Shine Lawyers Limited

ABN: 86 134 702 757

Financial Report

For the year ended
30 June 2012

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For the year ended

30 June 2012

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SHINE LAWYERS LIMITED
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DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2012.

Directors

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

Carolyn Jane Barker AM
Susan Margaret Forrester
John Emmanuel George
Simon Michael Morrison
Stephen Francis Roche
Christopher Charles Waller

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

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to $18,296,904.

Significant Changes in the State of Affairs

No significant changes in the state of affairs of the company occurred during the financial year.

Principal Activities

The principal activities of Shine Lawyers Limited during the financial year were the operation of legal practices throughout Queensland, Victoria, Western Australia and New South Wales. No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected 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.

Environmental Regulation

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

Dividends

Dividends paid or declared since the start of the financial year are as follows:

a) A fully franked dividend of $4,184,364 was declared on the 6th June 2012 and was paid on the 28th June 2012.

Options

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.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

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.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

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 2.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director

John Emmanuel George	***Christopher Charles Waller***

Dated this 19th day of September 2012

WHK

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WHK Audit & Assurance
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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SHINE LAWYERS LIMITED ABN 86 134 702 757

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 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 .... 19/9/12 ....
WHK Audit & Assurance   Date

....
Ian Brooks (CA)
RCA 411 019

SHINE LAWYERS LIMITED
ABN: 86 134 702 757
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Revenue from operations	2	88,430,628	76,064,457
Other income	2	28,652	-
Employee benefits expense	3(a)	(38,200,342)	(30,825,879)
Depreciation and amortisation expense	12 & 13	(734,274)	(394,354)
Finance costs	3(a)	(598,404)	(634,081)
Other expenses		(22,704,235)	(18,525,821)
Profit before income tax		26,222,025	25,684,322
Income tax (expense)/benefit	4(a)	(7,925,121)	(7,749,617)
Profit from operations after Income Tax for the year		18,296,904	17,934,705
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		18,296,904	17,934,705

The accompanying notes form part of these financial statements.

SHINE LAWYERS LIMITED
ABN: 86 134 702 757
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	9,308,171	4,708,541
Trade and other receivables	9	6,018,294	11,968,817
Work in Progress	10	77,180,023	56,353,134
Unbilled Disbursements	10	20,029,155	17,339,573
Other current assets	11	971,382	410,640
TOTAL CURRENT ASSETS		113,507,025	90,780,705
NON-CURRENT ASSETS			
Property, plant and equipment	12	3,432,380	1,423,329
Deferred tax assets	16	2,105,339	917,064
Intangible assets	13	5,675,994	3,328,091
Work in progress	10	14,364,634	11,412,225
Unbilled Disbursements	10	2,619,759	2,706,127
TOTAL NON-CURRENT ASSETS		28,198,106	19,786,836
TOTAL ASSETS		141,705,131	110,567,541
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	12,558,000	10,645,994
Borrowings	15	12,732,132	3,336,394
Current tax liabilities	16	1,456,074	593,682
Provisions	17	2,482,683	2,257,469
TOTAL CURRENT LIABILITIES		29,228,889	16,833,539
NON-CURRENT LIABILITIES			
Trade and other payables	14	2,613,491	1,399,793
Borrowings	15	1,906,821	5,016,763
Deferred tax liabilities	16	31,450,949	24,993,626
Provisions	17	443,734	375,113
TOTAL NON-CURRENT LIABILITIES		36,414,995	31,785,295
TOTAL LIABILITIES		65,643,884	48,618,834
NET ASSETS		76,061,247	61,948,707
EQUITY			
Issued capital	18	4,590,001	4,590,001
Retained earnings		71,471,246	57,358,706
TOTAL EQUITY		76,061,247	61,948,707

The accompanying notes form part of these financial statements.

SHINE LAWYERS LIMITED
ABN: 86 134 702 757
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

		Share Capital		
	Note	Ordinary	Retained Earnings (accumulated losses)	Total
		$	$	$
Balance at 1 July 2010		4,440,001	39,424,001	43,864,002
Comprehensive income for the year		-	17,934,705	17,934,705
Total comprehensive income for the year		-	17,934,705	17,934,705
Transactions with owners, in their capacity as owners				
Shares issued during the year		5,000	-	5,000
Share Premium		145,000	-	145,000
Total transactions with owners and other transfers		150,000	-	150,000
Balance at 30 June 2011		4,590,001	57,358,706	61,948,707
Balance at 1 July 2011		4,590,001	57,358,706	61,948,707
Comprehensive income for the year		-	18,296,904	18,296,904
Total comprehensive income for the year		-	18,296,904	18,296,904
Transactions with owners, in their capacity as owners				
Dividends paid or provided for	7	-	(4,184,364)	(4,184,364)
Total transactions with owners and other transfers		-	(4,184,364)	(4,184,364)
Balance at 30 June 2012		4,590,001	71,471,246	76,061,247

The accompanying notes form part of these financial statements.

