



ABN 27 621 105 824
ACN 621 105 824

ASX announcement
30 April 2019

Appendix 4C quarterly cashflow report and business update

Smiles Inclusive Limited (ASX: **SIL**) has released its Appendix 4C quarterly cashflow report and provides the following update on trading for the three months ending 31 March 2019.

Chief Executive Officer Tony McCormack said “the turnaround plan is underway and the Company is working with its senior lender on its turnaround plan implementation”.

Cashflow report

Cash inflows from Q3 operating activities of \$11.3 million were \$0.8 million or 7% lower than Q2 inflows due to the seasonality associated with the post-Christmas period which is standard in the industry.

Cash outflows from operating activities of \$12.9 million for the quarter were \$0.3 million or 2% higher than Q2 outflows due to reductions in working capital.

Net cash outflows for the quarter ended 31 March 2019 were \$0.4 million, with cash at bank decreasing from \$1.0 million at 31 December to \$0.6 million at 31 March. Net operating outflows of \$1.9 million were offset by net cash inflows from investing and financing activities of \$1.5 million.

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For further information please contact:

Tony McCormack, Chief Executive Officer

[M +61 409 201 577](tel:+61409201577)

[E tony.mccormack@totallysmiles.com.au](mailto:tony.mccormack@totallysmiles.com.au)

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

Smiles Inclusive Limited

ABN

27 621 105 824

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers ¹	11,320	34,815
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs ¹	(6,342)	(21,312)
(c) advertising and marketing	(107)	(690)
(d) leased assets	-	-
(e) staff costs	(5,324)	(13,749)
(f) administration and corporate costs	(1,145)	(3,293)
1.3 Dividends received (see note 3)		-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	(312)	(850)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (stamp duty on acquisitions)	-	(1,498)
1.9 Net cash from / (used in) operating activities	(1,910)	(6,574)

¹ Following completion of the 6-month auditors review to 31 December, the treatment of a non-cash item was identified, and a re-allocation was made between receipts from customers and payments to suppliers of \$1.2m. This has been reflected in the above year to date numbers.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(264)	(1,081)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	5	(2,749)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	228	1,995
	(b) businesses (see item 10)		
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	(63)
2.6	Net cash from / (used in) investing activities	(31)	(1,898)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	1,809	7,559
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(241)	(455)
3.10	Net cash from / (used in) financing activities	1,568	7,104

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,014	2,009
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,910)	(6,574)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(31)	(1,898)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,568	7,104

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	641	641

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	641	641
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	641	641

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
186
-

6.1 includes salary & wages, superannuation and directors fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	34,000	16,225
8.2 Credit standby arrangements	-	-
8.3 Other	2,700	904
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facilities remain with National Australia Bank and are broken down as follows:

Senior debt and acquisition facility – to provide funding for acquisitions

Working Capital Facility – to assist with day to day working capital requirements

Multi-Option Facility – corporate credit card and bank guarantee facilities

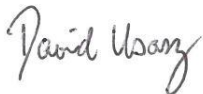
Interest rate at 31 March 2019 was 5.07%.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(6,000)
9.3 Advertising and marketing	(200)
9.4 Leased assets	-
9.5 Staff costs	(4,800)
9.6 Administration and corporate costs	(1,200)
9.7 Other	(500)
9.8 Total estimated cash outflows	(12,700)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	n/a	n/a
10.2 Place of incorporation or registration	n/a	n/a
10.3 Consideration for acquisition or disposal	n/a	n/a
10.4 Total net assets	n/a	n/a
10.5 Nature of business	n/a	n/a

Compliance statement

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



30 April 2019

Sign here:
(Director/~~Company secretary~~)

Date:

David Usasz

Print name:

Notes

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