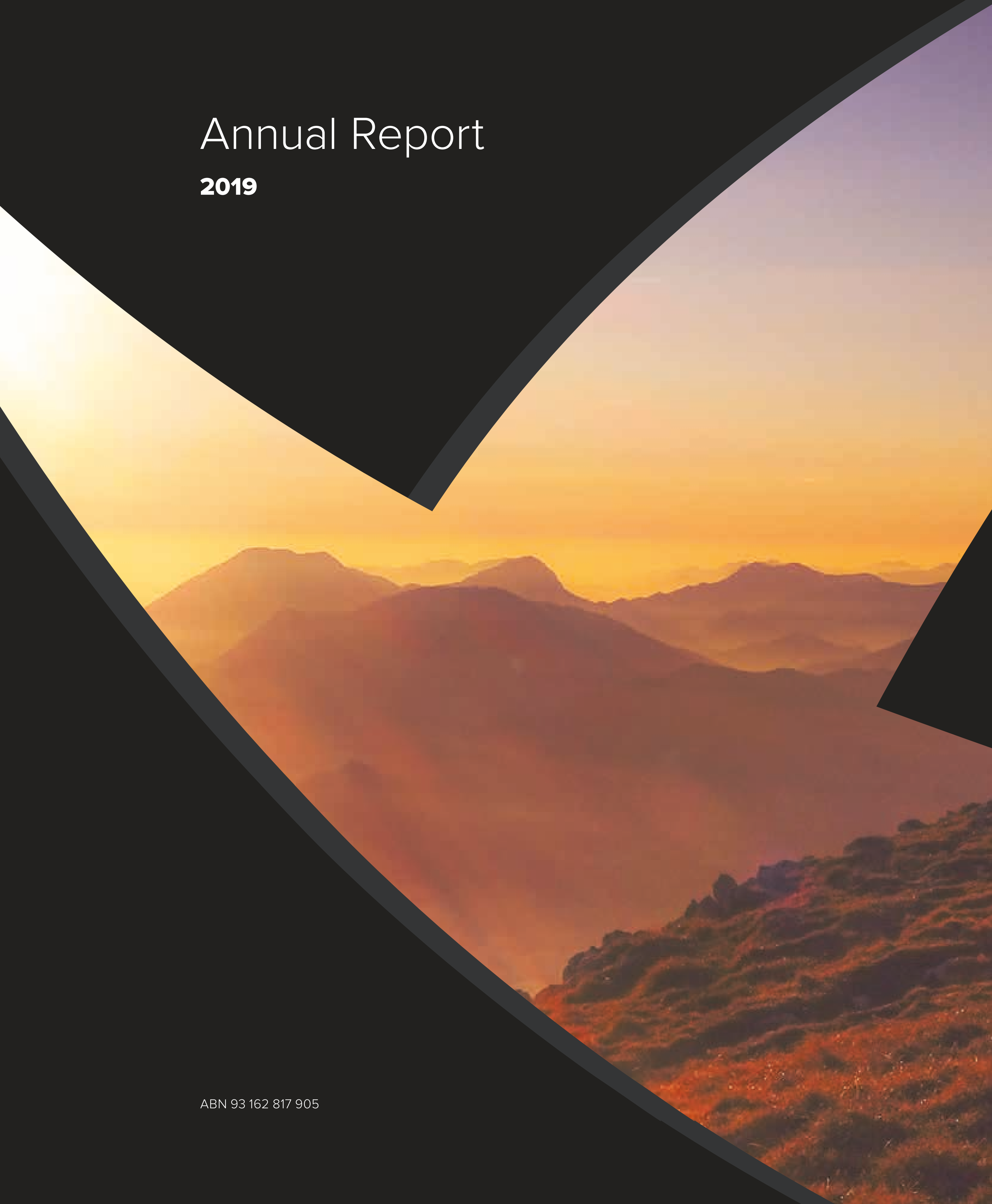
SHINE CORPORATE LTD

Annual Report

2019



ABN 93 162 817 905

OUR VISION

To be a leading provider of legal and specialist resolution services in Australia and internationally

JUSTICE FOR A BETTER OUTCOME

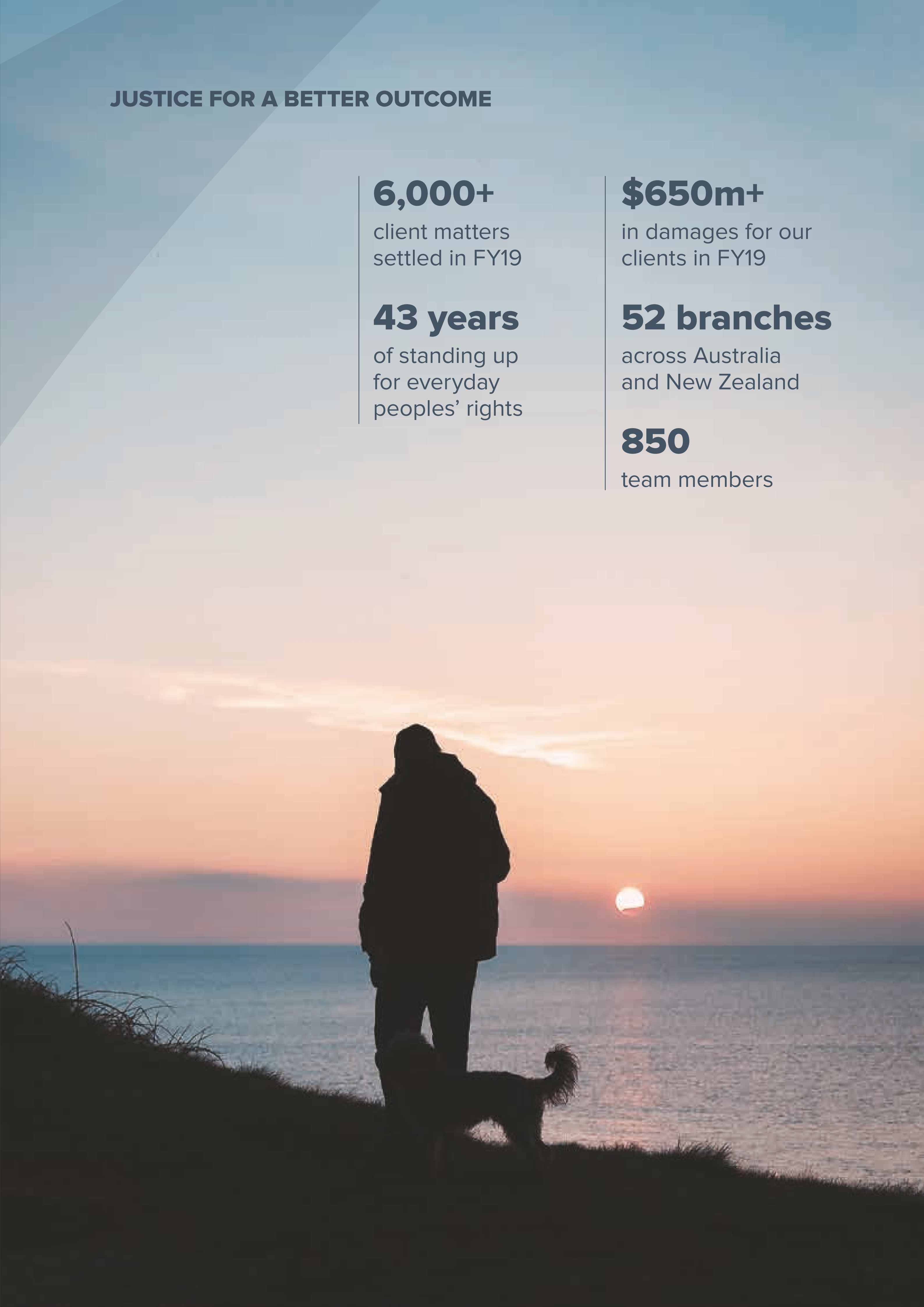
6,000+
client matters settled in FY19

43 years
of standing up for everyday peoples' rights

$650m+
in damages for our clients in FY19

52 branches
across Australia and New Zealand

850
team members



CONTENTS

FY19 IN REVIEW

> Our leadership creates a unique culture within the Group that respects our history, embraces our values and inspires high performance.

