

Pacific Smiles Group Limited (ASX: PSQ)

Appendix 4D

Results for Announcement to the Market

Reporting period: Half year ended 31 December 2019

Previous corresponding period: Half year ended 31 December 2018

Statutory Financial Results	31 Dec 19	31 Dec 18	Movement up/(down)	
	\$'000	\$'000	\$'000	%
Revenue from ordinary activities	67,852	59,789	8,063	13.5%
Profit from ordinary activities after tax attributable to members	4,068	4,175	(107)	(2.6%)
Net profit attributable to members	4,068	4,175	(107)	(2.6%)
Earnings per share (basic and diluted) - cents per share	2.7	2.7	-	-
Underlying Financial Results	31 Dec 19	31 Dec 18	Movement up/(down)	
	\$'000	\$'000	\$'000	%
Revenue from ordinary activities	68,252	59,789	8,463	14.2%
Profit from ordinary activities after tax attributable to members	4,618	4,522	96	2.1%
Net profit attributable to members	4,618	4,522	96	2.1%
Earnings per share (basic and diluted) - cents per share	3.0	3.0	-	-

Reconciliation from Statutory to Underlying Financial Results	31 Dec 19	31 Dec 18	Movement up/(down)	
	\$'000	\$'000	\$'000	%
Statutory net profit after tax	4,068	4,175	(107)	(2.6%)
Severance and HR consultancy expense	92	475		
Centre relocation costs	107	-		
Non-scheduled IT outage	500	-		
Executive LTI plan expense	87	34		
Lease adjustments	-	(39)		
Income tax effect of adjustments	(236)	(123)		
Underlying net profit after tax	4,618	4,522	96	2.1%

For further explanation of the statutory figures above refer to the accompanying Interim Report for the half year ended 31 December 2019, which includes the Directors' Report.

The Interim Results Presentation released in conjunction with this Results Announcement provides further analysis of the results for the half year ended 31 December 2019.

Dividends	Amount per security (cps)	Franked amount
<u>Dividends paid</u>		
FY 2019 final dividend - paid 4 October 2019	3.50	100%
<u>Dividends declared</u>		
FY 2020 interim dividend declared	2.40	100%
Record date for determining entitlements to the dividend		19 March 2020
Date dividend payable		3 April 2020

The Company does not currently offer a dividend reinvestment plan.

Net Tangible Assets Per Security	31 Dec 19 Cents	31 Dec 18 Cents	Movement up/(down) Cents %	
Net tangible assets per ordinary security	16.57	19.30	(2.73)	(14.1%)

Independent Review by Auditor

The financial statements were reviewed by the auditor and the review report is attached as part of the Interim Report.

Joint Ventures, Foreign Entities and Control Gained or Lost Over Entities

Not applicable during the period of the previous corresponding period.

Belinda Cleminson
Company Secretary
Pacific Smiles Group Limited

Date: 19 February 2020



Pacific Smiles Group Limited
ABN 42 103 087 449

Interim Report

31 December 2019

Pacific Smiles Group Limited
Interim Report
31 December 2019

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Pacific Smiles Group Limited
Directors' Report
31 December 2019

Your directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Pacific Smiles Group Limited ("the Company") and the entities it controlled during the half year ended 31 December 2019.

Directors

The following persons were directors of Pacific Smiles Group Limited during the whole of the half year and up to the date of this report:

Mr Robert Cameron AO
Mr Phil McKenzie
Dr Alex Abrahams
Mr Mark Bloom (appointed 18 October 2019)
Mr Hilton Brett
Mr Ben Gisz
Ms Zita Peach
Mr Simon Rutherford

Subsequent to the Board meeting of 19 February 2020 Zita Peach has assumed the role of Chair and Robert Cameron AO is retiring from the Board. Mr Cameron was the foundation Chairman and has overseen the growth and success of the Company over the last 17 years.

Principal Activities

Pacific Smiles Group principally operates dental centres at which independent dentists practice and provide clinical treatments and services to patients. Revenues and profits are primarily derived from fees charged to dentists for the provision of these fully serviced dental facilities.

Review of Operations

The Group's underlying earnings before interest, tax, depreciation and amortisation (EBITDA), excluding the impact of AASB 16, was \$12.882 million. This is an increase of 15.0% over the comparative half year period (2018: \$11.205 million), reflecting the growth delivered by the increasing network of dental centres.

