Final Dividend	12.5 cents		100%
Interim Dividend	12.5 cents		100%
Record date for determining entitlements to the dividends			6 September 2019
Brief explanation of any of the figures reported above necessary to enable the figures to be understood: Refer to the accompanying director's report, financial statements and notes.			

Dividends

Date the dividend is payable	16 September 2019
Record date to determine entitlement to the dividend	6 September 2019
Amount per security	12.5 cents
Total dividend	$2,959,798
Amount per security of foreign sourced dividend or distribution	Nil
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	27.9 cents	42.2 cents

Commentary on the Results for the Year

Refer to the accompanying director's report, financial statements and notes.

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	√	The accounts have been subject to review	
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

Financial Statements

Refer to the accompanying director's report, financial statements and notes.

By Order of the Board
Patrick Wyatt
Company Secretary
15 August 2019

ANNUAL REPORT

For the year ended 30 June 2019

Contents

Letter from the Managing Director

30 June 2019

Dear Shareholders,

I am pleased to present our accounts for the full year ended 30 June 2019.

Our results for the year show solid progress on all of the important measures. These comforting if unexciting results mask a number of important developments which I will discuss farther along in this letter.

Financial results for the year ended 30 June 2019

- Revenue (Over-the-Counter) up 5.5% to $58.9 million
- NPAT up 1.8% to $7.8 million
- EBITDA up 1.4% to $13.3 million
- Revenue (Statutory) up 6.6% to $42.0 million
- Earnings per share up 1.8% to 32.8c
- Dividends per share up 4.2% to 25c

Reconciliation of OTC Revenue (non-IFRS) to Statutory Revenue per (Financial Statements)											
	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19
OTC Revenue ($m)	27.6	30.7	35.7	45.9	48.5	43.3	53.2	51.4	51.0	55.8	58.9
Less amount retained by self-employed Dentists ($m)	5.3	6.8	6.9	9.2	12.3	11.5	16.6	14.9	14.8	16.5	17.0
Statutory Revenue ($m)	22.4	23.9	28.7	36.7	36.2	31.8	36.6	36.5	36.2	39.3	42.0

"Revenue" in the chart above is the Revenue we report in our statutory accounts. "Over-the-Counter (OTC) Revenue" is a measure which captures the full value paid by patients for all services rendered. OTC Revenue gives a clearer indication of the scale of our business. The difference is that "Revenue" excludes the portion of patient fees retained by self-employed dentists.

Dentist mix

The great majority of the dentists who operate within 1300SMILES are self-employed. These dentists pay fees to 1300SMILES for the facilities and comprehensive services our company provides. These fees are included in our Statutory Revenue.

A variable but always smaller number of dentists are employees of the company for various reasons, usually only for limited periods. In the end their contribution to our profit is much the same as that of self-employed dentists, but the fee income generated by employed dentists works its way through our accounts in a different way.

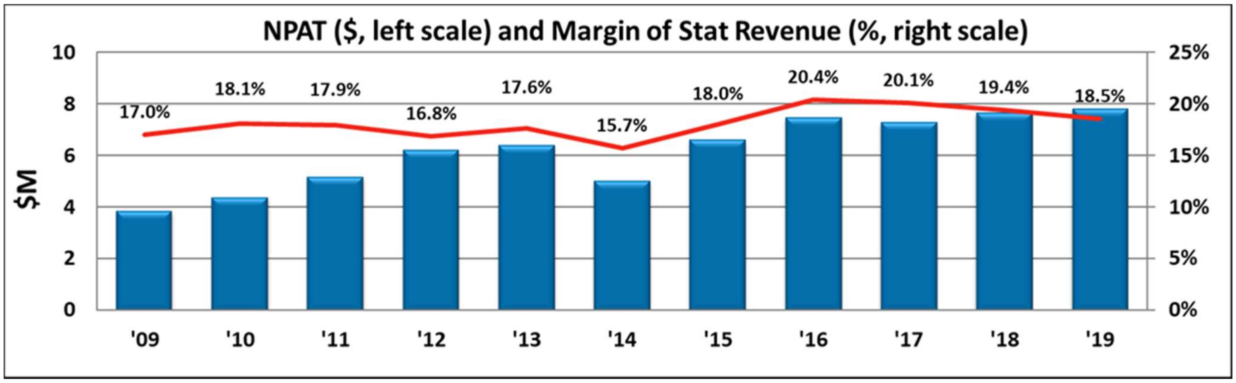
In the case of employee dentists, we book the entire amount paid by patients to Statutory Revenue and then later recognise the salary and other costs of those dentists as employment expense.

We manage the mix of dentists to ensure the best results for our patients and our dentists, not for accounting results. In the 2019 year the pendulum swung toward a slightly larger number of employee dentists, resulting in a noticeable increase in employee benefit expense. This is part of the normal ebb and flow.

Margins

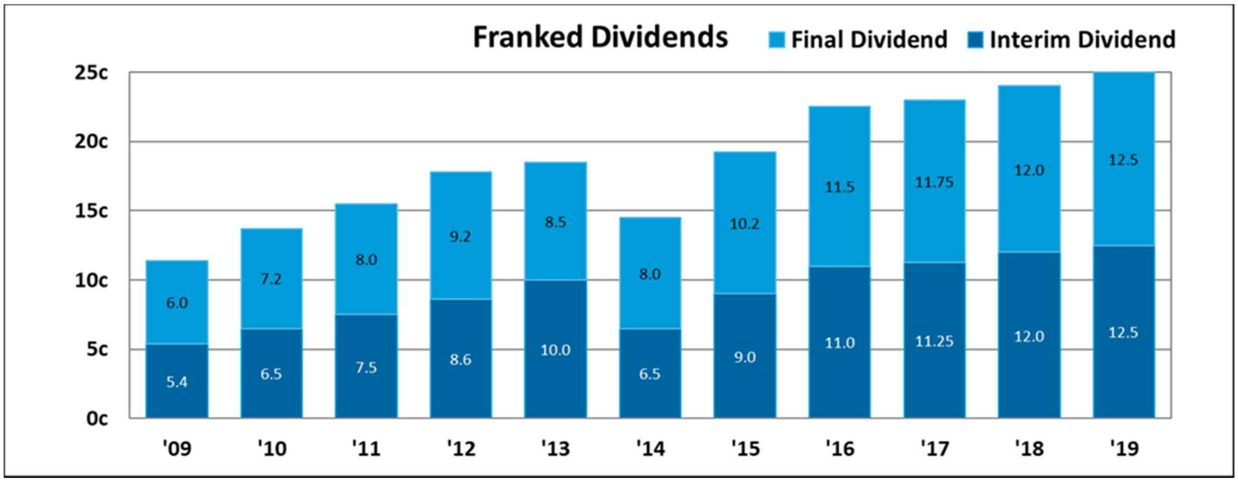
One measure your board follows closely is that of our operating margin as a percentage of Revenue. This figure declined slightly in the current year's accounts, down a bit less than 1% on OTC Revenue and a bit more than 1% on Statutory Revenue. Maintaining these margins is a high priority for management at every level. A careful review of all of the elements contributing to this slight decline convinces me that there is no underlying problem here, but you can be sure that we will all remain focussed on this measure.

During the latter part of the year we acquired and integrated a number of new facilities. These periods of integration always place some downward pressure on margins as it takes us a few months to bring new operations to the level of efficiency acceptable to our company.



Dividend policy, franking credits

The political debate over the tax treatment of franking credits seems to be over. This reassures us that we can stick with the dividend policy to which we have been faithful over our entire history as a listed company: shareholders should participate in our business as true owners. As our business delivers consistent positive cash flow, it remains our policy to pay out a significant portion of our after-tax income as franked dividends.



For the current year the dividend payout ratio is 76%, near the high end of our target range of 60-80%. In setting this year's dividend the board of directors has considered all of the following key measures:

- the quality of our business, as measured by our margins and other factors, is solid and stable
- we have a significant cash reserve
- we have a modest level of debt drawn exclusively for the acquisition of productive assets
- we have established access to the capital needed for any acquisition we would conceivably choose to pursue, both through existing lines of credit and access to the equity markets
- our management team is robust, capable, experienced and stronger than ever before
- this year's dividend increase keeps our dividend within the intended payout ratio range and does not constrain our ability to pay increasing dividends in the future.

Mergers & acquisitions

Our accounts include significant amounts expended on due diligence, legal and accounting services which have not yet led to events which we can announce to the market. I share the impatience of all shareholders to see some results from these efforts, but I would remind shareholders that this sort of activity is a permanent part of our commitment to grow and to lead in our industry. This sort of expenditure yields results we can announce only now and then, but these efforts are always essential to the ongoing improvement of our competitive position.

Industry consolidation

I believe that 1300SMILES is in an extremely strong position to make the most of a major new wave of consolidation which appears to be heading our way.

I confess that ten years ago I thought that the first and biggest wave of consolidation in the dental industry would have been well and truly finished by now. Things have not turned out the way we imagined they would back then, but our decades of careful management have enabled 1300SMILES to cope with the surprises thrown up along the way.

After all these years, about seventy percent of dental services in Australia are still delivered by dentists in solo practises and very small partnerships. The business case for such structures keeps getting weaker as stricter regulatory and compliance requirements and increasing staff and facilities costs collide head-on with the fact that the average solo dentist's share of the market is flat or shrinking.

This situation is perfectly clear to most dentists, especially those with more than a few years of practise ahead of them. This is one of the reasons why our ongoing organic growth--fuelled by attracting more dentists to practice in our established facilities--remains solid.

The coming wave of activity, I expect, will bring a new twist: consolidation of the consolidators. This is a phase in which I believe the unique advantages enjoyed by 1300SMILES will play a big role.

You'll recall that 1300SMILES became the first dental service organisation ("DSO") to build visibility in the market when it listed on the ASX back in 2005. Since then you've heard me complain from time to time about certain dental consolidators who imagined they could copy or vary the superficial aspects of our business model without putting in the decades of work necessary to get it right.

Industry observers can now point to a number of other DSOs and aggregators, some structured as listed companies, some controlled by private equity firms, and some assembled by opportunists keen to cash in on deals they had expected to turn over quickly and long ago. The results achieved by the many organisations which have sought to copy our business have been mixed, to say the least. A few, sadly, have done so poorly as to risk tainting our entire industry.

But enough of that. Let's focus on the fact that 1300SMILES is arguably in the strongest possible position to take advantage of the opportunities bobbing up all around us.

First, we have an unbroken fifteen-year history as a profitable listed company paying growing fully-franked dividends which have marched ever upward. This is a record none of the other DSOs can even approach.

Second, we have exercised great restraint during times when our industry has gone silly. Just a few years back I reported to shareholders--with regret but without apology--that our acquisition of additional dental practises had slowed nearly to a halt. It did so because other players in the industry had begun acting irrationally, in my view, paying too much for dental practices. We stuck to our commitment to make acquisitions only at prices which would deliver certain benefits to our shareholders, and we declined to buy growth for its own sake. As frustrating as this was for a few years, it's worked out well for us.

Our company now approaches the next great wave of consolidation with a low level of debt, a significantly expanded but largely undrawn bank facility of $50 million, and access to equity capital from a number of keen major investors.

Long term investors would know that we are extremely careful about expanding the base of issued shares in our company. This history of keeping the share register tight is evidence enough that we would only consider a further capital raising if our board can be convinced that such a move would benefit all existing shareholders.

