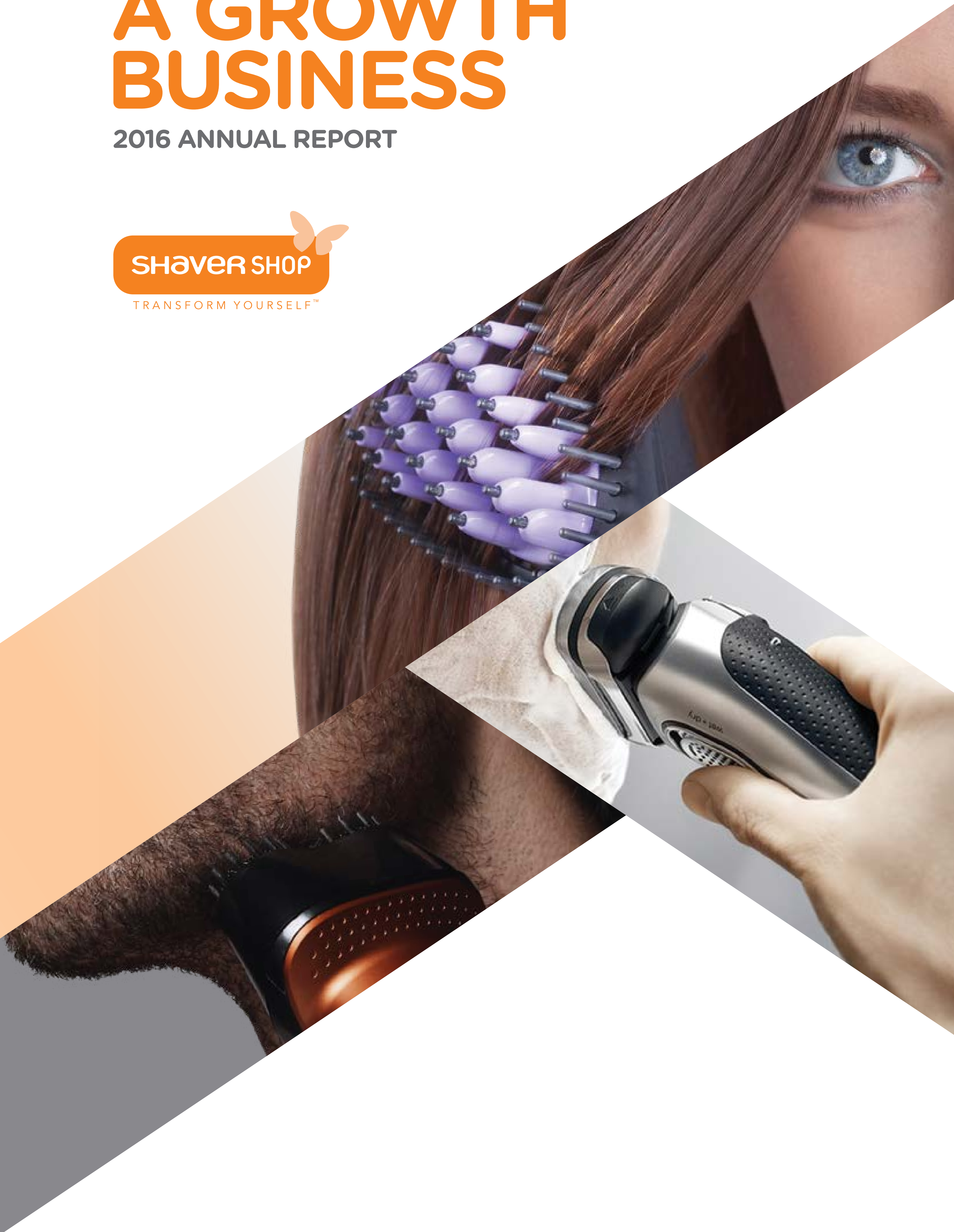
A GROWTH BUSINESS

2016 ANNUAL REPORT

SHAVER SHOP

TRANSFORM YOURSELF™



A GROWTH BUSINESS

2016 PROGRESS

Shaver Shop Group Limited listed on the Australian Stock Exchange on 1 July 2016, punctuating the end to a successful 2016 financial year.

OPENED 100TH STORE

in Ocean Keys, WA in June 2016

CONTENTS

SHAVER SHOP GROUP LIMITED
ACN 150 747 649


42.8%
Pro Forma gross margin up 91 bps vs FY 2015 to 42.8%
68.7%
Total Sales of $106.7m up 68.7% on FY2015
9.2%
LFL Corporate Store Sales growth 9.2%
87.5%
Pro Forma net profit up 87.5%

CHAIRMAN'S AND CEO'S REPORT

Dear Shareholder

The Directors of Shaver Shop Group Limited ("Shaver Shop", the "Company", or the "Group") are pleased to present the first annual report since the company's initial public offering on the Australian Stock Exchange on 1 July 2016.

The 2016 financial year ("FY2016") was one filled with significant milestones for our business including:

> Our 30th anniversary of business operations since the first Shaver Shop store was opened in Lonsdale Street, Melbourne in 1986;

> Opening our 100th Shaver Shop store in Ocean Keys, WA;

> Surpassing $100 million in annual revenue;

> Brand recognition reaching approximately 80% in Australia;

> Updating the layout and look and feel of our stores to reflect a more contemporary and progressive retail experience;

> Strengthening our leadership team with a particular focus on the Board and retail operations; and

> Successfully listing on the Australian stock exchange.

To achieve the above, whilst also delivering strong top and bottom line growth, is a testament to the passion, capability and commitment of our people – something which we believe sets Shaver Shop apart from our competitors.

STRONG FINANCIAL PERFORMANCE

Shaver Shop once again delivered very strong financial results in FY2016 and in doing so, met its prospectus forecast for the 2016 financial year. Total revenues increased 68.7% to $106.7 million driven by strong like for like sales growth as well an increase in the corporate store network from 56 stores at the end of the last financial year to 80 at 30 June 2016. Complementing the corporate store network were 20 store locations operated by our dedicated and passionate franchisees.

New stores are maturing well and contributing to top and bottom line

GROWTH

Pleasingly, like for like sales growth for the total store network was 10.7% driven by the launch of new, innovative and exclusive products to Shaver Shop such as Dafni®, which uses patented technology to significantly reduce the time and effort in straightening hair. Strong category growth also came from beard trimmers, hair clippers and power oral care. Importantly, Shaver Shop continues increase market share in the wet shave category, a market segment which we will continue to invest in because we believe it still has significant future growth potential for our business.

Shaver Shop's strong like for like sales growth was complemented by an increase in our corporate store network to 80 shops by the end of FY2016. This was accomplished by launching 16 new greenfield sites – 13 in Australia and 3 in New Zealand – as well as undertaking 8 franchise buy backs. Both of these activities have been highly successful in the past and remain a strategic imperative.

Consolidated pro forma earnings before interest, tax, depreciation and amortisation (EBITDA) for the business was up 75.6% to $12.6 million whilst pro forma net profit after tax was up 87.5% to $7.5 million. Pleasingly, both of these measures were in-line with our prospectus forecasts.

STRONG FINANCIAL POSITION ENABLING STRATEGY EXECUTION

Shaver Shop had pro forma net debt of approximately $2.0 million at 30 June 2016 having repaid $15 million in debt using the proceeds from the company's initial public offering. Management have also secured a $23 million banking facility (currently drawn to $5.1 million) that provides sufficient financial flexibility to undertake any franchise buybacks or greenfield opportunities that may arise.

OUR GROWTH STRATEGY

Importantly, the strategies that have been used to grow the business over several years remain the same looking forward. We are pleased to announce that since 30 June 2016, we have locked in plans to launch 8 new greenfield sites and have also undertaken 4 franchise buybacks continuing the positive momentum from the prior year. Each of these opportunities have met our strict investment criteria and form part of our plans to reach 145 Shaver Shop outlets across Australia and New Zealand by the end of the 2019 financial year.

Whilst growing the number of physical store locations is an important part of our strategy, we are also investing heavily in a new mobile-friendly e-commerce platform that we believe will significantly improve the online shopping experience of our customers. Web sales have also been an important driver of growth for Shaver Shop's business with sales through this channel increasing 43% over the prior financial year. Whether our customers wish to shop online or in-store, our goal is to have a highly personalised, informative and enjoyable shopping experience that leaves our customers wanting to come back again.

We believe our product knowledge, particularly in-store, is something that clearly differentiates us from our competition and enables Shaver Shop to effectively match our product offering with our customers personal needs. Whether it be in mens electric shavers, hair styling products, body groomers or power oral care, there is a plethora of new and innovative offerings coming from various global suppliers every year. Our job is to help our customers find the right product by using a consultative approach and leveraging our deep and broad understanding of the product categories we sell.

CHAIRMAN'S AND CEO'S REPORT

Our differentiated and highly successful approach is also recognised by our supplier partners who continue to offer exclusive distribution rights to Shaver Shop in Australia and New Zealand for some of their newest and most innovative product launches.

WELL POSITIONED TO ACHIEVE FY17 PROSPECTUS FORECAST

The Board and Management of Shaver Shop remain focused on delivering continued growth and maximising the potential of the business through:

1. Continued roll out of new stores across Australia and New Zealand having announced plans to open 8 new stores in FY17 (4 new stores in prospectus forecast);
2. Continued buyback of franchise stores with 4 completed so far in FY17 (1 franchise buyback in Prospectus forecast);
3. Ongoing product range expansion through establishing trading relationships with global suppliers in the beauty and skincare segments;
4. Continued investment in our infrastructure and team through:
    a. Expanding the capability and bench strength of our leadership and operational management teams;
    b. Investing in a new national training facility to further enhance the product knowledge, sales expertise, leadership and managerial capability of our staff;
    c. Investing in a new online sales platform that will enable Shaver Shop to deliver a more personalised and richer sales experience with our customers;
5. Further enhancing our brand recognition and maximising the sales opportunity for new innovative and exclusive product lines offered by our global supplier partners.

Given the strong results from FY16 and the good progress made so far in FY17 the Directors feel Shaver Shop is well positioned to achieve its FY17 prospectus forecast. As a result, the Company expects to declare its first interim dividend following completion of its first half results.

We would like to thank our dedicated staff across Australia and New Zealand, whose daily efforts are instrumental in delivering the strong growth and operational improvements made across the business as well as the Board that successfully guided Shaver Shop through its listing on the stock exchange.

We are at an exciting stage in Shaver Shop's evolution with clear visibility to further growth in Australia and New Zealand as well as opportunities to take the Company's differentiated approach to international markets over the medium term. As a result, your Directors believe Shaver Shop is well positioned to continue growing shareholder value. Thank you for your continued support.

Brodie Arnhold
Chairman

Cameron Fox
Chief Executive Officer and Managing Director

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd) and the entities it controlled at the end of, or during, the year ended 30 June 2016. Throughout the report, the consolidated entity is referred to as the "Group" or "Shaver Shop".

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was the retailing of specialist grooming products through Shaver Shop's corporate owned store and franchise store networks. No significant change in the nature of these activities occurred during the year.

DIRECTORS

The following persons were Directors of Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd) during the whole of the financial year and up to the date of this report:

Broderick Arnhold   Craig Mathieson   Brian Singer

The following persons were appointed as Directors on 6 June 2016 and continue in office as at the date of this report:

Cameron Fox   Trent Peterson   Melanie Wilson

The following persons were Directors from the beginning of the financial year up until their resignation on 6 June 2016:

Peter Claydon   Martin Dalton   John Johnston

Simon Biessel was appointed as a Director on 18 November 2015 and continued in office until his resignation on 6 June 2016.

COMPANY SECRETARY

Larry Hamson held the position of Company Secretary at the end of the financial year. Larry commenced with Shaver Shop Group Limited in April 2016 as Chief Financial Officer and was appointed as Company Secretary on 7 June 2016. Larry is a Chartered Professional Accountant (Canada) and a Chartered Financial Analyst. Prior to 7 June 2016, Brodie Arnhold was Company Secretary.

DIRECTORS AND DIRECTORS' INTERESTS

The following information is current as at the date of this report:

Brodie Arnhold	*Independent Chair Non-Executive*
Expertise and Experience	Brodie has over 15 years domestic and international experience in private equity, investment banking and corporate finance. Prior to his current role as CEO of Melbourne Racing Club, Brodie worked for Investec Bank from 2010-2013 where he was responsible for building a high net worth private client business. Prior to this, Brodie worked for Westpac Banking Corporation where he grew the institutional bank's presence in Victoria, South Australia and Western Australia, and from 2006-2010 held the role of Investment Director at Westpac's private equity fund.

