Shaver Shop Group Limited

ABN: 78 150 747 649

Condensed consolidated financial statements

For the Half Year Ended 31 December 2017

Shaver Shop Group Limited

Contents

Directors' Report
31 December 2017

Your directors present their report on the consolidated entity consisting of Shaver Shop Group Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2017.

Directors

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

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

Principal activities

During the period, the principal activities of the Group consisted of the retailing of male and female personal grooming products in Australia and New Zealand. There were no significant changes in the nature of the Group's principal activities during the financial half year.

Review of operations and results summary

Shaver Shop's statutory profit after income tax amounted to $6.9 million (1H FY2017: $6.3 million) after subtracting income tax expense of $3.0 million (1H FY2017: $2.8 million). The increase in profit after income tax was due to growth in the company's business in 1H FY18 following the launch of new corporate stores as well as the buyback of franchise outlets.

Non-IFRS measures

The Directors' Report includes references to normalised results. The normalisations relate to the half year ended 31 December 2017 and arise as a result of the liquidation of two of Shaver Shop's suppliers (the suppliers were affiliated with each other) in the period. Provisions totalling $491,000 were raised against rebates and other receivables owing from these suppliers to Shaver Shop as well as the remaining stock on hand. The nature and magnitude of this loss is extremely unusual and unlike anything Shaver Shop has experienced. The normalised results have been derived from Shaver Shop's statutory accounts and adjusted to a normalised basis to more appropriately reflect the ongoing operations of Shaver Shop. 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. Non-IFRS measures contained within this report are not subject to audit or review.

The Company's Statutory Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the Group for 1H FY2018 was $11.2 million (1H FY2017: $10.0 million), an increase of approximately 11.4%.

	Statutory Consolidated	
	1H FY2018	**1H FY2017**
	$000	**$000**
Profit after income tax from continuing operations (NPAT)	6,880	6,300
Add back:		
Net finance costs	262	229
Income tax expense	3,018	2,825
Depreciation and amortisation expense	1,009	670
EBITDA[1]	**11,169**	**10,024**

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.

Directors' Report
31 December 2017

The table below reconciles the EBITDA result to the normalised result for 1H FY2018. There are no normalisation adjustments to the 1H FY2017 period.

	Consolidated	
	1H FY2018 $000	1H FY2017 $000
EBITDA	11,169	10,024
Add back:		
Provisions related to supplier liquidation	491	-
Normalised EBITDA	**11,660**	**10,024**

Shaver Shop's normalized EBITDA was $11.7 million in 1H FY2018, an increase of 16.3% on the prior corresponding period.

The table below reconciles the statutory NPAT result to the normalised result for 1H FY2018 and 1H FY2017. Shaver Shop's normalised NPAT increased 14.7% to $7.2 million (1H FY2017: $6.3 million).

	Consolidated	
	1H FY2018 $000	1H FY2017 $000
Reported NPAT	6,880	6,300
Add back:		
Provisions related to supplier liquidation	491	-
Income tax effect	(147)	-
Normalised NPAT	**7,224**	**6,300**

Shaver Shop receives a tax deduction over five years for the cost of franchise right terminations that occur through its franchise buyback program. This leads to income tax payable being lower than income tax expense for the five year tax period following each buyback. Based on the franchise buybacks completed to date, the reduction in cash tax payable for 1H FY18, FY18 and each subsequent financial year is set out in the table below.

	1H FY2018 $000	FY2018 $000	FY2019 $000	FY2020 $000	FY2021 $000	FY2022 $000
Reduction in income tax payable	890	1,780	1,559	1,030	694	234

The table below compares the normalised operating performance of Shaver Shop for 1H FY2018 against 1H FY2017.

	Consolidated		
	Normalised 1H FY2018 $000	Actual 1H FY2017 $000	% Change
Revenue	93,426	78,481	+19.0%
Gross Profit	38,755	33,324	+16.3%
Gross Margin	41.5%	42.5%	-2.4%
EBITDA	11,660	10,024	+16.3%
EBITDA Margin	12.5%	12.8%	-2.3%
NPAT	7,224	6,300	+14.7%
Tax benefit associated with franchise buybacks	890	640	+39.1%
NPAT – adjusted for franchise buyback tax benefit ("Cash NPAT")	8,114	6,940	+16.9%
Weighted average shares	124,962	125,087	-0.1%
Basic earnings per share – cents	5.8	5.0	+16.0%
Cash earnings per share – cents (Cash NPAT/weighted avg. shares)	6.5	5.5	+18.2%

