

Shine Lawyers Limited

ABN: 86 134 702 757

Financial Report

For the year ended 30 June 2011

Shine Lawyers Limited

ABN: 86 134 702 757

For the year ended 30 June 2011

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Directors' Report

For the year ended 30 June 2011

Your Directors present their report, together with the financial report of the Company for the financial year ended 30 June 2011.

1. General information

Directors

The names of the Directors in office at any time during, or since the end of, the financial year are:

Names	Appointed
Stephen Francis Roche	19/12/2008
Simon Michael Morrison	19/12/2008
Christopher Charles Waller	30/04/2009
Carolyn Jane Barker	01/08/2009
Susan Margaret Forrester	01/08/2009
John Emmanuel George	27/04/2011

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of Shine Lawyers Limited during the financial year was the operation of legal practices throughout Queensland, Victoria, Western Australia and New South Wales.

No significant change in the nature of this activity occurred during the year.

2. Business review

Operating Results

The profit from ordinary activities after providing for income tax amounted to \$17,934,705 (30 June 2010: \$24,685,959)

Dividends paid or declared

No dividends have been paid or declared since the start of the financial year.

3. Other items

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

- (i.) The Company issued 499,999 shares on the 16th July 2010, for 30 cents each pursuant to a staff share plan.

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Directors' Report

For the year ended 30 June 2011

3. Other items (continued)

Events after the end of the year

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

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 at page 4.

Future developments, Prospects and Business Strategies

The Company will continue to pursue a growth strategy in order to create shareholder value through:

- Continued organic growth of the business at a national level
- Selective acquisitions that fit the Shine culture
- National branding initiative involving Erin Brockovich
- Development of international alliances

Disclosure of any further developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental Issues

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

4. Director Information

Information on Directors Shareholding

Name	Interest in Shares and Options
Stephen Francis Roche	91,133,383 ordinary shares of 1c each
Simon Michael Morrison	91,133,383 ordinary shares of 1c each
Christopher Charles Waller	None
Carolyn Jane Barker	None
Susan Margaret Forrester	None
John Emmanuel George	None

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Directors' Report

For the year ended 30 June 2011

4. Director Information continued

Meetings of Directors

During the financial year, 10 meetings of Directors (not including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' Meetings		Audit and Corporate Governance Committee Meetings		Risk Committee Meetings		Remuneration and Nominations Committee Meetings	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
Stephen Roche	10	10	0	0	5	3	1	1
Simon Morrison	10	10	0	0	5	5	0	0
Carolyn Barker	10	10	2	2	0	0	1	1
Susan Forrester	10	10	2	2	5	5	0	0
Christopher Waller	10	9	0	0	0	0	1	1
John George	2	2	0	0	0	0	0	0

5. Options

Options granted or outstanding

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

6. Indemnifying Officers or Auditors

Indemnities

During or since the end of the financial year, the Company has agreed to pay insurance premiums for a 12-month year in respect of Directors and officers of the Company against a liability brought upon such an officer.

No insurance premiums were paid as indemnity for any person who acted as an auditor to the Company.

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

Director:  Director: 

Carolyn Barker

Christopher Waller

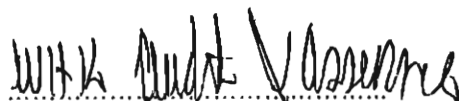
Date: 2ND SEPTEMBER 2011

Date: 2ND SEPTEMBER 2011

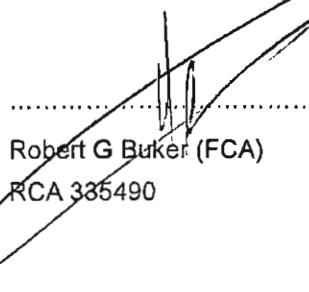
**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SHINE LAWYERS LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

- i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.