	FY19	FY18	Variance %
Total Revenue	$177.90m	$179.37m	(0.8%)
Net Profit After Tax (NPAT) (including impairment[1])	$14.03m	$19.11m	(26.6%)
NPAT (pre-impairment, like-for-like)	$19.03m	$19.11m	(0.4%)
Net Profit Before Tax (NPBT)	$22.58m	$28.76m	(21.5%)
Earnings Before Interest and Tax (EBIT)[2]	$30.01m	$31.86m	(5.8%)
Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment (EBITDAI)[3]	$47.44m	$37.72m	25.8%
Net Operating Cash Flow (NOCF)	$23.66m	$18.66m	26.8%
Gross Operating Cash Flow (GOCF)[4]	$31.25m	$21.87m	42.9%
Final Dividend (cents per Share)	2.50	2.25	11.1%
Interim Dividend (cents per Share)	1.25	1.00	25.0%
Total Dividend (cents per Share)	3.75	3.25	15.4%
Earnings Per Share (EPS – cents)	8.06	11.04	(27.0%)

[1] $5 million impairment in the Land, Energy and Resources practice announced on 27 February 2019.
[2] EBIT is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited.
[3] EBITDAI is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited. The adoption of AASB 16 Leases on 1 July 2018 had an impact on EBITDAI and GOCF, resulting in previously reported operating leases now being disclosed below EBITDAI as a combination of depreciation and interest. On a like-for-like basis, EBITDAI was $38.33m (an increase of 1.6% from FY18).
[4] GOCF is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited. GOCF is equal to NOCF with interest, finance costs and income tax cash flows removed. On a like-for-like basis (see footnote 2), GOCF was $22.15m (an increase of 1.3% from FY18).

LETTER FROM THE CHAIRMAN

Tony Bellas

I am pleased to present the Annual Report of Shine Corporate Ltd for the financial year to 30 June 2019.

This was another year of consolidation, strengthening our core capabilities, growing the business and building for the future. Importantly for our shareholders, we continued to deliver more acceptable levels of profitability, improved cash conversion and more acceptable returns on equity.

Underpinning our business are our key values of always pursuing justice, prioritising people, creating new ways, acting courageously and fostering community.

The Group settled or resolved more than 6,000 cases for our clients during the year and procured damages in excess of $650 million, including a record $19 million settlement for a single client.

We continued to execute our strategy to diversify into practice areas in addition to personal injuries, notably class actions, family law, employment law, professional and medical negligence, dust diseases and abuse law.

Consistent with our strategic growth strategy, we expanded our Class Actions presence in New South Wales through the acquisition of ACA Lawyers, experts in commercial litigation and dispute resolution.

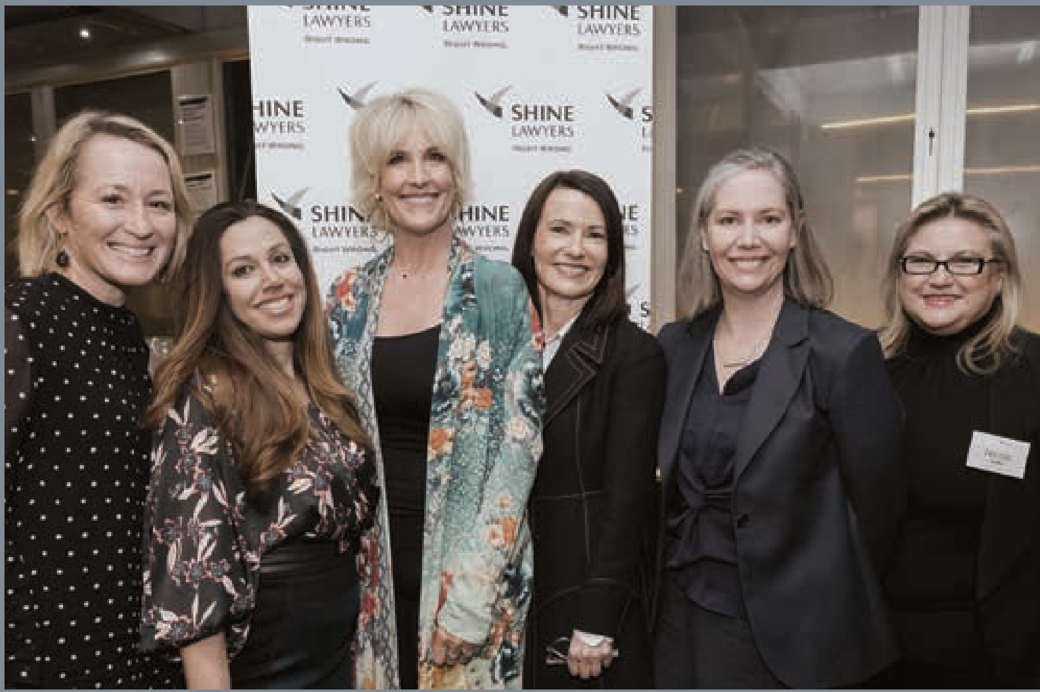
In January, we took a significant step in implementing our goal of building a national family law practice through the acquisition of a majority interest in Carr & Co, a highly respected family law practice in Perth.

In addition to meeting our strategic acquisition criteria, these acquisitions have added experience, broader geographical representation, diversity and capacity.

We await judgment in completed court proceedings for one of Australia's largest product liability class actions relating to faulty prolapse mesh implants.

We are preparing for trial in class actions against the Commonwealth Department of Defence for residents in the Queensland town of Oakey and in Katherine in the Northern Territory in relation to claims for property and business losses due to exposure to toxic firefighting chemicals.

As well, we represented retirees who lost their life savings and bank customers who relied on inappropriate investment advice. The actions we have taken in support of our clients bear witness to some of the evidence presented to the Hayne Financial Services Royal Commission.



AMBASSADOR ERIN BROCKOVICH REPRESENTING SHINE LAWYERS WITH TEAM LEADERS

We continued our work to urge political leaders to investigate practices employed in stonemasonry workshops, where dry cutting of artificial stone is exposing workers to the risk of the deadly lung disease, silicosis. Our efforts have resulted in the Queensland Government announcing a ban on dry cutting artificial stone benchtops and urging testing of all workers in the engineered stone industry.

Our continued investment in traditional advertising, together with increased presence in digital marketing channels, strengthened our brand presence and recognition across all regions. Our media share was significant during the year, with outcomes of small and large matters attracting wide publication. Word of mouth referrals by satisfied clients remain a strong source of new work.

In May 2019, we launched an innovative new product - an online platform servicing small Queensland motor vehicle claims under a separate brand, Claimify. This innovative digital product represents a new way of delivering justice for our clients and we are proud that it is the first of its kind in Australia. Features include self-service online interview, deep learning case prediction tool, online client dashboard and claims automation. This is the first and most significant step we are taking to be a leader in what will be key disruption in the legal services market. Shine prides itself on being at the forefront of courageous change.

Consistent with our commitment to foster community, our philanthropic initiative, the Shine A Light Foundation, awarded a $15,000 grant to our charity partner, The Pyjama Foundation, which gives children in foster care the opportunity to change the direction of their lives with learning, life skills and confidence.

> Our leadership team has stabilised, strengthening our capability at all levels in the organisation to deliver consistent, high quality service across all work types and regions.

PRESENTING AT A COMMUNITY MEETING
Redlands Ratepayers Class Action

SHINE TEAM MEMBERS
Jayco Herald Sun Tour in partnership with Cycling Australia

The first Con Sciacca Memorial Award, which was launched in 2018, was granted in honour of the memory of the Honourable Con Sciacca, founder of Sciacca's, solicitor of the Supreme and High Courts of Australia and a former Federal Minister of the Crown, whose life was devoted to protecting the rights of Australian workers. The first award was made to Ian Leavers, General President and CEO of the Queensland Police Union of Employees following a long and dedicated career as a police officer, in recognition of his work for the safety of police officers and the public.

In terms of financial performance, we achieved EBITDAI of $47.44 million, compared with $37.72 million in the previous year. Net profit after tax of $14.03 million (including a $5 million impairment in our Land, Energy and Resources business announced in February 2019) compares with $19.11 million previously. Pleasingly, gross operating cash flow of $31.25 million represents a solid outcome for the Group.

The adoption of AASB 16 Leases on 1 July 2018 had an impact on EBITDAI and GOCF, resulting in previously reported operating leases now disclosed below EBITDAI as a combination of depreciation and interest. On a like-for-like basis, EBITDAI was $38.33 million and GOCF was $22.15 million.