Long term investors would also know that 1300SMILES is very careful about taking on debt. This conservative approach enabled us to pass through the Global Financial Crisis of 2007 and 2008 without missing a beat.

It also enabled us to work our way through the great impact on our entire industry resulting from the cancellation in late 2013 of the Chronic Disease Dental Scheme, a surprise move from the federal government which shrank the entire Australian dental industry by 20% at a single stroke and blew a hole in our earnings and dividend for the 2014 financial year.

That financial year brought us to what I call the "Dental Fiscal Cliff." In addition to a government-induced drop in revenue across the industry, Australian dental schools starting graduating record numbers of new dentists while the number of foreign-trained dentists arriving in Australia was as high as ever. The 2014 year was a pretty stern test, and I'm proud to say that our response did the company proud and served shareholders well.

1300SMILES was able to respond to these multiple challenges thanks to our innovation, resilience, and conservative financial management. We created new ways to make dentistry affordable while protecting returns to shareholders. The lessons we learned from this trio of troubles back in 2014 are still delivering benefits today.

We owe a lot to our careful and conservative financial management. But we are ready to act decisively and at scale when the right opportunity arises.

YWAM's continuing great work

I haven't mentioned Youth With A Mission in my last few letters, but I'll do so again now because YWAM's work is just so important and inspiring.



The YWAM organisation is in many ways like the best employee you've ever known: the one for whom nothing is a problem, who never comes back and whinges about why something can't be done, or why it will take too long--the one who sees what needs doing and just gets it done, no matter what.



YWAM Medical Ships recently passed an impressive milestone, having delivered 1.5 million medical, dental, and training services to our otherwise ignored close neighbours in Papua New Guinea. YWAM's inexhaustible volunteers--including, I'm proud to say, many 1300SMILES people, myself included--provide critical services and alleviate real suffering, day after day, year after year. I am as proud as ever of our association with YWAM and I commend YWAM to you without reservation.

Thank you

As always, I note that our business only exists thanks to the support of our many patients throughout Australia. This support in turn results from the quality care delivered by our dentists, dental support staff, and practice and business management teams--thank you to all of you. Finally, I thank our shareholders for your continuing support.

Dr Daryl Holmes OBE, B.D.Sc (Hons.)
Managing Director

Letter from the Managing Director
30 June 2019

ABOUT 1300SMILES LTD

OVERVIEW OF THE COMPANY'S BUSINESS

1300SMILES Ltd owns and operates full-service dental facilities at its sites in New South Wales, South Australia, and in the ten major population centres in Queensland. The company continually seeks to expand its presence into other geographical areas throughout Australia. It does so both by establishing its own new operations and by acquiring existing dental practices. The administrative and corporate offices are in Townsville.

1300SMILES enables the delivery of services to patients by providing the use of dental surgeries, practice management and other services to self-employed dentists who carry on their own dental practices. The services provided by the company allow the dentists to focus on the delivery of dental services rather than on the administrative aspects of carrying on their businesses. The dentists pay fees to the company for the provision of these services under a Dental Service Agreement with the company. In some circumstances the company also employs qualified dentists.

The dentists who use the company's services range from new graduates to experienced dental professionals. Several dentists who use the company's services have special interests and experience in such areas as endodontics, oral surgery, implants and periodontics and cross-refer work to other dentists who use the company's services.

The company provides comprehensive services in the areas of marketing, administration, billing and collections, and facilities certification and licensing to all participating dentists. The company also provides all support staff, equipment and facilities, and sources all consumable goods using the buying power which derives from such a large group of dental businesses.

FUTURE DEVELOPMENTS

The company's core objective is to continue to increase profits and shareholder returns while providing a rewarding environment for our staff and the dentists using our facilities.

The company aims to achieve a combination of organic growth in its existing locations and the addition of new practice management facilities.

The key drivers for future growth of the company are:

- Increasing profits by attracting more dentists to our existing facilities and expanding those facilities which are already at full capacity;
- Assisting dentists who already practice within the 1300SMILES system to increase their turnover and income through benchmarking, training, and mentoring;
- Establishing new practices in existing and new regions (greenfield sites);
- Acquiring substantial existing practices where we can do so on favourable terms; and
- Managing dental facilities owned by others.

DENTIST ENQUIRIES

Owners of dental practices who are interested in unlocking the goodwill value of their businesses (or freeing themselves from all the management hassles) are invited to contact Dr. Daryl Holmes, Managing Director, on +61 (7) 4720 1300 or md@1300SMILES.com.au.

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

Directors' Report

For the year ended 30 June 2019

Your directors present their report on the consolidated entity consisting of 1300SMILES Limited and the entities it controlled at the end of, or during, the year ended 30 June 2019. Throughout the report, the consolidated entity is referred to as the group.

Directors

The following persons were Directors of 1300SMILES Limited during the whole of the financial year and up to the date of this report:

Robert Jones (Non-Executive Chairman)
Dr Daryl Holmes (Managing Director)
Evonne Collier (Non-Executive Director)
Jason Smith (Non-Executive Director)

Company secretary

The following persons were company secretary of 1300SMILES Limited during the whole of the financial year and up to the date of this report:

Gina Bozinovski (Company Secretary) (resigned 20 July 2018)
Patrick Wyatt (Company Secretary) (from 20 July 2018)

Principal activities

During the financial year the principal continuing activity of the group was to provide dental and management services in Australia.

Dividends – 1300SMILES Limited

Dividends paid to members during the financial year were as follows:

	2019 $'000	2018 $'000
Final dividend for the year ended 30 June 2018 of 12.0 cents (2017: 11.75 cents) per ordinary share paid on 14 September 2018 fully franked based on a tax rate of 30%	2,841	2,782
Interim dividend for the half year ended 31 December 2018 of 12.5 cents (2017: 12.0 cents) per ordinary share paid on 27 March 2019 fully franked based on a tax rate of 30%	2,960	2,842
	5,801	5,624

Since the end of the financial year, the Directors have recommended the payment of a final ordinary dividend of 12.5 cents ($2,959,798) to be paid on 16 September 2019 out of retained earnings at 30 June 2019.

Review of operations

The profit for the group after providing for income tax amounted to $7,772,000 (30 June 2018: $7,633,000).

Detailed comments on operations up to the date of this report are included separately in the Annual Report. Please refer to the Letter from the Managing Director on pages 1 to 6 of this annual report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the group during the financial year were as follows:
The group acquired a dental practice in Noosa (Queensland) on 24 July 2018.

The group completed a building refurbishment and large dental practice fit out (10 surgeries) on street level at 361 Flinders Street, Townsville (CBD).

The group acquired two dental practices in Springfield Lakes and Maroochydore (Queensland) on 12 March 2019.

The group acquired a dental practice in Strathpine (Queensland) on 28 March 2019.

The group has appointed Patrick Wyatt as company secretary on 20 July 2018.

Events since the end of financial year

A fully franked final dividend of 12.5 cents per share has been declared and is payable on 16 September 2019.

On 27 June 2019, the group entered into a new multi-option loan facility agreement with the Commonwealth Bank of Australia. The loan facility was settled on 2 August 2019 with transfer of securities occurring on this date. The details of the loan facility include:

- Total loan facility is for $25 million and a $25 million accordion facility
- Interest terms vary according to the net leverage ratio, with the current rate at 2.81%
- Security for the loan facility consists of first ranking general security interest over all assets and undertakings of 1300SMILES Ltd and 1300SMILES (BOH Dental) Pty Ltd, and a cross guarantee and indemnity between 1300SMILES Ltd and 1300SMILES (BOH Dental) Pty Ltd
- Debt covenants include:
    - Debt leverage ratio not greater than 2.75x
    - Fixed interest charge cover ratio must not fall below 1.80x
- The termination date of the loan facility is 2 August 2022

Apart from the matters mentioned above, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Likely developments and expected results of operations

- Ongoing opportunistic acquisitions
- Continued organic growth of existing practices
- Ongoing investigation of greenfield sites for new practices

Information on directors

Robert Jones
Non-Executive Chairman
MAICD

Experience and expertise:
Mr Jones was a Director and Chairman of the Mater Health Services North Qld Ltd from 1993 until 2013. Mater Health Services North Qld Ltd owns and operates two fully accredited private hospitals in Townsville, the Mater Hospital (Pimlico) and Mater Hospital (Hyde Park). Mr Jones has been a Director and Chairman for 12 years.

Mr Jones is a member of the Australian Institute of Company Directors.

Mr Jones is considered an Independent Director by the Board. Mr Jones was appointed Chairman on 25 September 2007.

Other current Directorships:	Hermit Park Bus Service Pty Ltd (unlisted)
Former Directorships (in the last 3 years):	Mater Health Services North QLD Ltd (unlisted
Special responsibilities:	Nil
Interest in shares:	37,521 ordinary shares in 1300SMILES Limited
Interests in options:	None

Dr Daryl Holmes OBE
Managing Director
B.D.Sc (Hons.), MAICD

Experience and expertise:
Dr Holmes is the founder of 1300SMILES Limited and a qualified dentist having obtained his dental qualifications (B.D.Sc (Hons.)) at Queensland University in 1987. During the last two years of his five year degree he accepted a scholarship from the Royal Australian Air Force (RAAF). Upon completion of his degree he practised dentistry as a RAAF Dental Officer (1988-91). Thereafter, in 1991, he began private dental practice in Ayr and Home Hill, North Queensland. Dr Holmes has been a Director of the company since its inception in 2000.

For the next 12 years he pioneered and perfected a range of innovative management and marketing techniques for his dentistry business, in the process transforming a cottage industry into a polished and professional customer service experience, backed up by affordable high quality dental health care.

1300SMILES Limited successfully listed on the ASX in March 2005. It now operates practices in the ten major population centres in Queensland and more recently in New South Wales and South Australia.

Dr Holmes has been a member of the Australian Dental Association (ADA) for 32 years.
Dr Holmes has been a Director of the Cowboys Leagues Club for the past 17 years, and in May 2014 he was elected Chairman.

Information on directors (continued)

Dr Holmes is not considered to be an Independent Director by the Board given his role as Managing Director.

Other current Directorships:	Cowboys Leagues Club Ltd (Public, unlisted)
Former Directorships (in the last 3 years):	None
Special responsibilities:	Nil
Interests in shares:	14,711,729 ordinary shares in 1300SMILES Limited
Interests in options:	None

Ms Evonne Collier
Non-Executive Director

Experience and expertise:
Evonne Collier is an experienced leader with a successful track record in business scale-up and transformation, brand/channel strategy, new to world and category innovation, digital disruption and B2B and B2C customer experience. She has 25 years' senior executive experience working within blue-chip local and multinational companies in the FMCG, Health/Pharmaceutical and Entertainment/Technology sectors. She has a strong financial acumen with a track record in overseeing large balance sheets, CAPEX projects and strategic growth initiatives (organic and acquisitive) to optimise shareholder returns.

Evonne has extensive board and executive experience with ASX and large shareholder based businesses.

She currently holds Independent directorships with Think Childcare (ASX:TNK); Motorama Automotive Group and BML (Brisbane Markets).

Evonne holds undergraduate and postgraduate business and finance qualifications (BA, MBus, GradCertAppFin), is a certified scrum master and a graduate member of the AICD.

Ms Collier is considered an Independent Director by the Board. Ms Collier was appointed Director of the Board on 23 November 2017.

