

Gold Coast business: Gold Coast dental rollup Smiles Inclusive prevented from issuing specific prospectus ahead of capital raising

UPDATE: Under-siege Gold Coast dental group Smiles Inclusive is in the firing line again - this time for an upcoming prospectus for a capital raising.

Alister Thomson, Business Editor, Gold Coast Bulletin

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THE hits just keep coming for embattled Gold Coast-based dental group Smiles Inclusive.

The company had its shares suspended from trading on the ASX in March after it failed to deliver its first-half results for FY20.

Then in September corporate regulator ASIC served it with documents filed in the Magistrates Court seeking orders for its half-year accounts in line with the Corporations Act.

The latest development on Tuesday involved ASIC intervening to ensure the company releases comprehensive information on its financial position when raising capital.

ASIC restricted the company from issuing what was called a “reduced-content prospectus” to raise new funds because of its failure to lodge the half-year results.



Smiles Inclusive Chairman David Asasz.

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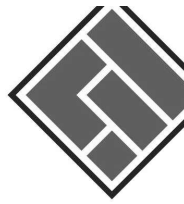
Smiles previously flagged plans to raise \$8 million from investors fully underwritten by Aitken Murray Capital Partners by December.

The plan was conditional on AMCP accepting the prospectus.

ASIC said the ability to issue the reduced-content prospectus, described as containing information relating only to the particular offer itself, was a privilege and not a right.

“Where a company fails to comply with its periodic disclosure obligations in a full, accurate and timely manner, ASIC will intervene to ensure that retail investors are protected,” the regulator said in a statement.

“In such circumstances, subsequent fundraisings should occur only with the benefit of a full prospectus so that there is adequate disclosure of a company’s prospects and financial position.”



ASIC



ASIC is taking court action against Smiles Inclusive.

A Smiles spokesman said: “Smiles Inclusive can proceed with the planned capital raising on the basis of working with the regulators and releasing a more detailed prospectus.”

The development followed former dentists at the company – Dr John Camacho, Dr Philip Makepeace and Dr Arthur Walsh – cancelling a planned meeting where they were seeking to dump the current board, including chairman David Usasz and CEO Michelle Aquilina.

Dr Makepeace said they cancelled the meeting, scheduled for Friday, because Smiles had failed to provide an up-to-date share register ahead of the EGM and had failed to disclose the issue of more than 10 million new shares.

Dr Walsh said the meeting would now be held in December, which would provide time for shareholders “to make a properly informed decision”.

However, Smiles said that the company had already received enough proxy forms to defeat the resolutions to replace the board meaning the result of the meeting was a foregone conclusion.

Smiles reported a loss of \$31 million for FY19.