SHINE LAWYERS LIMITED
ABN: 86 134 702 757
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		60,113,251	58,216,403
Payments to suppliers and employees		(50,361,003)	(58,686,867)
Interest received		200,615	208,595
Finance costs		(598,404)	(634,081)
Income tax paid		(1,793,682)	-
Net cash provided by/(used in) operating activities	21(a)	7,560,777	(895,950)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,427,086)	(772,475)
Purchase of other non current assets		(2,635,492)	(1,156,047)
Net cash provided by/(used in) investing activities		(5,062,578)	(1,928,522)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	150,000
Proceeds from borrowings		6,285,795	1,632,189
Dividends paid		(4,184,364)	-
Net cash provided by/(used in) financing activities		2,101,431	1,782,189
Net increase/(decrease) in cash held		4,599,630	(1,042,283)
Cash and cash equivalents at beginning of financial year		4,708,541	5,750,824
Cash and cash equivalents at end of financial year	8	9,308,171	4,708,541

The accompanying notes form part of these financial statements.

These financial statements and notes represent Shine Lawyers Limited.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements except for cashflow information have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The amounts presented in the financial statements have been rounded to the nearest dollar. The financial statements were authorised for issue on the 19th of September 2012, by the directors of the company.

(a) 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 exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in 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 business combinations 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.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

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 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, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment.

(b) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Note 1 Summary of Significant Accounting Policies (continued)

(b) Income Tax (continued)

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 offset where: (a) a legally enforceable right of 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.

(c) 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).

(d) 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.

(e) 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 and also the classification between current and non current.

(f) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. 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 are recognised either in profit or loss or 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(i) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, is depreciated on a straight-line basis and diminishing value 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	Depreciation Rate
Plant and equipment	5% - 50%
Leased plant and equipment	10% - 25%

The assets' residual values and useful lives are 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 on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

Note 1 Summary of Significant Accounting Policies (continued)

(g) Leases

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

Finance leases are capitalised by recognising 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 period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

(h) Financial Instruments

Initial Recognition and Measurement

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

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified ‘at fair value through profit or loss’, in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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

(i) Loans and receivables
Loans and 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(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 company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Financial Liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a ‘loss event’) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Note 1 Summary of Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

Financial Guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as financial liabilities at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

— the likelihood of the guaranteed party defaulting during the next reporting period;
— the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
— the maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116).

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.
Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(j) Investments in Associates

Associates are companies over which the company has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the company's share of net assets of the associate company. In addition, the company's share of the profit or loss of the associate company is included in the company's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition, whereby the Company's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's interest in the associate.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the Company will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(k) Intangibles Other than Goodwill
Projects

Transformation costs, and Erin Brockovich costs are capitalised only to the extent that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised project costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(l) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency 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 the statement of comprehensive income, 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 equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Note 1 Summary of Significant Accounting Policies (continued)

(m) 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(n) 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.

(o) 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 on the statement of financial position.

(p) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on the determination of impairment losses.

(q) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(r) Borrowing Costs

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) 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 (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(t) Comparative Figures

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 a 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.

(u) Critical Accounting Estimates

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

(iii) *Cash Generating Units*

The Company has used a 15 % discount rate when determining future cashflow to test the impairment for its single cash generating unit. The discount rate was derived by looking at the external information on the likely return on businesses of similar operation and size.

Note 1 Summary of Significant Accounting Policies (continued)

(v) Changes to Comparitive

The Company changed its accounting policy for the financial year ending 30 June 2012, relating to the classification of the contract it holds with Erin Brockovich.

This contract was previously classified by the company as a pre-payment and included in Other Receivables in the Statement of Financial Position. The company has now changed the classification of this asset to an Intangible Asset in the Statement of Financial Position. The expensed portion of the contract amount were previously classified as Other Expenses in the Statement of Comprehensive Income. The Company has now changed the classification of this expense to Amortisation in the Statement of Comprehensive Income. This change has been implemented as the directors are of the opinion that the classification of this contract as an intangible asset will reflect appropriate accounting and provide more relevant information.

A correction was made to the allocation between the tax payable and the deferred tax liability.

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 30 June 2012 is as follows (no taxation effect results from these changes):

	2012			2011		
	Previous Policy $	Adjustment $	Revised Policy $	Previously stated $	Adjustment $	Restated $
Statement of comprehensive income						
Change in classification to depreciation and amortisation expense				271,933	122,421	394,354
Change in classification to other expenses				18,648,242	(122,421)	18,525,821
Profit before income tax				25,684,322	-	25,684,322
Income tax				(7,749,617)	-	(7,749,617)
Total Comprehensive Income for the year						-
				17,934,705	-	17,934,705
Statement of financial position						-
Change in classification to intangible assets				2,320,470	1,007,621	3,328,091
Change in classification to trade and other receivables				13,387,078	(1,418,261)	11,968,817
Change in classification to other current assets				-	410,640	410,640
Change in classification to deferred tax liabilities				21,569,959	3,423,667	24,993,626
Change in classification to trade and other payables				14,663,344	(3,423,667)	11,239,677
Retained earnings				57,358,706	-	57,358,706

(w) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

— *AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).*

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- 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;
- 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
- 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.

The Company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

— *AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (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.