Other Current Directorships	Non-Executive Director, Endota Group Holdings Pty Ltd Non-Executive Director, iSelect Limited Director, Racing.com Director, RSN Director, MRC Foundation Limited and other Melbourne Racing Club affiliated entities	
Former Listed Directorships in last 3 years	None	
Special responsibilities	Chair of the Board Member of the Audit and Risk Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	1,600,000

Cameron Fox	*Chief Executive Officer and Managing Director*	
Expertise and Experience	Cameron joined Shaver Shop as General Manager in 2006 before being promoted to the position of Chief Executive Officer in July 2008. Cameron previously worked for Gillette Australia for approximately 9 years in various roles, including Associate Product Manager, Territory Manager, Business Analyst, National Account Manager and National Sales Manager.	
Other Current Directorships	None	
Former Listed Directorships in last 3 years	None	
Special responsibilities	Managing Director Chief Executive Officer	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	1,800,024

Craig Mathieson	*Non-Executive Director*	
Expertise and Experience	Craig became a Director of Shaver Shop Pty Ltd in June 2011. Craig was previously a director of Funtastic Ltd a publicly listed company, which specialises in the sale of toys, sporting, confectionery and nursery products. For the last 5 years, Craig has been the Chief Executive Officer of the Mathieson Group which has very diverse business interests from company investment to property development. From 2001 to 2007 Craig was the Managing Director of DMS Glass Pty Ltd which was the largest privately owned glass manufacturer in Australia.	
Other Current Directorships	Abiliene Oil & Gas Ltd Great Western Exploration Ltd Carlton Football Club Ltd Endota Group Holdings Pty Ltd	
Former Listed Directorships in last 3 years	Funtastic Ltd	
Special responsibilities	Chair of the Audit and Risk Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	4,160,004

Brian Singer	*Non-Executive Director*	
Expertise and Experience	Brian became a Director of Shaver Shop in June 2011. Brian founded the Rip Curl business with a business partner in 1969 after a career as a high school teacher. He became Chief Executive Officer for Rip Curl Group Pty Ltd in Australia and grew the business into a major manufacturer and distributor of clothing and surfing related products in Australia and internationally.	
Other Current Directorships	Rip Curl Group Pty Ltd Endota Group Holdings Pty Ltd	
Former Listed Directorships in last 3 years	None	
Special responsibilities	Member of the Remuneration and Nomination Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	5,408,004

Trent Peterson	*Non-Executive Director*	
Expertise and Experience	Trent is a managing director and partner at Catalyst Investment Managers, and has over 15 years' experience as a company director and private equity investor. He is currently a Director of Adairs Limited, Cirrus Media Pty Ltd, Max Fashions (New Zealand), Power Farming Group (New Zealand), SkyBus and Dusk Retail Group. He was a former director of Just Group Limited, Global Television Limited, EziBuy, Metro GlassTech, Moraitis, Taverner Hotel Group, and Australian Discount Retail.	
Other Current Directorships	Adairs Limited Australian Pure Health Pty Ltd (trading as Mr Vitamins) dusk Retail Holdings (trading as dusk) AATS Holdings Pty Ltd (trading as Skybus) Catalyst Investment Managers Pty Ltd (and associated fund entities) Catalyst Direct Capital Management Pty Ltd	
Former Listed Directorships in last 3 years	None	
Special responsibilities	Chair of the Remuneration and Nomination Committee Member of the Audit and Risk Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	47,619

Melanie Wilson	*Non-Executive Director*	
Expertise and Experience	Melanie has more than 12 years' experience in Senior Management roles across a number of global retail brands including Limited Brands (Victoria's Secret, Bath & Bodyworks – New York), Starwood Hotels (New York), Woolworths Ltd and Diva/ Lovisa. Her experience extends across all facets of retail operations, including store operations, merchandise systems, online/e-commerce, marketing, brand development and logistics/fulfilment.	
Other Current Directorships	iSelect Limited Baby Bunting Limited	
Former Directorships in last 3 years	Nil	
Special responsibilities	Member of the Remuneration and Nomination Committee	
Interests in shares and options	Ordinary Shares – Shaver Shop Group Limited	47,619

MEETINGS OF DIRECTORS

During the financial year, eight meetings of Directors were held. As the Audit & Risk Committee and the Remuneration Committee were established at the time of the Initial Public Offering "IPO", no separate committee meetings were held. Attendances by each Director during the year were as follows:

DIRECTORS' MEETINGS

	Number eligible to attend	Number attended
Broderick Arnhold	8	8
Craig Mathieson	8	7
Brian Singer	8	7
Peter Claydon	8	8
Martin Dalton	8	8
Grant Hancock (as proxy for John Johnston)	8	8
Simon Biessel	5	5
Cameron Fox*	–	–
Trent Peterson	–	–
Melanie Wilson	–	–

* Cameron Fox attended all eight meetings in his capacity as CEO prior to being appointed as a Director on 6 June 2016.

DIVIDENDS PAID OR RECOMMENDED

In accordance with the disclosures in the Prospectus, the Directors declared a pre-IPO dividend of $18,175,416 ($0.216078 per share) (2015: nil). The dividend was funded through proceeds received from the Initial Public Offering (IPO).

REVIEW OF OPERATIONS

The statutory operating profit after income tax amounted to $3,854,027 (2015: $8,381,525) after subtracting income tax expense of $1,627,859 (2015: $1,843,674 income tax credit).

Non-IFRS measures

The Directors' Report includes references to pro-forma results. The pro-forma results have been derived from Shaver Shop's statutory accounts and adjusted on a pro-forma basis to more appropriately reflect the ongoing operations of Shaver Shop as a listed public company. Shaver Shop's historical debt structure has not been pro-forma adjusted as it is closely related to the effects of the franchise store buy back activity. This is consistent with the presentation as disclosed in the Company's Prospectus dated 7 June 2016. The Directors believe the presentation of non-IFRS financial measures are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying financial performance of the business and can be directly compared to the forecasts given in the Prospectus. Non-IFRS financial measures contained within this report are not subject to audit or review.

The Statutory Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the Group for the 2016 Financial Year ("FY16") was $7.5 million (2015: $7.7 million).

	Statutory Consolidated	
	2016 $000	**2015 $000**
Profit after income tax from continuing operations (NPAT)	3,854	8,382
Add back:		
Net finance costs	1,043	519
Income tax expense/(benefit)	1,628	(1,844)
Depreciation and amortisation expense	936	686
EBITDA[1]	**7,461**	**7,743**

1 Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) is used as a measure of financial performance by excluding certain variables that affect operating profits but which may not be directly related to the underlying performance of the Group. EBITDA is not a measure of operating income, operating performance or liquidity under A-IFRS. Other companies may calculate EBITDA in a different manner to Shaver Shop. The above EBITDA reconciliation has not been audited.

At the end of the financial reporting period, through the IPO of the business on the ASX, the Group restructured its balance sheet by issuing new shares and using the proceeds to repay debt and pay a pre-IPO dividend. As a result of the listing process, the Group incurred significant transaction costs.

The table below reconciles the statutory EBITDA result to the pro-forma result for FY16 and FY15. This shows the full year results from operations on a pro-forma basis.

	Consolidated	
	2016 $000	**2015 $000**
EBITDA	7,461	7,743
Add back:		
IPO transaction costs expensed	4,438	–
Management IPO incentives	901	–
Incremental costs as a public company	(521)	(583)
Accounting for rebates in stock	285	(188)
One-off advisory costs	40	205
Pro-Forma EBITDA	**12,604**	**7,177**

The table below reconciles the statutory NPAT result to the pro-forma result for FY16 and FY15. This shows the full year results on a pro-forma basis.

	Consolidated	
	2016 $000	**2015 $000**
NPAT	3,854	8,382
Add back:		
IPO transaction costs expensed	4,438	–
Management IPO incentives	901	–
Incremental costs as a public company	(423)	(583)
Accounting for rebates in stock	285	(188)
One-off advisory costs	40	205
Income tax effect	(1,572)	170
Accounting for franchise store buy backs	–	(3,974)
Pro-Forma NPAT	**7,523**	**4,012**

The table below compares the pro-forma operating performance of Shaver Shop for FY16 against the Prospectus forecast for FY16 as well as against FY15.

	Consolidated				
	FY16 $000	Prospectus $000	% Change	FY15 $000	% Change
Revenue	106,711	106,173	+0.5%	63,242	+68.7%
Gross Profit	45,622	45,369	+0.6%	26,460	+72.4%
Gross Margin	42.8%	42.7%	+0.2%	41.8%	+2.4%
EBITDA	12,604	12,494	+0.9%	7,177	+75.6%
EBITDA Margin	11.8%	11.8%	+0.0%	11.3%	+4.4%
NPAT	7,523	7,496	+0.4%	4,012	+87.5%
Weighted average shares (000s)	84,211	84,211	0.0%	83,915	3.5%
Earnings per Share – cents (weighted average shares)	8.9	8.9	0.0%	4.8	85.4%
Total shares outstanding post-IPO	125,087	125,087	0.0%	125,087	0.0%
Earnings per share – cents (post-IPO shares)	6.0	6.0	0.0%	3.2	87.5%

PRO-FORMA RESULTS SUMMARY

In FY16, the Company grew revenue 68.7% over FY15 due to the continued success of its strategy to acquire franchise stores, roll out new stores in premium retail locations and increase like for like store sales across the network. In comparison to the Prospectus, revenue was 0.4% above forecast. Online sales growth continues to be a strong contributor to overall network sales growth delivering 42.6% growth year over year.

Consistent with the growth in Revenue, Shaver Shop increased gross profit by $19.2 million (72.4%) in FY16 over the prior year. Gross margins improved over the prior year to 42.8% resulting primarily from a change in product mix towards exclusive, higher margin products in the hair styling category supporting a strong Christmas trading period.

In comparison to the Prospectus forecast, pro-forma EBITDA of $12.6 million is $110,000 or 0.9% above the Prospectus forecast and 75.6% above FY15 EBITDA of $7.2 million. EBITDA margins increased due to the higher realised gross margins of 42.8% (2015: 41.8%) offset slightly by higher corporate overhead costs as a percentage of sales.

Pro-forma NPAT was consistent with the Prospectus forecast at $7.5 million. Higher interest expense than forecast was partially offset by lower income tax expense. In comparison to FY15, pro-forma NPAT increased 87.5%. The Directors note that if the post-IPO capital structure was applied in the pro-forma interest expense calculations from the start of FY16, interest expense would have been approximately $0.6 million lower and pro-forma NPAT would be $7.96 million.

The Directors believe that the presentation of earnings per share (EPS) using total shares outstanding post-IPO is a useful measure because it presents a relevant comparative to EPS in future reporting periods. EPS using total shares outstanding post-IPO was 6.0 cents in FY16 compared to 3.2 cents in FY15.

CAPITAL RAISING AND DEBT

In late June 2016, Shaver Shop raised $98.0 million (before IPO costs) under the Company's share issue at the time of IPO. The issue of new shares generated proceeds of $40.8 million while the sale of existing shares in the business generated $57.2 million. The funds raised under the IPO were used to provide consideration to existing Shareholders who sold shares into the IPO; repay bank debt; pay the pre-IPO dividend; fund incentive payments to the Management and Directors as well as cover transaction costs associated with the IPO.

During the year, the number of shares on issue increased from 10,917,238 to 86,217,827 via share buy back and cancellation, an 8 for 1 share split and share consolidation pre-IPO and a further 38,869,213 new ordinary shares issued as part of the IPO process to bring the total number of shares on issue in the Company to 125,087,040.

The leverage ratio (Pro-Forma Net Debt/FY16 Pro-Forma EBITDA) at June 2016 was 0.2 leaving significant headroom against the bank's covenants at year end.

Subsequent to year end, the external debt facility was renegotiated resulting in a $23.0 million Commercial Advance Facility available to the business with an expiry date of 31 July 2018. Following the repayment of debt using proceeds from the IPO, Shaver Shop had used $5.1 million of its debt facilities leaving additional capacity for the Company to undertake franchise buy backs or new Greenfield sites in accordance with its strategy.

STRATEGY

Shaver Shop offers customers a wide range of quality brands, at competitive prices, supported by excellent staff product knowledge. Shaver Shop seeks to identify consumer trends and works closely with major manufacturers and suppliers to source products to cater for these changing trends.

Key drivers of Shaver Shop's growth are expected to be:

Continued product innovation

Shaver Shop seeks to work with manufacturers and suppliers to source products that cater to emerging consumer trends within the hair removal and personal care categories. In some cases, Shaver Shop seeks and obtains exclusive rights to sell personal grooming and beauty products in the Australian and New Zealand markets which assists with product and range differentiation. In FY16, 8 of the Company's top 10 products by sales value were exclusive.

