

Smiles board dwindles as another director departs

By Matt Ogg

6 November 2020



There are now only three board members left at flailing Gold Coast-based dental group Smiles Inclusive (ASX: SIL) following the exit of director Peter Fuller (pictured below) after just 16 months in the role.

Yesterday's announcement came six weeks after [former director Peter Evans left the company](#), following departures from former CFO Emma Corcoran and former CFO Tony McCormack.

"On behalf of Smiles and the Board I thank Mr Fuller for his valued contribution to the Company since 2019 and wish him all the very best for his future endeavors. Peter will continue to be a valued joint venture partner (JVP)," chairman David Usasz said.

Founding director Usasz stands on the board alongside CEO Michelle Aquilina as well as newcomer Genna Levitch, who was a founding director at Pacific Smiles.

The company, which was supposed to have miraculously scrounged up \$12 million to pay back National Australia Bank (ASX: NAB) on Wednesday but is yet to report on the matter, only has two executives to its name - Aquilina and COO Mark O'Brien.

With meagre net cash flows that had fallen back into the red in the group's latest September quarter report, Smiles management has long been planning a capital raise to pay off its outstanding debt.



However, the corporate watchdog threw a spanner in the works by **banning Smiles from using a reduced-content prospectus** to raise capital, citing disclosure obligations over its financials.

The Australian Securities Investments Commission (ASIC) had a court date pending for 10 November if Smiles was unable to provide its December half results for 2019, but the group **delivered the goods in the nick of time** in late October.

After a prolonged delay, the Gold Coast outfit reported a \$13.6 million loss for the first half of FY20, although the results came with a caveat from auditor KPMG that it did "not express a conclusion on the accompanying Interim Financial Report.

Whether Smiles had the ability to pay back its loan to NAB was tabled as a key concern, and doubts were brought forward as to whether it could pull off a capital raise.

"Accordingly, we consider to have not gathered sufficient appropriate evidence regarding the implications of this on whether the going concern basis of preparation is appropriate," KPMG reported.

"Additionally, there is uncertainty in relation to the Group's ability to successfully raise the minimum funds required to complete the capital raising."

Finally, the auditor said it was not able to see whether Smiles' proposed turnaround plan was going to work, especially considering how the COVID-19 pandemic had impacted operations.

A group of requisitioning shareholders is expected to call an extraordinary general meeting (EGM) aimed at overhauling the board in December.