The Directors are pleased to declare a final dividend of 2.5 cents per Share (unfranked). This adds to the 1.25 cents per Share unfranked interim dividend declared in February 2019.

Earlier this month, the Supreme Court of Queensland approved the settlement of a shareholder class action commenced against the Company in 2017. Throughout the course of the matter, the Company has denied liability for all claims and the settlement is without admission of liability. The Company's contribution to the settlement is not material and will have no impact on the Group's earnings, cash position or balance sheet.

We are refining our corporate structure with the aim of improving efficiencies across all work types and geographic markets, as well as further integrating our subsidiary businesses. We have structured our legal units by practice area across the Group, whilst ensuring they remain State based and brand focused.

We are committed to building a diverse workforce with an inclusive culture which reflects the diversity of the clients we serve and the communities in which we operate. We regularly review and refine our diversity targets with a view to supporting the sustainability of our business.

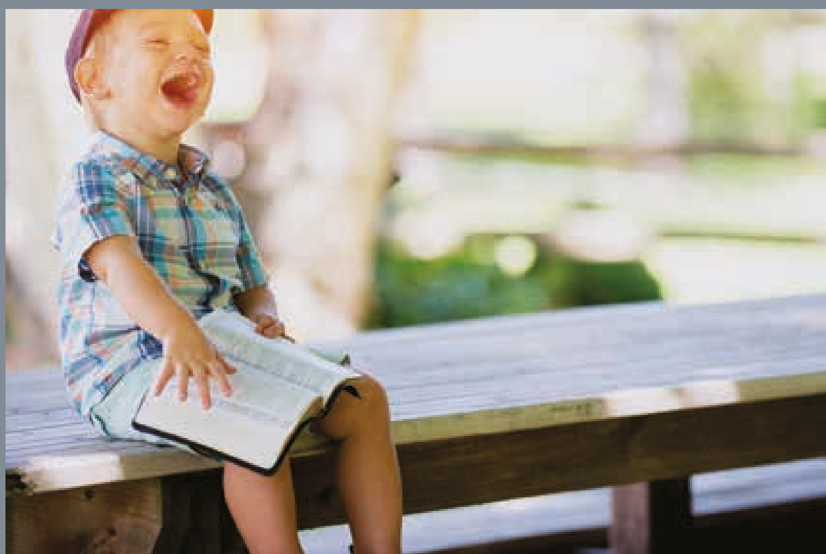
Our leadership creates a unique culture within the Group that respects our history, embraces our values and inspires high performance. We are grateful to all our team members for their high standards and hard work throughout the year.

I would like to take this opportunity to thank my fellow Directors for their valuable contribution to the Group and to our shareholders for their ongoing support. While we plan for Board succession and renewal, we continue to benefit from the skills and experience consistently provided by our dedicated Directors.

With our strong leadership team, ably led by Managing Director Simon Morrison and Group Chief Operating Officer Cath Evans, and the dedication of all our people, I am confident that Shine is well placed for the future.

Tony Bellas

CHAIRMAN
28 August 2019



SHINE A LIGHT FOUNDATION IS PROUD TO SUPPORT THE PYJAMA FOUNDATION

bestwilsonbuckley
FAMILY LAW

BRADLEY BAYLY LEGAL

Claimify.

CARR & CO
DIVORCE & FAMILY LAWYERS

emanate
LEGAL

my insurance claim

RW RiskWorldwide

Sciaccas
LAWYERS

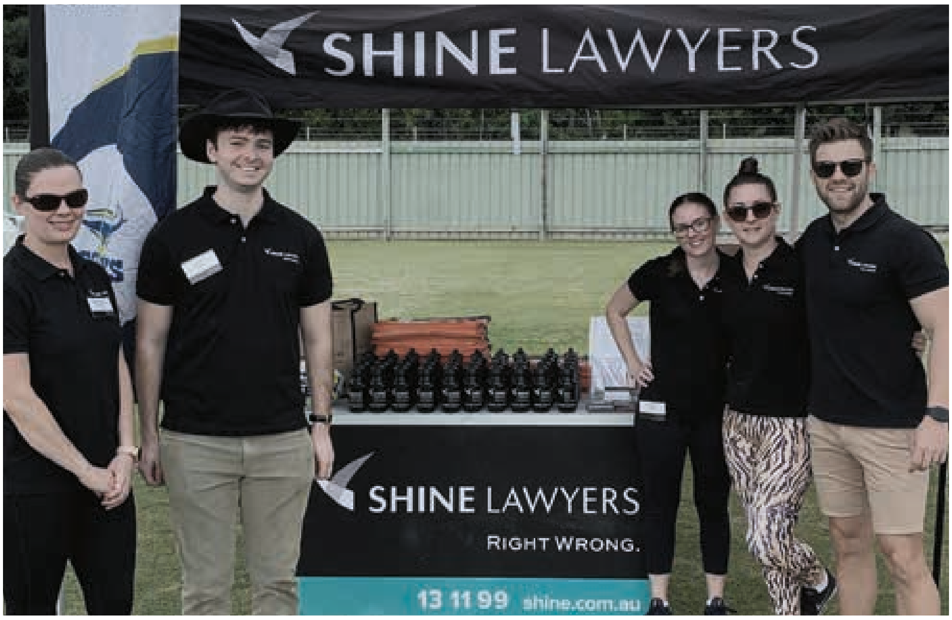
SHINE LAWYERS
RIGHT WRONG.

STEPHEN BROWNE
PERSONAL INJURY LAWYERS

DIRECTORS' REPORT

Your Directors present their report for the Financial Year ended 30 June 2019.
The Directors during the Financial Year were:

Director	Position	Appointment
Tony Bellas	Independent Chairman and Non-executive Director	13 March 2013 to present
Carolyn Barker AM	Non-executive Director	13 March 2013 to present
Greg Moynihan	Non-executive Director	13 March 2013 to present
Simon Morrison	Managing Director	13 March 2013 to present



TEAM MEMBERS FROM SHINE LAWYERS
TOWNSVILLE BRANCH
Cowboys Members Carnival

Tony Bellas

MBA, BEcon, DipEd, FAICD, FCPA, FGS

Tony joined Shine in 2013 as Independent Non-executive Chairman.

Prior to joining the Board, Tony was an experienced senior executive in the public and private sectors and held roles including Chief Executive Officer of Seymour Group, Ergon Energy Corporation Limited and CS Energy Limited. Tony also had a distinguished career with Queensland Treasury where he reached the position of Deputy Under Treasurer and had oversight of operations including Fiscal Strategy, Office of Government Owned Corporations and Office of State Revenue.

In addition to his role as Chairman of the Board, Tony holds special responsibilities as Chairman of the Nomination & Remuneration Committee and member of the Audit & Risk Management Committee.

Other Australian listed company directorships held in the past three years: Novonix Limited (August 2015 – present), Corporate Travel Management Limited (June 2010 – March 2019), ERM Power Limited (December 2009 – February 2019), State Gas Limited (June 2017 – present) and IntelliHR Holdings Limited (February 2017 – present).

Carolyn Barker, AM

BBus, MBA, FAIM

Carolyn joined Shine Lawyers in 2009 and was appointed to the Board as a Non-executive Director in 2013 on listing of the Company on ASX.

Carolyn is a professional Non-executive director. She is Chair of Brisbane City Council's Transport for Brisbane Advisory Board and the MiTraining Board, a not for profit training company and a member of BCC's Audit Committee and the Board of MIGAS Pty Ltd.

Carolyn has over 25 years of C-level executive experience, including Executive Director of the ANZ Higher Education Division of a globally owned private higher education company, Chief Executive of the Australian Institute of Management and founder/ Managing Director of The Cyber Institute Pty Ltd, an early innovator in online learning in Australia. She received her Order of Australia for services to Management Education.

Carolyn's contribution to the Board includes a thorough understanding of executive management and general commercial, strategic marketing, people and culture skills. She has expertise in compliance management, policy formulation and stakeholder management and a special interest in digital technologies, digital disruption and innovation.

Special responsibilities include member of the Nomination & Remuneration Committee and the Audit & Risk Management Committee.

Other Australian listed company directorships held in the past three years: None other than Shine.

Greg Moynihan

BCom, Grad Dip SIA, CPA, SFFin, MAICD

Greg joined the Board in 2013 as a Non-executive Director.

Greg is a former Chief Executive Officer of Metway Bank Limited and has held senior executive positions with Citibank Australia and Suncorp-Metway over a range of disciplines including financial and capital management, investment management and corporate strategy.