Organic growth

Shaver Shop will continue to implement a strategic marketing plan and other initiatives to attract new customers to the business and encourage repeat business. Important components of this aspect of the Company's strategy include continued investment in the www.shavershop.com.au and EBay e-commerce websites which continue to grow strongly as well as establishing a loyalty program to attract and support returning customers. Organic growth will also be achieved as recently opened stores reach maturity.

Store rollout

Shaver Shop aims to grow total store network numbers across Australia and New Zealand to 145 within the next three years. This will be achieved through Greenfield store rollouts. Shaver Shop has already identified the preferred locations for these additional 45 stores with a business case prepared for each new location. Subject to the forecast financial returns meeting appropriate hurdle rates, the Company expects to open these additional stores.

Franchise store buy backs

Shaver Shop also plans to continue its disciplined buy back of franchise stores, with transactions to be assessed as they become available. As at 30 June 2016, there were 20 franchised stores within the Shaver Shop network. Subsequent to year end, Shaver Shop acquired four additional franchise stores leaving 16 franchises across the network.

KEY BUSINESS RISKS

There are a number of factors that could have an effect on the financial performance of Shaver Shop Group Limited. They include:

Competition may increase

Shaver Shop faces competition from specialty retailers, department stores, discounted department stores, grocery chains as well as online only retailers and professional salons. Shaver Shop's competitive position may deteriorate as a result of actions by existing competitors, the entry of new competitors (including manufacturers and suppliers of products who decide to sell direct to end consumers) or a failure by Shaver Shop to successfully respond to changes in the market.

Retail environment and general economic conditions may deteriorate

Shaver Shop's performance is sensitive to the current state of, and future changes in, the retail environment and general economic conditions in Australia. Australian economic conditions may worsen including as a result of Australia's economy entering into a recession or another cause of a reduction in consumer spending. This could cause the retail environment to deteriorate as consumers reduce their level of consumption of discretionary items.

Seasonality of trading patterns

Shaver Shop's sales are subject to seasonal patterns. In FY13 to FY15, the contribution of sales for the first half of each FY to total sales for the full FY was within the range of 53% to 57%. The seasonality of Shaver Shop's sales towards the first half of the FY is largely due to the pre-Christmas trading period and Father's Day (being, the first Sunday in September). An unexpected decrease in sales over traditionally high-volume trading periods for Shaver Shop could have a material adverse effect on the overall profitability and financial performance of Shaver Shop.

In addition, an unexpected decrease in sales over traditionally high-volume trading periods could also result in abnormally large amounts of surplus inventory, which Shaver Shop may seek to sell through abnormally high and broad-based price discounting to minimise the risk of product becoming aged or obsolete. If Shaver Shop were to sell a significant volume of its products at deep discounts, this would reduce the business' revenue and would have an adverse impact on the Company's financial performance.

Customer buying habits/trends may change

Any adverse change in personal grooming trends and a failure of Shaver Shop to correctly judge the change in consumer preferences or poor quantification of purchase orders for related product may have an adverse impact in the demand for Shaver Shop's products or the gross margins achieved on these products.

Product innovation and exclusivity arrangements

Product innovation by suppliers has been a key driver in Shaver Shop's sales growth. Shaver Shop relies on its suppliers to continue to drive R&D and product innovation in the product category. A material reduction in the frequency or appeal of new product innovations by suppliers may have an adverse impact on sales, performance rebates received and gross margin levels achieved. In addition, a key driver in Shaver Shop's sales growth has been the ability to secure new innovative products on an exclusive basis. If Shaver Shop is unable to secure new product innovations on an exclusive basis, or if the appeal of an existing product sold by Shaver Shop on an exclusive basis is weakened by a new innovative product made widely available to retailers or on an exclusive basis to one of Shaver Shop's competitors, Shaver Shop's sales and gross margin levels may be adversely affected.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Except as otherwise described in this report, there have been no significant changes in the state of affairs of entities in the Group during the year.

MATTERS OR CIRCUMSTANCES ARISING AFTER THE END OF THE YEAR

Except as outlined in Note 33 to the audited financial statements, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS AND RESULTS

As indicated in the description of the Company's strategy, Shaver Shop intends to continue to grow revenue and EBITDA through organic growth of the Company's existing corporate store footprint, incremental contributions from opening of new stores across Australia and New Zealand as well as continuing its disciplined approach to undertaking franchise buy backs. As a result, the Board is of the view that Shaver Shop is well positioned to achieve the FY17 forecast set out in the Company's Prospectus.

ENVIRONMENTAL ISSUES

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

> all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

> the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

Details of the amounts paid to PricewaterhouseCoopers for audit and non-audit services during the year are set out in Note 26 to the audited financial statements.

AUDITORS' INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 23 of the consolidated financial report.

SHARES UNDER OPTION

There have been no unissued shares or interests under option in the Company or a controlled entity during or since reporting date.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid an insurance premium to insure the Directors and Senior Management of the Company and its subsidiaries.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

The terms of the insurance policies prohibit disclosure of the details of the premium paid.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

REMUNERATION REPORT (AUDITED)

The Board of Directors of Shaver Shop Group Limited present the Remuneration Report for the Company for the reporting period of 1 July 2015 to 30 June 2016. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

(A) KEY MANAGEMENT PERSONNEL COVERED IN THIS REPORT

This report sets out the remuneration arrangements for Shaver Shop's key management personnel (KMP) (listed in the table below) who have been KMP during the reporting period. For the remainder of this Remuneration Report, the KMP are referred to as either Non-Executive Directors or Senior Executives.

All Non-Executive Directors and Senior Executives have held their positions for the duration of the reporting period unless indicated otherwise.

Non-Executive Directors	Position
Broderick Arnhold	Independent, Non-Executive Chairman
Craig Mathieson	Independent, Non-Executive Director
Trent Peterson	Independent, Non-Executive Director (appointed 6 June 2016)
Brian Singer	Independent, Non-Executive Director
Melanie Wilson	Independent, Non-Executive Director (appointed 6 June 2016)

Senior Executives	
Cameron Fox	Chief Executive Officer (CEO) and Managing Director (appointed as Director on 6 June 2016)
Lawrence Hamson	Chief Financial Officer (CFO) (appointed 18 April 2016) and Company Secretary (appointed 7 June 2016)

(B) REMUNERATION OVERVIEW

The Board recognises that the performance of the Group depends to a large extent on the quality and motivation of the Shaver Shop team, including the Senior Executives and our 448* team members (2015: 276) employed by the Group across Australia and New Zealand. The Group's remuneration strategy therefore seeks to appropriately attract, reward and retain team members at all levels in the organisation but in particular for aligning and motivating key Senior Executives to create Shareholder wealth. By aligning various remuneration mechanisms, the Board seeks to have a structure that incentivises sustainable growth, risk management as well as driving a positive culture across the business.

In FY16 Shaver Shop transitioned from a private to a public company and listed on the ASX on 1 July 2016 under the code SSG. As a result, a number of incentive mechanisms related to the successful listing of the Group were realised in FY16 and are reflected in this report.

For FY16, the Board resolved to pay certain Senior Executives a cash bonus to recognise their significant contribution to the Company's successful listing on the ASX. In addition to the cash bonus, certain Executives were also participants in the Company's Employee Performance Share Plan (EPSP) which offered the opportunity to acquire shares in the Company through the Company offering a limited recourse loan to assist with the purchase of shares. As a result of the successful listing of Shaver Shop's shares, under the terms of the EPSP, immediately prior to the IPO, shares issued under the EPSP were converted into ordinary shares in order to:

1. Repay the associated amounts outstanding under the limited recourse loan under which the shares were acquired; and
2. Enable the Senior Executive to participate in the IPO and realise the value of the shares in excess of the limited recourse loan value

As outlined in the Company's Prospectus, for FY17 the Board has implemented new short and long-term incentive mechanisms that are more consistent with a publicly listed entity. The new Short Term Incentive (STI) plan adopted by the Company is based on achieving pre-determined performance conditions. The primary measure for award of the FY17 STI is the normalised EBITDA of the business.

* As at 30 June 2016

(C) RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The following table provides a summary of the Company's financial performance for FY16. Note that remuneration paid during FY16 was not related to performance and that STIs paid for FY16 relate to IPO exit incentives.

	Statutory FY16 result $000
Revenue	106,711
EBITDA	7,461
Net Profit After Tax	3,854
Dividends Paid (pre-IPO)	18,175
Earnings Per Share (cents)	4.6
Year End Share Price ($)	N/A

(D) REMUNERATION OBJECTIVES

One of Shaver Shop's core beliefs is that the success of the business is driven in large part by the skills, motivation and the performance of all of its team members – from Senior Executives to Store Managers to Retail Assistants on the shop floor. Creating an environment that fosters a high performance culture and aligns the team behind a common set of values and behaviours is core to the Company's continuing success.

Shaver Shop's commitment to driving high performance is evidenced by its investment in a national training facility at its new head office location. This training centre is a replica of a Shaver Shop retail store with full audio visual capabilities to perform live sales training that can then be reviewed and critiqued by the trainer and trainee. Shaver Shop believes that the knowledge and expertise of its sales staff is a critical differentiating factor for the business and an important factor in its success. As a result, the Company takes pride in promoting high performing staff through the business from the retail shop floor through to head office positions.

In addition to building the appropriate culture, Shaver Shop's philosophy is to provide competitive remuneration arrangements that reward team members for the underlying performance of the Company as well as building Shareholder value over the short and long term.

As such, remuneration for team members can include fixed pay, superannuation, short-term incentives, long-term incentives as well as support for training and education, relocation assistance, and dues and membership fees that are aligned with Shaver Shop's needs and objectives. The components of total remuneration for a team member will vary depending on the role, its seniority, the team member's experience as well as their performance. The Remuneration Committee also considers the importance of equity ownership for Senior Executives when setting remuneration packages.

Shaver Shop's key principles underpinning its remuneration plans are set out below:

1. Simplicity: We seek to ensure remuneration arrangements are simple, and can be easily understood by both the KMP and other key stakeholders.
2. Alignment: We seek to ensure material components of the KMP's remuneration arrangements (including their shareholding as appropriate) contribute to alignment of the interests of the KMP with those of the Shareholders.
3. Best Practice: We seek to ensure the material aspects of an employee's remuneration arrangements are sustainable and could withstand tests of precedent and transparency within the organisation and market place.
4. Competitive: We seek to ensure our KMP are remunerated such that (when taken as a whole, and having regard to their particular circumstances, including any risks and opportunities) their individual remuneration arrangements are competitive with relevant comparable positions.
5. Risk Conscious: In considering remuneration arrangements, the Company seeks to manage certain key risk exposures, including the risk of loss of an individual, retention of intellectual property and skills, issues associated with replacement of the individuals, risk of poaching, and the presence and quality of our succession planning.

6. Company First: The Company develops systems, policies, processes and team depth to manage its reliance on any given individual within its leadership team. This extends to remuneration, where we seek to ensure the remuneration architecture and individual arrangements are orderly and deliberate in line with our Core Competencies.
7. Rewards Tied to Outcome and Performance: We back ourselves to identify the outcomes that drive sustainable value creation (or value protection), and seek to reward Executives who influence those outcomes most significantly and directly pursuant to business strategy.

(E) SENIOR EXECUTIVE REMUNERATION STRUCTURE

(i) FY17 Remuneration and Incentive Structure

The remuneration framework for Senior Executives is based on a structure that includes:

1. Fixed remuneration – salary and superannuation and non-monetary benefits
2. Short Term Incentives – tied to in-year performance against metrics
3. Long Term Incentives – tied to multi-year performance against value creation metrics

Element	Purpose	Metrics	Potential Value
Fixed Remuneration	Provide competitive market salary including super	NIL	Based on market competitive rates
STI (Cash Bonus)	Reward superior performance in year	Budget EBITDA	$300,000
LTI (Loan Share Plan)	Reward superior long-term value creation	TSR – 70% EPS growth – 30%	Dependent on EPS and share performance

Fixed Remuneration
Senior Executive base salaries include a fixed component of base salary together with employer superannuation contributions that are in line with statutory obligations. The fixed remuneration component also includes car allowances and other benefits.

The fixed remuneration component for Senior Executives is based on market data for comparative companies of the same size and complexity as well as having regard to the experience and expertise of the Senior Executive.

Fixed remuneration for Executives is reviewed annually to provide competitiveness with the market, whilst also taking into account capability, experience value to the organisation and performance of the individual. There is no guaranteed salary increase in any Senior Executive service contract.