Underlying EBITDA was \$18.637 million after taking into account changes in reporting required by the new AASB 16, which is disclosed further in note 1b. The new standard resulted in the Group recognising depreciation and interest costs, rather than operating lease expenses. During the six months ended 31 December 2019, the Group recognised \$4.536 million of depreciation charges, \$1.404 million of interest costs from these leases payable, and \$0.150 million of interest income from leases receivable. AASB 16 had an insignificant impact on net profit after tax (NPAT).

Patient fees generated by dental practitioners operating at the Groups dental centres grew in the half, resulting in statutory revenue increasing by 13.5% to \$67.852 million. Growth in patient fees is driven by the combination of growth from existing dental centres (with same centre patient fees growth of 9.4%), and centres opened from January 2019.

The Group achieved an underlying NPAT of \$4.618 million for the half year ended 31 December 2019, an increase of 2.1% over the comparative half year period (2018: \$4.552 million). This result adjusts for the impacts of relocating Salamander Bay centre, a non-scheduled IT outage, while both years were impacted by one-off severance costs.

The Group statutory NPAT of \$4.068 million for the half year ended 31 December 2019, a decrease of \$0.107 million over the comparative half year period (2018: \$4.175 million).

Pacific Smiles Group Limited
Directors' Report
31 December 2019

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 4.

Rounding of Amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Pursuant to this instrument, amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Subsequent Event

The next tranche of performance rights under the long term incentive plan have been approved to be issued on the 11th February 2020.

Subsequent to the end of the half year, the Directors declared an interim dividend of 2.4 cents per share in relation to the year ending 30 June 2020. The dividend, which totals \$3.648 million will be paid in April 2020.

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



Robert Cameron AO
Chairman

Greenhills

19 February 2020

Auditor's Independence Declaration



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Pacific Smiles Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Pacific Smiles Group Limited for the half-year ended 31 December 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Sarah Cain

Sarah Cain

Partner

Sydney

19 February 2020

Pacific Smiles Group Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2019

	Note	Half year ended	
		31 Dec 2019 \$'000	31 Dec 2018 \$'000
Revenue		67,852	59,789
Other income		457	598
Expenses			
Direct expenses		(6,091)	(5,686)
Consumable supplies expenses		(5,204)	(4,724)
Employee expenses		(29,985)	(25,540)
Occupancy expenses		(1,379)	(6,489)
Marketing expenses		(1,063)	(1,103)
Administration and other expenses		(6,736)	(6,110)
Depreciation and amortisation expense		(9,821)	(4,431)
Net finance costs		(1,748)	(314)
Profit before income tax		6,282	5,990
Income tax expense	3	(2,214)	(1,815)
Profit for the period		4,068	4,175
Other comprehensive income		-	-
Total comprehensive income for the period		4,068	4,175
		Cents	Cents
Earnings per share			
Basic earnings per share	7	2.7	2.7
Diluted earnings per share	7	2.7	2.7

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Pacific Smiles Group Limited
Consolidated Balance Sheet
As at 31 December 2019

	Note	31 Dec 2019 \$'000	30 Jun 2019 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		10,279	6,951
Receivables		1,725	1,087
Inventories		3,792	3,672
Other		924	554
Total Current Assets		<u>16,720</u>	<u>12,264</u>
Non-Current Assets			
Receivables		400	-
Property, plant and equipment		108,471	54,642
Intangible assets		10,921	10,939
Deferred tax assets		7,959	6,008
Total Non-Current Assets		<u>127,751</u>	<u>71,589</u>
Total Assets		<u>144,471</u>	<u>83,853</u>
LIABILITIES			
Current Liabilities			
Payables		14,503	12,485
Lease liabilities		9,524	-
Current tax payable		1,344	1,385
Provisions		4,082	3,771
Total Current Liabilities		<u>29,453</u>	<u>17,641</u>
Non-Current Liabilities			
Lease liabilities		55,222	-
Borrowings		20,500	17,000
Provisions		3,190	8,130
Total Non-Current Liabilities		<u>78,912</u>	<u>25,130</u>
Total Liabilities		<u>108,365</u>	<u>42,771</u>
Net Assets		<u>36,106</u>	<u>41,082</u>
EQUITY			
Contributed equity	6	35,053	35,053
Reserves		266	180
Retained profits		787	5,849
Total Equity		<u>36,106</u>	<u>41,082</u>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Pacific Smiles Group Limited
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2019