Shaver Shop Group Limited

Directors' Report
31 December 2017

Normalised Results Summary

In 1H FY2018, Shaver Shop increased normalised EBITDA by 16.3%. The increase in EBITDA was due to strong consolidated sales growth, up 19.0% to $93.4 million driven by: like for like store sales growth (+5.5%) driven in part by year over year growth in the multi-unit reseller channel; the continuation of Shaver Shop's franchise buyback program (4 franchise stores acquired in 1H FY18 together with the full period impact of the 7 franchises acquired in FY2017); and the opening of 7 new greenfield stores during the half together with the full period impact of the 8 stores opened in FY2017. At 31 December 2017, Shaver Shop's store network consisted of 106 corporate-owned stores (1H FY2017 – 93) and 9 franchises (1H FY2017 – 15) or 115 stores in total of which, 109 outlets are located in Australia and 6 in New Zealand.

Normalised gross profit margins declined approximately 100 basis points to 41.5% (1H FY2017 – 42.5%) due primarily to a change in product mix, a deliberate decision to increase promotional activity through the seasonally higher Christmas and Boxing Day trading period and sales through the bulk channel which generally generate a lower average gross margin.

Shaver Shop continued its strategy to buy back franchises and as a result advertising contributions and royalties from franchise stores have declined compared with the prior year. As franchise buybacks occur, Shaver Shop no longer recognises the royalties only, but consolidates the full revenue and costs of operating the store leading to increased EBITDA in dollar terms but a lower EBITDA margin percentage.

Shaver Shop's normalised costs of doing business (CODB) as a percentage of consolidated sales declined approximately 180 basis points to 30.4% of sales from 32.2% in the prior corresponding half. Normalised net profit after tax (NPAT) increased 14.7% to $7.2m (1H FY2017 - $6.3m) leading to normalised basic earnings per share of 5.8 cents per share (1H FY2017 – 5.0 cents), up 16.0%. With the incremental tax benefits arising from franchises acquired in 1H FY2018, normalised Cash NPAT was up 16.9% to $8.1 million in the half (1H FY2017 - $6.9 million).

Liquidity Risk Management

In 1H F20Y18, Shaver Shop generated operating cash flow of $21.5 million (1H FY 2017 - $14.9 million). This strong cash flow generation in the first half was used to repay $4.5 million in debt, acquire four franchise stores and launch seven new corporate store locations.

Shaver Shop's net cash at 31 December 2017 was $2.2 million in comparison to net debt of $9.4 million at 30 June 2017. Gross debt drawn under the Company's $23.0 million commercial advance facility was $7.3 million at 31 December 2017 down from $11.8 million at 30 June 2017. This leaves Shaver Shop $15.7 million in available capacity in its commercial advance facility. The Company's commercial advance facility matures on 31 July 2018. Discussions are now commencing to establish a new facility that will meet Shaver Shop's future needs.

The Company's debt facility has three key covenants: the leverage ratio (Debt/EBITDA); the interest coverage ratio (EBIT/interest expense) and the net worth ratio ((total assets – total liabilities) / total assets). All banking covenants were well within the bank's thresholds in 1H FY18.

Shaver Shop announced an on-market buy-back of its shares on 26 October 2017. In the subsequent period to 31 December 2017, Shaver Shop acquired 788,521 ordinary shares for consideration of $376,820.

Dividends paid or recommended

On 24 October 2017, the Company paid a fully-franked final dividend in respect of the 2017 financial year totaling $3.0m, which represents a dividend of 2.4 cents per share.

On 23 February 2018, the directors of the Company declared an interim dividend on ordinary shares in respect of the first half of the 2018 financial year. The total amount of the dividend is $2.3 million which represents a fully franked dividend of 1.8 cents per share (1HFY17 – 1.6 cents). The dividend has not been provided for in the half year financial statements.

Directors' Report
31 December 2017

Events after the reporting date

Subsequent to the end of the financial half, the Directors declared a fully-franked dividend of 1.8 cents per share to shareholders on 23 February 2018. The dividend payment date is 12 April 2018.