Short Term Incentives (STI)
STIs for Senior Executives are based on the Company exceeding its budgeted normalised EBITDA target for the year. STIs are contracted with the Senior Executive and capped to a maximum amount relative to their Fixed Remuneration. STIs are funded from the outperformance of the Company at a normalised EBITDA level. The Board of Directors may decide to pay Senior Executives discretionary bonuses depending on the individual and Company performance.

Long Term Incentives (LTI)
As outlined in the Company's Prospectus, Shaver Shop has established a Long Term Incentive Plan (LTI Plan) conditional upon Completion of the Offer to assist in the motivation, retention and reward of Shaver Shop Senior Executives. The LTI Plan is designed to align the interests of Senior Executives more closely with the interests of Shareholders by providing an opportunity for eligible Senior Executives to acquire Shares subject to the conditions of the LTI Plan (Plan Shares).

The Plan Shares will be issued or transferred to participants in the LTI Plan at market value, determined in good faith by the Board. The Company, or one of its subsidiaries, may provide a limited recourse loan to Senior Executives who are invited to participate in the LTI Plan to assist them to purchase Plan Shares (Loan). Each Loan will be limited recourse such that a participant's obligation to repay the Loan will be the lesser of the Loan balance or the relevant Plan Share's market value. Under the LTI Plan, the Company will retain discretion to waive repayment of all, or part of, any Loan.

Each Plan Share will be issued as a fully paid ordinary share in the Company subject to certain vesting conditions. The holder of a Plan Share must not dispose of the Plan Share until the Plan Share vests and any Loan relating to that Plan Share has been repaid.

As noted in the Prospectus, the Company will offer certain members of Management the right to acquire up to 1,300,000 Plan Shares (representing approximately 1.0% of the Company's issued share capital) within 12 months after Listing. The Plan Shares will be divided into three equal tranches and will have vesting conditions based on a performance condition and a service condition. The three tranches apply to the following performance periods:

> Tranche 1 – 1 July 2016 to 30 June 2017

> Tranche 2 – 1 July 2016 to 30 June 2018

> Tranche 3 – 1 July 2016 to 30 June 2019.

The performance and service conditions specified for each tranche must be met in order for the relevant Plan Shares to vest.

The table below under "FY17 LTI Allocation" sets out the number of Plan Shares to be offered to the relevant Management personnel, including details of the number of Plan Shares per tranche for each Management personnel. The Company will offer each eligible Management personnel listed a Loan to assist them to purchase the Plan Shares. Under the terms of each Loan, the Company will agree to waive repayment of any amount owing under the relevant Loan on Plan Shares which become vested, which exceeds an amount equal to the number of vested Plan Shares acquired under the relevant Loan multiplied by the Offer Price.

The after tax value of any dividends paid on the Plan Shares acquired under a Loan will be applied to repay the relevant Loan.

Performance condition

The performance conditions will be measured 70% by an absolute total shareholder return (TSR) performance hurdle and 30% by an earnings per share (EPS) performance hurdle. The hurdles will be mutually exclusive such that performance is measured independently of the other hurdle. Where both targets are met, 100% of the Plan Shares which a participant holds for the relevant performance period will vest, subject to the service condition being met. Where only a portion of the EPS and TSR targets are met, the total number of Shares which will vest under the LTI Plan will be apportioned.

Both of the performance hurdles will be expressed as a Compound Annual Growth Rate (CAGR) percentage.

The TSR performance hurdle will be structured as an absolute TSR growth target and will be determined by the Board. TSR is a measure of the performance of the Company's shares over a period of time. It combines share appreciation and dividends paid to show the total return to Shareholders expressed as an annualised percentage. It is the rate of return of all cash flows to an investor during the holding period of an investment.

The following table outlines the TSR performance hurdles which must be met in order for Plan Shares to vest:

TSR CAGR across the relevant performance period	Proportion of the relevant Plan Shares that satisfy the TSR Vesting Condition
TSR CAGR is less than 15%	Nil
TSR CAGR is equal to 15%	20%
TSR CAGR is greater than 15% and less than or equal to 20%	Progressive pro-rata vesting from 20% to 40% (i.e. on a straight-line basis)
TSR CAGR is greater than 20% and less than or equal to 25%	Progressive pro-rata vesting from 40% to 70% (i.e. on a straight-line basis)
TSR CAGR is greater than 25% and less than 30%	Progressive pro-rata vesting from 70% to 100% (i.e. on a straight-line basis)
TSR CAGR is equal to or greater than 30%	100%

The EPS performance hurdle is a measure of the compound annual growth rate in the Company's EPS measure over the relevant performance period. The EPS CAGR will be determined by the Board and is the compound annual growth rate (expressed as a percentage) of the Company's EPS, which is measured by reference to the Group's underlying net profit for the performance divided by the weighted average number of shares on issue across the relevant performance period. The Board may from time to time adjust the EPS CAGR to exclude the effects of material business acquisitions or divestments and for certain one-off costs.

For the purposes of calculating the FY16 base year EPS from which the EPS growth rates will be calculated, the Board has agreed that EPS will be calculated using the total number of shares outstanding at 30 June 2016.

The following table outlines the EPS performance hurdles which must be met in order for Plan Shares to vest:

EPS CAGR across the relevant performance period	Proportion of the relevant Plan Shares that satisfy the EPS Vesting Condition
EPS CAGR is less than 15%	Nil
EPS CAGR is equal to 15%	20%
EPS CAGR is greater than 15% and less than or equal to 20%	Progressive pro-rata vesting from 20% to 40% (i.e. on a straight-line basis)
EPS CAGR is greater than 20% and less than or equal to 25%	Progressive pro-rata vesting from 40% to 70% (i.e. on a straight-line basis)
EPS CAGR is greater than 25% and less than or equal to 30%	Progressive pro-rata vesting from 70% to 100% (i.e. on a straight-line basis)
EPS CAGR is equal to or greater than 30%	100%

Service condition

In addition to the performance condition, each tranche of Plan Shares is subject to specific service conditions, meaning that if a participant in the LTI Plan ends their employment with Shaver Shop before the specified service periods the Plan Shares issued to the participant will not vest regardless of whether the performance conditions have been met.

The service conditions attaching to the three tranches of Plan Shares are as follows:

> Tranche 1 – a participant must remain a Shaver Shop employee at all times up to (and including) 30 June 2019 before performance qualified number of Plan Shares will vest.

> Tranche 2 – a participant must remain a Shaver Shop employee at all times up to (and including) 30 June 2019 before performance qualified number of Plan Shares will vest.

> Tranche 3 – a participant must remain a Shaver Shop employee at all times up to (and including) 30 June 2020 before performance qualified number of Plan Shares will vest.

FY17 LTI Allocation

The Company will offer Management the right to acquire up to 1,300,000 Shares under the LTI Plan (Plan Shares) (representing approximately 1.0% of the Company's issued share capital at Listing) within 12 months after Listing. Specifically, Management set out in the table below will be offered Plan Shares under the LTI Plan.

Management	Number of Tranche 1 Shares to be issued under LTI Plan	Number of Tranche 2 Shares to be issued under LTI Plan	Number of Tranche 3 Shares to be issued under LTI Plan
Cameron Fox *Managing Director and CEO*	325,000	325,000	325,000
Larry Hamson *CFO*	33,333	33,333	33,334

(ii) FY16 Remuneration and Incentive Structure for Senior Management

Employee Performance Share Plan

As disclosed in the Company's Prospectus, prior to establishment of the new LTI Plan, outlined above, the Company maintained an equity incentive scheme, known as the Shaver Shop Group Limited Employee Performance Share Plan, under which it offered selected Management the opportunity to acquire shares in the Company (**Share Plan**).

The Share Plan provided the Company with the ability to offer participants in the Share Plan a limited recourse loan to assist in the purchase of shares under the Share Plan. No further shares will be issued under the Share Plan as it has been replaced by the LTI Plan.

The Share Plan, and the terms and conditions of issue of the shares issued under the Share Plan, provided that immediately prior to an "exit event" (which includes an initial public offering of Shares in the Company), shares issued under the Share Plan will convert into ordinary shares to allow the holder of those shares to:

> repay to the Company amounts owing under any outstanding limited recourse loan under which shares were acquired; and

> participate in the "exit event" and realise the value of the shares created by the relevant "exit event".

Accordingly, the shares allotted under the Share Plan were sold into the IPO, free from encumbrances and third party rights, and the funds were applied as follows:

Management Shareholder	Funds received by SaleCo on Sale of Converted Shares	Repayment to Company of amounts owing under limited recourse loans	Funds received by Management Shareholder
Cameron Fox *CEO*	$1,796,714	$802,403	$994,311

Management Exit Bonus Payments
As disclosed in the Company's Prospectus, the Board resolved to pay certain members of Management a cash bonus to recognise their contribution to the Company's Listing (Management Exit Bonus Payments). The Board resolved to pay the Management Exit Bonus Payments conditional upon Listing:

Management	Management Exit Bonus Payment
Cameron Fox *CEO*	$420,000

In addition to the Management Exit Bonus Payment listed above, the Board resolved to pay Larry Hamson, CFO, a discretionary bonus of $30,000 to recognise his contribution to the Listing of the Company.

(F) NON-EXECUTIVE DIRECTOR REMUNERATION

Under the Constitution, the Board may decide the remuneration from the Company to which each Non-Executive Director is entitled for their services as a Director. However, the total amount of fees paid to all Non-Executive Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in the annual general meeting. As disclosed in the Company's Prospectus, the pre-IPO Shareholders have approved $440,000 per annum for this purpose.

For FY17, the annual base Non-Executive Director fees currently agreed to be paid by the Company are $140,000 to the Chairman, $80,000 to each of Craig Mathieson (Chair of the Audit and Risk Committee) and Trent Peterson (Chair of the Nomination and Remuneration Committee), and $70,000 to each of Melanie Wilson and Brian Singer. These amounts comprise fees paid in cash. In subsequent years, these figures may vary. Directors' fees and discretionary bonuses to Directors for FY16 are listed under Section (G).

Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs. Directors may be paid additional or special remuneration where a Director performs services outside the ordinary duties of a Non-Executive Directors.

Director Exit Bonus Payments

The Board has resolved to pay Brodie Arnhold, the Chairman of the Board, and Trent Peterson a cash bonus of $250,000 and $25,000 respectively to recognise their contribution to the Company's Listing.

(G) REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2016

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group:

TABLE OF BENEFITS AND PAYMENTS

2016	cash salary/ fees $	bonus $	annual leave and long service leave $	post employ-ment benefits $	share based payments $	total $
Non-Executive Directors						
Brodie Arnhold	60,000	250,000	–	–	–	310,000
Trent Peterson	20,000	25,000	–	–	–	45,000
Craig Mathieson	–	–	–	–	–	–
Brian Singer	–	–	–	–	–	–
Melanie Wilson	–	–	–	–	–	–
Peter Claydon^	–	–	–	–	–	–
Martin Dalton^	–	–	–	–	–	–
John Johnson^	–	–	–	–	–	–
Simon Biessel^	–	–	–	–	–	–
KMP						
Cameron Fox	464,062	420,000	36,572	30,000	209,428	1,160,062
Lawrence Hamson *	74,464	30,000	–	4,827	–	109,291
	618,526	725,000	36,572	34,827	209,428	1,624,353

^ Resigned 6 June 2016

* Appointed 18 April 2016.

(H) ADDITIONAL STATUTORY INFORMATION

The following table illustrates performance based remuneration granted and forfeited during the year:

Cash bonuses	bonus paid $	% paid/ vested in the period	% forfeited in period	Share based payments $	% paid/ vested in the period	% forfeited in period
Directors						
Broderick Arnhold	250,000	100	–	–	–	–
Trent Peterson	25,000	100	–	–	–	–
Cameron Fox	420,000	100	–	209,428	100%	–
KMP						
Lawrence Hamson	30,000	100	–	–	–	–

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in section (G) of this Remuneration Report.

	Fixed remun-eration %	At risk STI %	At Risk LTI %
Directors			
Broderick Arnhold	19	81	–
Trent Peterson	44	56	–
Cameron Fox	46	36	18
KMP			
Lawrence Hamson	73	27	–

The following table sets out the terms and conditions of the share based payment arrangements:

Terms and conditions of share based payments arrangements	The terms and conditions of the LTI Plan are discussed in detail under section (e)(i) of the Remuneration Report: "FY17 Remuneration and Incentive Structure".
Grant date	The grant date for the FY17 LTI Plan Shares is 27 June 2016. As noted in the Company's Prospectus, the LTI Plan Shares will be issued to the eligible participants within the first 12 months after the Company's listing on the Australian Stock Exchange.
Vesting date	The LTI Plan Shares vest on the satisfaction of the applicable performance, service or other vesting conditions specified at the time of grant. See additional detail under section (e)(i) of the Remuneration Report for the specific metrics that govern vesting for the 2017 LTI Plan Shares.
Expiry date	There is no expiry date of the LTI Plan Shares.
Exercise price	Not applicable.
Performance achieved	Subject to the service conditions being met for the relevant LTI Plan tranche, the Total Shareholder Return CAGR and the EPS CAGR over the relevant period will determine the number of LTI Plan Shares that vest for the relevant LTI Plan tranche.
Vested	At the date of this report, none of the LTI Plan Shares have vested.