Other current Directorships	Think Childcare Limited (listed) Motorama Automotive Group (unlisted) Brisbane Markets Limited (unlisted) Ingredients Plus Pty Ltd (unlisted)
Former Directorships (in the last 3 years):	Winson Group; Catch.com.au Group
Special responsibilities:	Nil
Interests in shares:	None
Interest in options:	None

Information on directors (continued)

Mr Jason Smith
Non-Executive Director

Experience and expertise:
Mr Jason Smith is founder and Executive Chairman of Back In Motion Health Group. With 100+ locations in Australia and New Zealand, Back In Motion was rated by BRW five years consecutively in the top 15 fastest growing franchises.

Jason is author of a recent best-selling book titled "Outside In Downside Up Leadership" and was listed as the No.2 Top Franchise Executive in Australia for 2019. He has also previously published the international best seller "Get Yourself Back In Motion" – a physiotherapist's secrets to pain relief and optimal health. He is a regular contributor and presenter on health & wellness, leadership and business-related subjects on television, radio, print and online channels. Jason has demonstrated commitment to those less fortunate through his work with numerous humanitarian welfare organisations and community groups.

In addition, Jason is a member of the Franchise Council of Australia, the Australian Physiotherapy Association, various CEO groups and special interest business forums. He is highly regarded for his contribution and advocacy in leadership development, health promotion, boardroom strategy and innovative business. Jason is based in Melbourne, Victoria.

Mr Smith is considered an Independent Director by the Board. Mr Smith was appointed Director on the Board on 23 November 2017.

Other current Directorships:	Back In Motion Health Group (unlisted)
	SOS Health Foundation (unlisted)
	Iceberg Leadership Institute (unlisted)
Former Directorships (in the last 3 years):	S.A.L.T. (unlisted)
Special responsibilities:	Nil
Interests in shares:	71 ordinary shares in 1300SMILES Limited
Interests in options:	None

Meetings of directors

The number of meetings of the company's Board of Directors and Board Committee held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Attended	Held
Robert Jones	11	11
Dr Daryl Holmes	11	11
Evonne Collier	11	11
Jason Smith	11	11

Remuneration report (audited)

The Directors present the 1300SMILES Limited 2019 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Board performance evaluation
(d) Elements of remuneration
(e) Link between remuneration and performance
(f) Remuneration expenses for executive KMP
(g) Contractual arrangements for executive KMP
(h) Non-executive director arrangements
(i) Other statutory information
(j) Voluntary information: remuneration received

(a) Key management personnel covered in this report

Non-Executive and Executive Directors (see pages 9 to 11 for details about each Director)

Robert Jones
Dr Daryl Holmes
Evonne Collier
Jason Smith

Other key management personnel

Name	Position
Natalie Duve	Operations Manager

(b) Remuneration policy and link to performance

The Board as a whole directly undertakes the responsibilities normally referred to a Remuneration Committee. The Board reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs, and meets our remuneration principles. In particular, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent
- aligned to the company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- acceptable to shareholders.

This includes responsibility for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the group and company depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board is responsible for determining remuneration packages applicable to the Executive Director. The Executive Director determines the remuneration packages for the senior executives of the company in accordance with compensation guidelines set by the Board.

Remuneration report (audited) (continued)

The Board assesses the appropriateness of the nature and amount of remuneration of Directors on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the company. Further details on the remuneration of Directors and executives are set out in this Remuneration Report.

In accordance with best practice corporate governance, the structure of Non-Executive Directors and executive remunerations are separate.

(c) Board performance evaluation

The performance of the Board is reviewed periodically. A Board evaluation process including an evaluation of individual non-executives was last undertaken during the 2016 financial year.

The 2016 review encompassed feedback on the chair and individual Non-Executive Directors as well as consideration of board succession planning, diversity and breadth and sufficiency of skills represented on the Board. At that time, the results confirmed that the Board continues to function in an appropriate manner. The Board also carries out informal performance monitoring sessions at each in-person meeting of the Board.

Board Skill Matrix

The Company has developed a skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. The skills matrix helps to identify any gaps in the collective skills of the Board that can then be addressed through professional development initiatives for Directors and in Board succession planning.

- A review of Board skills and experience was undertaken during the 2018 financial year, and the collective skills and experience of the current Board and skills the Board is looking to achieve in its membership are in the areas of, but not limited to industry experience and the growth, acquisition and management of independent operating units;
- Industry experience: approved products – substantial experience in the global supply of approved products;
- Executive leadership experience in global communities – substantial experience in senior executive roles for businesses across multiple global locations;
- Strategy – substantial experience in the development and implementation of strategic plans to deliver investor returns over time;
- Capital management – substantial experience in capital management strategies, including partnerships and capital raisings;
- Financial and risk management – expertise and experience in financial accounting and reporting, internal controls and financial disclosure;
- Human resources – substantial experience in oversight of remuneration, incentives, equity programs, benefits and employment contracts; and
- Governance – substantial experience in public entity disclosure, management oversight and inquiry, listing rules and compliance.

Each of these skills is well represented on our Board.

Remuneration report (audited) (continued)

(d) Elements of remuneration

Non-Executive Director remuneration

The company seeks to set aggregate remuneration at a level which provides the company with the ability to attract, retain and motivate directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

ASX listing rules requires that the aggregate Non-Executive Directors' remuneration shall be determined periodically by a general meeting.

The company has resolved that the maximum aggregate amount of Directors' fees (which does not include remuneration of Executive Directors and other non-director services provided by Directors) is $150,000 per annum. Non-Executive Directors are entitled to be reimbursed for their reasonable expenses incurred in connection with the affairs of the company. A Director may also be remunerated as determined by the Directors if that Director performs additional or special duties for the company. A former Director may also receive a retirement benefit of an amount determined by the Directors in recognition of past services, subject to the ASX Listing Rules and the Corporations Act 2001.

The remuneration of Non-Executive Directors is detailed in part (h) of this remuneration report.

Executive Director and other key management personnel remuneration

The company aims to develop remuneration packages properly reflecting each person's duties and responsibilities whilst ensuring the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Executive Directors and senior executives may receive bonuses at the discretion of the Board on the achievement of specific goals relating to the performance of the company.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board of Directors, based on individual and overall performance of the entity and comparable market remuneration.

(e) Link between remuneration and performance

Remuneration is reviewed on an annual basis by the Board and increases are at the discretion of the Board. Bonuses and incentive payments are at the discretion of the Board.

Remuneration report (audited) (continued)

(f) Remuneration expenses for executive and non-executive KMP

The following table shows details of the remuneration expense recognised for the group's executive and non-executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

Fixed remuneration	Short-term benefits		
	Salary and fees	Post-employment benefits	Total
	$	$	$
Non-Executive Directors			
Robert Jones			
2019	36,530	3,470	40,000
2018	32,026	2,974	35,000
Evonne Collier			
2019	30,000	-	30,000
2018	15,000	-	15,000
Jason Smith			
2019	30,000	-	30,000
2018	15,000	-	15,000
Executive Directors			
Dr Daryl Holmes			
2019	82,557	7,843	90,400
2018	82,557	7,843	90,400
Other Key Management Personnel			
Natalie Duve			
2019	137,993	11,266	149,259
2018	139,277	13,143	152,420
Total 2019	317,080	22,580	339,659
Total 2018	295,760	23,960	319,720

(g) Contractual arrangements with executive KMPs

Remuneration and other terms of employment for certain key management personnel are formalised in service agreements. Details of these agreements are as follows:

Dr Daryl Holmes (Managing Director)
Agreement commenced: 8 March 2005

Term of agreement:
The agreement may be terminated by either the company or Dr Holmes after two years by giving not less than three months' notice or by the company in the event of material breach of misconduct by Dr Holmes.

Remuneration report (audited) (continued)

Details:
Dr Holmes' remuneration comprises a salary of $90,400 inclusive of statutory superannuation entitlements and is reviewable on a yearly basis. In addition, Dr Holmes is entitled to be reimbursed for reasonable expenses incurred by him in carrying out his obligations under the agreement. Dr Holmes also provides dental services pursuant to a Dental Service Agreement on normal commercial terms and conditions. The Directors believe that the remuneration is appropriate for the duties allocated to Dr Holmes, the size of the company's business, the industry in which the company operates and that Dr Holmes also receives income from a Dental Service Agreement with the company. There are no pay-outs upon resignation or termination, outside of industrial regulations.

Natalie Duve (Operations Manager)
Agreement commenced: 18 October 2017

Term of agreement:
The agreement may be terminated by either the company or Mrs Duve giving not less than 4 weeks' notice or by the company in the event of material breach of misconduct by Mrs Duve.

Details:
Mrs Duve's remuneration comprises a salary of $130,000 inclusive of statutory superannuation entitlements and is reviewable on a yearly basis. In addition, Mrs Duve is entitled to be reimbursed for reasonable expenses incurred by her in carrying out her obligations under the agreement. There are no pay-outs upon resignation or termination, outside of industrial regulations.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

(h) Non-Executive Director arrangements
Non-Executive Directors receive a board fee and fees for chairing or participating on board committees (see table below). They do not receive performance based pay or retirement allowances. The fees are inclusive of superannuation. The chairman does not receive additional fees for participating in or chairing other committees.

Fees are reviewed annually by the Board taking into account comparable roles and market data.

Base fees	**30 June 2019**
Chair	$40,000
Other Non-Executive Directors	$30,000

(i) Additional statutory information
Relative proportions of fixed vs variable remuneration expense
The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the table on page 15.

		Fixed remuneration	
		2019	**2018**
Executive Directors	Daryl Holmes	100%	100%

Share-based compensation
Issue of shares

Remuneration report (audited) (continued)

No shares were issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2019 (2018: nil).

Options
There were no options issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2019 (2018: nil).

There were no options granted to or exercised by Directors and other key management personnel as part of compensation during the year ended 30 June 2019 (2018: nil).

Shareholdings
The number of shares in the parent entity held during the financial year by each Director and other members of key management personnel of the group, including their personally related parties, is set out below:

2019 Ordinary shares	**Balance at the start of the year**	**Received as part of remuneration**	**Additions**	**Disposals/ other**	**Balance at the end of the year**
Robert Jones	35,021	-	2,500	-	37,521
Dr Daryl Holmes	14,711,729	-	-	-	14,711,729
Jason Smith	71	-	-	-	71
Natalie Duve	10,273	-	16,689	-	26,692
	14,757,094	-	19,189	-	14,776,283

2018 Ordinary shares	**Balance at the start of the year**	**Received as part of remuneration**	**Additions**	**Disposals/ other**	**Balance at the end of the year**
Robert Jones	35,021	-	-	-	35,021
Dr Daryl Holmes	14,711,729	-	-	-	14,711,729
Dr Glen Richards*	68,300	-	-	-	68,300
Jeremy Palmer **	21,459	-	-	21,459	-
Jason Smith	-	-	71	-	71
Natalie Duve	-	-	10,273	-	10,273
	14,836,509	-	10,344	21,459	14,825,394

* Shareholding at date of resignation on 23 November 2017.
** Shareholding at date of resignation on 16 June 2017.

Loans given to key management personnel
As at 30 June 2019, there are no loans made to Directors of 1300SMILES Limited and other key management personnel of the group, except for a share loan of $208,470 to Natalie Duve as disclosed as part of Note 15, including their close family members and entities related to them.