No further matters or circumstances have arisen since the end of the financial half year which have 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 periods.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

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

Brodie Amhold

Broderick Amhold
Director

Melbourne
23 February 2018

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Auditor's Independence Declaration

As lead auditor for the review of Shaver Shop Group Limited for the half-year ended 31 December 2017, 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 review; and

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

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

Daniel Rosenberg
Partner
PricewaterhouseCoopers

Melbourne
23 February 2018

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Shaver Shop Group Limited

Condensed consolidated statement of profit or loss and other comprehensive income

For the Half Year Ended 31 December 2017

	Note	31 December 2017 $	31 December 2016 $
Revenue from continuing operations		93,426,163	78,480,723
Cost of goods sold		(54,825,570)	(45,156,271)
Gross profit from corporate owned retail stores		38,600,593	33,324,452
Franchise and other revenue		1,284,058	1,995,601
Employee benefits expense		(11,465,668)	(9,969,911)
Depreciation and amortisation expense		(1,009,955)	(669,577)
Marketing and advertising expenses		(5,731,548)	(5,659,481)
Occupancy expenses		(7,062,230)	(6,113,667)
Other expenses		(4,455,898)	(3,553,964)
Finance costs (net)		(261,814)	(228,535)
Profit before income tax		9,897,538	9,124,918
Income tax expense		(3,017,553)	(2,825,338)
Profit for the half year		6,879,985	6,299,580
Items that may be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign operations		57,772	133
Other comprehensive income for the year		57,772	133
Total comprehensive income for the half year		6,937,757	6,299,713
Profit attributable to:			
Members of the parent entity		6,879,985	6,299,580
Total comprehensive income attributable to:			
Members of the parent entity		6,937,757	6,299,713

	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company		
Basic earnings per share (weighted average shares)	5.5	5.0
Diluted earnings per share (weighted average shares)	5.4	5.0

The accompanying notes form part of these financial statements.

Shaver Shop Group Limited

Condensed consolidated statement of financial position

As at 31 December 2017

	Note	31 December 2017 $	30 June 2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**9,509,702**	2,389,271
Trade and other receivables		**3,593,654**	1,896,146
Inventories		**36,625,145**	29,122,762
TOTAL CURRENT ASSETS		**49,728,501**	33,408,179
NON-CURRENT ASSETS			
Property, plant and equipment	5	**9,593,434**	8,001,348
Deferred tax assets		**6,826,116**	6,726,586
Intangible assets	6	**42,674,541**	39,848,539
TOTAL NON-CURRENT ASSETS		**59,094,091**	54,576,473
TOTAL ASSETS		**108,822,592**	87,984,652
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**33,421,184**	13,014,382
Borrowings	7	**7,324,267**	-
Employee benefits		**1,259,888**	1,130,040
Current tax payable		**654,822**	131,606
Other liabilities		**287,701**	344,330
TOTAL CURRENT LIABILITIES		**42,947,862**	14,620,358
NON-CURRENT LIABILITIES			
Borrowings	7	**-**	11,824,267
Other liabilities		**3,171,475**	2,457,455
TOTAL NON-CURRENT LIABILITIES		**3,171,475**	14,281,722
TOTAL LIABILITIES		**46,119,337**	28,902,080
NET ASSETS		**62,703,255**	59,082,572
EQUITY			
Issued capital		**50,008,677**	50,385,497
Reserves		**418,131**	290,942
Retained earnings		**12,276,447**	8,406,133
TOTAL EQUITY		**62,703,255**	59,082,572

The accompanying notes form part of these financial statements.

Condensed consolidated statement of changes in equity

For the Half Year Ended 31 December 2017

	Note	Ordinary Shares $	Retained Earnings $	Other Reserves $	Total $
Balance at 1 July 2017		50,385,497	8,406,133	290,942	59,082,572
Profit for the period		-	6,879,985	-	6,879,985
Other comprehensive income		-	-	57,772	57,772
Total comprehensive income for the half year		-	6,879,985	57,772	6,937,757
Transactions with owners in their capacity as owners:					
Share buybacks		(376,820)	-	-	(376,820)
Dividends provided for or paid		-	(3,009,671)	-	(3,009,671)
Employee share schemes – value of employee services		-	-	69,417	69,417
Balance at 31 December 2017		50,008,677	12,276,447	418,131	62,703,255

	Note	Ordinary Shares $	Retained Earnings $	Other Reserves $	Total $
Balance at 1 July 2016		50,385,497	1,413,570	246,096	52,045,163
Profit for the period		-	6,299,580	-	6,299,580
Other comprehensive income		-	-	133	133
Balance at 31 December 2016		50,385,497	7,713,150	246,229	58,344,876

The accompanying notes form part of these financial statements.