(I) KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The number of ordinary shares in Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd) held by each key management person of the Group during the financial year is as follows:

30 June 2016	Balance at beginning of year	Share increase from split consoli-dation	Sale of shares into IPO (secondary offering)	Purchase of shares into IPO	Held on Listing	Shares received as remun-eration	Balance at end of year
Directors							
Broderick Arnhold	400,000	2,800,000	(1,600,000)	–	1,600,000	–	1,600,000
Cameron Fox	–	–	–	–	–	–	–
– Ordinary	149,999	1,049,993	–	–	–	–	–
– A Class*	75,004	734,933	(209,905)	–	–	–	–
– B Class*	255,264	1,245,987	(1,501,251)	–	–	–	–
– Total	480,267	3,030,913	(1,711,156)	–	1,800,024	–	1,800,024
Craig Mathieson	1,040,001	7,280,007	(4,160,004)	–	4,160,004	–	4,160,004
Brian Singer	1,352,001	9,464,007	(5,408,004)	–	5,408,004	–	5,408,004
Trent Peterson	–	–	–	47,619	47,619	–	47,619
Melanie Wilson	–	–	–	47,619	47,619	–	47,619
Other KMP							
Lawrence Hamson	–	–	–	428,571	428,571	–	428,571
	3,272,269	22,574,927	(12,879,164)	523,809	13,491,841	–	13,491,841

* A Class and B Class shares were converted to ordinary shares on a one for one basis immediately prior the IPO.

(J) CONTRACTUAL ARRANGEMENTS WITH EXECUTIVE KMPS

The remuneration and other terms of employment for the CEO and Senior Executives are set out in formal service agreements as summarised below.

In FY17 the CEO is entitled to fixed remuneration of $580,000 (FY16: $494,062) whilst the fixed remuneration for other Senior Executives is in the range of $200,000 to $400,000.

All service agreements are for an unlimited duration. The agreements for Executives (other than the Chief Executive Officer and Chief Finance Officer) may be terminated by giving four weeks' notice (except in cases of termination for cause where termination is immediate). The Chief Executive Officer's contract may be terminated by giving six months' notice (except in the case of serious or wilful misconduct). The Chief Financial Officer's contract may be terminated by giving four weeks' notice where continuous employment has been less than 18 months or eight weeks' notice thereafter.

(K) LOANS MADE TO KMP

The following information relates to KMP loans made, guaranteed or secured during the reporting period on an aggregate basis:

			Provision for bad debts		
	Balance at beginning of the year $	Balance at the end of the year $	Expense $	Balance at the end of the year $	KMP No.
Employee Share Plan Loans	56,189	56,189	–	–	1

Loans to KMP arise as a result of the early Shaver Shop Long Term Incentive Plan. Interest is payable on the KMP loans based on the Australian Taxation Office benchmark rate from time to time. KMP loans are repayable after a maximum period of six years or upon disposal of the shares.

(L) TRANSACTIONS WITH KMP (EXCLUDING LOANS)

There were no other transactions with KMP except as disclosed elsewhere in the Remuneration Report.

Signed in accordance with a resolution of the Board of Directors:

Brodie Arnhold

Broderick Arnhold
Director

Melbourne
25 August 2016

AUDITORS' INDEPENDENCE DECLARATION

under Section 307C of the *Corporations Act 2001* to the Directors of Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd) and Controlled Entities

Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd)
(Directors' report continued)
30 June 2016

Auditor's Independence Declaration

As lead auditor for the audit of Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd) for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Shaver Shop Group Limited and the entities it controlled during the period.

Paul Lewis
Partner
PricewaterhouseCoopers

Melbourne
25 August 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2016

		Consolidated	
	Note	2016 $	2015 $
Revenue from continuing operations	4	**106,711,001**	63,241,523
Cost of goods sold		**(61,373,595)**	(35,477,113)
Gross profit from corporate owned retail stores		**45,337,406**	27,764,410
Franchise and other revenue	4(b)	**4,027,815**	6,142,943
Employee benefits expense		**(16,639,205)**	(10,522,080)
Depreciation and amortisation expense	5	**(935,630)**	(686,449)
Marketing and advertising expenses		**(5,360,564)**	(5,609,813)
Occupancy expenses		**(9,792,404)**	(6,010,513)
Other expenses		**(10,112,158)**	(4,022,077)
Finance costs (net)	5	**(1,043,374)**	(518,570)
Profit before income tax		**5,481,886**	6,537,851
Income tax (expense)/credit	6	**(1,627,859)**	1,843,674
Profit for the year		**3,854,027**	**8,381,525**
Items that may be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign operations	20(a)	**(49,058)**	23,841
Other comprehensive income for the year		**(49,058)**	**23,841**
Total comprehensive income for the year		**3,804,969**	**8,405,366**
Profit attributable to:			
Members of the parent entity		**3,854,027**	8,381,525
Total comprehensive income attributable to:			
Members of the parent entity		**3,804,969**	8,405,366

		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic and diluted earnings per share (weighted average shares)	21	4.6	10.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	Note	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	**4,333,943**	68,696
Trade and other receivables	10	**2,031,710**	1,605,607
Inventories	11	**18,114,692**	13,972,058
Current tax receivable	25	**880,717**	354,158
TOTAL CURRENT ASSETS		**25,361,062**	16,000,519
NON-CURRENT ASSETS			
Property, plant and equipment	12	**6,318,078**	3,150,788
Deferred tax assets	25	**6,015,407**	3,449,120
Intangible assets	13	**34,075,966**	30,169,728
TOTAL NON-CURRENT ASSETS		**46,409,451**	36,769,636
TOTAL ASSETS		**71,770,513**	52,770,155
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**11,681,187**	8,649,816
Borrowings	15	**–**	255,736
Employee benefits	17	**949,573**	652,195
TOTAL CURRENT LIABILITIES		**12,630,760**	9,557,747
NON-CURRENT LIABILITIES			
Borrowings	15	**5,124,267**	15,899,267
Other liabilities	16	**1,970,323**	1,014,958
TOTAL NON-CURRENT LIABILITIES		**7,094,590**	16,914,225
TOTAL LIABILITIES		**19,725,350**	26,471,972
NET ASSETS		**52,045,163**	26,298,183
EQUITY			
Issued capital	18	**50,385,497**	10,539,383
Reserves	20	**246,096**	23,841
Retained earnings	22	**1,413,570**	15,734,959
TOTAL EQUITY		**52,045,163**	26,298,183

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2016

2016

	Note	Ordinary Shares $	Retained Earnings $	Other Reserves $	Total $
Balance at 1 July 2015		**10,539,383**	**15,734,959**	**23,841**	**26,298,183**
Profit for the period		–	3,854,027	–	3,854,027
Other comprehensive income		–	–	(49,058)	(49,058)
Total comprehensive income		**–**	**3,854,027**	**(49,058)**	**3,804,969**
Transactions with owners in their capacity as owners					
Shares issued during the year		41,767,750	–	–	41,767,750
Transaction costs on share issue		(2,298,206)	–	–	(2,298,206)
Deferred tax asset arising on share issue		551,570	–	–	551,570
Shares bought back during the year		(175,000)	–	–	(175,000)
Share-based payments		–	–	271,313	271,313
Dividends paid or provided for	**19**	–	(18,175,416)	–	(18,175,416)
Balance at 30 June 2016		**50,385,497**	**1,413,570**	**246,096**	**52,045,163**

2015

	Note	Ordinary Shares $	Retained Earnings $	Other Reserves $	Total $
Balance at 1 July 2014		**10,539,383**	**7,353,435**	**–**	**17,892,818**
Profit for the period		–	8,381,524	–	8,381,524
Other comprehensive income		–	–	23,841	23,841
Total comprehensive income		**–**	**8,381,524**	**23,841**	**8,405,365**
Balance at 30 June 2015		**10,539,383**	**15,734,959**	**23,841**	**26,298,183**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		**116,955,998**	79,777,483
Payments to suppliers and employees (inclusive of GST)		**(104,307,466)**	(75,503,114)
		12,648,532	4,274,369
Interest received		**33,093**	35,056
Interest paid		**(1,076,467)**	(553,626)
Income taxes paid		**(2,490,396)**	(2,135,386)
Payments for IPO transaction costs		**(4,438,108)**	–
Net cash inflow from operating activities	31	**4,676,654**	1,620,413
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for brand intangibles		**–**	(109,406)
Payments for property, plant and equipment		**(4,035,082)**	(2,060,234)
Payments for acquisition of corporate stores	7	**(6,464,715)**	(10,115,115)
Net cash outflows from investing activities		**(10,499,797)**	(12,284,755)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**41,767,750**	–
Share issue transaction costs		**(2,298,207)**	–
Payment for shares bought back		**(175,000)**	–
Proceeds from (repayment of) borrowings		**(10,775,000)**	9,501,267
Dividends paid		**(18,175,416)**	–
Net cash inflows from financing activities		**10,344,127**	9,501,267
Net increase/(decrease) in cash and cash equivalents held		**4,520,984**	(1,163,075)
Cash and cash equivalents at beginning of financial year		**(187,041)**	976,034
Cash and cash equivalents at end of financial year	9	**4,333,943**	(187,041)

1 BASIS OF PREPARATION

The consolidated financial report covers Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd) and its controlled entities ('the Group'). Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd) is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

COMPLIANCE WITH IFRS

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

For all periods up to and including 30 June 2015, the Group prepared special purpose financial reports. These financial statements for the year ended 30 June 2016 are the first that the Group has presented as general purpose financial statements and therefore are also the first that the Group has presented as compliant with IFRS. Accordingly, the Group is presenting a number of disclosure items, including comparatives, for the first time. No further adjustments have been made as a result of the first time adoption of IFRS as the special purpose financial reports previously presented adopted the recognition and measurement principles of IFRS.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 25 August 2016.

Comparatives are consistent with prior years, unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS FOR CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Shaver Shop Group Limited ('Company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the period then ended. Shaver Shop Group Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of controlled entities is contained in Note 27 to the financial statements.

(B) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(C) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group operates within one reportable segment, being retail store sales of various specialist personal grooming products through their corporate stores, and royalty income from franchise stores.

(D) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Functional and presentation currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Shaver Shop Group Limited's functional and presentation currency.

Transaction and balances
Foreign currency transactions are recorded at the spot rate on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit and loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(E) REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are presented net of returns, trade allowances, discounts, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below:

Sale of goods
Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

Interest income
Interest is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

Franchise royalty fee income
Franchise royalty fee income includes advertising contributions, which is generally earned based upon a percentage of sales, is recognised on an accrual basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(F) INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. However, deferred tax liabilities are recognised in respect of any adjustments to goodwill subsequent to initial recognition. On that basis, deferred tax liabilities have been recognised in the year in respect of additions to goodwill in respect of franchise buy back activities, to the extent that they are deductible in calculating current tax expense in the year. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred in tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount of tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive or directly in equity, respectively.

(G) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(H) LEASES

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(I) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter of the lease term and the assets' useful life as follows:

Fixed asset class	
Plant and Equipment	2–12 years
Computer Equipment	1-7 years
Leasehold Improvements	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying value. These are included in profit or loss.

(J) IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. At the end of each reporting period the Group determines whether there is any evidence of an impairment indicator for non-financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(K) INTANGIBLE ASSETS

Goodwill

Goodwill is measured as described in Note 2(b). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, and are identified according to operating segments.

Brand names

Brand names have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the brand names over their useful life of 20 years.

(L) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(M) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision of impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(N) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchases and direct shipping costs to bring the inventories into their current location. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(O) TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(P) EMPLOYEE BENEFITS

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables. Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Share-based payments

Share-based compensation benefits are provided to employees via the Share Plan and LTI Plan.