Remuneration report (audited) (continued)

Other transactions with key management personnel
The group is party to the following agreements on normal commercial terms and conditions with the Managing Director, Dr Daryl Holmes, or entities related to Dr Holmes:
• Golden Arch Pty Limited ATF the Whistler Trust provides rental premises;
• Ashbourne Park Pty Limited ATF Daryl Holmes Superannuation Fund provides rental premises;
• Three Island Pty Ltd provides rental premises.

The company received revenue for dental management services from Golden Arch (Qld) Pty Ltd for services provided under a Dental Service Agreement.

Included in operating lease commitments is $1,597,358 committed to Golden Arch Pty Ltd over a period of 6 years, and $529,163 committed to Three Island Pty Ltd over a period of 6 years, and $1,706,360 committed to Ashbourne Park Pty Limited over a period of 6 years.

There were no loans to or from related parties at the reporting date.

Aggregate amounts of each of the above types of other transactions with key management personnel of 1300SMILES Limited:

	2019 $	2018 $
Received for goods and services:		
Dental management services	60,383	62,017
Payment for other expenses:		
Rental expense paid to related parties	829,170	692,097

Voting of shareholders at last year's annual general meeting
1300SMILES Limited received more than 93.8% of "yes" votes on its remuneration report for the 2018 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(j) Voluntary information: remuneration received
The amounts disclosed in the table on page 15 as executive and KMP remuneration for the 2019 financial year reflect the actual benefits received by each KMP during the reporting period. The remuneration values disclosed have been determined as follows:

Fixed remuneration
Fixed remuneration includes base salaries received, payments made to superannuation funds, the taxable value of non-monetary benefits received and any once-off payments such as sign on bonuses or termination benefits, see page 15 for details. Fixed remuneration excludes any accruals of annual or long-service leave.

End of remuneration report

Shares under option

There were no options outstanding as at 30 June 2019 (2018: nil).

Shares issued on the exercise of options

There were no shares of 1300SMILES Limited issued on the exercise of options during the year ended 30 June 2019 (2018: nil).

Diversity

The Company values diversity and recognizes the benefits it can bring to the organization's ability to achieve its goals. Diversity can lead to a competitive advantage through broadening the talent pool for recruitment of high quality employees, by encouraging innovation and improving a corporation's image and reputation. Accordingly, the Group is committed to promoting diversity within the organisation and has adopted a formal policy outlining the Group's diversity objectives. It includes requirements for the Board to establish measurable objectives for achieving diversity and for the Board to annually assess the objectives, and the Group's progress in achieving these objectives.

A copy of the diversity policy is available at www.1300smiles.com.au

With respect to gender diversity, the Group has set the following objectives:

1. aim to increase the number of women on the Board of Directors as vacancies arise and circumstances permit;
2. aim to increase number of women who hold senior executive positions as vacancies arise and circumstances permit; and
3. ensure the opportunity exists for equal gender participation in all levels of professional development programs.

The following table reports the Group's progress towards achieving its gender diversity objectives for points one and two above. In regard to point three, the Group did ensure that an equal opportunity existed for gender participation in all levels of professional development programs during the year. For completeness, as at 30 June 2019 the Company had 357 employees, of which 320 (90%) were female.

	Number of women As at 30 June 2019	Number of women As at 30 June 2018	Increase / (decrease)
Board of Directors	1	1	-
Senior Executive	6	6	-

The Board has delegated the responsibility for reviewing and reporting on diversity, specifically gender diversity, to the Human Resources Manager.

Environmental regulation

The group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium. During or since the end of the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

The company has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any related entity against a liability incurred by the auditor. The indemnity is limited to liabilities arising out of their duties as officer or auditor of 1300SMILES Limited, and legal costs incurred in defending an action for said liabilities but only to the extent that the liability arises out of conduct in good faith.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company are important.

Details of the amounts paid or payable to the auditor (PKF Brisbane Audit) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2019 $	2018 $
PKF Brisbane Audit		
Tax compliance services	**15,300**	19,085

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 22.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the ‘rounding off’ of amounts in the Directors’ report. Amounts in the Directors’ Report have been rounded off in accordance with the Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

Dr Daryl Holmes
Managing Director

Townsville
15 August 2019

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF 1300SMILES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

PKF

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

DATED THIS 15TH DAY OF AUGUST 2019
BRISBANE

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Corporate governance statement

For the year ended 30 June 2019

1300SMILES Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. 1300SMILES Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The current corporate governance statement was adopted by the Board effective 1 July 2016. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at https://1300smiles.com.au/corp-governance/

Consolidated statement of comprehensive income

For the year ended 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Revenue			
Services	5	**40,313**	39,082
Other	6	**1,639**	260
Total revenue		**41,952**	39,342
Expenses			
Consumables, lab fees and other supplies		**(4,082)**	(4,269)
Employee benefits expense	7	**(15,909)**	(14,536)
Depreciation and amortisation expense	7	**(2,268)**	(2,308)
Property expenses		**(3,304)**	(3,018)
Operating expenses		**(4,565)**	(3,955)
Corporate and administrative expenses	7	**(808)**	(488)
Finance costs	7	**(229)**	(117)
Total expenses		**(31,165)**	(28,691)
Share of net profit / (loss) of associates		**-**	20
Profit before income tax expense		**10,787**	10,671
Income tax expense	8	**(3,015)**	(3,038)
Profit for the year		**7,772**	7,633
Other comprehensive income		**-**	-
Total comprehensive income for the year		**7,772**	7,633
		Cents	**Cents**
Earnings per share			
Basic earnings per share	9	**32.8**	32.2
Diluted earnings per share	9	**32.8**	32.2

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	11	**634**	2,295
Trade receivables	12	**1,839**	2,502
Inventories	13	**20**	19
Other	14	**655**	723
Current tax assets		**71**	-
Loans receivable	15	**1,655**	972
Total current assets		**4,874**	6,511
Non-current Assets			
Loans receivable	15	**3,538**	2,317
Financial assets - investments	16	**208**	-
Property, plant and equipment	17	**13,642**	11,155
Investment property	18	**1,625**	-
Intangible assets	19	**33,482**	28,129
Total non-current assets		**52,495**	41,601
Total Assets		**57,369**	48,112
LIABILITIES			
Current Liabilities			
Trade and other payables	21	**3,803**	5,667
Provisions	22	**630**	688
Current tax liabilities		**-**	444
Other liabilities	23	**634**	100
Total current liabilities		**5,067**	6,899
Non-current Liabilities			
Trade and other payables	21	**458**	-
Deferred tax liabilities	20	**541**	210
Provisions	22	**427**	378
Other liabilities	23	**1,591**	560
Loans payable	24	**9,200**	1,951
Total non-current liabilities		**12,217**	3,099
Total Liabilities		**17,284**	9,998
Net Assets		**40,085**	38,114
EQUITY			
Contributed equity	25	**15,501**	15,501
Retained profits		**24,584**	22,613
Total Equity		**40,085**	38,114

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2019

	Note	Contributed equity $'000	Retained profits $'000	Total equity $'000
Consolidated Balance at 30 June 2017		15,501	20,604	36,105
Total comprehensive income for the year		-	7,633	7,633
Transactions with owners in their capacity as owners:				
Dividends paid	10	-	(5,624)	(5,624)
Consolidated Balance at 30 June 2018		15,501	22,613	38,114
Total comprehensive income for the year		**-**	**7,772**	**7,772**
Transactions with owners in their capacity as owners:				
Dividends paid	10	**-**	**(5,801)**	**(5,801)**
Consolidated Balance at 30 June 2019		**15,501**	**24,584**	**40,085**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**43,791**	42,219
Payments to suppliers and employees (inclusive of GST)		**(34,167)**	(29,411)
		9,624	12,808
Interest received		**358**	369
Interest and other finance costs paid		**(229)**	(127)
Income taxes paid		**(2,848)**	(2,644)
Net cash inflow from operating activities	36	**6,905**	10,406
Cash flows from investing activities			
Repayment (receipts) of loans provided		**346**	34
Advances (payments) of loans provided		**-**	(408)
Repayment (receipts) of share loans provided		**-**	29
Advances (payments) of share loans provided		**(1,276)**	(51)
Investment (payments) of loans established		**(500)**	(125)
Purchases (payments) of investments		**(207)**	-
Proceeds (receipts) on sale of property, plant and equipment		**25**	-
Purchases (payments) of property, plant and equipment	17	**(1,968)**	(2,802)
Purchases (payments) of intangible assets		**(488)**	(585)
Increase (payment) for deferred consideration		**(1,030)**	(280)
Payments for purchase of businesses, net of cash acquired	33	**(4,917)**	(5,983)
Net cash outflow from investing activities		**(10,015)**	(10,171)
Cash flows from financing activities			
Repayment of borrowings		**(6,999)**	(2,210)
Drawdown of borrowings		**14,248**	4,161
Dividends paid		**(5,801)**	(5,624)
Net cash outflow from financing activities		**1,448**	(3,673)
Net (decrease)/increase in cash and cash equivalents		**(1,662)**	(3,437)
Cash and cash equivalents at the beginning of the financial year		**2,296**	5,733
Cash and cash equivalents at the end of the financial year	11	**634**	2,296

The above consolidated statement of changes of cash flows should be read in conjunction with the accompanying notes.

Note 1. Corporate information

The financial report of 1300SMILES Limited and its wholly owned subsidiary (together, the group) was authorised for issue in accordance with a resolution of Directors on 15 August 2019. The Directors have the power to amend and reissue the financial report. 1300SMILES Limited is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Stock Exchange. The nature of the operations and principal activities of the group are described in the Directors' Report. The financial report is presented in Australian dollars.

Note 2. Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of 1300SMILES Limited and its subsidiaries.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. 1300SMILES Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of the 1300SMILES Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended standards adopted by the group – changes in accounting policies

There were two new standards adopted during the year. This note explains the impact of the adoption of AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers on the group's financial statements and discloses the new accounting policies that have been applied from 1 July 2018.

AASB 9 Financial Instruments: (effective for 30 June 2019 reporting period)

This standard replaces AASB 139 and addresses the classification, measurement and recognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The group notes the following impacts from the adoption of the new standard on 1 July 2018. Adoption of AASB 9 has resulted in the reclassification of the following financial instruments:

Category	Previously AASB 139	Currently AASB 9
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade and other receivables	Loans and receivables	Amortised cost
Loans receivable	Loans and receivables	Amortised cost
Financial assets - Investments	Not previously held	Fair value through profit or loss
Trade and other payables	Other financial liabilities	Other financial liabilities
Loans and borrowings	Other financial liabilities	Other financial liabilities

Note 2. Summary of significant accounting policies (continued)

AASB 9 replaces the 'incurred loss' model in AASB 9 with an 'expected credit loss' (ECL) model. The new impairment model applies to the group in relation to financial assets classified at amortised cost, being the group's trade receivables. Based on the group's assessment of historical provision rates, there is no material financial impact on the impairment provisions on adoption of this standard and no adjustment to retained earnings is required. For the current period, the group has elected to measure loss allowances on trade receivables using a life-time expected loss model. The group has also used the practical expedient of a provisions matrix using a single loss rate approach to approximate the expected credit losses. These provisions are considered representative across all business and geographical segments of the group based on historical credit loss experience.

The standard requires that for financial liabilities designated at fair value through profit or loss (FVTPL) any change in fair value arising as a consequence of a change in the company's own credit risk should be recognised in other comprehensive income rather than profit or loss. The group's financial liabilities carried at FVTPL include deferred acquisition consideration.