.....
WHK Audit & Assurance


.....
Date


.....
Robert G Buker (FCA)
RCA 335490

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Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue from continuing operations	2	76,064,457	73,333,861
Employee benefits expense		(30,825,879)	(24,428,456)
Depreciation, amortisation and impairment expense	8(a)	(271,933)	(173,822)
Other expenses		(18,648,242)	(13,112,984)
Finance costs		(634,081)	(313,860)
Profit before income tax from continuing operations		25,684,322	35,304,739
Income tax expense	4	(7,749,617)	(10,618,780)
Profit from continuing operations after Income Tax for the year		17,934,705	24,685,959
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		17,934,705	24,685,959

The above statement of comprehensive income should be read in conjunction with the accompanying notes

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Statement of Financial Position

	Note	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	4,708,541	5,750,824
Trade and other receivables	6	13,387,078	21,194,645
Work in Progress	7	73,692,707	53,724,496
Total current assets		91,788,326	80,669,965
Non-current assets			
Work in Progress	7	14,118,352	8,639,537
Plant and equipment	8	1,423,329	922,786
Deferred tax assets	9(a)	917,064	882,110
Intangible assets	10	2,320,470	2,320,470
Total non-current assets		18,779,215	12,764,903
TOTAL ASSETS		110,567,541	93,434,868
LIABILITIES			
Current liabilities			
Trade and other payables	11	14,663,344	8,301,128
Borrowings	12	3,336,394	3,021,544
Provisions	13	2,257,469	1,662,627
Other	14	-	13,670,593
Total current liabilities		20,257,207	26,655,892
Non-current liabilities			
Trade and other payables	11	1,399,792	1,143,967
Borrowings	12	5,016,763	3,699,422
Deferred tax liabilities	9(b)	21,569,959	17,802,738
Provisions	13	375,113	268,845
Total non-current liabilities		28,361,627	22,914,972
TOTAL LIABILITIES		48,618,834	49,570,864
NET ASSETS		61,948,707	43,864,004
EQUITY			
Issued capital	15	4,590,001	4,440,001
Retained Profits		57,358,706	39,424,003
TOTAL EQUITY		61,948,707	43,864,004

The above statement of financial position should be read in conjunction with the accompanying notes

Shine Lawyers Limited

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Statement of Changes in Equity

For the year ended 30 June 2011

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance as at 1 July 2010		4,440,001	39,424,001	43,864,002
Total comprehensive income for the year		-	17,934,705	17,934,705
Shares issued during the year	15	5,000	-	5,000
Share premium	15	145,000	-	145,000
Balance at 30 June 2011		4,590,001	57,358,706	61,948,707

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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Statement of Cash Flows

For the year ended 30 June 2011

	2011 \$	2010 \$
	<hr/>	<hr/>
Cash from operating activities:		
Receipts from customers	58,216,403	25,925,944
Payments to suppliers and employees	(59,816,909)	(27,444,220)
Interest received	208,595	89,675
Interest paid	(634,081)	(313,860)
Income taxes paid	-	-
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(2,025,992)	(1,742,461)
	<hr/>	<hr/>
Cash flows from investing activities:		
Payments for purchase of businesses	-	(3,400,000)
Purchase of property, plant and equipment	(772,475)	(719,169)
Purchase of other non-current assets	(26,005)	-
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(798,480)	(4,119,169)
	<hr/>	<hr/>
Cash flows from financing activities:		
Proceeds from issue of shares	150,000	420,000
Proceeds from borrowings	1,632,189	6,354,978
Repayment of borrowings	-	1,200,000
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	1,782,189	7,974,978
	<hr/>	<hr/>
Net increase (decreases) in cash and cash equivalents	(1,042,283)	2,113,348
Cash and cash equivalents at the beginning of the financial year	5,750,824	3,637,476
	<hr/>	<hr/>
Cash at end of financial year	4,708,541	5,750,824
	<hr/>	<hr/>

The above statement of cash flows should be read in conjunction with the accompanying notes

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Notes to the Financial Statements

For the year ended 30 June 2011

The financial report covers Shine Lawyers Limited as an individual entity. Shine Lawyers Limited is a Company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue on 2nd September 2011 by the Directors of the Company.

Note 1: Summary of Significant Accounting Policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Income taxes

The income tax expense for the year comprises current income tax expense and deferred tax expense. Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are off-set where: (a) a legally enforceable right to set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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Notes to the Financial Statements

For the year ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (continued)

(d) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i) Rendering of services

Revenue from the provision of legal services is recognised on an accrual basis in the year in which the legal service is provided and is calculated with reference to the professional staff hours incurred on each matter.

ii) Interest revenue

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest revenue over the relevant year using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. All revenue is stated net of the amount of goods and services tax (GST).

(e) Disbursements

Disbursements represent costs incurred during the course of a matter that are recovered from clients. A provision for non-recoverable disbursements is recognised to the extent that recovery of the outstanding receivable balance is considered less than likely. The provision is established based on the Company's history of amounts not recovered over previous years.

