

Gold Coast business: Burleigh-based Smiles denies issuing shares to shore up support for October 23 meeting

UPDATE: Under-siege Gold Coast dental group Smiles Inclusive has denied accusations it issued 10 million shares to stack the deck in its favour ahead of a crucial boardroom battle next week.

[Alister Thomson](#), Business Editor, Gold Coast Bulletin

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UNDER-SIEGE Gold Coast dental group Smiles Inclusive has denied accusations it issued 10 million shares to stack the deck in its favour ahead of a crucial boardroom battle next week.

On October 15 the Burleigh Heads-based company published a statement to the ASX saying it had issued 10.271 million shares at 2.5¢ per share to raise \$256,000 for working capital and to [pay back debt](#).

The share issues did not require approval from shareholders as it was under the 15 per cent threshold of total shares allowable under listing rules.

The announcement brought forth accusations from former Smiles dentists [Dr John Camacho](#), [Dr Arthur Walsh](#) and Dr Philip Makepeace that the share issue was intended to shore up support for the board ahead of a key vote on October 23.

The three dentists were seeking to have the board replaced at next Friday's meeting saying it had let shareholders and, in particular, dentists down by failing to live up to its promises in the company prospectus.



 r John Camacho.

Since listing in March 2018 the company had been plagued by problems, including lawsuits, poor financial results and boardroom battles.

Shares had been suspended from [trading since March](#) and ASIC had taken legal action against the company for its failure to release its FY20 first-half results.

In a statement Dr Camacho, Dr Makepeace and Dr Walsh said the share issue had only been disclosed after they asked for a copy of the register ahead of the meeting.

“Smiles directors are digging themselves an ever-deeper hole,” they said.

“The Smiles fiasco is doing untold damage to the hard-earned reputation, credibility and market values placed on the dental industry. We are committed to holding the perpetrators to account.”



Smiles investors can be forgiven for a serious case of toothache since investing. The company's shares were listed at \$1 in 2018 and were suspending from trading at 3.5c.

A Smiles spokesman denied the company had breached ASX disclosure rules.

He said the statement from the dentists was “misleading and deceptive”.

“The shares issued by Smiles were part of the capital raising program that Smiles has previously announced,” he said.

“This raising is for the purposes of funding the turnaround program adopted by Smiles’ board, which is now seeing results.

“The number of shares issued total approximately 6% of the shares in the company. The proposition that the issuing of the shares was designed to defeat the resolutions to be proposed at the EGM on 23 October is simply not true.”

Earlier this month Smiles announced Aitken Murray Capital Partners (AMCP) had agreed to fully underwrite a rights issue raising \$8 million at

2.5c per share, which would be used to pay back its main lender NAB owed more than \$12 million.

Smiles said it expected the rights issue to completed “on or around” December 7.

The raising would see the number of Smiles shares triple with 320 million new shares issued.