	Note	Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Consolidated Balance at 1 July 2018		35,053	277	6,548	41,878
Total comprehensive income for the half year		-	-	4,175	4,175
Transactions with owners of the Company, recognised directly in equity:					
Dividends provided for or paid	4(a)	-	-	(5,776)	(5,776)
Share based payments – performance rights	8	-	34	-	34
		-	34	(5,776)	(5,742)
Consolidated Balance at 31 December 2018		35,053	311	4,947	40,311
Consolidated Balance at 1 July 2019		35,053	180	5,849	41,082
Adjustment on initial application of AASB 16 (net of tax)		-	-	(3,810)	(3,810)
Adjusted balance at 1 July 2019		35,053	180	2,039	37,272
Total comprehensive income for the half year		-	-	4,068	4,068
Transactions with owners of the Company, recognised directly in equity:					
Dividends provided for or paid	4(a)	-	-	(5,320)	(5,320)
Share based payments – performance rights	8	-	86	-	86
		-	86	(5,320)	(5,234)
Consolidated Balance at 31 December 2019		35,053	266	787	36,106

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Pacific Smiles Group Limited
Consolidated Statement of Cash Flows
For the half year ended 31 December 2019

	Note	Half year ended	
		31 Dec 2019	31 Dec 2018
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		74,819	66,085
Payments to suppliers and employees		(54,784)	(54,621)
		<u>20,035</u>	<u>11,464</u>
Interest received		32	14
Interest and finance costs paid		(1,780)	(328)
Income taxes paid		(2,573)	(2,968)
Net cash inflow from operating activities		<u>15,714</u>	<u>8,182</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(6,901)	(7,146)
Proceeds from disposal of property, plant and equipment		12	41
Lease payments received from finance leases *		176	-
Net cash outflow from investing activities		<u>(6,713)</u>	<u>(7,105)</u>
Cash flows from financing activities			
Proceeds from borrowings		3,500	4,000
Payment of lease liabilities *		(3,853)	-
Dividends paid	4(a)	(5,320)	(5,776)
Net cash outflow from financing activities		<u>(5,673)</u>	<u>(1,776)</u>
Net increase/(decrease) in cash and cash equivalents		<u>3,328</u>	<u>(699)</u>
Cash and cash equivalents at 1 July		6,951	6,683
Cash and cash equivalents as at 31 December		<u>10,279</u>	<u>5,984</u>

* The Group has initially applied AASB 16 at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Pacific Smiles Group Limited
Notes to the Condensed Consolidated Financial Statements
31 December 2019

1. Summary of Significant Accounting Policies

(a) Statement of compliance

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2019 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Pacific Smiles Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(b) Basis of preparation

These 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. Cost is based on the fair value of consideration given in exchange for assets.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Pursuant to this instrument, amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

New Accounting Standards and Accounting Interpretations adopted

The Group has adopted all of the new and revised standards issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new and revised standards that are not yet mandatory have not been early adopted. The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various services are set out below.

(i) Initial adoption of AASB 16 Leases

AASB 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing the right to use the underlying asset and a lease liability representing the lease payment obligations. Leases that are short term and low value are exempt under the standard and continue to be accounted for as an operating lease.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group recognised new assets and liabilities for its operating leases of dental centres. The nature of expenses related to those leases has changed because the Group will recognise a depreciation charge for right of use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight line basis over the term of the lease

At 1 July 2019, the Group recognised a net post tax reduction in retained earnings for \$3.810 million represented by the following:

- A right of use asset for \$54.187 million for former operating leases;
- A \$64.794 million lease liability related to the same operating leases;
- Derecognition of \$5.419 million in lease provisions existing at 30 June 2019 due to the write back of straight-line lease liability;
- Derecognition of \$1.200 million in assets existing at 30 June 2019 due to a reduction in existing make good assets;
- A lease receivable of \$0.942 million relating to sub leases which have been classified as finance leases; and
- A net increase in deferred tax assets of \$1.633 million due to the above adjustments.