The new hedge accounting rules have no impact on the group's financial statements.

Following adoption of AASB 9 on 1 July 2018, there is no material impact on the group's financial position and no restatement is required.

AASB 15 Revenue from Contracts with Customers: (effective for 30 June 2019 reporting period)

This standard addresses the recognition of revenue. It replaces the previous revenue recognition guidance in AASB 118 Revenue and AASB 111 Construction Contracts. The new standard is based on the principle that revenue is recognised when control of a good and service transfers to a customer.

The group adopted AASB 15 from 1 July 2018 which resulted in changes in accounting policies relating to the recognition of revenue. Management have reviewed each of the group's revenue streams under the five-step model outlined in AASB 15 and concluded adoption of AASB 15 has no material impact on revenue recognition. Therefore, there is no requirement to restate revenue reported in prior periods. The details of the review process are outlined below.

Accounting policies have been amended to ensure that the five-step method is applied consistently to revenue recognition processes across the group. To assess the impact of AASB 15 on the group, each contract type was analysed, with the five-step method applied to assess the impact on revenue recognition. The five-step method for recognising revenue from contracts with customers involves consideration of the following: 1. Identifying the contract with the customer 2. Identifying performance obligations 3. Determining the transaction price 4. Allocating the transaction price to distinct performance obligations 5. Recognising revenue.

The following is a summary of the revenue recognition for each revenue stream:

(a) Rendering of services – revenue from the rendering of dental services over the counter is Recognised at a point in time, upon the performance of the service by the dentist. Patients are billed at the time of service delivery and revenue recognised. Service fees from contract dentists is recognised upon the performance of services. There is no major judgement required with there being one performance obligation being the rendering of services.

(b) Membership and treatment plans – revenue from membership and treatment plans is recognised on an accrual basis over time, in line with services rendered. In the circumstance whereby no service has been rendered, revenue will start to be recognised by the group when a service obligation has occurred per the contract.

Note 2. Summary of significant accounting policies (continued)

New Accounting Standards, Interpretations and Amendments to published Standards that are not yet effective

A number of new standards, amendments and interpretations to existing standards have been published by the Australian Accounting Standards Board (AASB) that are effective for future periods and which the group will adopt when they become effective. None of these are expected to have a significant effect on the consolidated financial statements of the group, except:

AASB 16 Leases: (effective for 30 June 2020 reporting period)

AASB 16 establishes principles for the recognition, measurement, presentation and disclosure of leases and supersedes AASB 117 Leases. AASB 16 eliminates the current dual accounting model for lessees which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The accounting for lessors will not significantly change. This standard will primarily affect accounting for the group's operating leases. AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019. The group is not required to adopt this new standard until the annual reporting period ending 30 June 2020 and has not adopted it in the current financial report.

The group is finalising its assessment of the potential impact of the application of AASB 16 on its financial statements, including the potential impact of the various transition provisions available to the group. At present, the group anticipates to adopt the modified retrospective approach in the year ending 30 June 2020 and will not restate comparative amounts. As the group has non cancellable operating lease commitments of $14M, the impact of the new standard will result in a material right of use asset and lease liability measured at net present value, with the difference recorded in retained earnings on application.

Due to the complexity involved in calculating the impact of AASB 16, management have not yet finalised this assessment, therefore no quantification of the impact has been made. Calculation complexity has been impacted by key judgements, including the incremental borrowing rate used to discount lease assets and liabilities and the uncertainties surrounding lease terms including potential rights of renewals. Lease renewals are assessed on a lease by lease basis, noting that practice leases are renegotiated with multiple rights of renewal and assigned upon acquisition of a practice.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Note 2. Summary of significant accounting policies (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 33).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM') - being the Board of Directors. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised on the following basis:

Rendering of services

Revenue from the rendering of dental services over the counter is recognised at a point in time, upon the performance of the service by the dentist. Patients are billed at the time of service delivery and revenue recognised. Service fees from contract dentists is recognised upon the performance of services. There is no major judgement required with there being one performance obligation being the rendering of services.

Membership and treatment plans

Revenue from membership and treatment plans is recognised on an accrual basis over time, in line with services rendered. In the circumstance whereby no service has been rendered, revenue will start to be recognised by the group when a service obligation has occurred per the contract.

Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. Interest revenue is derived from loans receivable and cash at bank.

Other revenue

Other revenue is recognised when performance obligations have been achieved in accordance with contracts with customers.

Income tax

The income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Note 2. Summary of significant accounting policies (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, 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 income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1300SMILES Limited and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a dental practice comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

Note 2. Summary of significant accounting policies (continued)

The excess of the:
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Note 2. Summary of significant accounting policies (continued)

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment, in accordance with the expected credit losses requirements of AASB 9. The group applies the AASB 9 simplified approach to recognising expected credit losses which uses a lifetime expected loss allowance for all trade receivables. No provision for impairment was determined by the Board at balance date.

Inventories

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

Financial assets

Financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. Refer to note 2 for the current year accounting policy for financial instruments.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using either the diminishing value or prime cost method to allocate the cost of property, plant and equipment, net of their residual values, over their estimated useful lives. Depreciation on leasehold improvements is calculated using the straight line method to allocate the cost of the asset over the shorter period of the life of the asset or the lease term as follows:

Plant and equipment	3 to 15 years
Leasehold improvements	3 to 15 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Investment property

Investment properties are held for long-term rental yields or appreciation in sale value. They are carried at fair value in accordance with AASB 140. Fair value is determined using a market approach using recent observable market data for similar properties. Changes in fair value are presented in profit or loss as part of other income.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Note 2. Summary of significant accounting policies (continued)

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Goodwill

Goodwill on acquisitions of dental practices is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Intellectual property

Intellectual property has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate cost of the intellectual property over the estimated useful life of the intellectual property which is 10-20 years.

Future maintainable revenue stream

Future maintainable revenue stream is the capitalization of patient acquisition costs and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate cost of the future maintainable revenue stream over the estimated useful life, which is 5 to 10 years.

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Note 2. Summary of significant accounting policies (continued)

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Loans payable

Loans payable are initially recognised at fair value, net of any transaction costs. Loans payable are subsequently stated at amortised cost using the effective interest method, where any difference between the net proceeds and redemption value is recognised in profit or loss over the period of the borrowing. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after Balance Sheet date. All borrowing costs are expensed.

Provisions

Provisions for legal claims and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Note 2. Summary of significant accounting policies (continued)

Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The 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 period, regardless of when the actual settlement is expected to occur.

Bonus plans

The group recognises a liability and an expense for bonuses based on a formula that takes into consideration key performance criteria. The group recognises a payable where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Contributed equity

Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of 1300SMILES Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 2. Summary of significant accounting policies (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the ‘rounding off’ of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Parent entity financial information

The financial information for the parent entity, 1300SMILES Limited, disclosed in note 32 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investment in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of 1300SMILES Limited. Dividends received from associates are recognised in the parent entity’s profit or loss when its right to receive the dividend is established.

Tax consolidation legislation

1300SMILES Limited and its wholly-owned subsidiary decided to implement the tax consolidated legislation in the year ended 30 June 2014 effective from 20 May 2014. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head company within the tax-consolidated group is 1300SMILES Limited.

Comparative Amendments

Some account classifications have changed in the current year and in order to improve the accuracy of presentation, comparative figures have also been reclassified for consistency.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Business combinations

The acquisition of businesses requires the identification of net assets acquired, including any identifiable intangible assets, and an assessment of their fair value. Judgement is required in determining whether intangible assets are identifiable in the acquisition of dental practices. No intangible assets are identifiable as there are no such assets that are either separable from the business or arise from contractual or other legal rights.

Management estimates the fair value of the tangible assets acquired. The group uses its judgement to select a variety of methods and make assumptions based mainly on market conditions existing at the time of the business combination.

Goodwill

The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital, and growth rates of the estimated future cash flows. Refer to note 19 for further information.

Investment property

The group measures investment property at fair value through profit or loss. Judgement was involved in the determination of the fair value attributed to the portion of 361 Flinders Street, Townsville which related to investment property as opposed to the owner occupied portion. Management used rental returns and the original premises acquisition cost as evidence in allocating the fair value.

Note 4. Operating segments

Identification of reportable operating segments

Operating segments have been determined on the basis of reports reviewed by the Board of Directors (who are identified as the chief operating decision makers). The Board considers the business from a geographic perspective and assess performance and allocate resources on this basis.

Each reporting segment derives revenue from dental services of $39,180,000 (2018: $38,493,000) within a particular geographic area. The operating segments are aggregated into the one reportable segment as the long term financial performance and economic characteristics of the operating segments are similar.

The financial results from this reportable segment are equivalent to the financial statements of the group as a whole.

Note 5. Revenue

	Consolidated	
	2019	2018
	$'000	$'000
Sales revenue		
Service fees	**39,180**	38,493
Other revenue		
Interest	**358**	398
Other revenue	**775**	191
	1,133	589
Revenue	**40,313**	39,082

Note 6. Other income

Other income	**69**	190
Gain on sale – joint arrangement	**-**	70
Gain on sale – fixed assets	**400**	-
Fair value gain – investment property	**1,170**	-
	1,639	260

Note 7. Expenses

	Consolidated 2019 $'000	Consolidated 2018 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Leasehold improvements	**437**	406
Plant and equipment	**1,227**	1,321
Total depreciation	**1,664**	1,727
Amortisation		
Software	**213**	150
Intellectual property	**84**	69
Future maintainable revenue stream	**307**	362
	604	581
Finance costs		
Facility fees	**229**	117
Rental expense relating to operating leases		
Minimum lease payments	**2,859**	2,465
Defined contribution superannuation expense	**1,253**	1,126
Corporate and administrative expense		
Merger and acquisition costs	**357**	-
Other corporate and administrative expenses	**451**	488
	808	488
Employee benefits expense		
Dentist expense – employed	**3,058**	2,790
Dental hygienist/therapist – employed	**112**	48
Support and practice staff	**12,739**	11,698
	15,909	14,536

Note 8. Income tax expense

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Income tax expense		
Current tax	**2,683**	3,262
Deferred tax	**331**	(59)
Adjustments for current tax of prior periods	**-**	-
Adjustments for Deferred tax of prior periods	**-**	(165)
Total income tax expense	**3,015**	3,038
Deferred income tax (income) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets	**-**	(56)
(Decrease) increase in deferred tax liabilities (Note 20)	**331**	(4)
	331	(59)
Numerical reconciliation of income tax expense to prima facie tax payable		
Total profit (loss) before income tax	**10,787**	10,671
Tax at the Australian tax rate of 30% (2018: 30%)	**3,236**	3,201
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	**4**	8
Other	**(8)**	-
Non assessable income		
Other expenses	**(217)**	-
Share of net profit of associates	**-**	(6)
	3,015	3,203
Adjustments for current tax of prior periods	**-**	(172)
Adjustments for deferred tax of prior periods	**-**	7
Income tax expense	**3,015**	3,038

Note 9. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2019	2018
	$'000	$'000
Net profit attributable to ordinary equity holders	**7,772**	7,633
	Shares	**Shares**
Weighted number of ordinary shares for basic earnings per share		
Number of shares	**23,678,384**	23,678,384
	Cents	**Cents**
Earnings per share	**32.8**	32.2
Diluted earnings per share	**32.8**	32.2

Note 10. Dividends

	Consolidated	
	2019	2018
	$'000	$'000
Final dividend for the year ended 30 June 2018 of 12.0 cents (2017: 11.75 cents) per ordinary share paid on 11 September 2018 fully franked based on a tax rate of 30%	**2,841**	2,782
Interim dividend for the half year ended 31 December 2018 of 12.5 cents (2017: 12.0 cents) per ordinary share paid on 26 March 2019 fully franked based on a tax rate of 30%	**2,960**	2,842
	5,801	5,624

Since the end of the financial year, the Directors declared, for the year ended 30 June 2019, a final fully franked ordinary share dividend of 12.5 cents ($2,959,801) which is payable on 29 September 2019.