Share Plan

The fair value of shares granted under the Share Plan is recognised as an employee benefit expense with a corresponding increase in equity. The design of the Share Plan results in it being treated as an in substance option for the purposes of fair valuing share awards under the Share Based Payment accounting standards. The total expense is recognised over the vesting period, which is the period over which all of the specific vesting conditions are to be satisfied. At the end of each period, the entity revises estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Information on the Share Plan

The establishment of the Shaver Shop Group Limited Employee Performance Share Plan (Share Plan) was approved by the Shareholders in August 2014. The Share Plan is designed to provide long-term incentives for Senior Managers and above to deliver long-term Shareholder returns. Under the plan, participants are granted shares which only vest if an exit event occurs, except for Class A shares in which no vesting conditions exist. Shares granted under the plan are funded by an employee loan contract provided by the Company; the loan will be paid back upon vesting of the shares. The loan amount of the shares is based on market value of the Company shares at grant date. Class A shares are entitled to a discretionary dividend at the Board's discretion. There are no voting rights of the shares granted. On vesting each special class of loan funded share is convertible into one ordinary share. All shares under the Share Plan converted to ordinary shares prior to the Company's IPO on 1 July 2016. The Share Plan was replaced with the LTI Plan to provide long-term incentives for Senior Management and above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

LTI Plan

The fair value of shares granted under the Shaver Shop Group Limited Long Term Incentive Plan is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

> Including any market performance conditions (for example the entity's share price),

> Excluding the impact for any service and non-market performance vesting conditions (for example, sales growth targets, profitability and an employee remaining an employee of the entity over a specified time period), and

> Including the impact of non-vesting conditions (for example the requirement for employees to hold shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specific vesting conditions are to be satisfied. At the end of each period, the entity revises estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(Q) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probably that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(R) BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

(S) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(T) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2015:

> AASB 2014-1 *Amendments to Australian Accounting Standards (including Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles and Part B: Defined Benefit Plans: Employee Contributions – Amendments to AASB 119).*

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

The Group also elected to adopt the following two amendments early:

> AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*, and

> AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.*

As these amendments merely clarify the existing requirements, they do not affect the Group's accounting policies or any of the disclosures.

(U) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9: *Financial Instruments*	1 July 2018	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The Group will undertake a more detailed assessment of the impact over the next twelve months.
AASB 15: *Revenue from Contracts with Customers*	1 July 2018	The AASB has issued a new standard for the recognition of revenue. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.	The Group will undertake a more detailed assessment of the impact over the next twelve months.
AASB 16: *Leases*	1 July 2019	AASB 16 will require lessees to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will measure right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has operating lease commitments of $24.8 million. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving significant estimates or judgements are estimates of goodwill impairment, refer to Note 13 and recoverable amount of inventory, refer to Note 11.

4 REVENUE AND OTHER INCOME

(A) REVENUE FROM CONTINUING OPERATIONS

	2016 $	2015 $
Sales revenue		
Retail sales	**106,711,001**	63,241,523
Total revenue	**106,711,001**	63,241,523

(B) FRANCHISE AND OTHER REVENUE AND OTHER GAINS/(LOSSES)

	2016 $	2015 $
Franchise revenue		
Franchise royalties	**3,819,964**	5,788,388
Franchise fees	**–**	78,466
	3,819,964	5,866,854
Other revenue		
Advertising contributions	**213,650**	248,740
Other revenue	**30,866**	27,348
Other gains/(losses)		
Loss on disposal of Property, Plant & Equipment	**(36,665)**	–
	207,851	276,088
Total franchise and other revenue	**4,027,815**	6,142,942

5 EXPENSES

The result for the year includes the following specific expenses:

	2016 $	2015 $
Finance costs (net)		
Interest and finance charges	**1,076,467**	553,626
Interest income	**(33,093)**	(35,056)
Finance costs (net)	**1,043,374**	518,570
Amortisation		
Brand names	**72,488**	66,794
Depreciation		
Property, plant & equipment	**863,142**	619,655
Depreciation and amortisation expense	**935,630**	686,449
Rental expense relating to operating leases		
Minimum lease payments	**8,041,196**	4,877,518
Other expenses		
Initial Public Offering related transaction costs	**4,438,108**	–

6 INCOME TAX EXPENSE

(A) MAJOR COMPONENTS OF TAX EXPENSE (INCOME):

	2016 $	2015 $
Current tax expense		
Current tax on profits for the year	**1,962,576**	1,438,824
Deferred tax expense		
Movement in deferred tax assets	**(334,717)**	(3,282,498)
Income tax expense relating to continuing operations	**1,627,859**	(1,843,674)

6 INCOME TAX EXPENSE CONTINUED

(B) RECONCILIATION OF INCOME TAX TO ACCOUNTING PROFIT:

	2016 $	2015 $
Profit from continuing operations before income tax expense	**5,481,886**	6,537,851
Tax at the Australian tax rate of 30% (2015 – 30%)	**1,644,566**	1,961,355
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	**20,038**	20,038
— other non-deductible items	**12,641**	6,706
	1,677,245	1,988,099
Less/(Add):		
Tax effect of:		
— Reversal of prior year DTL on franchise buy backs	**–**	318,580
— Current year deduction on franchise buy backs	**–**	794,700
— Future deductions available for franchise buy backs	**–**	2,858,176
— Other	**49,386**	(139,653)
Income tax attributable to parent entity	**1,627,859**	(1,843,674)
Income tax expense/(benefit)	**1,627,859**	(1,843,674)

Franchise Buy Backs

Shaver Shop has received a private ruling from the Australian Tax Office in respect of deductions for the amount relating to the termination of the franchise licence forming part of the purchase consideration paid for the buy back of franchise stores. The tax ruling confirms that this amount is to be deducted in equal portions over a five year period following the date of purchase.

For each franchise store, a portion of the purchase consideration equal to the total tax benefit to be received over five years is recognised as a deferred tax asset. The deferred tax asset is then released over five years in accordance with the deduction schedule for each acquired franchise store with the effect of reducing income tax payable for each period.

Prior to 2015, the Company had assessed that the deduction was not probable. In 2015, a private ruling from the Australian Tax Office was obtained and the deductions were recognised through income tax benefit.

(C) AMOUNTS RECOGNISED DIRECTLY IN EQUITY

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity.

	2016 $	2015 $
Deferred tax: share issue costs	**551,570**	–

7 BUSINESS COMBINATIONS

The Company acquired four franchise stores on 4 August 2015. One further franchise store was acquired on each of 22 September 2015, 29 September 2015, 7 March 2016 and 30 March 2016 with a total purchase consideration of $6,464,715.

The acquisitions are expected to increase the Group's retail sales and synergies are expected to arise after the Company's acquisition of these stores.

Details of the purchase consideration, the net assets acquired and the resulting goodwill are as follows:

	Total $
Purchase consideration:	
— Cash	6,464,715
Total purchase consideration	**6,464,715**
Assets or liabilities acquired:	
Inventories	1,070,812
Payables	(256,097)
Deferred tax assets	1,680,000
Total net identifiable assets acquired and liabilities assumed	**2,494,715**
Purchase consideration	6,464,715
Less: Identifiable assets acquired	2,494,715
Goodwill	**3,970,000**

The goodwill is attributable to the retail stores bought back, strong profitability in trading personal grooming products and synergies expected to arise after the Company's acquisition of these stores. The goodwill is not expected to be deductible for tax purposes.

Revenue of the acquired franchise stores included in the consolidated revenue of the Group since the respective acquisition dates amounted to $10.2 million.

Had the results of the acquired franchise stores been consolidated from 1 July 2015, additional revenue of the Group would have been $14.6 million for the year ended 30 June 2016.

Acquisition related costs for the franchise buy backs were not material and are included in other expenses in the profit and loss statement.

8 OPERATING SEGMENTS

Segment information
The Group operates within one reportable segment, being retail store sales of specialist personal grooming products through their corporate stores and royalty income from franchise stores. The chief operating decision maker for the Company is the Chief Executive Officer. The retail stores and franchise royalty income has been aggregated into one reportable segment, as they have similar growth rates. Total revenue disclosed in the consolidated statement of comprehensive profit and loss all relates to this one reportable segment. The Group is not reliant on any single customer. At 30 June 2016, the Group operated 74 Corporate stores in Australia (2015: 53) and 6 Corporate Stores in New Zealand (2015: 3). Sales and profit derived from outside Australia are not material to disclosure.

9 CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank and on hand	**4,333,943**	68,696

Reconciliation of cash
Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

	Note	2016 $	2015 $
Cash and cash equivalents		**4,333,943**	68,695
Bank overdrafts	15	**–**	(255,736)
Balance as per consolidated statement of cash flows		**4,333,943**	(187,041)

10 TRADE AND OTHER RECEIVABLES

	Note	2016 $	2015 $
CURRENT			
Trade receivables		**1,721,547**	1,390,485
Prepayments		**179,056**	44,140
Related party receivables	30(c)	**81,377**	81,377
Other receivables		**49,730**	89,605
Total current trade and other receivables		**2,031,710**	1,605,607

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

11 INVENTORIES

	2016 $	2015 $
Finished goods	**18,114,692**	13,972,058

Amounts recognised in profit and loss
Inventories recognised as an expense during the year ended 30 June 2016 amounted to $61,395,013 (2015: $38,805,419). These were recognised in cost of goods sold. The Company has created a provision for slow moving inventories. At 30 June 2016, this amounted to $158,687 (2015: $26,127).

Critical accounting estimates and judgements – recoverable amount of inventory
Management has assessed the value of inventory that requires a provision due to the inventory being slow moving, using past experience and judgement on the likely sell through rates of various items of inventory. To the extent that these judgements and assumptions prove incorrect, the Group may be exposed to potential additional inventory write-downs in future periods.

12 PROPERTY, PLANT AND EQUIPMENT

	2016 $	2015 $
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	**949,392**	166,180
Plant and equipment		
At cost	**6,868,984**	3,756,831
Accumulated depreciation	**(1,785,566)**	(1,058,872)
Total plant and equipment	**5,083,418**	2,697,959
Computer equipment		
At cost	**465,494**	539,228
Accumulated depreciation	**(194,412)**	(288,273)
Total computer equipment	**271,082**	250,955
Improvements		
At cost	**14,798**	319,251
Accumulated depreciation	**(612)**	(283,557)
Total improvements	**14,186**	35,694
Total property, plant and equipment	**6,318,078**	3,150,788

Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Consolidated	Leasehold Improvements in Progress $	Plant and Equipment $	Computer Equipment $	Improvements $	Total $
Year ended 30 June 2016					
Balance at the beginning of the year	166,181	2,697,958	250,955	35,694	3,150,788
Additions	3,409,376	537,282	88,424	–	4,035,082
Disposals – written down value	–	(20,275)	(222)	(16,168)	(36,665)
Transfers	(2,626,545)	2,592,779	33,766	–	–
Depreciation expense	–	(755,396)	(102,406)	(5,340)	(863,142)
Foreign exchange movements	380	31,070	565	–	32,015
Balance at the end of the year	**949,392**	**5,083,418**	**271,082**	**14,186**	**6,318,078**

12 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Consolidated	Leasehold Improve-ments in Progress $	Plant and Equipment $	Computer Equipment $	Improve-ments $	Total $
Year ended 30 June 2015					
Balance at the beginning of the year	185,012	1,275,350	183,382	85,297	1,729,041
Additions	1,923,151	115,519	–	–	2,038,670
Transfers	(1,941,982)	1,779,762	162,220	–	–
Depreciation expense	–	(475,247)	(94,804)	(49,603)	(619,654)
Foreign currency movements	–	2,574	157	–	2,731
Balance at the end of the year	166,181	2,697,958	250,955	35,694	3,150,788

13 INTANGIBLE ASSETS

	2016 $	2015 $
Goodwill		
Cost	**32,961,439**	28,991,439
Brand names		
Cost	**1,454,315**	1,445,365
Accumulated amortisation and impairment	**(339,788)**	(267,076)
Net carrying value	**1,114,527**	1,178,289
Total Intangibles	**34,075,966**	30,169,728

Movements in carrying amounts of intangible assets

	Brand names $	Goodwill $	Total $
Year ended 30 June 2016			
Opening net book value	1,178,289	28,991,439	30,169,728
Additions through business combinations	–	3,970,000	3,970,000
Amortisation	(72,711)	–	(72,711)
Foreign exchange movements	8,949	–	8,949
Closing value at 30 June 2016	**1,114,527**	**32,961,439**	**34,075,966**

	Brand names $	Goodwill $	Total $
Year ended 30 June 2015			
Opening net book amount	1,135,677	19,918,439	21,054,116
Additions through business combinations	109,406	9,073,000	9,182,406
Amortisation	(66,794)	–	(66,794)
Closing value at 30 June 2015	1,178,289	28,991,439	30,169,728

13 INTANGIBLE ASSETS CONTINUED

Impairment testing for goodwill

For the purpose of impairment testing, goodwill is monitored as one operating segment.