Greg has served as a non-executive director of various public companies (listed and unlisted) and is currently a non-executive director of Corporate Travel Management Limited and chairman of several private companies.

Special responsibilities held include Chairman of the Audit & Risk Management Committee and member of the Nomination & Remuneration Committee.

Other Australian listed company directorships held in the past three years: Corporate Travel Management Limited (June 2010 – present).

Simon Morrison

LLB

Simon became the Managing Director of Shine in 2012, having joined Shine Lawyers in 1988 and having become a partner of the firm in 1995.

Simon is a former National President of the Australian Lawyers' Alliance (ALA) and chaired the ALA's National Workers Compensation Special Interest Group and sits on the Board of Governors of the American Association of Justice. Simon has particular expertise in and is an acknowledged leader in workers' compensation and is a Queensland Law Society Accredited Specialist in personal injury law. He has given evidence at numerous government inquiries, has assisted in drafting legislation and is a regular speaker at national and state conferences in this field.

Simon contributes skills and expertise to the Board including executive management of a listed company, strategy, industry experience, strategic marketing, and policy, regulation and stakeholder management.

Special responsibilities held include Managing Director. Simon has a standing invitation to attend meetings of the Board's Committees, but he does not participate in any discussions in relation to his own remuneration.

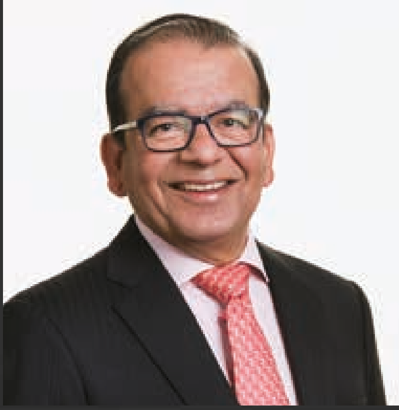
Other Australian listed company directorships held in the past three years: None other than Shine.

Cath Evans

BA, LLB

Group Chief Operating Officer

Cath joined the Group in March 2017 and was appointed Chief Executive Officer of Shine Lawyers in August 2017. In November 2018 Cath was appointed as Group Chief Operating Officer. Cath has extensive experience in driving business development strategies and managing operations, having had executive management accountability for organisations in both the United Kingdom and Australia.



Ravin Raj

BCom, ACA, FFin, GAICD

Chief Financial Officer and Company Secretary

Ravin joined the Group as Chief Financial Officer, with responsibility for the financial direction of the Group, in November 2016. Ravin has extensive experience in the finance, professional services and construction industries, having commenced his career at accounting firm Touche Ross & Co before joining Watpac Limited, where he held the position of CFO for nearly two decades. Ravin is also experienced in acquisition due diligence and valuation, taxation and debt financing.

Annette O'Hara

BA, LLB (Hons), LLM, FGIA

General Counsel and Company Secretary

Annette joined the Group in August 2016 as Senior Legal Counsel and was appointed General Counsel and Company Secretary in February 2017. Previously, Annette had extensive experience as a senior corporate lawyer at national law firm Corrs Chambers Westgarth, advising a wide range of listed and unlisted companies in relation to regulatory, governance and general commercial matters.

Meetings of Board and Committees

The number of Board meetings and meetings of Board Committees and the number of meetings attended by each Director during the Financial Year are listed below.

Table 1
Board and Committee Meetings

Number of Meetings	Director	Tony Bellas	Carolyn Barker AM	Greg Moynihan	Simon Morrison
12	**Board**	12	12	11	11
7	**Audit & Risk Management Committee**	7	7	7	7 (Invitee)
5	**Nomination & Remuneration Committee**	5	5	5	5 (Invitee)*

*Simon Morrison does not participate in any discussions about his own remuneration.

Remuneration Report

This Remuneration Report sets out information about the remuneration of Shine's key management personnel (KMP) for the Financial Year in accordance with the Corporations Act and its Regulations.

The information in this Remuneration Report has been audited.

1 Directors and KMP

The KMP of the Group (whose remuneration must be disclosed in this Report) refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Directors (whether executive or otherwise) of the Company.

The Non-executive Directors and executives who were KMP for the whole of the Financial Year are identified in Table 2. Table 3 identifies KMP for part only of the Financial Year.

Table 2
KMP – Full Financial Year

Name	Position
Non-executive Directors	
Tony Bellas	Independent Chairman and Non-executive Director
Carolyn Barker AM	Independent Non-executive Director
Greg Moynihan	Independent Non-executive Director
Executive KMP	
Simon Morrison	Managing Director
Ravin Raj	Chief Financial Officer (CFO) and Company Secretary

Table 3
KMP – Part Financial Year

Name	Position	Dates
Cath Evans	Group Chief Operating Officer (GCOO)	From 14 November 2018*

*Chief Executive Officer of Shine Lawyers until 13 November 2018

2 Remuneration Framework

Shine's remuneration practices and strategy are designed to attract and retain high calibre talent in order to provide excellent service to and maximise damages for our clients and drive the creation of shareholder value.

The remuneration framework includes three potential components:

- **Fixed Remuneration** that comprises base salary and other benefits, including superannuation
- **Short-Term Incentive** that provides a cash component
- **Long Term Incentive Plan** that provides a deferred equity component

This structure is intended to provide an appropriate mix of fixed and variable remuneration, and a combination of incentives intended to drive performance against the Company's short and long term business objectives.

The Group's KMP remuneration framework is aligned to the reward strategy of the organisation. The key elements of the framework are set out in Table 4. Details of the composition of the Nomination & Remuneration Committee during FY19 are set out on page 15. The Committee's Charter is available on the Company's website.

No remuneration consultants were engaged to provide remuneration recommendations during FY19.

Table 4
Key Elements of Remuneration Framework

	Considerations	Performance Measure	Strategic Objective
Fixed Remuneration	– Role responsibility & accountabilities – Experience and qualifications – Market relativities	Financial, People & Values and/or Operational and Strategic measures tailored to the individual role taken into account in annual review	To attract and retain top talent focused on performance and results
Short Term Incentive	– Market relativities – 12 month performance period – Cash component	Financial, People & Values and/or Operational and Strategic measures tailored to the individual role	Drives focus on delivering key strategic initiatives and outcomes by incentivising over a 12 month period Delivers financial benefits to shareholders and aligns focus to grow the firm through improved capability of systems, processes and people
Long Term Incentive	– Market relativities – 3 year performance period – Equity component	The FY19 LTI includes a performance hurdle mix of growth in EPS (70%), and Relative Total Shareholder Return (RTSR) based on the group of companies in the S&P/ASX Small Ordinaries Index, excluding resource, mining and real estate companies (30%)	To align total remuneration package with the creation of shareholder value over the long term. Drives focus on delivering longer term financial outcomes to shareholders and is a key retention tool

Total Remuneration
KMP remuneration has been designed to drive performance and support the delivery of improved shareholder returns by placing a significant portion of remuneration at risk, including both cash and equity.

3 Fixed Remuneration and Benefits

Fixed remuneration and employee benefits are structured as a total employment cost package, which may be delivered as a combination of cash and non-financial benefits.

The Group's remuneration strategy is to recruit high calibre individuals by offering competitive remuneration. KMP are offered a competitive base remuneration package, which is reviewed annually to ensure remuneration remains competitive. There is no guaranteed base remuneration increase included in any contract.

KMP receive non-monetary benefits which may include motor vehicle and car parking benefits. Superannuation contributions are paid in accordance with relevant government legislation, to employee nominated superannuation funds.

Board

The Board:

– approves the remuneration policy and ensures it is competitive, fair and aligned with the Company's long-term interests

– approves the remuneration of Directors and KMP

– assesses the performance of the Managing Director, GCOO, CFO and Company Secretary

Nomination and Remuneration Committee

During the Financial Year, the Board delegated responsibility to the Nomination & Remuneration Committee to review and make recommendations regarding remuneration practices, equity participation and other incentive programs.

4 Short-Term Incentives

A Short-Term Incentive Plan (STIP) was in place for Shine Lawyers for the Financial Year.

The STIP was developed to reward short-term performance with the following objectives:

- increase employee motivation by establishing a clear link between pay and performance
- focus our peoples' efforts on exceeding budgeted performance targets and outcomes
- improve business performance, with particular emphasis on outcomes associated with legal operations
- create a desired workplace culture by rewarding teamwork

The plan is reviewed annually. All Shine Lawyers legal staff were eligible, subject to meeting behavioural expectations, to participate in respect of FY19.