(f) Work in Progress

Work in progress represents costs incurred and profit recognised on client cases that are in progress and have not yet been invoiced at the end of the reporting date. The recoverability of these amounts is assessed by management and any amounts in excess of the net recoverable value are provided for when identified. Historical experience and knowledge of the client cases has been used to determine the net realisable value of work in progress at balance date.

(g) Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated, less where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on a cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses recognised either in profit and loss as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(k) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and

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Notes to the Financial Statements

For the year ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (continued)

(g) Plant and equipment (continued)

subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets is depreciated on a straight line and diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset

Plant and Equipment	7.5 - 40%
Leased plant and equipment	10 - 25%

An asset residual value and useful life is reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses are determined by comparing proceeds from the sale of assets with the carrying amount at the time of disposal. These gains and losses are included in the statement of comprehensive income.

(h) Leases

(i) Finance leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset, or over the term of the lease.

(ii) Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease.

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Notes to the Financial Statements

For the year ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (continued)

(i) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration classified as an asset or liability is remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(j) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets at the date of acquisition.

Goodwill is carried at cost less accumulated impairment losses.

Goodwill is not amortised, but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

Goodwill is tested for impairment annually and is allocated to the Company's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment.

(k) Impairment of assets

At the end of each reporting date the Company assesses whether there is an indication that an asset may be impaired. The assessment will include the consideration of external and internal information.

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate the carrying amount of the asset may be impaired.

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Notes to the Financial Statements

For the year ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (continued)

(k) Impairment of assets (continued)

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

For the purposes of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(l) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Classification and subsequent measurement

Financial instruments are subsequently valued at fair value, amortised cost, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value.

Amortised cost is calculated as (a) the amount at which the financial asset or financial liability is measured at initial recognition; (b) less principal repayments; and (c) less any reduction for impairment.

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other receivables are classified as non-current assets.)

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

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Notes to the Financial Statements

For the year ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (continued)

(l) Financial Instruments (continued)

Classification and subsequent measurement (continued)

(iii) Financial Liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

(n) Employee benefits

Provision is made for the Company'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 settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

(o) Provisions

Provisions are recognised when the Company 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(p) Borrowings

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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Notes to the Financial Statements

For the year ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (continued)

(p) Borrowings (continued)

All other borrowing costs are recognised in income in the year in which they are incurred.

(q) Comparatives

Comparative figures have been provided, for the year ended 30 June 2010.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Company has retrospectively applied an accounting policy, made retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities when are recoverable from or payable to the Australian Taxation Office, which are disclosed as operating cash flows.

(s) Foreign Currency Transactions and Balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are translated to Australian dollars using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit and loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income otherwise the exchange difference is recognised in profit and loss.

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Notes to the Financial Statements

For the year ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (continued)

(t) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained within the Company.

Key Estimates

(i) Provision for Work in Progress

The Company has provided for potential non-recovery of work in progress by evaluating the prospects of each case and its likelihood of recovery.

(ii) Provision for Doubtful Debtors

The Company has fully provided for all debtors where there is an inherent uncertainty in relation to the collection of the debt.

(u) New, revised or amending Standards and Interpretation

The AASB has issued new, revised and amended Standards and Interpretations that have mandatory application dates for future periods and which the Company has decided not to adopt early. A discussion of those future requirements and their impact on the Company is as follows:

AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Company has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- (i) simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- (ii) removing the tainting rules associated with held-to-maturity assets;
- (iii) removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- (iv) allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- (v) requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- (vi) requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

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Notes to the Financial Statements

For the year ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (continued)

(u) New, revised or amending Standards and Interpretation (continued)

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Company.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

Tier 1: Australian Accounting Standards; and

Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements. Since the Company is a for-profit private sector entity that does not have public accountability, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the Company will take advantage of Tier 2 reporting at a later date.

AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.

The amendments are not expected to impact the Company.

AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011). This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Company.

AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements; adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;

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Notes to the Financial Statements

For the year ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (continued)

(u) New, revised or amending Standards and Interpretation (continued)

amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes; adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Company.

AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011). This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Company.

AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013). This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

New Accounting Standards for Application in Future Periods (continued)

As noted above, the Company has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and are not expected to impact the Company. AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards. The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards. Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

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Notes to the Financial Statements

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Note 1: Summary of Significant Accounting Policies (continued)

(u) New, revised or amending Standards and Interpretation (continued)

This Standard is not expected to impact the Company.

AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7].

This Standard is not expected to impact the Company.

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Notes to the Financial Statements

For the year ended 30 June 2011

2 Revenue from continuing operations

	2011 \$	2010 \$
Sales revenue		
- professional fees	72,319,608	60,259,986
- Trust distributions	-	10,809,140
- interest received	208,595	89,675
- sundry disbursements recovered	3,170,049	1,823,717
- administration fees	300,000	300,000
- other revenue	66,205	51,343
Total Revenue from continuing operations	<u>76,064,457</u>	<u>73,333,861</u>

3 Auditors' Remuneration

	2011 \$	2010 \$
Remuneration of the auditor of the Company for:		
- Auditing or reviewing the financial report	26,500	25,000
- Other services	21,652	68,327

4 Income tax expense

(a) The components of tax expense comprise:

	2011 \$	2010 \$
Current Tax	14,636,130	6,301,848
Deferred Tax	(6,886,513)	4,316,932
	<u>7,749,617</u>	<u>10,618,780</u>

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Notes to the Financial Statements

For the year ended 30 June 2011

4 Income tax expense (continued)

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30%	7,705,296	10,591,421
Add: Tax effect of:		
- other non-allowable items	44,321	28,875
	<u>7,749,617</u>	<u>10,620,296</u>
Less: Tax effect of:		
- Investment allowance	-	1,516
Income tax attributable to entity	<u>7,749,617</u>	<u>10,618,780</u>
The applicable weighted average effective tax rates is:	30%	30%

5 Cash and cash equivalents

	2011 \$	2010 \$
Cash on hand	8,550	8,250
Cash at bank	4,699,991	5,742,574
	<u>4,708,541</u>	<u>5,750,824</u>

Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	4,708,541	5,750,824
	<u>4,708,541</u>	<u>5,750,824</u>

6 Trade and other receivables

	2011 \$	2010 \$
CURRENT		
Trade receivables	5,532,760	3,922,240
Provision for Doubtful Debts	(105,311)	(57,849)
Prepayments	1,418,261	465,012
UPE Stephen Roche Trust	2,971,830	8,376,400
UPE Simon Morrison Trust	2,971,830	8,376,400
Other receivables	174,855	112,442
Loans	422,853	-
	<u>13,387,078</u>	<u>21,194,645</u>

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Notes to the Financial Statements

For the year ended 30 June 2011

7 Work in Progress

	2011 \$	2010 \$
CURRENT		
Work in progress	64,771,752	46,912,026
Provision for Doubtful Recovery	(8,418,618)	(6,076,235)
Unbilled Disbursements	17,472,532	12,888,705
Provisions for Doubtful Recovery	(132,959)	-
	<u>73,692,707</u>	<u>53,724,496</u>
NON CURRENT		
Work in progress	13,117,102	8,333,462
Provision for Doubtful Recovery	(1,704,877)	(1,079,384)
Unbilled disbursements	2,706,127	1,385,459
	<u>14,118,352</u>	<u>8,639,537</u>
	<u>87,811,059</u>	<u>62,364,033</u>

8 Plant and equipment

	2011 \$	2010 \$
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	1,660,772	924,145
Less accumulated depreciation	(372,253)	(143,344)
Total plant and equipment	<u>1,288,519</u>	<u>780,801</u>
Plant and equipment		
Under lease	213,882	187,201
Less accumulated depreciation	(79,072)	(45,216)
Total plant and equipment under lease	<u>134,810</u>	<u>141,985</u>
Total plant and equipment	<u>1,423,329</u>	<u>922,786</u>

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Notes to the Financial Statements

For the year ended 30 June 2011

8 Plant and equipment (continued)

(a) Movements in Carrying Amounts

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

	Plant and Equipment \$	Leased Plant and Equipment \$	Total \$
Balance as at 30 June 2010	780,801	141,985	922,786
Additions	896,060	26,681	922,741
Disposals	(150,265)	-	(150,265)
Depreciation expense	(238,077)	(33,856)	(271,933)
Carrying amount at the end of year	<u>1,288,519</u>	<u>134,810</u>	<u>1,423,329</u>