Pacific Smiles Group Limited
Notes to the Condensed Consolidated Financial Statements
31 December 2019

1. Summary of Significant Accounting Policies (continued)

(i) Initial adoption of AASB 16 Leases (continued)

As a result of initially applying AASB 16, in relation to leases, both head-leases and sub-leases, that were previously classified as operating leases, the Group recognised \$53.533 million of right-of-use assets and \$64.747 million of lease liabilities as at 31 December 2019.

Also in relation to those leases under AASB 16, the Group has recognised depreciation and interest costs, instead of operating lease expenses. During the six months ended 31 December 2019, the Group recognised \$4.536 million of depreciation charges, \$1.404 million of interest costs from these leases payable, and \$0.015 million of interest income from leases receivable.

New Accounting Standards and Accounting Interpretations not yet mandatory or early adopted

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

(c) Financial risk management

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows to ensure sufficient liquidity is always available to meet liability obligations as they fall due. The Group's balance sheet shows an excess of current liabilities over current assets at balance date of \$12,733,000. Liabilities have been classified as current where it is probable that they will be settled within twelve months or if there is a contractual obligation that may require settlement within twelve months, regardless of how likely settlement under contractual arrangements is judged to be. The Group's current assets, available financing facilities, and ongoing positive operating cash flows continue to be sufficient to satisfy all payment obligations within the timeframes required.

2. Segment Information

The Group's activities are within the dental sector. The Group's activities are located throughout Eastern Australia. The financial results from this segment are consistent with the financial statements for the Group as a whole.

3. Income Tax Expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The effective tax rate applicable for the half year to 31 December 2019 is 30% (2018: 30%).

4. Dividends

(a) Dividends paid during the half year:

Final dividend for the year ended 30 June 2019 of 3.50 cents
(2018 – 3.80 cents) per share, fully franked

	Half year ended	
	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
	5,320	5,776

(b) Dividends declared but not recognised at the end of the half year:

Since the end of the half year, the Directors have declared an interim dividend of 2.40 cents (2018: 2.30 cents) per share, fully franked.

	3,648	3,496
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The interim dividend declared is expected to be paid in April 2020.

Pacific Smiles Group Limited
Notes to the Condensed Consolidated Financial Statements
31 December 2019

	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
5. Financing Arrangements		
Access was available at balance date to the following lines of credit:		
Total bank borrowings facilities	34,600	24,500
Used at balance date	(23,462)	(19,962)
Unused at balance date *	11,138	4,538

Covenants attaching to bank borrowings were complied with during the half year.

* Includes bank guarantees of \$2.962 million (June 2019: \$2.962 million).

Security

Bank bills, bank loans and asset finance provided by the bank are secured by registered equitable mortgage over the whole of the assets and undertakings of the Group, including uncalled capital and inter-entity guarantees.

Fair Value

The fair value of financial assets and liabilities held by the Group approximate the individual carrying values of those assets and liabilities.

	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
6. Contributed Equity		
Ordinary shares – fully paid	35,053	35,053

	31 Dec 2019	30 Jun 2019
Number of ordinary shares - fully paid	151,993,395	151,993,395

	Half year ended	
	31 Dec 2019	31 Dec 2018
	\$'000	\$'000

7. Earnings Per Share

Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share

	4,068	4,175
	Shares	Shares

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share

	151,993,395	151,993,395
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	Cents	Cents
Basic earnings per share	2.7	2.7
Diluted earnings per share	2.7	2.7

Pacific Smiles Group Limited
Notes to the Condensed Consolidated Financial Statements
31 December 2019

7. Earnings Per Share (continued)

Information Concerning the Classification of Shares

Performance rights granted to employees under the Company's long term incentive plan are considered to be potential ordinary shares and are only included in the determination of diluted earnings per share to the extent to which they are dilutive. The total performance rights granted are not included in the calculation of diluted earnings per share because they are contingently issuable ordinary shares and conditions were not satisfied at 31 December 2019. These performance rights could potentially dilute basic earnings per share in the future.