Shaver Shop Group Limited

Condensed consolidated statement of cash flows

For the Half Year Ended 31 December 2017

	Note	31 December 2017 $	31 December 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		**101,071,271**	84,226,332
Payments to suppliers and employees (inclusive of GST)		**(77,917,059)**	(67,966,696)
		23,154,212	16,259,636
Interest received		**22,341**	4,168
Interest paid		**(261,814)**	(232,703)
Income taxes paid		**(1,408,867)**	(1,154,221)
Net cash inflows from operating activities		**21,505,871**	14,876,880
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(2,602,369)**	(2,833,218)
Landlord contributions to new premises fitouts		**748,000**	938,000
Purchase of corporate stores		**(4,644,585)**	(2,859,282)
Net cash outflows from investing activities		**(6,498,954)**	(4,754,500)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from (repayment of) borrowings		**(4,500,000)**	2,200,000
Payments for share buy-backs		**(376,820)**	-
Dividends paid		**(3,009,671)**	-
Share issue transaction costs		**-**	(1,804,469)
Net cash inflows/(outflows) from financing activities		**(7,886,491)**	395,531
Net increase/(decrease) in cash and cash equivalents held		**7,120,431**	10,517,911
Cash and cash equivalents at beginning of the half year		**2,389,271**	4,333,943
Cash and cash equivalents at end of the half year		**9,509,702**	14,851,854

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Half Year Ended 31 December 2017

1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 31 December 2017 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting.*

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017, together with any public announcements made by Shaver Shop Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period. A number of new or amended accounting standards became applicable in the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

2 Profit and loss information

Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 31 December 2017 is 30.5%, compared to 31.0% for the six months ended 31 December 2016.

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 the five years is recorded 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.

3 Business Combinations

The company acquired one franchise store on 28 September 2017, one on 1 November 2017 and two on 29 November 2017 for a total consideration of $4,694,585.

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

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

	Total $
Purchase consideration:	
- Cash	4,644,585
- Deferred consideration	50,000
Total purchase consideration	**4,694,585**
Assets or liabilities acquired:	
Inventories	1,051,956
Trade payables	(409,709)
Deferred tax assets	1,185,000
Total net identifiable assets acquired and liabilities assumed	**1,827,247**
Goodwill	**2,867,338**

The goodwill is attributable to the retail stores bought back, strong profitability in trading personal grooming products and synergies expected to arise after the Group'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 $1.6 million.

Had the results of the acquired franchise stores been consolidated from 1 July 2017, the additional revenue of the Group would have been approximately $2.2 million for the half-year ended 31 December 2017.

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

4 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 Group 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 as franchise store revenue increases at a similar rate to corporate stores. 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. As at 31 December 2017, the Group operated 100 Corporate Stores in Australia (2016: 87) and 6 Corporate Stores in New Zealand (2016: 6). Sales and profit derived from outside Australia are not material to disclosure.

Notes to the Financial Statements
For the Half Year Ended 31 December 2017

5 Property, plant and equipment

	31 December 2017 $	30 June 2017 $
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	**491,095**	380,759
Plant and equipment		
At cost	**11,445,689**	9,785,512
Accumulated depreciation	**(3,395,151)**	(2,975,641)
Total plant and equipment	**8,050,538**	6,809,871
Computer equipment		
At cost	**1,480,180**	1,137,419
Accumulated depreciation	**(440,400)**	(339,468)
Total computer equipment	**1,039,780**	797,951
Improvements		
At cost	**14,798**	14,798
Accumulated depreciation	**(2,777)**	(2,031)
Total leasehold improvements	**12,021**	12,767
Total property, plant and equipment	**9,593,434**	8,001,348

(a) Movements in Carrying Amounts

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

	Capital Works in Progress $	Plant and Equipment $	Computer Equipment $	Improvements $	Total $
Half Year ended 31 December 2017					
Opening net book amount	380,759	6,809,871	797,951	12,767	8,001,348
Additions	2,584,181	-	18,067	-	2,602,248
Transfers	(2,473,843)	2,081,958	391,885	-	-
Depreciation expense	-	(805,385)	(167,597)	(746)	(973,728)
Foreign exchange movements	(2)	(35,906)	(526)	-	(36,434)
Closing net book amount	491,095	8,050,538	1,039,780	12,021	9,593,434

6 Intangible Assets

The intangible assets held by the group increased primarily as a result of the acquisition of franchise stores. See Note 3.