Note 1 Summary of Significant Accounting Policies (continued)

(w) New Accounting Standards for Application in Future Periods (continued)

Management believes that the Company qualifies for the reduced disclosure requirements for Tier 2 entities. However, it is yet to determine whether to adopt the reduced disclosure requirements.

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

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Company.

— *AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).*

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:
- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Company.

— *AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).*

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Company.

— *AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).*

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Company does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 [September 2011] also includes changes to:
(a) require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
(b) the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
(i) for an offer that may be withdrawn – when the employee accepts;
(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
(iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Company has not yet been able to reasonably estimate the impact of these changes to AASB 119.

Note 2 Revenue and Other Income

	2012 $	2011 $
Sales revenue:		
— Professional Fees	83,949,774	72,319,608
— Sundry Disbursements Recovered	3,961,254	3,170,049
— Administration Fees	300,000	300,000
— Other Income	18,985	66,205
Total sales revenue	88,230,013	75,855,862
Other revenue:		
— interest received		
— financial institutions	200,615	208,595
Total interest revenue on financial assets not at fair value through profit of loss	200,615	208,595
Total other revenue	200,615	208,595
Total sales revenue and other revenue	88,430,628	76,064,457
Other income:		
— gain on disposal of property, plant and equipment	28,652	-
Total other income	28,652	-

Note 3 Profit before Income Tax

	2012 $	2011 $
Profit before income tax from continuing operations includes the following specific expenses:		
(a) Expenses		
Interest expense on financial liabilities		
— external entities	598,404	634,081
Total finance costs	598,404	634,081
Employee benefits expense:		
— Employee benefits and oncosts	38,200,342	30,825,879
Other expenses:		
Bad and doubtful debts:		
— trade receivables	221,418	81,331
Total bad and doubtful debts	221,418	81,331
Rental expense on operating leases		
— minimum lease payments	3,027,859	1,694,812
Total rental expenses on operating leases	3,027,859	1,694,812

Note 4 Income Tax Expense

	Note	2012 $	2011 $
(a) The components of tax expense comprise:			
Current tax		2,656,074	593,682
Deferred tax	16	5,269,047	7,155,935
Recoupment of prior year tax losses			
Under provision in respect of prior years			
		7,925,121	7,749,617
(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% (2011: 30%)		7,866,607	7,705,297
Add:			
Tax effect of:			
— other non-allowable items		58,514	44,321
Income tax attributable to company		7,925,121	7,749,617
The applicable weighted average effective tax rates are as follows:		30.2%	30.2%

Note 5 Key Management Personnel Compensation

The totals of remuneration paid to key management personnel (KMP) of the Company during the year are as follows:

	2012 $	2011 $
Short-term employee benefits	2,743,103	2,001,977
Post-employment benefits	167,590	111,437
Other long term benefits	8,797	32,133
	2,919,490	2,145,547

(a) **Directors**

The following persons were Directors of Shine Lawyers Limited during the Financial Year

Name	Title	Shares held at the end of the reporting period
Carolyn Jane Barker AM	Non - Executive Director	-
Susan Margaret Forrester	Non - Executive Director	-
John Emmanuel George	Non - Executive Director	-
Simon Michael Morrison	Managing Director	91,133,383
Stephen Francis Roche	Executive Director	91,133,383
Christopher Charles Waller	Chairman	-

(b) **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 the end of the reporting period
Jodie Willey	Chief Executive Officer	2,000,000
Lisa Flynn	National Legal Partner	1,000,000
Craig Thompson	Chief Financial Officer / Company Secretary	0
Kevin Howe	Financial Controller / Company Secretary	1,000,000
Simon Button	Chief Information Officer	0
Jacinta Giles	Chief Human Resources Officer	0

Other KMP Transactions

Craig Thompson has purchased 1,500,000 shares post 30 June 2012.
For details of other transactions with KMP, refer to Note 23: Related Party Transactions.

Note 6 Auditors' Remuneration

	2012 $	2011 $
Remuneration of the auditor for:		
— auditing or reviewing the financial statements	31,300	26,500
— taxation services provided by related practice of auditor	11,525	21,652
	42,825	48,152

Note 7 Dividends

	2012	2011
	$	$
Distributions paid		
Declared fully franked special dividend of $4,184,364 at 2.158 cents per share franked at the tax rate of 30 %	4,184,364	-

Note 8 Cash and Cash Equivalents

	2012	2011
CURRENT	$	$
Cash at bank and on hand	9,308,171	4,708,541
	9,308,171	4,708,541

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	9,308,171	4,708,541
	9,308,171	4,708,541

A floating charge over cash and cash equivalents has been provided for certain debt.
Refer to Note 15 for further detail.