9 Deferred Tax

(a) Deferred tax assets

	2011 \$	2010 \$
Deferred tax assets comprise:		
Provisions	873,224	579,442
Tax losses available for set off against future taxable income	-	272,375
Leases	-	302
Restructuring costs	4,297	5,136
Provision for Doubtful Debts	31,593	17,355
Accruals	7,950	7,500
	<u>917,064</u>	<u>882,110</u>

(b) Deferred tax liabilities

	2011 \$	2010 \$
Deferred tax liability comprises:		
Work in progress	16,905,940	14,426,961
Unbilled disbursements	4,645,557	3,375,777
Provisions	18,462	-
	<u>21,569,959</u>	<u>17,802,738</u>

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Notes to the Financial Statements

For the year ended 30 June 2011

10 Intangible assets

	2011 \$	2010 \$
Goodwill		
Cost	2,320,470	2,320,470
Total Intangibles	<u>2,320,470</u>	<u>2,320,470</u>

11 Trade and other payables

	2011 \$	2010 \$
CURRENT		
Unsecured liabilities		
Trade payables	55,731	117,389
General creditors	449,451	387,433
PAYG tax payable	298,481	438,896
Accrued employee entitlements	316,500	602,179
Other payables	5,069,604	160,008
	<u>6,189,767</u>	<u>1,705,905</u>
Client Creditor Control	4,524,632	3,866,926
Softlog Clearing Account	3,948,945	2,728,297
	<u>8,473,577</u>	<u>6,595,223</u>
	<u>14,663,344</u>	<u>8,301,128</u>
NON-CURRENT		
Client Creditor Control	700,720	415,671
Softlog Clearing Account	611,564	293,276
Accrued employee entitlements	87,508	435,020
	<u>1,399,792</u>	<u>1,143,967</u>

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Notes to the Financial Statements

For the year ended 30 June 2011

12 Borrowings

	2011	2010
	\$	\$
CURRENT		
Secured liabilities		
Finance lease obligation	48,521	40,400
Hire purchase obligation	275,602	208,817
Commonwealth Bank Borrowings	3,012,271	2,772,327
	<u>3,336,394</u>	<u>3,021,544</u>
NON-CURRENT		
Finance lease obligation	77,473	102,592
Hire purchase obligation	288,767	327,887
Commonwealth Bank Borrowings	4,650,523	3,268,943
	<u>5,016,763</u>	<u>3,699,422</u>
(a) Total current and non-current secured liabilities		
Hire purchase obligations	564,369	536,704
Finance lease obligations	125,994	142,992
Borrowings Commonwealth Bank	7,662,794	6,041,270
	<u>8,353,157</u>	<u>6,720,966</u>

Terms and conditions relating to the above financial instruments:

The bank overdraft and commercial bills are both provided by the Commonwealth Bank ("Commonwealth") and are secured by a fixed and floating charge over the assets of the Company.

Lease liabilities are secured by the underlying leased assets.

13 Provisions

	Employee entitlements	Total
	\$	\$
2011		
Opening Balance 30 June 2010	1,931,472	1,931,472
Additional provisions	701,110	701,110
Balance at 30 June 2011	<u>2,632,582</u>	<u>2,632,582</u>

Analysis of Total Provisions

	2011	2010
	\$	\$
Current	2,257,469	1,662,627
Non-current	375,113	268,845
	<u>2,632,582</u>	<u>1,931,472</u>

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Notes to the Financial Statements

For the year ended 30 June 2011

14 Other Liabilities

	2011 \$	2010 \$
CURRENT		
Loan - Shine Lawyers Partnership	-	12,470,593
Loan – Heredale	-	900,000
Loan – Ivycliff	-	300,000
Total	-	13,670,593

15 Issued Capital

Summary Table

	2011 \$	2010 \$
193,900,099 Ordinary shares of 1c each	1,939,001	1,934,001
Share premium on 193,900,099	2,651,000	2,506,000
Total at the end of the reporting period	4,590,001	4,440,001

	2011 \$	2010 \$
Share Capital		
At the beginning of the reporting period	4,440,001	4,020,001
Par value of shares issued during the period (at 1c each)	5,000	14,000
Share premium on shares issued during the period (at 29c each)	145,000	406,000
Total at the end of the reporting period	4,590,001	4,440,001

16 Segment information

Single segment and location

The Company operates in a single segment, that being the operation of legal practices and services in one geographic segment, that being Australia.