Franking credits available for subsequent financial years based on a tax rate of 30%	**9,631**	9,269

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking account of the dividend recommended by the Directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $1,268,000 (2018: $1,218,000).

Note 11. Cash and cash equivalents

	Consolidated 2019 $'000	2018 $'000
Cash on hand	**9**	7
Cash at bank	**625**	2,288
	634	2,295

Classification as cash equivalents

Term deposits are presented as cash equivalents if they have maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest. See note 2 for the group's other accounting policies on cash and cash equivalents.

Note 12. Trade Receivables

	2019	2018
Trade receivables	**1,496**	1,972
Membership and treatment plan receivables	**343**	545
Provision for doubtful debts	**-**	(15)
	1,839	2,502

Past due receivables

Customers with balances past due but not impaired amount to $179,000 as at 30 June 2019 ($433,000 as at 30 June 2018). These past due debtors were all 1 to 3 months overdue.

Note 13. Inventories

	2019	2018
Current assets		
Stock on hand	**20**	19

Note 14. Other assets

	2019	2018
Current assets		
Prepayments	**301**	350
Other current assets	**313**	350
Interest receivable	**41**	23
	655	723

Note 15. Loans receivable

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Current		
Loans receivable (b)	**1,500**	625
Other loans receivable	**155**	347
	1,655	972
Non-current		
Share loan principal (a)	**1,751**	491
Share loan interest	**43**	26
Other loans receivable	**619**	299
Loans receivable (b)	**1,125**	1,500
	3,538	2,317

a) Ordinary share loans were made pursuant to a company loan funded program to incentivise consultants, contractors and executive management. Shares are held in voluntary escrow. The voluntary escrow is progressively released over a six year period. The loans are full recourse and repayable 13 months after the company makes a call on the borrowers. The loans are secured by lien over the shares acquired from proceeds of the share loan. In the event the borrowers sell any shares, a proportionate percentage of the outstanding loan is required to be repaid. Interest on loans is charged on a commercial basis, varying from 5% to 5.5%.

b) Redeemable preference shares were acquired during the period in an unlisted public company. Terms of fixed interest repayments range from 12 months to 4 years, with rates of return varying from 6% to 14%. No voting rights are attached to the shares held. Management intend to hold the investments for cash flow purposes and not share trading purposes.

Note 16. Financial assets - investments

Financial assets – investments held at fair value through profit or loss	**208**	-
	208	-

Note 17. Property, plant and equipment

	Consolidated 2019 $'000	Consolidated 2018 $'000
Leasehold improvements - at cost	**5,554**	5,445
Less: Accumulated depreciation	**(4,125)**	(3,688)
	1,429	1,757
Plant and equipment - at cost	**20,989**	17,147
Less: Accumulated depreciation	**(10,460)**	(9,234)
	10,529	7,913
Capital works	**378**	211
Land and buildings	**1,306**	1,274
	13,642	11,155

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Capital works $'000	Land and building $'000	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Balance at 1 July 2017	92	-	6,648	1,973	8,713
Additions	119	634	2,153	-	2,906
Addition from business combinations	-	640	964	190	1,794
Transfers	-	-	-	-	-
Disposals	-	-	(531)	-	(531)
Depreciation expense	-	-	(1,321)	(406)	(1,727)
Balance at 30 June 2018	211	1,274	7,913	1,757	11,155
Balance at 1 July 2018	**211**	**1,274**	**7,913**	**1,757**	**11,155**
Additions	**167**	**32**	**1,808**	**110**	**2,117**
Addition from business combinations #	**-**	**-**	**2,580**	**-**	**2,580**
Transfers	**-**	**-**	**(445)**	**-**	**(445)**
Disposals	**-**	**-**	**(100)**	**-**	**(100)**
Depreciation expense	**-**	**-**	**(1,227)**	**(438)**	**(1,665)**
Balance at 30 June 2019	**378**	**1,306**	**10,529**	**1,429**	**13,642**

Refer to note 33

Note 18. Investment property

	Consolidated 2019 $'000	Consolidated 2018 $'000
Opening balance	**-**	-
Capitalised expenditure	**455**	-
Gain from fair value adjustment	**1,170**	-
	1,625	-

Refer to note 2 for the group's accounting policy for investment property. Additional information regarding the investment property is noted in note 3 and note 34 of the financial statements.

Note 19. Intangible assets

	2019 $'000	2018 $'000
Software	**512**	584
Less: Accumulated amortisation	**(213)**	(152)
	299	432
Goodwill	**30,357**	25,551
Intellectual property	**2,048**	1,117
Less: Accumulated amortisation	**(84)**	(69)
	1,964	1,048
Future maintainable revenue stream	**1,169**	1,459
Less: Accumulated amortisation	**(307)**	(361)
	862	1,098
	33,482	28,129

Note 19. Intangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Software* $'000	Goodwill $'000	Intellectual property* $'000	Future maintainable revenue stream* $'000	Total $'000
Balance at 1 July 2017	323	23,198	1,117	1,130	25,768
Additions	259	-	-	329	589
Addition from business combinations	-	2,353	-	-	2,353
Disposals	-	-	-	-	-
Amortisation expense	(150)	-	(69)	(362)	(581)
Balance at 30 June 2018	432	25,551	1,048	1,098	28,129
Balance at 1 July 2018	**432**	**25,551**	**1,048**	**1,098**	**28,129**
Additions	**81**	**-**	**1,000**	**71**	**1,151**
Addition from business combinations #	**-**	**4,806**	**-**	**-**	**4,806**
Disposals	**-**	**-**	**-**	**-**	**-**
Amortisation expense	**(213)**	**-**	**(84)**	**(307)**	**(604)**
Balance at 30 June 2019	**299**	**30,357**	**1,964**	**862**	**33,482**

*Software, intellectual property and future maintainable revenue stream are separately acquired
Refer to note 33

During the year, Intellectual property was acquired for the amount of $1,000,000. This intellectual property relates to documented business methods and practices, templates and checklists, visual aids and electronically developed templates acquired. The intellectual property will be amortised over the assets useful life being 10 years.

Impairment tests for goodwill

The total amount of goodwill has been allocated to identified CGU's, being geographical regions.

	2019 $'000	2018 $'000
North Queensland	**1,009**	1,009
Central Queensland	**6,196**	6,196
South East Queensland	**18,700**	13,894
New South Wales & South Australia	**4,452**	4,452
	30,357	25,551

Note 19. Intangible assets (continued)

The recoverable amount of goodwill is based on value-in-use calculations which use cash flow projections based on financial budgets approved by management covering a five year period. Future cash flows are projected over a five year period and use an implied annual growth rate of 5.3% (2018: 5.3%) and are discounted using the group's weighted average cost of capital of 11.7% (2018: 11.7%). Cash flows beyond the five year period are extrapolated using an estimated growth rate of 2% (2018: 2%) which does not exceed the long-term average growth rate for the industry in which each CGU operates. Impairment testing was conducted as at 30 April 2019. No impairment losses were recorded in the current year.

Note 20. Deferred tax

	Consolidated	
	2019	**2018**
	$'000	**$'000**
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**-**	-
Employee benefits	**261**	268
Accrued expenses	**94**	86
Total deferred tax assets	**356**	354
The balance comprises temporary differences attributable to:		
Investment property	**(351)**	-
Intellectual property	**(346)**	(234)
Other	**(201)**	(330)
Total deferred tax liabilities	**(897)**	(564)
Net deferred tax assets/(liabilities)	**(541)**	(210)
Deferred tax assets expected to be recovered within 12 months	**356**	353
Deferred tax assets expected to be recovered after more than 12 months	**-**	-
Deferred tax liabilities expected to be settled within 12 months	**-**	-
Deferred tax liabilities expected to be settled after more than 12 months	**(897)**	(564)
	(541)	(210)
Movements in deferred tax:		
Opening Balance	**(210)**	(277)
Opening balance adjustment	**-**	8
Credited (charged) to the statement of comprehensive income (note 8)	**(331)**	59
Closing balance	**(541)**	(210)

Note 21. Trade and other payables

	Consolidated 2019 $'000	Consolidated 2018 $'000
Current		
Trade payables	**1,720**	2,106
Sundry payables and accruals	**1,449**	2,969
Unearned revenue	**429**	592
Other payables	**205**	-
	3,803	5,667
Non-current		
Other payables	**458**	-

Refer to note 26 for detailed information on financial risk management.

Note 22. Provisions

	2019 $'000	2018 $'000
Current		
Provision for employee benefits	**630**	688
Non-current		
Make good provision	**310**	290
Provision for employee benefits	**117**	88
	427	378
Make good provision		
Balance at 1 July	**290**	260
Charged/ (credited) to income statement	**20**	30
Balance at 30 June	**310**	290

Make good provision

1300SMILES Limited is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements.

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $630,000 (2018: $688,000) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	2019	2018
Current leave obligations expected to be settled after 12 months	**117**	88

Note 23. Other liabilities

	Consolidated	
	2019	2018
	$'000	$'000
Current		
Contingent settlement payable	**634**	100
Non-current		
Contingent settlement payable	**1,591**	560
Contingent settlement payable		
Balance at 1 July	**660**	660
Additions through business combinations	**1,665**	-
Settled / (written back) during the year	**(100)**	-
Balance at 30 June	**2,225**	660

Note 24. Loans payable

Non-current		
Loans payable *	**9,200**	1,951

* The loan payable is a facility provided by the National Australia Bank Limited with a 5 year term, and is due for repayment on 31 January 2020. The loan is secured against the whole of the company assets including goodwill and uncalled capital and called but unpaid capital together with a relative insurance policy assigned to the National Australia Bank Limited. The interest rate on the loan is 2.03% pa. The loan has a total facility limit of $25,000,000 of which the group is able to draw down on. The unused amount of the facility at 30 June 2019 is $15,980,000 (FY18: $23,049,000).

On 27 June 2019, the group entered into a new multi-option loan facility agreement with the Commonwealth Bank of Australia. The loan facility was settled on 2 August 2019 with transfer of securities occurring on this date. The details of the loan facility included:

- Total loan facility is for $25 million and a $25 million accordion facility
- Interest terms vary according to the net leverage ratio, with the current rate at 2.81%
- Security for the loan facility consists of first ranking general security interest over all assets and undertakings of 1300SMILES Ltd and 1300SMILES (BOH Dental) Pty Ltd, and a cross guarantee and indemnity between 1300SMILES Ltd and 1300SMILES (BOH Dental) Pty Ltd
- Debt covenants include:
    - Debt leverage ratio not greater than 2.75x
    - Fixed interest charge cover ratio must not fall below 1.80x
- The termination date of the loan facility is 2 August 2022

Note 25. Contributed equity

	Consolidated			
	2019	2018	2019	2018
	Shares	Shares	$'000	$'000
Ordinary shares - fully paid	**23,678,384**	23,678,384	**15,501**	15,501

At 30 June 2019 333,324 (2018: 50,849) shares were held under escrow.