Note 9 Trade and Other Receivables

	Note	2012 $	2011 $
CURRENT			
Trade receivables		3,941,948	5,532,760
Provision for impairment	9(a)	(248,750)	(105,311)
		3,693,198	5,427,449
Other receivables		470,496	174,855
Other related parties	23(iii)	-	422,853
Unpaid Present Entitlement - Stephen Roche Trust	23(iv)	751,501	2,971,830
Unpaid Present Entitlement - Simon Morrison Trust	23(iv)	751,501	2,971,830
Sundry Debtor - Risk World Wide NZ	9(d)	351,598	-
Total current trade and other receivables	9(b)	6,018,294	11,968,817

NON-CURRENT

(a) Provision For Impairment of Receivables

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 1 July 2010	Charge for the Year	Amounts Written Off	Closing Balance 30 June 2011
	$	$	$	$
Current trade receivables	57,849	84,719	(37,257)	105,311
	57,849	84,719	(37,257)	105,311

	Opening Balance 1 July 2011	Charge for the Year	Amounts Written Off	Closing Balance 30 June 2012
	$	$	$	$
Current trade receivables	105,311	221,418	(77,979)	248,750
	105,311	221,418	(77,979)	248,750

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 9. The main source of credit risk to the company is considered to relate to the class of assets described as 'trade and other receivables'.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
2012			< 30	31 – 60	61 – 90	>90	
	$	$	$	$	$	$	$
Trade and term receivables	3,941,948	248,750	145,549	47,349	17,641	86,102	3,396,557
Other receivables	822,094	-	-	-	-	-	822,094
Total	4,764,042	248,750	145,549	47,349	17,641	86,102	4,218,651

	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
2011			< 30	31 – 60	61 – 90	>90	
	$	$	$	$	$	$	$
Trade and term receivables	5,532,760	105,311	515,724	536,555	20,466	208,109	4,146,595
Other receivables	174,855	-	-	-	-	-	174,855
Total	5,707,615	105,311	515,724	536,555	20,466	208,109	4,321,450

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Note 9 Trade and Other Receivables (continued)

(b) Financial assets classified as loans and receivables

	Note	2012 $	2011 $
Trade and other Receivables			
— Total Current		6,018,294	11,968,817
Financial Assets	24	6,018,294	11,968,817

(c) Collateral pledged

No collateral is held over trade and other receivables.

(d) Sundry Debtor - Risk World Wide NZ

The receivable from Risk World Wide NZ is unsecured.

Note 10 Work In Progress

	2012 $	2011 $
CURRENT		
Work in progress	88,117,324	64,771,752
Provision for Doubtful Recovery	(10,937,301)	(8,418,618)
	77,180,023	56,353,134
Unbilled Disbursements	20,323,625	17,472,532
Provision for Doubtful Recovery	(294,470)	(132,959)
	20,029,155	17,339,573
NON CURRENT		
Work in progress	16,400,269	13,117,102
Provision for Doubtful Recovery	(2,035,635)	(1,704,877)
	14,364,634	11,412,225
Unbilled Disbursements	2,658,275	2,706,127
Provision for Doubtful Recovery	(38,516)	-
	2,619,759	2,706,127
Total Work In Progress	114,193,571	87,811,059

Note 11 Other Assets

	2012 $	2011 $
CURRENT		
Prepayments	971,382	410,640
	971,382	410,640

Note 12 Property, Plant and Equipment

	2012 $	2011 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	2,574,756	955,878
Accumulated depreciation	(237,001)	(97,902)
	2,337,755	857,976
Leased plant and equipment		
Capitalised leased assets	699,786	213,882
Accumulated depreciation	(156,471)	(79,072)
	543,315	134,810
Motor Vehicle		
At cost	-	46,865
(Accumulated depreciation)	-	(17,783)
	-	29,082
Office Equipment		
At cost	464,169	337,879
(Accumulated depreciation)	(100,575)	(61,802)
	363,594	276,077
Computer Equipment & Software		
At cost	475,115	320,150
(Accumulated depreciation)	(287,399)	(194,766)
	187,716	125,384
Total property, plant and equipment	3,432,380	1,423,329

Note 12 Property, Plant and Equipment (continued)

(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 year

	Office Equipment	Computer Equipment	Motor Vehicles	Plant and Equipment	Leased Plant and Equipment	Total
	$	$	$	$	$	$
Balance at 1 July 2010	181,203	219,192	38,776	341,630	141,985	922,786
Additions	152,170	9,465	-	734,425	26,681	922,741
Disposals - written down value	(11,075)	-	-	(139,190)	-	(150,265)
Depreciation expense	(46,221)	(103,273)	(9,694)	(78,889)	(33,856)	(271,933)
Carrying amount at 30 June 2011	276,077	125,384	29,082	857,976	134,810	1,423,329
Additions	174,961	157,101	21,310	2,097,133	521,420	2,971,925
Disposals - written down value	(8,392)	-	(46,865)	(434,250)	(26,680)	(516,187)
Depreciation expense	(79,052)	(94,769)	(3,527)	(183,104)	(86,235)	(446,687)
Carrying amount at 30 June 2012	363,594	187,716	-	2,337,755	543,315	3,432,380