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Notes to the Financial Statements

For the year ended 30 June 2011

17 Cash Flow Information

	2011	2010
	\$	\$
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Net income for the year	17,934,705	24,685,959
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Trust distributions	-	(10,809,140)
Depreciation	271,733	173,822
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	7,807,567	(13,265,724)
(Increase)/decrease in work in progress	(25,447,026)	(34,052,518)
(Increase)/decrease in deferred tax asset	(34,954)	(500,725)
Increase/(decrease) in trade payables and accruals	6,644,046	4,509,841
Increase/(decrease) in other liabilities	(13,670,593)	4,851,545
Increase/(decrease) in deferred taxes payable	3,767,221	11,119,505
Increase/(decrease) in provisions	701,110	735,834
	<u>(2,025,992)</u>	<u>(1,742,461)</u>

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Notes to the Financial Statements

For the year ended 30 June 2011

18 Key Personnel Compensation

Directors

The following persons were Directors of Shine Lawyers Limited during the financial year

Name	Title	Shares held at end of reporting period
Stephen Roche	Executive Director	91,133,383
Simon Morrison	Executive Director	91,133,383
Christopher Waller	Non- Executive Chairman	-
Carolyn Barker	Non- Executive Director	-
Susan Forrester	Non – Executive Director	-
John George	Non – Executive Director (commenced 27/04/2011)	-

Other Key Management Personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the entity, directly or indirectly during the year

Name	Title	Shares held at end of reporting period
Jodie Willey	Chief Executive Officer	2,000,000
Lisa Flynn	National Legal Partner (Maternity Leave commenced 14/03/2011)	1,000,000
Stuart Macleod	National Legal Partner (Acting in role commenced 14/03/2011)	1,000,000
Kevin Howe	Chief Financial Officer / Company Secretary (role ceased 06/06/2011)	1,000,000
Craig Thompson	Chief Financial Officer / Company Secretary (role commenced 06/06/2011)	-
Jacinta Giles	People and Culture Director (role commenced 20/06/2011)	-

	2011	2010
	\$	\$
(a) Compensation		
Short-term benefits	2,001,977	1,705,294
Post employment benefit	111,437	176,088
Other Long-term benefits	32,133	11,941
	<u>2,145,547</u>	<u>1,893,323</u>

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Notes to the Financial Statements

For the year ended 30 June 2011

19 Financial instruments

(a) Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans and leases.

Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk.

a) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the at the end of the reporting period and notes to the financial statements.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Maximum exposure to credit risk

Category	Note	2011	2010
Financial Assets			
Cash	5	4,708,541	5,750,824
Trade and other receivables	6	13,387,078	12,616,296
Total		<u>18,095,619</u>	<u>18,364,800</u>

Trade Receivables and other receivables are nett of the provision for doubtful debtors of \$105,311(2010: \$57,849).

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Notes to the Financial Statements

For the year ended 30 June 2011

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2011 Financial Assets Past Due But Not Impaired

	Overdue				Total
	Less than 30 Days	30- 60 Days	61-90 Days	More than 90 Days	
Trade Receivables	515,724	536,555	20,466	208,109	1,280,854
	515,724	536,555	20,466	208,109	1,280,854

2010 Financial Assets Past Due But Not Impaired

	Overdue				Total
	Less than 30 Days	30- 60 Days	61-90 Days	More than 90 Days	
Trade Receivables	246,083	362,220	289,617	403,156	1,301,076
	246,083	362,220	289,617	403,156	1,301,076

2011 Individually Impaired Financial Assets

	Overdue				Total
	Less than 30 Days	30- 60 Days	61-90 Days	More than 90 Days	
Trade Receivables (Gross)	4,662,319	536,555	22,739	311,147	5,532,760
Provision for Impairment Carrying Amount	-	-	(2,273)	(103,038)	(105,311)
	4,662,319	536,555	20,466	208,109	5,427,449

2010 Individually Impaired Financial Assets

	Overdue				Total
	Less than 30 Days	30- 60 Days	61-90 Days	More than 90 Days	
Trade Receivables (Gross)	2,809,398	362,220	289,617	461,005	3,922,240
Provision for Impairment Carrying Amount	-	-	-	(57,849)	(57,849)
	2,809,398	362,220	289,617	403,156	3,864,391

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Notes to the Financial Statements