	31 December 2017 $	30 June 2017 $
Goodwill		
Cost	**41,674,264**	38,806,927
Brand names		
Cost	**1,448,392**	1,454,315
Accumulated amortisation and impairment	**(448,115)**	(339,788)
Net carrying value	**1,000,277**	1,041,612
Total Intangibles	**42,674,541**	39,848,539

(a) Movements in carrying amounts of intangible assets

	Brand names $	Goodwill $	Total $
Half Year ended 31 December 2017			
Opening net book amount	**1,041,612**	**38,806,927**	**39,848,539**
Additions through business combinations	**-**	**2,867,337**	**2,867,337**
Amortisation	**(35,638)**	**-**	**(35,638)**
Foreign exchange movements	**(5,697)**	**-**	**(5,697)**
Closing net book amount	**1,000,277**	**41,674,264**	**42,674,541**

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

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group considers the relationship between its market capitalisation and its net asset value, among other factors, when reviewing indicators for impairment. The Group's market capitalisation at 31 December 2017 was less than its net asset value and accordingly, the Group has updated its impairment testing. The recoverable amount of the CGU has been determined based on the value in use calculation using cash flow projections from forecasts approved by senior management covering the five year period. Cash flows beyond the five year period have been extrapolated using a terminal growth rate of 2.5% (FY17 - 3.0%). The pre-tax discount rate applied to cash flow projected is 13.1%.

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

- Gross margin
- Growth in sales
- Discount rate

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

Growth rate: Sales growth rates are based on management's best estimates of anticipated growth in the short to medium term and consider the historical average like for like sales growth rates achieved in the past. The growth rate in the terminal year is 2.5% (previously 3.0%).

Discount rate: The discount rate is specific to the Group's circumstances and is derived from its weighted average cost of capital (WACC). The WACC takes into account both the cost of 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 recognizes that the future growth rates may different from what has been estimated, however management has assessed there are no reasonable changes in estimates that are probable that would result in an impairment charge.

7 Borrowings

In August 2016, the group renegotiated its loan facilities. The revised facility consists of a commercial advance facility totalling $23,000,000. In addition, the group has access to a bank guarantee facility totalling $2,000,000. The facilities have an expiry date of 31 July 2018. Interest is payable on the commercial advance facility at the rate of BBSY +1.65%.

As at 31 December 2017, total debt drawn under the commercial advance facility was $7.3 million, leaving $15.7 million in unused facilities.

The Company's debt facility has three key covenants: the leverage ratio (Debt/EBITDA); the interest coverage ratio (EBIT/interest expense) and the net worth ratio ((total assets – total liabilities) / total assets). All banking covenants were well within the bank's thresholds in 1H FY18.

8 Dividends

	31 December 2017 $	**31 December 2016 $**
Final 2017 fully franked ordinary dividend of 2.4 cents (2016: nil)	**3,009,671**	-
Proposed interim 2018 fully franked ordinary dividend of 1.8 cents per share (2016: 1.6 cents)	**2,295,153**	2,001,393

The proposed interim dividend for 2018 was declared after the end of the reporting period and therefore has not been provided for in the condensed consolidated financial statements.

9 Equity Securities Issued

	31 December 2017 $	31 December 2016 $
127,508,519 (2016: 125,087,040) Ordinary shares	**50,008,677**	50,385,497

As at 31 December 2017, there have been 3,210,000 shares issued under the Company's Long Term Inventive Plan. These have vesting criteria and are therefore only included in diluted share calculations.

Movements in share capital

	31 December 2017 $	31 December 2016 $
At the beginning of the reporting period	**50,385,497**	50,385,497
Shares bought back	**(376,820)**	-
At the end of the reporting period	**50,008,677**	50,385,497

Calculation of weighted average number of diluted shares

	31 December 2017 No.	31 December 2016 No.
Weighted average number of ordinary shares used for calculating basic earnings per share	**124,961,739**	125,087,040
Adjustment for LTIP shares issued	**1,684,076**	-
Weighted average number of ordinary shares issued and potential ordinary shares used in calculating diluted earnings per share	**126,645,815**	125,087,040

10 Events After Reporting Date

Subsequent to the end of the financial half, the Directors declared a fully-franked dividend of 1.8 cents per share to shareholders on 23 February 2018. The dividend payment date is 12 April 2018.

No further matters or circumstances have arisen since the end of the financial half year which have 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 periods.

Shaver Shop Group Limited

Independent Auditor's Review Report to the members of Shaver Shop Group Limited

In the directors' opinion:

a) the financial statements and notes, as set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements, and

   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date and

b) there are reasonable grounds to believe that Shaver Shop Group Limited 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 directors.

Brodie Arnhold

Broderick Arnhold
Director

Melbourne
23 February 2018

Independent auditor's review report to the members of Shaver Shop Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Shaver Shop Group Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Shaver Shop Group Limited. The consolidated entity comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Shaver Shop Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Shaver Shop Group Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

PricewaterhouseCoopers

Daniel Rosenberg
Partner

Melbourne
23 February 2018