Note 25. Contributed equity (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The group does not have any specific capital targets and nor is it subject to any external capital restrictions. The Board and senior management meet monthly and review in detail the current cash position and cash flow forecasts having regard to planned expansions and take the necessary action to ensure sufficient funds are available. The group also ensures it has sufficient reserves available to pay two dividends each year. The Board reviews the group's position before declaring any dividend.

The cash to equity ratios at 30 June 2019 and 30 June 2018 were as follows:

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Cash and cash equivalents		
Net cash	**634**	2,295
Total equity		
Total capital	**40,085**	38,114
Cash to equity ratio	**2%**	6%

Note 26. Financial risk management

Financial risk management objectives

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group does not use

derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Note 26. Financial risk management (continued)

The Board of Directors have overall responsibility for the establishment and oversight of the risk management framework. The Managing Director is responsible for developing and monitoring risk management policy, and reports regularly to the Board of Directors on issues and compliance. Risk management policy is to identify and analyse the risks faced by the group, to set limits and controls, and to monitor risks and adherence to limits. Risk management policy and systems are reviewed regularly to reflect changes in market conditions and group activities. The group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market risk

Foreign currency risk: The group does not undertake any significant transactions denominated in foreign currency and is not exposed to any significant foreign currency risk through foreign exchange rate fluctuations.

Price risk

The group is not exposed to any significant price risk.

Interest rate risk

The group's main interest rate risk arises from cash and cash equivalents and loans. The group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and investing options and the mix of fixed and variable interest rates. The group is only exposed to interest rate risk on cash and cash equivalents and the loans payable at 30 June 2019. As at the reporting date, the following assets and liabilities were exposed to Australian variable and fixed interest rates:

Consolidated	Weighted Average interest rate %	2019 $'000	Weighted average interest rate %	2018 $'000
Variable interest				
Cash and cash equivalents	1.49%	**634**	1.55%	2,295
Loan payable	1.52%	**(9,200)**	2.03%	(1,951)
Fixed interest				
Share loans	5.10%	**1,794**	5.00%	518
Other loans receivable	5.00%	**299**	3.74%	646
Loans receivable	12.71%	**2,625**	12.24%	2,125
Net exposure to cash flow interest rate risk		**(3,849)**		3,633

A movement in interest rates of 1.0% (2018: 1.0%) would have an (adverse)/favourable effect on profit before tax of ($38,490) (2018: $36,330) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Note 26. Financial risk management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The entity's exposure to risk is minimised due to the majority of clients paying for their services up front. The group monitors and follows-up its accounts receivable to ensure collections are being made promptly in accordance with contractual terms and conditions and actively pursues amounts past due. Where applicable, an allowance for impairment is made, that represents the estimate of incurred losses in respect to trade and other receivables.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not hold any collateral.

Credit risk is continually reviewed and managed to reduce the incidence of material losses being incurred by the non-receipt of monies due. Management considers the credit and default risks attached to the share loans and loans receivable to be minimal.

With respect to share loans the group may at any time, by written notice, call on the borrower to repay all or part of the outstanding amount within 13 months after the company makes a call. Where applicable, if an employee ceases to be employed by the company, the money owing will become payable on the date which is three (3) months after the date on which the employment ceases, if the employment ceases after the probationary period. A lien will remain effective after escrow has been removed on the proportionate percentage of the total shares subject to the loan outstanding. $1,399,000 (2018: $372,000) of the share loans are receivable from two parties comprising external consultants of the group.

The group limits its cash investment risk exposure on cash investments by investing in a variety of Australian deposit taking institutions.

Liquidity risk

Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The group manages liquidity risk by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Further analysis of the group's current cash to equity ratio is disclosed in note 25 of these accounts.

Remaining contractual maturities

The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Note 26. Financial risk management (continued)

Consolidated	Weighted Average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Balance at 30 June 2018						
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	2,106	-	-	-	2,106
Sundry payables and accruals	-	2,969	-	-	-	2,969
Other liabilities	-	100	200	360	-	660
Interest bearing						
Loans payable	2.03%	-	1,951	-	-	1,951
Total non-derivatives		5,175	2,151	360	-	7,686
Balance at 30 June 2019						
Non-derivatives						
Non-interest bearing						
Trade and other payables	**-**	**1,720**	**-**	**-**	**-**	**1,720**
Sundry payables and accruals	**-**	**1,449**	**-**	**-**	**-**	**1,449**
Other liabilities	**-**	**634**	**1,331**	**260**	**-**	**2,225**
Other liabilities	**-**	**205**	**143**	**143**	**172**	**663**
Interest bearing						
Loans payable*	**1.52%**	**-**	**-**	**9,200**	**-**	**9,200**
Total non-derivatives		**4,008**	**1,474**	**9,603**	**172**	**15,257**

* as described in note 24, the loan facility has a termination date of 2 August 2022

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

Fair value

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments. The fair value of current borrowings and contingent consideration approximates the carrying amount.

Note 27. Key management personnel disclosures

Compensation

	Consolidated 2019 $'000	Consolidated 2018 $'000
Short-term employee benefits	**317**	296
Post-employment benefits	**23**	24
	340	320

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 18.

Note 27. Key management personnel disclosures (continued)

Shareholdings

The number of shares in the parent entity held during the financial year by each Director and other members of key management personnel of the group, including their personally related parties, is set out in the remuneration report.

Related party transactions

Transactions with related entities of the key management personnel are set out in note 30.

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company, and their related practices:

	Consolidated	
	2019	**2018**
	$'000	**$'000**
(i) Audit and other assurance services		
Audit and review of financial statements	**81**	78
(ii) Taxation services		
Tax compliance services	**15**	19
Total remuneration	**96**	97

Note 29. Contingent liabilities

The group had total facilities of $612,000 (2018: $498,000) with $612,000 used at reporting date (2018: $498,000) in respect of property guarantees.

Note 30. Commitments

Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities payable:		
Within one year	**2,954**	2,495
One to five years	**9,926**	7,285
More than five years	**1,139**	547
	14,019	10,327

Lease commitments – finance
As at 30 June 2019 and 30 June 2018 there were no commitments in relation to finance leases payable.

Other commitments
The group did not have any other contractual commitments for the acquisition of property, plant or equipment as at 30 June 2019 and 30 June 2018.

Note 31. Related party transactions

Parent entity

1300SMILES Limited is the parent entity.
The ultimate controlling entity is Dr Daryl Holmes who has a 62.13% (2018: 62.13%) interest in 1300SMILES Limited.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 27 and the remuneration report in the Directors' Report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2019 $'000	2018 $'000
Received for goods and services:		
Dental management services*	**60**	62
Payment for other expenses:		
Rental expense paid to related parties**	**829**	692

*The company received revenue of $60,383 (2018: $62,017) for dental management services from Golden Arch (Qld) Pty Ltd for services provided under a Dental Service Agreement.
**The group is party to the following agreements on normal commercial terms and conditions with the Managing Director, Dr Daryl Shane Holmes, or entities related to Dr Holmes: (1) Golden Arch Pty Limited ATF the Whistler Trust provides rental premises to an amount of $569,294 (2018: $442,815) (2) Ashbourne Park Pty Limited ATF Daryl Holmes Superannuation Fund provides rental and storage premises to an amount of $156,898 (2018: $141,299). (3) Three Islands Pty Ltd provides rental premises to an amount of $102,977 (2018: $107,983).

Included in operating lease commitments is $1,597,358 committed to Golden Arch Pty Ltd over a period of 6 years, and $529,163 committed to Three Island Pty Ltd over a period of 6 years, and $1,706,360 committed to Ashbourne Park Pty Limited over a period of 6 years.

During the year the group sold a parcel of financial assets – investments shares to DSH Super Fund at cost price totalling $942,565.

Loans to/from related parties

There were no loans to or from related parties at the reporting date other than the share loan of $208,470 to Natalie Duve.

Terms and conditions

All transactions between related parties were made on normal commercial terms and conditions and at market rates.

Note 32. Parent entity information

Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Balance Sheet		
Current assets	**3,829**	5,347
Total assets	**57,986**	48,406
Current liabilities	**4,296**	6,335
Total liabilities	**16,494**	9,413
Contributed equity	**15,501**	15,501
Retained earnings	**25,991**	23,492
	41,492	38,993
Profit or loss for the year (after tax)	**8,292**	7,884
Total comprehensive income	**8,292**	7,884

Guarantees entered into by the parent entity

The parent entity did not enter into guarantees in respect of bank loans or loans of subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities of the parent entity

The group had total facilities of $612,000 (2018: $498,000) with $612,000 used at reporting date (2018: $498,000) in respect of property guarantees.

Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any other contractual commitments for the acquisition of property, plant or equipment as at 30 June 2019 and 30 June 2018.

Note 33. Business combinations

During the year, the group acquired four practices.

The group acquired two dental practices in Springfield Lakes and Maroochydore (Queensland) on 12 March 2019. These practices were acquired via a share purchase of S. Souzani Dental Pty Ltd and Plaza Central Dentists Pty Ltd. Both entities are now 100% owned subsidiaries of the group.

The group acquired a dental practice in Strathpine (Queensland) on 28 March 2019.

The group acquired one dental practice in Noosa (Queensland) on 20 July 2018. The practice was acquired through the acquisition of 100% of the shares held in Valudent Pty Ltd. Valudent Pty Ltd is now a subsidiary of the group.

Note 33. Business combinations (continued)

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Noosa $'000	Springfield Lakes & Maroochydore $'000	Strathpine Central $'000	Total $'000
Purchase consideration:				
Cash paid	1	3,435	1,482	4,917
Cash payable / deferred consideration	-	1,665	-	1,665
Contingent consideration	-	1,427	-	1,427
Total purchase consideration	1	5,100	1,482	6,583

Assets and liabilities recognised as a result of the acquisition are as follows:

	Noosa Fair Value $'000	Springfield Lakes & Maroochydore Fair Value $'000	Strathpine Central Fair Value $'000	Total Fair Value $'000
Liabilities assumed	(720)	-	(84)	(804)
Property, plant and equipment	450	1,600	530	2,580
Goodwill – provisional	271	3,500	1,036	4,806
Net assets acquired	1	5,100	1,482	6,583

Goodwill has arisen from customer relationships that do not meet the definition of an identifiable intangible asset at the date of acquisition and synergies expected to be achieved from integrating the back office processing of the acquired practices with the existing business of 1300SMILES Limited. None of the goodwill is expected to be deductible for tax purposes. At the end of the current year there have been no adjustments to this balance of goodwill.

Acquisition-related costs

During the current year there are $30,000 (2018: $31,333) acquisition-related costs that are included in operating expenses in profit or loss and in operating cash flows in the statement of cash flows.

Note 34. Fair value measurement

This section explains the judgements and estimates made in determining the fair values of the financial instruments and investment property that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards.

AASB13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;

Note 34. Fair value measurement (continued)

Level 3: Inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the group's financial assets, investment property and financial liabilities measured and recognised at fair value at 30 June 2019 and 30 June 2018 on a recurring basis.