The key performance indicators which must be achieved to earn an award under the plan are set at the beginning of each financial year and include financial and non-financial targets.

KMP STI

Under the GCOO's employment contract, the GCOO was entitled to an STI for FY19 of a maximum of $330,000. Payment of an STI award was subject to the achievement of KPIs based on financial targets (50%), strategic and operational priorities, including those related to growth and innovation (25%) and people and values priorities, including employee engagement (25%).

The Board considered these KPIs appropriate in order to drive the delivery of financial benefits to the Group and to achieve key strategic objectives in FY19.

The GCOO's STI was subject to a "gateway" EBITDA measure which was not achieved, so no STI became payable and it was forfeited in its entirety. However, the Board resolved that an amount of $60,000 would be paid as an ex-gratia payment in recognition of the GCOO's valuable contribution to the Group in FY19, particularly in relation to people and values initiatives.

The GCOO also received a payment of $40,000 in November 2018 in recognition of her acceptance of the GCOO contract.

KPIs were agreed with the CFO for FY19, including KPIs based on Company performance (40%), operational performance, including funding arrangements and the integration of financial reporting across the Group (40%) and people initiatives, including supporting corporate culture and values (20%) for a maximum award of $80,000, subject to behavioural expectations.

The Board considered these KPIs appropriate in order to drive the delivery of financial benefits to the Group and to achieve key strategic objectives in FY19.

The Board resolved that 62.5% of the maximum award of $80,000 ($50,000) would be paid to the CFO on the basis that the KPIs were partly, but not fully, achieved.

Due to his substantial shareholding in the Company, Managing Director Simon Morrison does not receive any short-term incentives in addition to his fixed remuneration.

5 Long-Term Incentives

The LTIP, approved by shareholders at the 2016 annual general meeting, provides for the offer of Performance Rights to employees and consultants of the Group in order to align remuneration with the creation of shareholder value over the long term.

The LTIP is administered by the Board. The Board determines the terms of offers of Performance Rights. The vesting of each Performance Right results in the issue or transfer of one Share. The Board has a discretion to instead pay a cash amount based on the market value of Shares on the vesting date of vested Performance Rights.

No payment is required for a grant of Performance Rights or for Shares on the vesting of Performance Rights.

The value of a Share resulting from the vesting of a Performance Right will depend on the market price of Shares following vesting.

Performance Rights are not quoted on ASX and confer no voting or dividend rights.

A grant of 1,802,140 Performance Rights was made in December 2018 in relation to FY19 (of which 78,358 have subsequently lapsed, due to the departure of Plan participants from the Group). FY19 Rights were granted to selected members of the Leadership Team, National Principals and Branch, General and Department Managers.

The number of FY19 Rights granted to each recipient represented a percentage of base remuneration, taking into account the average Share price on the 15 trading days preceding and the 15 trading days following the announcement of the FY18 financial results on 29 August 2018 (91 cents).

The vesting date for FY19 Rights is on or around 31 August 2021. No Performance Rights vested during FY19. FY18 Rights have a vesting date on or about 31 August 2020.

The FY19 Rights are subject to the following performance hurdles being met during the three year performance period from 1 July 2018:

- 70% of the Rights will vest if the Company achieves earnings per share growth of an average of 10% per annum during the three year performance period, with partial vesting (straight line vesting between 50% and 100%) if 7-10% growth is achieved; and
- 30% of the Rights will vest if the Company ranks in the 75th percentile or above of total shareholder return achieved by companies in the S&P/ASX Small Ordinaries Index, excluding resource, mining and real estate companies, in the three year performance period, with partial vesting (straight line vesting between 50% and 100%) if the Company ranks in the 50th to 75th percentile.

The hurdles are the same as those for the FY18 Rights (save that the performance period for the FY18 Rights is the three year period from 1 July 2017) and were selected following a consideration of appropriate targets to drive Group performance and of market practice. The Board retains a discretion to relax the performance measures if warranted by relevant circumstances at the time of potential vesting. The fair value of each FY19 Right granted subject to the EPS performance hurdle has been assessed as 63 cents and the fair value of each FY19 Right granted subject to the RTSR performance hurdle has been assessed as 38 cents.

KMP LTI

A grant of 356,911 FY19 Rights was made to the GCOO in respect of the Financial Year. The fair value of these Rights are $198,130. The vesting date for these Rights is on or about 31 August 2021.

Under the GCOO's employment contract, the GCOO is entitled to be issued 100,000 Shares in November 2019 and 100,000 Shares in November 2020, subject to the GCOO remaining employed by the Group at the relevant time. The agreement to issue Shares was reached as a result of a commercial negotiation of a mutually acceptable remuneration package.

A grant of 126,541 FY19 Rights was made to the CFO in respect of the Financial Year. The fair value of these Rights is $70,230. The vesting date for these Rights is on or about 31 August 2021.

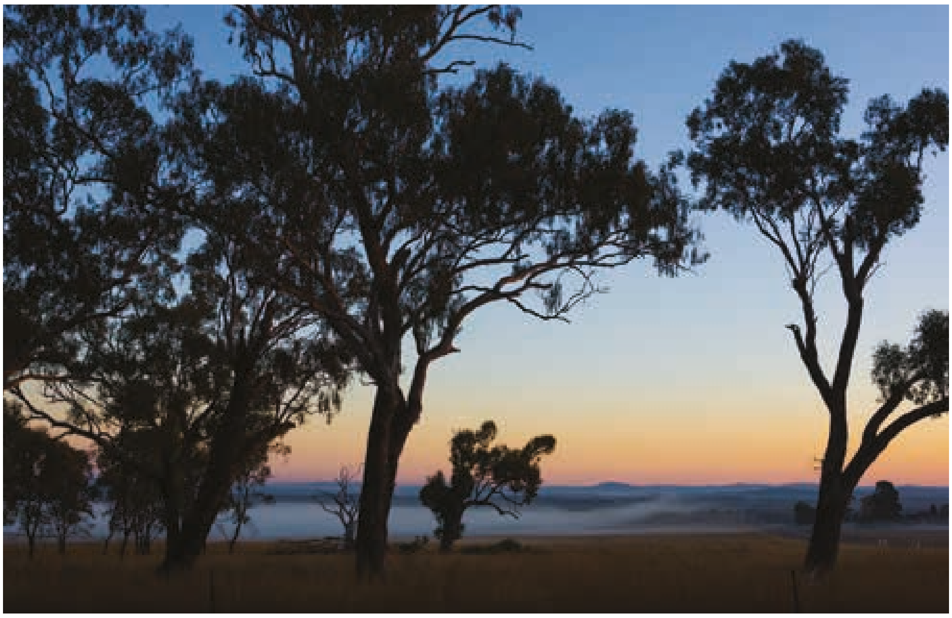
Due to his substantial shareholding in the Company, Simon Morrison does not participate in the LTIP. Non-executive Directors do not participate in the LTIP.

No KMP LTI Performance rights vested or expired during FY2019.

Table 5
Proportional Remuneration Summary

	Fixed remuneration		Remuneration linked to performance – maximum potential award	
	FY19	FY18	FY19	FY18
Non-executive Directors				
Tony Bellas	100%	100%	–	–
Carolyn Barker AM	100%	100%	–	–
Greg Moynihan	100%	100%	–	–
Executive KMP				
Simon Morrison	100%	100%	–	–
Ravin Raj	68%	69%	32%*	31%*
Cath Evans**	57%	–	43%*	–

*Includes maximum STI and LTI as a percentage of base remuneration described on pages 20 and 21
**Group Chief Operating Officer from 14 November 2018



6 Company Performance

Tables 6 and 7 set out summary information about the Group's earnings and movements in shareholder wealth for the five financial years to 30 June 2019.

Table 6
Group Earnings

	2019 $M	2018 $M	2017 $M	2016 $M	2015 $M
Revenue	177.9	179.4	165.0	151.5	150.9
Net Profit Before Tax	22.6	28.8	25.5	18.4	40.1
Net Profit After Tax	14.0	19.1	20.2	14.8	29.6
Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment (EBITDAI)[1]	47.4	37.7	36.5	25.0	44.0
Gross Operating Cash Flow (GOCF)[2]	31.3	21.9	19.2	18.8	13.0

[1] EBITDAI is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited.
[2] GOCF is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited.