8. Share Based Payments

(a) Long Term Incentive Plan Overview

The Company has a long term incentive (LTI) plan to assist in the motivation, retention and reward of senior management. The LTI plan is designed to align the interests of senior management more closely with the interests of shareholders by providing an opportunity for senior management to receive an equity interest in the Company through the granting of performance rights.

(b) Fair Value of Performance Rights Granted

The fair values at grant dates have been determined via a pricing model which uses a Monte Carlo simulation, and takes into account the term of the right, the share price at grant date, exercise price, expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the right.

Grant date	Balance at 1 July 2019	Granted	Forfeited, lapsed or vested	Balance at 31 Dec 2019
30 November 2015	1,225,000	-	-	1,225,000
30 November 2016	1,700,000	-	-	1,700,000
1 December 2017	1,600,000	-	-	1,600,000
4 March 2019	3,026,000	-	-	3,026,000
Total	7,551,000	-	-	7,551,000

Pacific Smiles Group Limited
Notes to the Condensed Consolidated Financial Statements
31 December 2019

9. Related Party Transactions

Other than remuneration for their positions as directors and executives of the Company, key management personnel or entities related to them entered into a number of transactions with the Company. Information on these transactions is set out below.

Key management personnel or their related parties held shares in the Company during the half years ended 31 December 2019 and 2018, and as such, participated in dividends.

Bislab Pty Limited ATF the Canyon Property Trust, an entity related to Alex Abrahams and Simon Rutherford, leased business premises to the Company during the half years ended 31 December 2019 and 2018 on normal commercial terms and conditions.

Exandal Investments, an entity related to Alex Abrahams and Alison Hughes, leased business premises to the Company during the half years ended 31 December 2019 and 2018 on normal commercial terms and conditions.

88 Park Avenue Pty Limited ATF the Key Health Unit Trust, an entity related to Alex Abrahams, leased business premises to the Company during the half years ended 31 December 2019 and 2018 on normal commercial terms and conditions.

The Company received fees for the provision of services to Alex Abrahams during the half year ended 31 December 2018 under normal terms and conditions of dental service and facility agreements.

The Company paid fees for clinical consultancy services to Whitesail Pty Limited ATF The Whitesail Trust during the half year ended 31 December 2018. The entity is related to Alex Abrahams, fees were based on an agreement approved by the Board and reflecting normal commercial terms and conditions.

The aggregate amounts of each of the above types of transactions were:

	Half year ended	
	31 Dec 2019	31 Dec 2018
	\$	\$
Dividends paid	2,044,919	2,527,737
Revenues from rendering services	-	2,405
Rental expenses	217,502	436,902
Consultancy expenses	-	41,000

10. Subsequent Event

The next tranche of performance rights under the long term incentive plan have been approved to be issued on the 11th February 2020.

Pacific Smiles Group Limited
Directors' Declaration
31 December 2019

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 13 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half 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.

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



Robert Cameron AO
Chairman

Greenhills

19 February 2020



Independent Auditor's Review Report

To the shareholders of Pacific Smiles Group Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Pacific Smiles Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Pacific Smiles Group Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2019 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated balance sheet as at 31 December 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 3 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Pacific Smiles Group Limited (the Company) and the entities it controlled at the Half-year end or from time to time during the Half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Independent Auditor's Report



Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Pacific Smiles Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

KPMG

KPMG

Sarallain

Sarah Cain

Partner

Sydney

19 February 2020

Pacific Smiles Group Limited Corporate Directory

Principal Registered Office

Level 1, 6 Molly Morgan Drive
Greenhills NSW 2323

T: 02 4930 2000

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W: www.pacificsmilesgroup.com.au

Directors

Robert Cameron AO
Non-executive Chairman

Phil McKenzie
Managing Director and Chief Executive Officer

Dr Alex Abrahams
Non-executive Director

Mark Bloom
Non-executive Director

Hilton Brett
Non-executive Director

Ben Gisz
Non-executive Director

Zita Peach
Non-executive Director

Simon Rutherford
Non-executive Director

Company Secretary

Mark Licciardo and Belinda Cleminson

Auditor

KPMG
Tower Three, 300 Barangaroo Avenue
Sydney NSW 2000

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235
T: 1300 554 474
F: 02 9287 0303
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Stock Exchange Listing

Pacific Smiles Group Limited shares are listed on the Australian Securities Exchange under the code "PSQ".