	2012	2011
	$	$

Note 13 Intangible Assets

	2012	2011
	$	$
Transformation Project		
Cost	1,293,401	-
Less Accumulated impairment losses	(174,584)	-
Net carrying amount	1,118,817	-
Erin Brockovich Agreement		
Cost	1,130,042	1,130,042
Less Accumulated impairment losses	(235,425)	(122,421)
Net carrying amount	894,617	1,007,621
Software	101,131	-
Cost	-	-
Less Accumulated impairment losses	-	-
Net carrying amount	101,131	-
Goodwill		
Cost	3,561,429	2,320,470
Less Accumulated impairment losses	-	-
Net carrying amount	3,561,429	2,320,470
Total Intangible Assets	5,675,994	3,328,091
Reconciliation of Transformation Project		
Balance at the beginning of year	-	-
Additions	1,293,401	-
Amortisation charge	(174,584)	-
Closing carrying amount at 30 June 2012	1,118,817	-
Reconciliation of Erin Brockovich Agreement		
Balance at the beginning of year	1,007,621	-
Additions	-	1,130,042
Amortisation charge	(113,004)	(122,421)
Closing carrying amount at 30 June 2012	894,617	1,007,621
Reconciliation of Software		
Balance at the beginning of year	-	-
Additions	101,131	-
Closing carrying amount at 30 June 2012	101,131	-
Reconciliation of Goodwill		
Balance at the beginning of year	2,320,470	2,320,470
Additions	1,240,959	-
Closing carrying amount at 30 June 2012	3,561,429	2,320,470

Note 14 Trade and Other Payables

	Note	2012 $	2011 $
CURRENT			
Unsecured liabilities			
Trade payables		319,239	206,701
Sundry payables and accrued expenses		2,851,600	1,350,735
Unsecured loans		-	-
Employee benefits		209,685	316,500
Amounts payable to:			
— other related parties		495,681	-
— PAYG Tax Payable		330,967	298,481
— Client Creditor Control		4,899,845	4,524,632
— Softlog Clearing Account		3,450,983	3,948,945
	14(a)	12,558,000	10,645,994
NON-CURRENT			
Unsecured liabilities			
Sundry payables and accrued expenses		1,521,226	-
Amounts payable to:			
— Bonuses Payable		-	87,509
— Client Creditor Control		640,886	700,720
— Softlog Clearing Account		451,379	611,564
	14(a)	2,613,491	1,399,793

(a) Financial liabilities at amortised cost classified as trade and other payables

	Note	2012 $	2011 $
Trade and other payables			
— Total Current		12,558,000	10,645,994
— Total Non-Current		2,613,491	1,399,793
		15,171,491	12,045,787
Less annual leave entitlements		(209,685)	(316,500)
Financial liabilities as trade and other payables	24	14,961,806	11,729,287

Note 15 Borrowings

	Note	2012 $	2011 $
CURRENT			
Bank loan secured	15(c)	11,966,351	3,012,271
Lease liability secured	15(c), 19	165,004	48,521
Hire Purchase Liability		600,777	275,602
Total current borrowings		12,732,132	3,336,394
NON-CURRENT			
Bank loan secured	15(c)	-	4,650,524
Lease liability secured	15(c), 19	351,958	77,473
Hire Purchase Liability		1,554,863	288,767
Total non-current borrowings		1,906,821	5,016,763
Total borrowings	24	14,638,953	8,353,157

(a) Total current and non-current secured liabilities:

	Note	2012 $	2011 $
Bank loan		11,966,351	7,662,795
		11,966,351	7,662,795

(b) The carrying amounts of non-current assets pledged as security are:

	Note	2012 $	2011 $
Leased plant and equipment	12	543,315	134,810
Floating charge			
— trade receivables	9	3,693,198	5,427,449
		4,236,513	5,562,259

(c) 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.

Financial assets that have been pledged as part of the total collateral for the benefit of bank debt are as follows:

	Note	2012 $	2011 $
Cash and cash equivalents	8	9,308,171	4,708,541
Trade receivables	9	3,693,198	5,427,449
Total financial assets pledged		13,001,369	10,135,990

The pledge over cash and cash equivalents represents a floating charge.

Note 16 Income Tax

	2012	2011
	$	$
CURRENT		
Income tax	1,456,074	593,682
	1,456,074	593,682

NON-CURRENT	Opening Balance	Charged to Income	Closing Balance
Deferred tax liability	$	$	$
Work in Progress	14,426,960	5,902,647	20,329,607
Unbilled Disbursements	3,375,777	1,269,780	4,645,557
FBT Instalment	-	15,776	15,776
Finance Leases	-	2,686	2,686
Balance as at 30 June 2011	17,802,737	7,190,889	24,993,626
Deferred tax liability			
Work in Progress	20,329,607	7,133,790	27,463,397
Unbilled Disbursements	4,645,557	(683,811)	3,961,746
FBT Instalment	15,776	2,124	17,900
Finance Leases	2,686	5,220	7,906
Balance as at 30 June 2012	24,993,626	6,457,323	31,450,949

	Opening Balance	Charged to Income	Closing Balance
Deferred tax assets	$	$	$
Provisions - employee benefits	579,442	293,782	873,224
Accruals	7,500	450	7,950
Restructuring	5,136	(839)	4,297
Provision - Doubtful Debts	17,354	14,239	31,593
Finance Leases	302	(302)	-
Assesed Loans	272,376	(272,376)	-
Balance as at 30 June 2011	882,110	34,954	917,064
Deferred tax assets			
Provisions - employee benefits	873,224	79,671	952,895
Depreciation	-	(712)	(712)
WIP Acquired Balance	-	1,066,629	1,066,629
Accruals	7,950	1,050	9,000
Restructuring	4,297	(1,395)	2,902
Provision - Doubtful Debts	31,593	43,032	74,625
Balance as at 30 June 2012	917,064	1,188,275	2,105,339