Significant estimate: key assumptions used for value-in-use calculations
The Group performed its annual impairment testing as at 30 June 2016. The Group considers the relationship between its market capitalisation and its carrying value, among other factors, when reviewing for indicators of impairment. The recoverable amount of the relevant CGUs has been determined based on the value-in-use calculation using cash flow projections from budgets approved by Senior Management covering a five year period. Cash flows beyond the five year period are extrapolated using estimated growth rates of 3%. The post-tax discount rate applied to cash flow projected is 9.8%.

The value-in-use calculation is most sensitive to the following key assumptions:

> Gross margin

> Growth rate

> Discount rate

Gross margin: Gross margin is based on average values achieved in the past. Margins are not increased over the budget timeline.

Growth rate: Rates are based on Management's best estimates of anticipated growth in the short to medium term and are not significantly different to rates applied across the retail industry. The growth rate in the terminal year is 3%.

Discount rate: The discount rate is specific to the Group's circumstances and is derived from its average weighted average cost of capital (WACC). The WACC takes into account the cost of both debt and equity. The cost of equity is determined by the expected return on investment by the Group's Shareholders. The cost of debt is based on the average cost of interest bearing debt that the Group is committed to service.

Sensitivity analysis: Management recognises that the future growth rates may differ from what has been estimated. Management notes that even if growth fell to 0% for each forecasted year, the recoverable amount does not fall below the carrying value.

14 TRADE AND OTHER PAYABLES

	2016 $	2015 $
CURRENT		
Unsecured liabilities		
Trade payables	**10,252,467**	6,810,257
GST payable	**35,863**	383,784
Sundry payables and accrued expenses	**1,392,857**	1,455,775
Total trade and other payables	**11,681,187**	8,649,816

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

15 BORROWINGS

	2016 $	2015 $
CURRENT		
Secured liabilities:		
Bank overdraft	–	255,736
Total current borrowings	–	255,736
NON-CURRENT		
Secured liabilities:		
Bank loans	**5,124,267**	15,899,267
Total non-current borrowings	**5,124,267**	15,899,267
Total borrowings	**5,124,267**	16,155,003

(A) COLLATERAL

The carrying amounts of non-current assets pledged as collateral for liabilities are:

	2016 $	2015 $
Fixed and Floating charge:		
— cash and cash equivalents	**4,333,943**	68,696
— trade receivables	**1,721,547**	1,390,485
— plant and equipment	**6,318,078**	3,150,788

In addition, the bank loans and overdraft are secured by a first registered mortgage of lease over certain properties that the Group leases and a first registered mortgage of the Group shares held by Shaver Shop Group Limited.

(B) DEBT COVENANTS

Under the terms of the major borrowing facilities, as at year end, the Group is required to comply with the following financial covenants:

a) the ratio of debt to EBITDA must be less than or equal to 2.35; and

b) the ratio of interest expense to EBITDA must be greater than 6

During the current and prior year, there were no defaults on borrowings or breaches of debt covenants.

16 OTHER LIABILITIES

	2016 $	2015 $
NON-CURRENT		
Deferred lease incentive liability	**1,420,595**	736,798
Deferred rent liability	**549,728**	278,160
Total	**1,970,323**	1,014,958

17 EMPLOYEE BENEFITS

	2016 $	2015 $
CURRENT		
Provision for employee benefits	**949,573**	652,195

The provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2016 $	2015 $
NON-CURRENT		
Leave obligations expected to be settled after 12 months	**97,406**	88,207

18 ISSUED CAPITAL

	2016 $	2015 $
125,087,040 (2015: 10,489,378) Ordinary shares	**50,385,497**	10,539,383

(A) MOVEMENTS IN SHARE CAPITAL

	2016 $	2015 $
At the beginning of the reporting period	**10,539,383**	10,539,383
Shares bought back	**(175,000)**	–
Shares issued in Initial Public Offering	**41,767,750**	–
Transaction costs on share issue	**(2,298,206)**	–
Deferred tax asset arising on transaction costs	**551,570**	–
At the end of the reporting period	**50,385,497**	10,539,383

18 ISSUED CAPITAL CONTINUED

	Ordinary Shares No.	A Class Shares No.	B Class Shares No.	C Class Shares No.	D Class Shares No.	E Class Shares No.
2016						
Shares on issue at beginning of the financial year	**10,489,378**	**75,004**	**255,264**	**30,631**	**30,631**	**36,330**
Shares bought back	(50,000)	–	–	–	–	–
Share cancellation	–	–	–	(30,631)	–	–
Shares issued in share split	73,075,646	734,933	1,786,848	–	214,417	254,310
Share consolidation	–	–	(540,861)	–	(64,898)	(79,175)
Conversion to ordinary shares	2,702,803	(809,937)	(1,501,251)	–	(180,150)	(211,465)
Shares issued in IPO	38,869,213	–	–	–	–	–
Shares on issue at end of the financial year	**125,087,040**	**–**	**–**	**–**	**–**	**–**
2015						
Shares on issue at beginning of the financial year	**10,489,378**	**–**	**–**	**–**	**–**	**–**
Shares issued under Employee Share Loan Plan	–	75,004	255,264	30,631	30,631	36,330
Shares on issue at end of the financial year	**10,489,378**	**75,004**	**255,264**	**30,631**	**30,631**	**36,330**

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

There are no voting rights attached to A Class, B Class, D Class or E Class shares. There are no dividends entitlements to B Class, D Class or E Class shares. A dividend may be payable on A Class shares at the discretion of the Board. All A Class, B Class, D Class and E Class shares vested and were converted to ordinary shares immediately prior to the Company's Initial Public Offering.

The Company does not have authorised capital or par value in respect of its shares.

(B) CAPITAL MANAGEMENT

Capital of the Group is managed in order to safeguard the ability of the Group to continue as a going concern, to provide returns for Shareholders, benefits for other stakeholders and to maintain an optimal capital structure.

The Group monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the consolidated statement of financial position plus net debt.

There are no externally imposed capital requirements.

19 DIVIDENDS

	2016 $	2015 $
The following dividends were declared and paid:		
Pre-IPO dividend of 21.608 cents per share	**18,175,416**	–

19 DIVIDENDS CONTINUED

	2016 $	2015 $
Total dividends per share declared and paid	**0.22**	–

Franking account

	2016 $	2015 $
The franking credits available for subsequent financial years at a tax rate of 30%	**(880,717)**	5,691,212

The above available balance is based on the dividend franking account at year end adjusted for:

(a) Franking credits that will arise from the payment of the current tax liabilities;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

20 RESERVES

	2016 $	2015 $
Foreign currency translation reserve		
Opening balance	**23,841**	–
Currency translation differences arising during the year	**(49,058)**	23,841
Balance at 30 June	**(25,217)**	23,841
Share-based payments reserve		
Opening balance	**–**	–
Transfers in	**271,313**	–
Balance at 30 June	**271,313**	–
Total	**246,096**	23,841

(A) FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income – foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(B) SHARE-BASED PAYMENTS RESERVE

This reserve records the cumulative value of employee service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital.

21 EARNINGS PER SHARE

	2016 $	2015 $
Profit from continuing operations	**3,854,027**	8,381,525
Earnings used to calculate basic EPS from continuing operations	**3,854,027**	8,381,525

	2016 No.	2015 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**84,210,684**	83,915,024

The weighted average number of shares used to calculate basic and diluted earnings per share is the same in each year as there were no unvested shares or options outstanding in each year.

22 RETAINED EARNINGS

	2016 $	2015 $
Retained earnings at beginning of the financial year	**15,734,959**	7,353,435
Net profit for the year	**3,854,027**	8,381,524
Dividends paid	**(18,175,416)**	–
Retained earnings at end of the financial year	**1,413,570**	15,734,959

23 CAPITAL AND LEASING COMMITMENTS

(A) OPERATING LEASES

	2016 $	2015 $
Minimum lease payments under non-cancellable operating leases:		
— not later than one year	**7,053,945**	5,776,828
— between one year and five years	**16,454,902**	12,759,316
— later than five years	**1,334,315**	226,437
	24,843,162	18,762,581

Operating leases have been have been taken out for retail stores and head office. Lease payments are increased on an annual basis to reflect market rentals.

24 FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Group does not speculate in derivative financial instruments.

The most significant financial risks to which the Group is exposed to are described below:

Risk	Exposure arising from
Liquidity risk	Borrowings, bank overdrafts and other liabilities
Credit risk	Cash at bank and trade receivables
Market risk – currency risk	Recognised assets and liabilities not denominated in Australian dollars
Market risk – interest rate risk	Borrowings at variable rates

OBJECTIVES, POLICIES AND PROCESSES

Risk management is carried out by the Group's Senior Management and the Board of Directors. The Chief Financial Officer has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group. These policies and procedures are then approved by the Risk Management Committee and tabled at the Board meeting following their approval. Reports are presented to the Board regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

LIQUIDITY RISK

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash to meet its liquidity requirements for up to 30 day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as cash outflows due in day to day business.

Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling six week projection. Long term liquidity needs for a 180 day and a 360 day period are identified monthly.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2016 $	2015 $
Commercial advance facilities	**8,375,733**	12,800,733
Bank overdraft/bank guarantee facility	**–**	1,404,264
Total	**8,375,733**	14,204,997

The commercial advance facility was due to expire on 31 December 2017 and attracts an interest rate of BBSY plus 1.5%. The bank overdraft/bank guarantee facility was also due to expire on 31 December 2017. The bank overdraft component of this facility attracts a floating interest rate. As at 30 June 2016, the interest rate was 8.75%. As disclosed at Note 33 these facilities were renegotiated subsequent to year end.

24 FINANCIAL RISK MANAGEMENT CONTINUED

(ii) Maturities of financial liabilities

The Group's liabilities have contractual maturities which are summarised below:

	Not later than 1 month		1 month to 1 year		1 to 2 years	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Bank loans	**19,237**	63,465	**211,611**	698,110	**5,355,115**	16,660,842
Bank overdrafts	**–**	1,865	**–**	275,948	**–**	–
Trade payables	**10,252,456**	6,810,258	**–**	–		
Total	**10,271,693**	6,875,588	**211,611**	974,058	**5,355,115**	16,660,842

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect Management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated statement of financial position due to the effect of discounting.

The timing of expected outflows is not expected to be materially different from contracted cash flows.

CREDIT RISK

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to certain customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. In addition, sales to retail customers are required to be settled in cash or through the use of major credit cards, reducing credit risk associated with sales.

Trade receivables consist mainly of supplier rebates and franchise royalty income owing to the Group. Ongoing credit evaluation is performed on the financial condition of accounts receivable. No impairment exists within trade receivables at year end. There are no balances within trade receivables that contain assets that are overdue but not impaired. It is expected that these balances will be received when due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counter parties are reputable banks with high quality external credit ratings.

Credit quality
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rates.

	2016 $	2015 $
Cash at bank		
AA– (Standard & Poors)	**4,333,943**	–
Accounts receivable		
Counter parties with no external credit rating		
Group 1*	**1,721,547**	1,390,485

* Group 1: Existing counter parties (more than 12 months) with no defaults in the past.

24 FINANCIAL RISK MANAGEMENT CONTINUED

MARKET RISK

(i) Foreign currency risk

Most of the Group transactions are carried out in Australian Dollars. Exposures to currency exchange rates arise from the Group's New Zealand operations which are denominated in New Zealand Dollars.

Whilst the Group's exposure to foreign currency is not considered to be material, the Group's exposure to non-Australian Dollar cash flows is monitored in accordance with the Group's risk management policies.

There are no material foreign currency denominated financial assets or liabilities at year end.

Market volatility in the New Zealand Dollar is unlikely to have a material impact on the Group's pre-tax profit or equity. Therefore a sensitivity analysis has not been performed.

(ii) Interest rate risk

The Group is exposed to interest rate risk arising from both short-term and long-term variable rate borrowings. The Group does not hedge against interest rate movements and monitors the exposure to interest rate risk in accordance with the Group's risk management policy. All of the Group's borrowings are denominated in Australian Dollars.

As at the end of the reporting period, the Group had the following variable rate borrowings outstanding:

	Weighted average interest rate %	2016 $	Weighted average interest rate %	2015 $
Floating rate instruments				
Bank overdrafts	8.75	–	8.70	255,736
Bank loans	3.51	5,124,267	4.10	15,899,267
Total	**3.51**	**5,124,267**	4.17	16,155,003

Management considers that interests rates could reasonably increase by 1% or decrease by 0.5% (2015: increase of 1%, decrease of 0.5%). As these movements would not have a material impact on either the net result for the year or equity no sensitivity analysis has been performed.