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b) Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The following table sets out the liquidity risk of financial liabilities held by the entity. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

Financial Liabilities	Note	2011 Payable in			Total
		<1 Year	1-5 Years	>5 Years	
Payables	11	14,663,344	1,399,792	-	16,063,136
Borrowings Commonwealth Bank	12	3,012,271	4,650,523	-	7,662,794
Lease Liability	12	48,521	77,473	-	125,994
Hire Purchase Liability	12	275,602	288,767	-	564,369
Total		17,999,738	6,416,555		24,416,293

Financial Liabilities	Note	2010 Payable in			Total
		<1 Year	1-5 Years	>5 Years	
Payables	11	8,275,123	1,143,967	-	9,419,090
Borrowings Commonwealth Bank	12	2,772,327	3,268,943	-	6,041,270
Lease Liability	12	40,400	102,592	-	142,992
Hire Purchase Liability	12	208,817	327,887	-	536,704
Total		11,296,667	4,843,389		16,140,056

c) Interest rate sensitivity analysis

The following interest rate sensitivity analysis depicts the outcome on profit or loss if interest rates would change by +/- 1% from the year-end rates applicable to the Company's financial assets and liabilities.

Financial Instruments	Carrying Amount	2011 Interest Rate Risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Interest Payable					
Overdraft facility (limit \$6.5m)	629,684	6,293	6,293	(6,293)	(6,293)
Commonwealth Bank Borrowings	7,661,982	76,620	76,620	(76,620)	(76,620)
Potential Impact		82,913	82,913	(82,913)	(82,913)

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Financial Instruments	Carrying Amount	2011 Interest Rate Risk			
		-1%		+1%	
Interest Receivable		Profit	Equity	Profit	Equity
Cash at Bank	4,708,541	(47,085)	(47,085)	47,085	47,085
Potential Impact		(47,085)	(47,085)	47,085	47,085

20 Business Combinations

On the 29th March 2010 the Company entered into a contract with Aldo Burgio to acquire the client records and work in progress of the personal injuries practice of AB Law resulting in goodwill on acquisition of \$26,005

Goodwill has been restated to reflect the payment of stamp duty paid on the purchase contract of AB Law, which was paid within the measurement period as this information was not available last year. The treatment of this restatement is in accordance with par 45 & 49 - 50 of AASB 3: *Business Combinations*.

21 Contingent Liabilities

The Company's main types of contingent liabilities are Guarantees and Unused Banking facilities all of the companies banking and lending facilities are with the Commonwealth Bank, unless otherwise stated.

a) Guarantees

Bank guarantees are contracts that are measured in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets*. The Company has disclosed the details of the guarantees in this note, in addition to Note 19 Financial Instruments for full transparency purposes

The bank guarantee facility limit as at the 30/06/2011 was \$550,000 of which \$71,128 was unused at the end of the reporting period.

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Notes to the Financial Statements

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21 Contingent Liabilities (continued)

Bank Guarantees					
Favouree	Purpose	Guarantee No	Date Issued	Expiry Date	Amount \$
Gardement Pty Limited	Rental Bond 261 Spring Street Reservoir, VIC	347568	27/01/2010	09/03/2013	36,325
Aquapine Pty Ltd	Rental Bond Level 1, 74 Bulcock Street Caloundra QLD	351526	17/03/2010	22/12/2013	3,449
Chestnut Dell Pty Ltd	Rental Bond Shop 1, 25-27 Clarke Street Sunshine VIC	351949	24/03/2010	01/04/2015	20,653
Perpetual Trustee Company Limited	Rental Bond 65 Berry Street North Sydney NSW	359573	11/06/2010	13/08/2015	144,276
QIC Limited	Rental Bond 10 Eagle Street Brisbane Qld	361433	01/07/2010	01/10/2015	174,982
Westfield MGT Ltd and Perpetual Trustee Company	Rental Bond Northlakes office	359891	15/06/2010	15/09/2015	18,479
Stephen Costello	Rental Bond Ipswich Office	375126	10/12/2010	12/10/2014	30,000
Robina Projects Australia Pty Ltd	Rental Bond Robina Office	379215	23/02/2011	30/07/2021	37,585
Westfield Management Ltd, QIC Helensvale PL	Rental Bond Helensvale Office	387977	08/06/2011	08/06/2016	13,123
Total					478,872

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21 Contingent Liabilities (continued)

b) Unused banking facilities

The Company had the following unused banking facilities as at the end of the reporting period.