Note 17 Provisions

CURRENT	2012	2011
Short-term Employee Benefits	$	$
Opening balance at 1 July 2011	2,257,469	1,931,472
Additional provisions raised during year	1,968,012	1,851,997
Amounts used	(1,742,798)	(1,526,000)
Balance at 30 June 2012	2,482,683	2,257,469
NON-CURRENT		
Long-term Employee Benefits		
Opening balance at 1 July 2011	375,113	268,845
Additional provisions raised during year	130,384	106,268
Amounts used	(61,763)	-
Balance at 30 June 2012	443,734	375,113

	2012	2011
Analysis of Total Provisions	$	$
Current	2,482,683	2,257,469
Non-current	443,734	375,113
	2,926,417	2,632,582

Provision for Long-term Employee Benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(m).

Note 18 Issued Capital

	2012	2011
	$	$
193,900,099 (2011: 193,900,099) Ordinary shares of 1c each	1,939,001	1,939,001
Share premium on 193,900,099 (2011: 193,900,099)	2,651,000	2,651,000
	4,590,001	4,590,001

(a) Ordinary Shares

	No. of shares	No. of shares
At the beginning of the reporting period	193,900,099	193,900,099
Shares issued during year	-	-
At the end of the reporting period	193,900,099	193,900,099

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Capital Management

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Note	2012	2011
		$	$
Total borrowings	15	14,638,953	8,353,157
Trade and other payables	14	15,171,491	12,045,787
Less cash and cash equivalents	8	(9,308,171)	(4,708,541)
Net debt		20,502,273	15,690,403
Total equity		76,061,247	61,948,707
Total capital		96,563,520	77,639,109
Gearing ratio		21%	20%

Note 19 Hire Purchase and Finance Lease Commitments

	Note	2012	2011
		$	$
(a) Finance Lease Commitments			
Payable — minimum lease payments			
— not later than 12 months		950,070	374,806
— between 12 months and five years		2,161,551	398,177
Minimum lease payments		3,111,621	772,983
Less future finance charges		(439,020)	(82,620)
Present value of minimum lease payments	15	2,672,601	690,363

Note 20 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.

The bank guarantee facility limit as at the 30/06/2012 was $1,250,000 ($550,000; 2011) of which $163,523 ($71,128; 2011) was unused at the end of the reporting period.

Favouree	Purpose	Guarantee No	Date Issued	Expiry Date	Amount $
Gardement Pty Limited	Rental Bond 261 Spring Street Resevoir, VIC	347568	27/01/2010	9/03/2013	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	1/04/2015	20,653
Stephen Costello	Rental Bond Ipswich QLD Office	375126	10/12/2010	12/10/2014	30,000
Westfield Management Ltd, QIC Helensvale PL	Rental Bond Helensvale, QLD Office	387977	8/06/2011	8/06/2016	13,123
Halifax Nominees Pty Ltd as trustee for the Cordielia Trust and Rohrig Investments Pty ltd	Rental Bond for 42-44 King Street, Caboolture, QLD Office	396169	22/09/2011	7/12/2016	28,395
Quintessential Equiities Pty Ltd as Trustee for the QE019 Trust	Rental Bond for 87 Marsden Street, Parramatta NSW Office	407501	16/02/2012	14/09/2017	80,191
PFT Pty Ltd ACN 010 712 731	Rental Bond for Shop 1 ,2 Old Cleveland Road Stones Corner Qld Office	414549	11/05/2012	31/01/2014	18,768
Nihad Jackson	Rental Bond for Shop 4, 61 Sydney Road, Manly NSW 2095, Office	418247	21/06/2012	30/11/2016	11,440
Westfield Management Ltd, Westfield Trust of 24, 100 William Street, Sydney, NSW	Rental Bond for Westfield Strathpine, QLD, Office	412413	15/02/2012	21/08/2018	16,774
Westfield Management Ltd, Westfield Trust of 24, 100 William Street, Sydney, NSW	Rental Bond for Westfield Northlakes, QLD, Office	371294	25/10/2010	nil	18,479
RPA Properties Pty Ltd	Rental Bond for 104,105 and 106 Campus Alfa, 2 Investigator Drive Robina QLD Office	382670	18/04/2011	22/08/2021	37,585

(b) Unused banking facilities

The company had the following unused banking facilites at the end of the reporting period.