Table 7
Movement in Shareholder Wealth

	2019	2018	2017	2016	2015
Share price at start of Financial Year*	0.89	0.58	1.05	2.55	2.35
Share price at end of Financial Year*	0.67	0.97	0.55	1.07	2.46
Interim Dividend (cents per Share)	1.25	1.0	0.6	Nil	2.0
Final Dividend (cents per Share)	2.5	2.25	2.0	2.5	1.75
Earnings Per Share (cents)	8.1	11.0	11.6	8.6	17.2

* Unless indicated otherwise, all Share price values set out in the above table are taken as at the close of trading and sourced from the ASX website.

7 KMP Contractual Arrangements

Remuneration and other terms of employment for all Directors and executives are formalised in employment agreements. Details of the standard termination provisions for each KMP contractual arrangement are summarised in Table 9.

Table 8
Duration of Contractual Arrangements

Name	Duration
Non-executive Directors	
Tony Bellas	Ongoing subject to shareholder approval
Carolyn Barker AM	Ongoing subject to shareholder approval
Greg Moynihan	Ongoing subject to shareholder approval
Executive KMP	
Simon Morrison	Permanent
Ravin Raj	Permanent
Cath Evans	Permanent

Table 9
Summary of KMP Contractual Arrangements

	Non-executive Directors		Managing Director		CFO		GCOO	
	Notice period	Payment in lieu of notice	Notice period	Payment in lieu of notice	Notice period	Payment in lieu of notice	Notice period	Payment in lieu of notice
Resignation	None	None	6 months	6 months	6 months	6 months	6 months	6 months
Termination for cause	None	None	None	None	None	None	None	None
Termination without cause	Statutory	Statutory	6 months	6 months	3 months	3 months	3 months	3 months

Details of the number of Shares, Deferred Shares or Performance Rights held directly, indirectly or beneficially by each KMP during FY19 are set out in Table 10.

Table 10
KMP Holdings

Name	Balance at start of FY19	Acquired during FY19	Disposed during FY19	Balance at end of FY19
Non-executive Directors				
Tony Bellas	140,000 Shares	–	–	140,000 Shares
Carolyn Barker AM	186,600 Shares	–	–	186,600 Shares
Greg Moynihan	190,151 Shares	–	–	190,151 Shares
Executive KMP				
Simon Morrison	43,313,704 Shares	–	–	43,313,704 Shares
Ravin Raj	153,498 FY18 Rights	126,541 FY19 Rights	–	153,498 FY18 Rights 126,541 FY19 Rights
Cath Evans	349,735 FY18 Rights	356,911 FY19 Rights 200,000 Deferred Shares*	–	349,735 FY18 Rights 356,911 FY19 Rights 200,000 Deferred Shares*

* Cath Evans is entitled to be issued 100,000 Shares in November 2019 and 100,000 Shares in November 2020, subject to remaining employed by the Group at the relevant time

8 Executive Remuneration

Table 11
Executive Directors and other KMP Remuneration

		Short-term employment benefits $				Long-term employment benefits $		Post emp. benefits $	
Name	Year	Salary/ fees	Cash incentives	Non-monetary benefits(1)	Share based payments	Long service leave	Share based payments	Super-annuation	Total remuneration
Simon Morrison	FY19	489,288(2)	–	31,195	–	15,325	–	20,531	556,339
	FY18	489,288	–	26,267	–	18,102	–	20,049	553,706
Cath Evans	FY19(3)	406,155(4)	100,000(5)	6,874	45,600(6)	1,070	122,430(7)	12,636	694,765
Ravin Raj	FY19	389,475(8)	50,000(9)	11,170	–	1,701	56,148 (10)	20,531	529,025
	FY18	369,449	22,500(11)	1,715	–	–	3,155	13,165	409,984

(1) Short-term non-monetary benefits include motor vehicle and car parking benefits
(2) Annual base remuneration of $489,288, subject to annual review, with no increase since 2016
(3) From 14 November 2018, date of appointment as GCOO
(4) Annual base remuneration of $660,000, subject to annual review
(5) Includes $40,000 in recognition of acceptance of the GCOO contract and ex-gratia payment of $60,000 in recognition of contribution in FY19
(6) Value of Shares to be issued in November 2019 as described on page 21, valued at 73 cents each and attributable to FY19 from 14 November 2018. The fair value of the Deferred Shares is $73,000
(7) 349,735 FY18 Rights (pro-rated cost of $58,524 for FY19 from 14 November 2018) and 356,911 FY19 Rights (pro-rated cost of $42,385 for FY19 from 14 November 2018) plus value of Shares to be issued in November 2020 as described on page 21, valued at 69 cents each and attributable to FY19 from 14 November 2018 ($21,521). The fair value of the Deferred Shares is $69,000
(8) Annual base remuneration of $390,000, subject to annual review
(9) Vesting of 62.5% of a maximum STI award of $80,000 for FY19, with 37.5% forfeited
(10) 153,498 FY18 Rights (cost of $41,120 for FY19) and 126,541 FY19 Rights (cost of $15,028 for FY19)
(11) STI award for FY18, paid in FY19

9 Non-executive Director Remuneration

Non-executive Directors do not receive any performance-based remuneration. All remuneration is fixed and there are no additional fees payable for being a member of a Board committee.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which must be approved by shareholders. The maximum fee pool currently stands at $500,000 per annum. As at 30 June 2019, the Non-executive Directors had not had an increase in their fees since the listing of the Company on ASX in 2013.

Fees and payments to Non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board.

The Chairman's fees are determined independently to the fees of the Non-executive Directors. The Chairman is not present at any discussions relating to the determination of his own remuneration.

The actual remuneration outcomes of the Non-executive Directors of the Group are summarised in Table 12.

Table 12
Non-Executive Directors' Remuneration

		Short-term employment benefits $		Post employment benefits $	
Name	**Year**	**Fees**	**Non-monetary benefits**	**Superannuation**	**Total remuneration $**
Tony Bellas	FY19	120,000	–	11,400	131,400
	FY18	120,000	–	11,400	131,400
Carolyn Barker AM	FY19	80,000	–	7,600	87,600
	FY18	80,000	–	7,600	87,600
Greg Moynihan	FY19	80,000	–	7,600	87,600
	FY18	80,000	–	7,600	87,600

10 Transactions with KMP and Related Parties

During the Financial Year amounts totalling $1,177,735 (FY18 $1,207,955) were paid to entities controlled or influenced by Simon Morrison, primarily for leases over and fitouts of commercial properties occupied by parts of the Group. Entities controlled or influenced by Simon Morrison paid for rent and services to Group entities totalling $1,412,902 (FY18 $1,145,248) and paid interest to Group entities totalling $254,889 (FY18 $188,928).

During the Financial Year, net funds totalling $275,837 (FY18 $532,415) were lent to a New Zealand company affiliated with Shine, of which Simon Morrison is a director and shareholder. Interest of $254,889 (FY18 $188,928) was recognised on the loan during the year. The amount (net of expected credit loss provisioning under AASB 9) outstanding at the commencement of the Financial Year was $2,894,219 and at the end of the Financial Year was $3,404,395 (the highest amount of indebtedness during the Financial Year). The loan attracts interest at the rate equivalent to Shine's Australian working capital facility loan rate plus 2%.

All transactions were on arm's length, commercial terms.

Directors' Interests

The following table sets out the Directors' relevant interests in the Company or a related body corporate as at the date of this Report.

Table 13
Directors' Relevant Interests

Director	Number of Shares
Tony Bellas	140,000
Carolyn Barker AM	186,600
Greg Moynihan	190,151
Simon Morrison	43,313,704

End of Remuneration Report

Officers' Indemnities and Insurance

The Constitution provides that the Company must indemnify any person who is, or has been, a Director or executive officer of the Group, and may indemnify other current or former officers and auditors, against liabilities incurred whilst acting as such officers, to the extent permitted by law.

The Company has entered into a Deed of Access, Indemnity and Insurance with each of the Directors and Company Secretaries. The Company has paid a premium for insurance for the Directors and officers of the Group against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Directors and officers of the Group, other than conduct involving a wilful breach of duty in relation to the Group. The total amount of directors' and officers' insurance contract premiums paid for the Financial Year was $410,192 (2018 $468,927).

Indemnifying Auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, EY, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify EY during, or since the end of, the Financial Year.

No leave to bring proceedings on behalf of the Company

No person has applied to Court for leave to bring proceedings on behalf of the Company or to 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 Group was not a party to any such proceedings during the Financial Year.