Unused Banking Facilities

Facility Type	Limit	Balance at reporting period	Unused Amount
Equipment Finance	3,000,000	2,124,389	875,611
Overdraft Facility	6,500,000	49,781	6,450,219
Corporate Credit Card Facility	200,000	47,411	152,589
Flexi Loan	1,000,000	866,000	134,000
Total	10,700,000	3,087,581	7,612,419

22 Commitments for Expenditure

(a) Hire Purchase and Finance Lease Commitments

	2011 \$	2010 \$
Payable - minimum HP/lease payments		
- no later than 12 months	374,806	298,838
- between 12 months and 5 years	398,177	470,093
Minimum HP/lease payments	772,983	768,931
Less future finance charges	(82,620)	(89,234)
Present value of minimum HP/lease payments	690,363	679,697

Shine Lawyers Limited

ABN: 86 134 702 757

Notes to the Financial Statements

For the year ended 30 June 2011

23 Related Party Transactions

Related Parties

- 1) The Company's main related parties are as follows:
Other related parties include entities over which key management personnel exercise significant influence.
- 2) Transactions with related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated

Related Party Transactions

Entity	Services	2011 \$	2010 \$
Shine Lawyers Partnership	Administration fees charged to the partnership for the provision of administration services in accordance with the agency agreement.	300,000	300,000
Murshine Service Trust	Office staff and services paid to Murshine service trust pursuant to the services agreement	2,609,798	1,083,227
	Total Services	2,909,798	1,383,227
Rental of buildings			
Morrison Family Trust & Stephen Roche Family Trust	Rent paid to the trust for Bundaberg Office, 6 Barolin Street, Bundaberg Qld	31,700	-
Morrison Family Trust & Stephen Roche Family Trust	Rent paid to the trust for Shine Centre of Learning (Tiddalac), 68 Thomas Road, Murphys Creek, Qld	252,000	240,000
Stephen Roche Investment Trust & Morrison Family Trust	Rent paid to the trust for Toowoomba Office, 5 Kitchener Street, Toowoomba, Qld	12,000	-
	Total Rental of buildings	295,700	240,000
Total of Related Party Transactions		3,205,498	1,623,227

- 3) The Company is completing Work in Progress on an agency basis for the former Partnership. The Company received a Success Fee for the conversion of the Work in Progress in accordance with the "Transition Agreement". The Work in Progress balance for the former Partnership, net of provisions for doubtful recovery at 30th June 2011 was \$6,254,024 (2010 : \$12,875,819).

24 Company Details

Registered office

The registered office of the Company is:
Shine Lawyers Limited
146 Mort Street
Toowoomba QLD 4350

Shine Lawyers Limited

ABN: 86 134 702 757

Directors Declaration

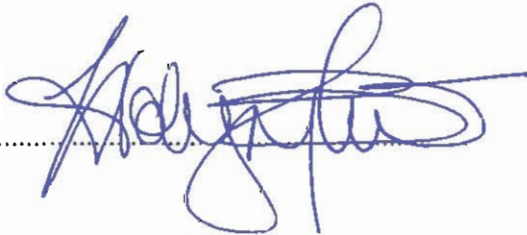
For the year ended 30 June 2011

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 35, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company.
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.

Director



Carolyn Barker AM

Director



Christopher Waller

Dated 2nd SEPTEMBER 2011

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SHINE LAWYERS LIMITED**

Gold Coast
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Emerald Lakes, Carrara, Ql D 4211

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Bundall, QLD 4217

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WHK Audit & Assurance
94 495 774 523

We have audited the accompanying financial report of Shine Lawyers Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Board's 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.

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 about 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 entity's preparation of the financial report that gives a true and fair view. 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Shine Lawyers Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

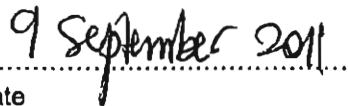
Opinion

In our opinion, the financial report of Shine Lawyers Limited is in accordance with the *Corporations Act 2001*, including:

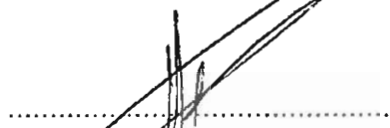
- (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.



WHK Audit & Assurance



Date



Robert G Buker (FCA)