25 TAX ASSETS AND LIABILITIES

(A) CURRENT TAX ASSET

	2016 $	2015 $
Income tax receivable	**880,717**	354,158

(B) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2016 $	2015 $
Deferred tax assets	**6,015,407**	3,449,120

25 TAX ASSETS AND LIABILITIES CONTINUED

	Opening Balance $	Charged to Income $	Charged directly to Equity $	Acquisition of Franchise Stores $	Closing Balance $
Deferred tax assets					
Provisions – employee benefits	154,759	52,640	–	–	207,399
Accruals	103,308	52,032	–	–	155,340
Lease incentive liability	147,183	55,557	–	–	202,740
Cancellation of franchise fee on acquisition	–	2,858,716	–	–	2,858,716
Other	81,418	18,201	–	–	99,619
Set off Deferred Tax Liability	(1,466)	(73,228)	–	–	(74,694)
Balance at 30 June 2015	**485,202**	**2,963,918**	**–**	**–**	**3,449,120**
Provisions – employee benefits	207,399	115,808	–	–	323,207
Accruals	155,340	146,268	–	–	301,608
Lease incentive liability	202,740	179,537	–	–	382,277
Cancellation of franchise fee on acquisition	2,858,716	(1,148,116)	–	1,680,000	3,390,600
IPO costs	–	978,062	551,570	–	1,529,632
Other	99,619	(248)	–	–	99,371
Set off Deferred Tax Liability	(74,694)	63,406	–	–	(11,289)
Balance at 30 June 2016	**3,449,120**	**334,717**	**551,570**	**1,680,000**	**6,015,407**

	Opening Balance $	Charged to Income $	Charged Directly to Equity $	Acquisition of Franchise Stores $	Closing Balance $
Deferred tax liability					
Cancellation of franchise fee on acquisition	318,580	(318,580)	–	–	–
Balance at 30 June 2015	**318,580**	**(318,580)**	**–**	**–**	**–**
Balance at 30 June 2016	**–**	**–**	**–**	**–**	**–**

26 AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

PwC Australia

	2016 $	2015 $
AUDIT AND OTHER ASSURANCE SERVICES		
Audit of financial statements	**230,000**	111,750
Total remuneration for audit and other assurance services	**230,000**	111,750
NON-AUDIT SERVICES		
Taxation services		
Tax compliance services	**21,930**	18,000
Advisory services		
IPO	**517,370**	–
Total remuneration for other services	**539,300**	18,000
Total	**769,300**	129,750

27 INTERESTS IN SUBSIDIARIES

The Group's subsidiaries as at 30 June 2016 are set out below:

	Principal place of business/ Country of Incorporation	Percentage Owned (%)* 2016	Percentage Owned (%)* 2015
SUBSIDIARIES:			
Lavomer Riah Pty Ltd	Australia	**100**	100
Shaver Shop Pty Ltd	Australia	**100**	100
Shaver Shop (New Zealand) Limited	New Zealand	**100**	100
Shaver Shop Saleco Pty Ltd	Australia	**100**	–

* The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

28 DEED OF CROSS GUARANTEE

Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd), Lavomer Riah Pty Ltd and Shaver Shop Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. Under ASIC class order 98/1418 there is no requirement for these subsidiaries to prepare or lodge a consolidated financial report and directors' report as a result of entering into the deed.

These companies represent a closed group for the purposes of the class order.

28 DEED OF CROSS GUARANTEE CONTINUED

The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the closed group, after eliminating all transactions between parties to the deed of cross guarantee are shown below:

	2016 $	2015 $
Consolidated Statement of Comprehensive Income		
Revenue	**103,375,651**	62,015,600
Cost of sales	**(59,341,632)**	(34,970,700)
Gross Profit	**44,004,019**	27,044,900
Other revenue	**4,027,462**	6,177,743
Operating expenses	**(41,293,245)**	(25,624,490)
Finance costs	**(1,043,374)**	(553,626)
Profit before income tax	**5,724,862**	7,044,527
Income tax (expense)/credit	**(1,627,859)**	1,843,674
Profit after income tax	**4,097,003**	8,888,201
Profit attributable to members of the parent entity	**4,097,003**	8,888,201

	2016 $	2015 $
Retained earnings:		
Retained earnings at the beginning of the year	**16,241,640**	7,353,439
Profit after income tax	**4,097,003**	8,888,201
Dividends recognised	**(18,175,416)**	–
Retained earnings at the end of the year	**2,163,227**	16,241,640
Attributable to:		
Equity holders of the Company	**2,163,227**	16,241,640

28 DEED OF CROSS-GUARANTEE CONTINUED

	2016 $	2015 $
Consolidated Statement of Financial Position		
Current Assets		
Cash and cash equivalents	**3,988,044**	66,482
Trade and other receivables	**3,491,810**	2,669,771
Inventories	**16,732,815**	13,268,370
Current tax receivables	**880,717**	354,158
Total Current Assets	**25,093,386**	16,358,781
Non-Current Assets		
Property, plant and equipment	**5,446,350**	2,714,856
Intangible assets	**33,963,528**	30,060,322
Deferred tax assets	**6,015,407**	3,449,121
Total Non-Current Assets	**45,425,285**	36,224,299
Total Assets	**70,518,671**	52,583,080
Current Liabilities		
Trade and other payables	**11,300,111**	7,992,378
Short term borrowings	**–**	310,450
Total Current Liabilities	**11,300,111**	8,302,828
Non-Current Liabilities		
Long term borrowings	**5,124,267**	15,899,267
Other liabilities	**1,274,256**	675,802
Total Non-Current Liabilities	**6,398,523**	16,575,069
Total Liabilities	**17,698,634**	24,877,897
Net Assets	**52,820,037**	27,705,183
Equity		
Issued capital	**50,385,497**	10,539,383
Reserves	**271,313**	–
Retained earnings	**2,163,227**	16,241,640
Total Equity	**52,820,037**	26,781,023

29 CONTINGENCIES

Contingent Liabilities
There are no contingent liabilities recognised by the Group.

30 RELATED PARTIES

(A) SUBSIDIARIES

Interests in subsidiaries are set out in Note 27.

(B) KEY MANAGEMENT PERSONNEL

Key management personnel remuneration included within employee expenses for the year is shown below:

	2016 $	2015 $
Short term employee benefits	**1,380,098**	402,908
Post-employment benefits	**34,827**	39,825
Share based payments	**209,428**	–
	1,624,353	442,733

(C) LOANS TO/FROM RELATED PARTIES

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Opening balance	Closing balance	Interest not charged	Interest paid/ payable	Impairment
Loans to KMP and related parties					
2016	**81,377**	**81,377**	**–**	**4,435**	**–**
2015	–	81,377	–	2,374	–

The loans to KMP resulted from a share incentive scheme implemented prior to the Shaver Shop Employee Share Plan (refer Note 32). Interest is payable on the KMP loans based on the Australian Taxation Office benchmark rate from time to time. KMP loans are repayable after a maximum period of six years or upon disposal of the shares.

31 CASH FLOW INFORMATION

(A) RECONCILIATION OF RESULT FOR THE YEAR TO CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of net income to net cash provided by operating activities:

	2016 $	2015 $
Profit for the year	**3,854,027**	8,381,524
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
Depreciation and amortisation	**935,630**	686,449
Net loss on disposal of property, plant & equipment	**36,665**	–
Share-based payments expense	**271,313**	–
Net exchange differences	**(89,799)**	23,841
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
— (increase)/decrease in trade and other receivables	**(426,103)**	(147,445)
— (increase)/decrease in inventories	**(3,071,821)**	(5,832,539)
— (increase)/decrease in deferred tax assets	**(334,716)**	(3,283,964)
— increase/(decrease) in trade and other payables	**4,028,017**	2,483,882
— increase/(decrease) in income taxes payable	**(526,559)**	(691,335)
Cash flow from operations	**4,676,654**	1,620,413

32 SHARE-BASED PAYMENTS

During the year ended 30 June 2016 the Group maintained an equity incentive scheme, under which selected Management had the opportunity to acquire shares in the Company, with the opportunity for the employee to take up a limited recourse loan in order to fund the purchase of the shares (Employee Performance Share Plan).

The Employee Performance Share Plan was approved by the Shareholders in August 2014. The plan was designed to provide long-term incentives for Senior Managers and above to deliver long-term Shareholder returns. Participation in the Employee Performance Share Plan was at the discretion of the Board.

There are no voting rights attached to the shares granted. Class A shares are entitled to a discretionary dividend, granted at the Board's discretion. No dividend rights attach to the remaining classes of shares. In accordance with the Employee Performance Share Plan rules, the shares issued under the plan converted to ordinary shares at the time of the Company's listing.

Subsequent to year end, the Company introduced a Long Term Incentive Plan to replace the Employee Performance Share Plan. Details of the Long Term Incentive Plan are disclosed in Note 33.

The details of shares issued under the Employee Performance Share Plan were as follows:

	Class A	Class B	Class D	Class E
Number of shares issued on 4 December 2014	75,004	225,264	30,631	36,330
Fair value of shares at grant date ($):	2.94	2.28	2.28	2.28

The total expenses arising during the period as a result of share based payment transactions were $271,313 (2015: $Nil).

33 EVENTS OCCURRING AFTER THE REPORTING DATE

The consolidated financial report was authorised for issue on 25 August 2016 by the Board of Directors.

Borrowing facilities
Subsequent to the end of the financial year, the Group renegotiated its debt facilities.

The revised facility consists of a commercial advance facility totalling $23,000,000. In addition, Shaver Shop has access to a bank guarantee facility totalling $2,000,000. The facilities have an expiry date of July 2018 and interest is payable on the commercial advance facility at the rate of BBSY + 1.65%.

Share-based payments
Subsequent to the end of the financial year, the Company has established the Shaver Shop Loan Share Plan (LTI Plan) to assist in the motivation, retention and reward of Shaver Shop Senior Executives. The LTI Plan is designed to align the interests of Senior Executives more closely with the interests of Shareholders by providing an opportunity for eligible Senior Executives to acquire shares subject to the conditions of the LTI Plan.

Under the plan, participants are granted Plan Shares which will only vest if certain criteria are met. The number of Plan Shares which will vest under the LTI Plan will be depended on time based (years of service) and performance based criteria. Plan Shares are granted under the plan and funded by a limited recourse loan to the eligible Senior Executives. The Plan Shares will rank pari passu in all respects with the ordinary shares of the Company. No Plan Shares have been granted as at the date of this report.

Business combinations
On 8 August 2016, Shaver Shop acquired three franchises for total consideration of $1 million plus net working capital.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

34 PARENT ENTITY

The following information has been extracted from the books and records of the parent, Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd) and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd) has been prepared on the same basis as the consolidated financial statements.

	2016 $	2015 $
Summary financial information		
ASSETS		
Current assets	**16,544,578**	79
Non-current assets	**30,290,290**	10,539,383
Total Assets	**46,834,868**	10,539,462
LIABILITIES		
Current liabilities	**–**	581,924
Total Liabilities	**–**	581,924
EQUITY		
Contributed equity	**50,385,496**	10,539,383
Reserves	**271,313**	–
Accumulated losses	**(3,821,941)**	(581,845)
Total Equity	**46,834,868**	9,957,538
Profit or loss for the period	**14,935,320**	
Total comprehensive income	**14,935,320**	–

34 PARENT ENTITY CONTINUED

Contingent liabilities
The parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015.

Contractual commitments
The parent entity did not have any commitments as at 30 June 2016 or 30 June 2015.

35 COMPANY DETAILS

The registered office of and principal place of business of the Company is:

Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd)

Level 1, Chadstone Tower One
1341 Dandenong Road
CHADSTONE VIC 3148

DIRECTORS' DECLARATION

The Directors of the Company declare that:

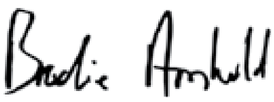
1. the consolidated financial statements and notes for the year ended 30 June 2016 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the consolidated Group;

2. In the Directors' opinion, 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.



Broderick Arnhold
Director

Melbourne
25 August 2016

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd)

Report on the financial report

We have audited the accompanying financial report of Shaver Shop Group Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Shaver Shop Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Independent auditor's report to the members of Shaver Shop Group Limited (formerly Lavomer Riah Holdings Pty Ltd) (continued)

Auditor's opinion

In our opinion:

(a) the financial report of Shaver Shop Group Limited is in accordance with the *Corporations Act 2001,* including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 14 to 22 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Shaver Shop Group Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Paul Lewis
Partner

Melbourne
25 August 2016

CORPORATE INFORMATION

ABN 78 150 747 649

DIRECTORS

Broderick Arnhold
Cameron Fox
Craig Mathieson
Trent Peterson
Brian Singer
Melanie Wilson

COMPANY SECRETARY

Lawrence Hamson

REGISTERED OFFICE

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PricewaterhouseCoopers

SOLICITORS

Norton Rose Fulbright

BANKERS

Bankwest

SHAVER SHOP

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