Facility Type	Limit	Balance at the end of the reporting period	Unused Amount
Equipment Finance	4,000,000	3,700,000	300,000
Corporate Credit Card Facility	300,000	111,965	188,035
Flexi Loan	11,500,000	6,035,325	5,464,675

Note 21 Cash Flow Information

	2012 $	2011 $
(a) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	18,296,904	17,934,705
Non-cash flows in profit		
— depreciation	734,274	394,354
— bad and doubtful debts	(143,439)	(47,462)
— net (gain)/loss on disposal of property, plant and equipment	(28,652)	-
Changes in assets and liabilities,		
— increase/(decrease) in trade and term debtors	(1,590,812)	1,610,520
— increase/(decrease) in other assets	7,124,033	7,252,130
— increase/(decrease) in Work in Progress	(26,382,512)	(25,447,026)
— increase/(decrease) in deferred tax receivable	(1,188,275)	(34,954)
— increase/(decrease) in payables	3,125,707	(10,801,058)
— increase/(decrease) in income taxes payable	4,286,059	593,682
— increase/(decrease) in deferred taxes payable	3,033,655	7,190,889
— increase/(decrease) in provisions	293,835	432,265
Net cash provided by operating activities	7,560,777	(921,955)

(b) Non-cash financing and investing activities

Property, plant and equipment:

During the financial year, the company acquired plant and equipment with an aggregate fair value of by means of hire purchase agreements. These acquisitions are not reflected in the statement of cash flows.

Note 22 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

Deposit paid for the Acquisition of Ron Kramer and Associates and Eugene Lepore and Associates on the 02/07/2012 in the amount of $200,000,

Craig Thompson has purchased 1,500,000 shares post 30 June 2012

Subject to the satisfaction of certain conditions, the company has agreed to lend, on commercial terms, Stephen Roche and Simon Morrison a total of NZ$8M, to purchase a property in New Zealand.

Note 23 Related Party Transactions

Company's main related parties are as follows:

(a) Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5: Key Management Personnel Compensation.

(b) 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.

The following transactions occurred with related parties:

		2012 $	2011 $
i. Services			
Other Related Parties:	**Entity**		
Administration fees charged to the partnership for the provision of administration services in accordance with the agency agreement	**Shine Lawyers Partnership**	300,000	300,000
Office staff and services paid to Murshine service trust pursuant to the services agreement	**Murshine Service Trust**	2,300,074	2,609,798
		2,600,074	2,909,798

Note 23 Related Party Transactions (continued)

(b) Transactions with related parties (continued)

ii. Rental of Buildings

Other Related Parties:	Entity		
Rent paid to the trust for Bundaberg Office, 6 Barolin Street, Bundaberg Qld	**Morrison Family Trust & Stephen Roche Family Trust**	20,691	31,700
Rent paid to the trust for Storage at 4 Clopton Street, 5 Kitchener Street, Toowoomba, Qld	**Stephen Roche Investment Trust & Morrison Family Trust**	1,800	-
Rent paid to the trust for Toowoomba Office, 5 Kitchener Street, Toowoomba, Qld	**Stephen Roche Investment Trust & Morrison Family Trust**	18,288	12,000
Rent paid to the trust for Shine Centre of Learning (Tiddalac), 68 Thomas Road, Murphys Creek, Qld	**Morrison Family Trust & Stephen Roche Family Trust**	264,600	252,000
Total Related Party Transactions		305,379	295,700

iii. Trade and Other Receivables

Other Related Parties:			
— Loans to Other Related Parties			
Beginning of the year		422,853	-
Loans advanced		-	422,853
Loan repayment received		(422,853)	-
Interest charged		-	-
Interest received			
End of year	9	-	422,853

iv. Unpaid Present Entitlements

Stephen Roche Trust	751,501	2,971,830
Simon Morrison Trust	751,501	2,971,830
	1,503,002	5,943,660

Note 24 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills, leases, preference shares, and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2012 $	2011 $
Financial Assets			
Cash and cash equivalents	8	9,308,171	4,708,541
Loans and receivables	9(b)	6,018,294	11,968,817
Total Financial Assets		15,326,465	16,677,358
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	14(a)	14,961,806	11,729,287
— Borrowings	15	14,638,953	8,353,157
Total Financial Liabilities		29,600,759	20,082,444

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not have any derivative instruments at 30 June 2012.

The risk and audit committee's , consisting of senior executives of the company, meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The risk and audit committee's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The risk and audit committee's committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Note 24 Financial Risk Management (continued)

(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

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to third parties in relation to obligations under its bank bill facility .

Collateral held by the company securing receivables is detailed in Note 9.

The company has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables is provided in Note 9.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 9.

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2012 $	2011 $
Cash and cash equivalents			
— AA Rated		9,308,171	4,708,541
	8	9,308,171	4,708,541

(b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

— preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
— monitoring undrawn credit facilities;

— maintaining a reputable credit profile;
— managing credit risk related to financial assets;
— only investing surplus cash with major financial institutions