Shareholder Class Action

As announced in September 2017, the Company received a statement of claim (Claim) filed on behalf of representative plaintiffs and members of a group relating to alleged breaches of the Corporations Act, the Australian Securities and Investments Commission Act 2001 (Cth) and the Australian Consumer Law. As announced to the market on 29 May 2019, the Claim was settled on confidential terms without any admission of liability, subject to the approval of the Supreme Court of Queensland, which was given on 21 August 2019. The Company's contribution to the settlement and the costs of completing the matter was not material and had no impact on the Group's earnings, cash position or balance sheet.

Environmental Regulation

The Group's operations are not subject to any significant environmental regulation under the laws of the Commonwealth or States.

Dividends

The Board's dividend policy has been structured in order to maintain investor, creditor and market confidence and to sustain future development of the Group's business. The Group manages capital with a view to ensuring that the goals of continuing as a going concern and the provision of acceptable shareholder returns are met.

The amount of dividends declared by the Board at any time will be influenced by underlying financial performance and cash flow, balance sheet, debt and treasury risk management, working capital needs and competing internal and external investment opportunities necessary for growth.

The Company's aim is to pay between 30% and 50% of NPAT as dividends each financial year. To the extent the Company has franking credits, it intends to distribute them to shareholders in the form of franked dividends. The declaration of dividends is at the sole discretion of the Board and no guarantee can be given about the amount of any dividends declared or the level of franking or imputation.

In respect of the Financial Year, an interim dividend of 1.25 cents per Share (unfranked) was declared on 27 February 2019 and paid on 22 March 2019. A final dividend of 2.5 cents per Share (unfranked) was declared on 28 August 2019 and is expected to be paid on 27 September 2019.

In respect of FY18, as detailed in the Directors' Report for that financial year, a final dividend of 2.25 cents per Share (franked as to 41%) was declared on 29 August 2018 and paid on 21 September 2018.

State of Affairs

In the opinion of the Directors, other than the slower than anticipated recovery rate in the Land, Energy and Resources business and the resulting $5 million impairment charge against the goodwill attributed to that practice, which was announced on 27 February 2019, there were no significant changes in the state of affairs of the Group that occurred during the Financial Year.

Events since the end of the Financial Year

The Directors are not aware of any events or developments which are not set out in this Annual Report that have, or would have, a significant effect on the Group's state of affairs, or its expected results in future years.

Performance Rights and Options

There are currently 1,900,905 FY18 Rights and 1,723,782 FY19 Rights on issue. There are no options on issue.

Non-Audit Services

During the Financial Year, the Company's auditor, EY, performed other services in addition to its audit responsibilities. EY's engagement to perform non-audit services was approved on the basis that it was more cost-effective than engaging a firm without knowledge of the Group.

The Board, in accordance with advice from the Audit & Risk Management Committee, is satisfied that the provision of non-audit services by EY (or by another person or firm on EY's behalf) during the Financial Year is compatible with the general standard of independence for auditors imposed by the Corporations Act because the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No officer of the Company is a former partner or director of EY, and a copy of the Auditor's Independence Declaration as required under the Corporations Act is set out in, and forms part of, this Report.

Details of the amounts paid or payable to EY for non-audit services provided during the Financial Year are set out in Table 14.

Table 14
Non-audit Services

Non-Audit Service	
Taxation services and advices	$67,917
Total	**$67,917**

Auditor's Independence Declaration

A copy of the Auditor's independence declaration required under section 307C of the Corporations Act is set out on page 36.

Declarations

Simon Morrison (as Managing Director) and Ravin Raj (as Chief Financial Officer) have each provided a declaration to the Board in accordance with section 295A of the Corporations Act that, in their opinion, the financial records of the Group have been properly maintained, the financial statements and notes in this Report comply with the accounting standards and give a true and fair view of the Group's financial position and performance and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Operating and Financial Review

Principal Activities

The principal activities of the Group during the year were the provision of legal services throughout Queensland, Victoria, Western Australia and New South Wales and the conduct of an insurance recovery consulting business in New Zealand.

No significant changes in the nature of the Company's principal activities occurred during the Financial Year.

Overview and Strategies

The objective of the Board is to create and deliver long-term shareholder value through the provision of a range of diversified legal services, both in terms of service offerings and geographical reach. Whilst each area of the Group's business activities holds significant value and makes a substantial contribution towards achieving this objective, management of the synergies arising from the various business activities is critical to achieving the objective.

Whilst the Company was founded in Queensland, a core element of the Group strategy is to continue to extend its reach into other jurisdictions to mitigate the impact of exposure to a single market. The Group has been successful in achieving this with nearly two thirds of its revenue as at 30 June 2019 earned in markets outside Queensland personal injuries. As the Group's personal injury products operate under state government schemes, diversification into other markets is important in respect of managing exposure to tort reform.

The Group also has a clear objective of diversifying its product range across Australia in plaintiff centric damages based litigation.

The Board believes that the best way to operate in the personal injury markets in Australia is with the benefit of scale and as a listed entity.

Through its critical mass, the Group is able to leverage its investment in technology and provide better training and access to specialisation for staff.

Review of Operations

The Group specialises primarily in damages based plaintiff litigation legal services, primarily relating to personal injury.

The balance of the Financial Year's revenue was derived from expanding practice areas, including class actions, family law, dust diseases, employment law, superannuation and disability and abuse law.

Measures were taken to further the integration of subsidiaries into the Group, predominantly in the areas of technology, growth, culture and policy alignment.

Personal Injury

Shine Lawyers continued to specialise in damages based plaintiff litigation legal services, primarily relating to personal injuries.

Our continued investment in traditional advertising, together with increased presence in digital marketing channels, strengthened our brand presence and recognition across all regions, especially Queensland.

Our Major Claims team secured a record $19 million settlement for a young client who sustained a severe traumatic brain injury after a road accident.

The first Con Sciacca Memorial Award, which was launched in 2018, was granted in honour of the memory of the Honourable Con Sciacca, founder of Sciacca's, solicitor of the Supreme and High Courts of Australia and a former Federal Minister of the Crown, whose life was devoted to protecting the rights of Australian workers. The first award was made to Ian Leavers, General President and CEO of the Queensland Police Union of Employees following a long and dedicated career as a police officer, in recognition of his work for the safety of police officers and the public.

The Group's Western Australian businesses, Stephen Browne and Bradley Bayly, continued to perform well under the leadership of Andrew Browne, who was appointed General Manager of Stephen Browne, Bradley Bayly and Shine Lawyers in Western Australia in the second half of FY19. The core personal injuries businesses continue to contribute strongly.

Shine Lawyers continued to be a leading voice for the rights of Australians subjected to institutional abuse. We represented more than 1,000 victims in abuse compensation claims (700 in FY18).

It is anticipated that there will be significant opportunity for the Group's Western Australian businesses in expanding practice areas, including abuse law, following law reform in April 2018 removing the limitation period for childhood sexual abuse compensation claims.

Through our work in representing stonemasons with dust diseases, we ignited a national conversation about the nationwide silica exposure epidemic sweeping through the stonemason industry. Our dust diseases division has been at the frontier of successfully assisting stonemasons not only with lung disease in the form of silicosis, but also with autoimmune diseases such as scleroderma and rheumatoid arthritis. Our efforts in calling for the creation of safer work places has seen the Queensland Government announce a ban on dry cutting of artificial stone bench tops and health screening of stonemasons who are likely to have suffered exposure. We continue to represent stonemasons whilst at the same time urging ministers in all states and territories, as well as at Federal level, to act by implementing rigorous regulation of the industry to safeguard against deadly silica exposure. In July 2019, the Queensland Government launched a register to record the occurrence of silicosis and other occupational dust diseases.

In May 2019, we launched an innovative new product - an online platform servicing small Queensland motor vehicle claims under a separate brand, Claimify. This innovative digital product represents a new way of delivering justice for our clients and we are proud that it is the first of its kind in Australia. Features include self-service online interview, deep learning case prediction tool, online client dashboard and claims automation. This is the first and most significant step we are taking to be a leader in what will be key disruption in the legal services market. Shine prides itself on being at the forefront of courageous change.

Emerging Practice Areas

Shine Lawyers' class action division continued to grow. In FY19, Shine Lawyers represented women who have suffered from failures in transvaginal medical products, land owners whose properties have been diminished by environmental mismanagement, investors who have suffered loss due to unconscionable financial advice and bank customers who have suffered financial loss.