		Consolidated	
		Level 1	Level 1
		2019	2018
	Note	$'000	$'000
Financial assets			
Financial assets - investments	16	**208**	-

		Consolidated	
		Level 2	Level 2
		2019	2018
	Note	$'000	$'000
Other assets			
Investment property	18	**1,625**	-

		Consolidated	
		Level 3	Level 3
		2019	2018
	Note	$'000	$'000
Other liabilities			
Contingent consideration payable	23	**2,225**	660

There were no transfers between levels 1, 2 or 3 for recurring fair value measurements during the year.

The group did not measure any financial assets or financial liabilities on a non-recurring basis as at 30 June 2019.

Financial assets - investments are a level 1 financial instrument, which arose from the purchase of shares of two similar companies in the dental industry.

The investment property is a level 2 fair value asset which arose from the initial acquisition and revaluation of 361 Flinders Street, Townsville. Judgement was involved in the determination of the fair value attributed to the portion of 361 Flinders Street, Townsville which related to investment property as opposed to the owner occupied portion. Management used rental returns and the original premises acquisition cost as evidence in allocating the fair value.

The contingent consideration liability is a level 3 financial instrument, which arose from the acquisition of the orthodontic dental practices in New South Wales and more recently the acquisition of two dental practices in South East Queensland. Expected cash flows are estimated on the terms of the sale contract (see note 33) and the group's knowledge of the business and how the current economic environment is likely to impact it. The fair value of contingent consideration payable is analysed at the end of each reporting period.

Note 35. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Equity holding 2019 %	Equity holding 2018 %
1300SMILES (BOH Dental) Pty Ltd	Australia	**100**	100
Valudent Pty Ltd	Australia	**100**	-
S. Souzani Dental Pty Ltd	Australia	**100**	-
Plaza Central Dentists Pty Ltd	Australia	**100**	-

Note 36. Cash Flow Information

(a) Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2019 $'000	Consolidated 2018 $'000
Profit after income tax expense for the year	**7,772**	7,633
Adjustments for:		
Share of (profits)/losses of associates not received as dividends	**-**	(21)
Gain on sale – fixed assets	**(400)**	(260)
Fair value gain – investment property	**(1,170)**	-
Depreciation and amortisation	**2,268**	2,308
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**663**	(490)
(Increase)/decrease in other assets	**66**	219
Increase/(decrease) in trade and other payables	**(2,307)**	406
Increase /(decrease) in deferred tax liabilities	**331**	(67)
Increase/(decrease) in current tax payable	**(309)**	462
Increase/(decrease) in other provisions	**(9)**	216
Net cash inflows from operating activities	**6,905**	10,406

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year.

Net debt

	2019	2018
Cash and cash equivalents	**634**	2,295
Liquid investments	**208**	-
Borrowings – repayable within one year	**-**	-
Borrowings – repayable after one year	**(9,200)**	(1,951)
	(8,358)	344

Note 36. Cash Flow Information (continued)

Cash and liquid investments	**842**	2,295
Gross debt – fixed interest rate	**-**	-
Gross debt – variable interest rate	**(9,200)**	(1,951)
Net debt	**(8,358)**	344

	Cash and cash equivalents $'000	Liquid investments $'000	Borrowings due within 1 year $'000	Borrowings due after 1 year $'000	Total $'000
Net debt as at 30 June 2018	2,295	-	-	(1,951)	344
Cash flows	(1,661)	208	-	(7,249)	(8,702)
Foreign exchange adjustments	-	-	-	-	-
Other non-cash movements	-	-	-	-	-
Net debt as at 30 June 2019	**634**	**208**	**-**	**(9,200)**	**(8,358)**

Note 37. Subsequent events

A fully franked final dividend of 12.5 cents per share has been declared and is payable on 16 September 2019.

On 27 June 2019, the group entered into a new multi-option loan facility agreement with the Commonwealth Bank of Australia. The loan facility was settled on 2 August 2019 with transfer of securities occurring on this date. The details of the loan facility included:

- Total loan facility is for $25 million and a $25 million accordion facility
- Interest terms vary according to the net leverage ratio, with the current rate at 2.81%
- Security for the loan facility consists of first ranking general security interest over all assets and undertakings of 1300SMILES Ltd and 1300SMILES (BOH Dental) Pty Ltd, and a cross guarantee and indemnity between 1300SMILES Ltd and 1300SMILES (BOH Dental) Pty Ltd
- Debt covenants include:
  - Debt leverage ratio not greater than 2.75x
  - Fixed interest charge cover ratio must not fall below 1.80x
- The termination date of the loan facility is 2 August 2022

Apart from the matters mentioned above, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Directors’ declaration

30 June 2019

In the Directors' opinion:

a) the financial statements and notes set out on pages 24 to 62 are in accordance with the *Corporations Act 2001*, including:
   i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the consolidated entity’s financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declaration by the Managing Director and finance team leader as required by section 295A of the *Corporations Act 2001*.

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

Dr Daryl Holmes OBE
Managing Director

Townsville
15 August 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 1300SMILES LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of 1300SMILES Limited (the company), which comprises the consolidated balance sheet as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 company and 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.

In our opinion, the financial report of 1300SMILES Limited 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 2019 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the consolidated entity in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matters below, our description of how our audit addressed these matters is provided in that context.

1. Carrying amount of intangible assets - goodwill

Why significant	How our audit addressed the key audit matter
As at 30 June 2019 the carrying value of goodwill was \$30,357,000 (2018: \$25,551,000), as disclosed in Note 19. The consolidated entity's accounting policy in respect of goodwill is outlined in Note 2. Goodwill is recognised on the acquisition of practises. The carrying amount of intangible assets - goodwill is a key audit matter due to: • the significance of the balance (being 53% of total assets); and • the level of judgement applied in evaluating management's assessment of impairment. As outlined in Notes 3 and 19, management assessed the carrying amount of goodwill through impairment testing utilising a value in use model in which significant judgements are applied in determining key assumptions. These assumptions include the assessment of future earnings before interest and tax growth expected to be achieved, as well as the weighted average cost of capital. The judgements made in determining the underlying assumptions in the model have a significant impact on the carrying amount of goodwill, and accordingly the amount of any impairment charge, to be recorded in the current financial year.	In assessing this key audit matter, we involved senior audit team members who understand the dental services industry. Our audit procedures included, amongst others: • evaluating management's methodology for determining the carrying amount of intangible assets by comparing the value in use model with generally accepted valuation methodology and accounting standard requirements; • conducting sensitivity analysis on key assumptions such as weighted average cost of capital (WACC) and growth rates, within reasonable foreseeable ranges, in which we found that value in use remained in excess of the carrying value of net assets of each cash-generating unit ('CGU'); • challenging the key assumptions used in management's value in use model by: - assessing growth rates set by management in comparison to historical results - evaluating the WACC rate set by management in comparison to market and industry information available • assessing the appropriateness of the related disclosures in Note 19.

2. Business combinations – including allocation of goodwill

Why significant

During the year, the group acquired the following dental practices:

- Noosa;
- Strathpine; and
- Springfield Lakes and Maroochydore

As disclosed in Note 33, as part of the business combination transactions, the Group recognised the following total amounts of goodwill

- Goodwill of $4,806,000

Business combinations – including allocation of goodwill is a key audit matter due to:

- significant audit effort required to test the group's acquisitions of 4 practices during the year; and
- the level of judgement applied in evaluating management's assessment of goodwill allocated in the purchase.

How our audit addressed the key audit matter

In assessing this key audit matter our work included, but was not limited to, the following procedures:

- review of purchase documentation including contracts and business sale agreements;
- obtaining a detailed understanding of the acquired businesses;
- assessing the appropriateness of the valuation methodology of the assets acquired;
- reviewing management's fair value assessment of the assets and liabilities acquired;
- reviewing management's assessment of the fair value of the consideration paid and the recognition of any deferred consideration upon the acquisition date;
- assessment of management's goodwill allocation as part of each practice acquisition; and
- assessing the appropriateness of the disclosures in relation to both the business combination and intangible assets acquired included in Notes 2, 19 & 33

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities 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 2, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

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 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 entity'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 entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019. 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 1300SMILES Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

PKF

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

15 AUGUST 2019
BRISBANE, AUSTRALIA

Shareholder information
30 June 2019

The shareholder information set out below was applicable as at 30 June 2019.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	920
1,001 to 5,000	496
5,001 to 10,000	94
10,001 to 50,000	73
50,001 to 100,000	6
100,001 and over	12
	1,601
Holding less than a marketable parcel	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Number held	Ordinary shares % of total shares issued
Dr Daryl Holmes	14,116,837	59.75%
JP Morgan Nominees Australia Ltd	1,991,078	8.43%
Evelin Investments Pty Ltd	980,000	4.15%
Ashbourne Park Pty Ltd	550,702	2.33%
Dr Russell Kay Hancock	500,000	2.12%
Citicorp Nominees Pty Ltd	431,794	1.83%
Upper Avalon Pty Ltd	298,000	1.26%
B P J Investments Pty Ltd	200,000	0.85%
Mr Kevin John Holmes + Mrs Janita Dawn Holmes	175,633	0.74%
HSBC Custody Nominees	155,863	0.66%
BNP Paribas Nominees Pty Ltd	143,168	0.61%
Mr Kent Gush	101,364	0.43%
Gang-Gang Pty Ltd	78,875	0.33%
Mr Bradley John Holmes + Mrs Seiko Holmes	71,932	0.30%
Mr David Solomons	54,306	0.23%
Nigel’s Investments Pty Ltd	52,435	0.22%
ANCAM Pty Ltd	50,000	0.21%
Mr Keith Sorrentino	45,390	0.19%
Tomman (NQ) Pty Ltd	45,000	0.19%
Golden Arch (QLD) Pty Ltd	41,140	0.19%
	20,086,567	85.0%

There are no unquoted equity securities.

Shareholder information

30 June 2019

Substantial holders

Substantial holders in the Company are set out below:

	Number held	Ordinary shares % of total shares issued
Dr Daryl Holmes*	14,711,729	62.13%

*Dr Daryl Holmes shareholding is held in his personal name and in the name of other related parties

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

Shares held under voluntary escrow, by escrow expiry date, comprise:

	2019	2020	2021	2022	2023
January					
February					
March					
April					
May					
June	2,170	2,170	2,170	2,169	-
July					
August					
September	64,929	64,929	64,929	64,929	64,929
October					
November					
December					
Annual total	67,099	67,099	67,099	67,098	64,929
Overall total					333,324

Corporate directory

Directors

Robert Jones, Chairman
Dr Daryl Holmes, Managing Director
Evonne Collier, Non-Executive Director
Jason Smith, Non-Executive Director

Company secretary

Patrick Wyatt

Registered office and principal business office

1300SMILES Limited
Ground Floor
105 Denham Street
Townsville QLD 4810
T: + 61 7 4720 1300
F: + 61 7 4771 5217
W: www.1300SMILES.com.au

Auditor

PKF Brisbane Audit
Level 6, 10 Eagle Street
GPO Box 1568
Brisbane QLD 4000

Country of incorporation

Australia

Stock exchange listing

Australian Securities Exchange Limited
ASX Code: ONT

Australian business number (ABN)

91 094 508 166

Share register

Computershare Limited
117 Victoria Street
West End QLD 4001
W: www.computershare.com/au

Legal advisers

Thomson Geer Lawyers
Level 16 Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Broadley Rees Hogan
24/111 Eagle Street
Brisbane QLD 4000

Wilson Ryan Grose Lawyers
51 Sturt Street
Townsville QLD 4810

1300 SMILES Dentists

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