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year-end could become repayable within 12 months. The company does not hold any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Note 24 Financial Risk Management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Financial liabilities due for payment	$	$	$	$	$	$	$	$
Bank overdrafts and loans	11,966,351	3,012,271	-	4,650,523	-	-	11,966,351	7,662,794
Bank bills							-	-
Trade and other payables (excluding est. annual leave)	14,675,810	14,663,344	-	1,399,792	-	-	14,675,810	16,063,136
Amounts payable to related parties	495,681	-	-	-			495,681	-
Finance lease liabilities	950,070	324,123	2,161,551	366,240	-	-	3,111,621	690,363
Total contractual outflows	28,087,912	17,999,738	2,161,551	6,416,555	-	-	30,249,463	24,416,293
less bank overdrafts							-	-
Total expected outflows	28,087,912	17,999,738	2,161,551	6,416,555	-	-	30,249,463	24,416,293
Financial assets — cash flows realisable								
Cash and cash equivalents	9,308,171	4,708,541	-	-	-	-	9,308,171	4,708,541
Trade, term and loans receivables	3,693,198	5,427,449	-	-	-	-	3,693,198	5,427,449
Total anticipated inflows	13,001,369	10,135,990	-	-	-	-	13,001,369	10,135,990
Net (outflow) / inflow on financial instruments	(15,086,543)	(7,863,748)	(2,161,551)	(6,416,555)	-	-	(17,248,094)	(14,280,303)

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to Note 15 for further details.

i. *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the company to interest rate risk are limited to borrowings, cash and cash equivalents.

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

Floating rate instruments	Note	2012 $	2011 $
Bank Borrowings	15	11,966,351	8,291,666
		11,966,351	8,291,666

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities also assume that the movement in a particular variable is independent of other variables.

Year ended 30 June 2012	**Profit** **$**	**Equity** **$**
+/-1% in interest rates	119,664	119,664

Year ended 30 June 2011	**Profit** **$**	**Equity** **$**
+/- 1% in interest rates	82,913	82,913

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Note 24 Financial Risk Management (continued)

(b) Liquidity risk (continued)

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost (ie trade receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

	Footnote	**2012**		**2011**	
		Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial assets					
Cash and cash equivalents	(i)	9,308,171		4,708,541	
Trade and other receivables		4,163,694		5,602,304	
Total financial assets		13,471,865	-	10,310,845	-
Financial liabilities					
Trade and other payables		14,961,806		11,729,287	
Lease liability		516,962		125,994	
Bank debt		11,966,351		7,662,795	
Total financial liabilities		27,445,119	-	19,518,076	-

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables exclude amounts relating to the provision of annual leave, which is outside the scope of AASB 139.

Note 25 Business Combinations

Palmieri & Co Solcitors

a) On the 31st of January 2012 the company entered into a contract with John Palmieri to acquire the client records and work in progress of the personal injuries practice of Palmieri and Co Solictors for $1,210,000

Details of the acquisition are as follows	**Vendors Value**	**Consideration Paid**
Work in Progress & Unbilled Disbursements	1,275,802	1,616,194
Plant and Equipment	22,764	
	1,298,566	**1,616,194**

The consideration paid is comprised of two components

1. Remaining contract instalments of $363,000 due 13 months and $242,000 due in 25 months from completion date

2.Earn out clause to be settled in two instalments $143,260 in 13 months and $175,350 in 25 months, based on the following calculation

(Earnings before interest and tax less 405000) x 50% x 105%

Note 25 Business Combinations (continued)

Walker Legal Compensation Lawyers

b) On the 1st April 2012 the company entered into a contract with Walker Legal Pty Ltd to acquire the client records and work in progress of the personal injuries practice of Walker Legal Compensation Lawyers for $3,500,000

Details of the acquisition are as follows	Vendors Value	Consideration Paid
Work in Progress & Unbilled Disbursements	3,707,554	4,437,501
Plant and Equipment	45,293	
	3,752,847	**4,437,501**

The consideration paid is comprised of two components

1. Remaining contract instalments of $649,950 due 13 months and $649,950 due in 25 months from settlement date

2. Earn out clause to be settled in two instalments $495,990 in 13 months and $ 453,926 in 25 months, based on the following calculation

(Earnings before interest and tax less $1,166,667) x 37.14

AK Compensation Lawyers

On the 1st of May 2012 the company entered into a contract with AK Compensation Lawyers Pty Ltd to acquire the client records and work in progress of the personal injuries practice of AK Compensation Lawyers for $660,000 plus Referral fees

Details of the acquisition are as follows	Vendors Value	Consideration Paid
Work in Progress & Unbilled Disbursements	660,649	881,975

Note 26 Company Details

The registered office of the company is:

Shine Lawyers Limited
c/- WHK
146 Mort Street
Toowoomba Qld 4350

The principal place of business is:

Shine Lawyers Limited
Level 2, 10 Eagle Street
Brisbane Qld 4001

SHINE LAWYERS LIMITED
ABN: 86 134 702 757
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Shine Lawyers Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 28, are in accordance with the Corporations Act 2001 and:

   a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS);
   b) give a true and fair view of the financial position as at 30 June 2012 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.

Director	**John Emmanuel George**	**Christopher Charles Waller**

Dated this 19th day of September 2012

WHK

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHINE LAWYERS LIMITED
ABN 86 134 702 757

We have audited the accompanying financial report of Shine Lawyers Limited, which comprises the statement of financial position as at 30 June 2012, 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 2012 and of its performance for the year ended on that date; and

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

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WHK Audit & Assurance .... 19/9/12 ....

WHK Audit & Assurance Date

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Ian Brooks (CA)

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