Consistent with our strategic growth strategy, we expanded our class actions presence in New South Wales through the acquisition of ACA Lawyers, experts in commercial litigation and dispute resolution.

Our family law practice, Best Wilson Buckley, continued to perform strongly. The Group continues to examine opportunities for further expansion of its family law offering outside Queensland. In January, we took a significant step in implementing our goal of building a national family law practice through the acquisition of a majority interest in Carr & Co, a highly respected family law practice in Perth.

In addition to meeting our strategic acquisition criteria, the acquisitions we have made have added experience, broader geographical representation, diversity and capacity.

Risk Worldwide New Zealand Limited continued to operate in the loss adjusting and insurance policy recovery business in New Zealand, with a focus on residential claims under the brand 'My Insurance Claim'.

We expanded our workplace relations and employment team, specialising in executive employment, sexual harassment claims and general employee protection.

In February 2019, the Company announced that the Land, Energy and Resources business (Emanate) was recovering at a slower than anticipated rate, despite a steady improvement in new file openings. As a result, the Board decided to take a $5 million impairment charge against the goodwill attributed to that business.

This business continues to operate in the challenging energy, resources and mining sectors. An increase in business activity in FY20 is anticipated, driven by major infrastructure and mining projects (eg Adani) and Emanate is well placed to capitalise on such opportunities.

Future Developments and Prospects

The Group will seek to continue to grow its business by concentrating on the activities and strategies outlined below.

Damages Based Plaintiff Litigation

The Group continues to execute its strategy to grow all areas of its damages based plaintiff litigation business, but with a focus on growing other specialties at a faster rate than the personal injury practice area. The Group intends to grow in the future organically and through acquisitions.

Whilst personal injury litigation remains a significant part of the strategy, the Group also considers other opportunities to broaden its service offerings, particularly through an expanded family law practice.

Tort Reform

The New South Wales Government passed regulatory reform in relation to the compulsory third party scheme in that State in FY18.

Although tort reform initiatives pose risks for the Group's business, it has considerable experience adapting its business model to regulatory change. Tort reform presents opportunities, particularly in the acquisition of smaller practices which do not have the systems in place to deal with complex regulatory changes.

International Opportunities

While the Directors believe there are ample opportunities for the Group to continue to grow domestically, they will continue to monitor opportunities internationally and maintain a 'watching brief' on the UK and US legal markets.

Consolidated Financial Conditions

The Group seeks to maintain an optimal capital structure by ensuring that there is an appropriate balance of debt and equity. The current target is a maximum interest-bearing debt to equity ratio of 30%. At 30 June 2019, the ratio was 26%. The Group utilises a combination of short and long term debt to ensure that it has an appropriate level of liquidity available throughout the financial year.

The Group's finance facilities with the Commonwealth Bank of Australia (CBA) continued substantially unchanged for the Financial Year. Details of these facilities are set out in the Borrowings note in the Financial Report.

The finance facilities are subject to financial covenants including a gearing ratio (borrowings cannot exceed 50% of net WIP) and debt to EBITDAI ratio (not to exceed 2.25:1). The Group was in compliance with these financial covenants as at 30 June 2019 and has headroom available to increase funding levels if required.

In addition to the CBA facilities, the Group also has disbursement funding providers that can support eligible clients with funds to cover disbursements in relation to their claims. The use of disbursement funding is expected to continue to improve operating cash flow in future years as client disbursements have a diminishing impact on the Group's operating cash flows. Further facilities were negotiated with third parties to replace retiring funders during the year. Details of these funding changes are set out in the Disbursement Funding note in the Financial Report.

The Group will generally only seek to raise new capital for material events. No material events are currently proposed.

Risk Management and Governance Practices

The Group's business is subject to risk factors, both specific to its business activities and risks of a general nature. The risks the Directors highlight below do not represent all risks associated with the Group, but represent, in the Directors' opinion, the material business risks. The most significant factors relating to future financial performance are set out in the following commentary.

Conflict of Duties

The Group, through those subsidiaries engaged in the provision of legal services, has a paramount duty to the Court, first, and then to its clients. Those duties prevail over the Group's duty to shareholders. There may be instances where the Group and its lawyers, in fulfilling their duties to the Court or to the client (or both), act other than in the best interests of shareholders.

To mitigate this risk, the Group has strong case management systems and processes to identify such conflicts so that they can be avoided or appropriately managed.

Regulatory Environment

The Group operates in a regulated environment. Its business operations could be adversely affected by actions of State, Territory and Commonwealth governments, including changes in legislation, guidelines and regulations that affect the areas of law in which the Group practises.

To mitigate this risk, the Group's senior legal practitioners seek to meet with policymakers and participate in stakeholder working groups when reform is being considered in the areas of law in which the Group practises. In addition, the Group's strategy of growing all areas of damages based plaintiff litigation, helps to diversify the Group's revenue stream and lessen the impact of individual legislative reform.

The Group's acquisitions in family and class actions during the Financial Year will also assist by diversifying into alternative areas of practice and lessening the impact of individual legislative reform.

WIP Recoverability

Because the Group operates largely on a speculative fee basis and in areas of law where the ultimate recovery of fees is regulated, failure to recover WIP is a key risk. Given the inherent uncertainty associated with determining WIP recoverability, the Group has taken measures to ensure its case management systems and processes are designed to mitigate the risk of failing to realise booked revenue. This exposure is greater in relation to class actions as the WIP exposure on a single matter is higher. The Group seeks to mitigate this risk by adopting appropriate case selection methodologies and utilising litigation funding.

To mitigate risk in relation to the personal injuries practice area, and as part of the Group's commitment to continuously improve its case management systems and processes, a new case management system has been implemented to assist in improving WIP recoverability and predictability.

The Group adopted AASB 15 Revenue for Contracts with Customers as required from 1 July 2018. AASB 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

Growth and Integration Risk

There is a risk that the Group may be unable to manage its future growth successfully. Historically, the Group has grown through a combination of organic growth and acquisitions. That growth strategy will continue, and may include new practice areas and locations. A variety of factors, including unexpected integration issues, might cause future growth to be implemented less successfully than it has in the past.

To mitigate this risk, the Group continually refines its growth criteria to ensure that strategic alignment, adequate financial return and integration risks are considered before expansion opportunities are approved.

Case Management Systems

The Group's business is reliant on its case management systems. Shine Lawyers has replaced the previous case management system with a globally recognised integrated enterprise legal management solution to improve case management and workflow, client management and financial management capabilities.

Our People

The Group depends on the talent and experience of its people. In particular, the Group's growth is reliant on attracting and retaining professional fee-earning staff. Should any of its key people or a significant number of other people leave the Group, particularly to work for a competitor, this may have an adverse effect on the Group. It may be difficult to replace them, or to do so in a timely manner or at comparable expense.

The Group continues to focus on recruiting high calibre employees closely aligned to its values. The Group attracts, retains and incentivises talent by promoting its values based culture and by providing an environment where individuals and teams are recognised, rewarded and inspired to deliver outcomes for clients. Celebrating successes and milestones is encouraged.

Brand and Reputational Risk

The success of the Group is reliant on its reputation and its brands. Anything that diminishes the Group's reputation or its brands could have a significantly adverse financial effect. In particular, the actions of the Group's employees, including breaches of relevant regulations or negligence in the provision of legal advice, could damage the Group's brands and diminish future profitability and growth.

To mitigate this risk, the Group has strong case management systems and processes to identify cases where brand and reputation risk could emerge, particularly through the initial case selection process. The Group also has a disciplined public relations process to ensure that the views of the Group are not misrepresented.

As the Group has alliances with high profile individuals, including Erin Brockovich, any harm to the reputation of those individuals may also negatively impact the Group.

Professional Services Sector Risk

The Group operates in a sector of the market place with few other listed entities. As such, its Share price can be impacted by events affecting other participants in this sector.

Digital Disruption & Cybersecurity

The Group monitors threats from digital technology in order to ensure that, where possible, it is positioned to respond appropriately.

The Group monitors cybersecurity threats given the potential consequences of a cybersecurity breach, including but not limited to, unauthorised access or disclosure (inadvertent or otherwise) of personal information held by the Group.

From time to time, the Group engages cybersecurity experts to provide an independent assessment of the Group's exposures and protective measures.

Economic, Environmental and Social Sustainability Risks

The material economic risks associated with the Group's business are discussed above under 'WIP Recoverability' and 'Growth and Integration Risk'.

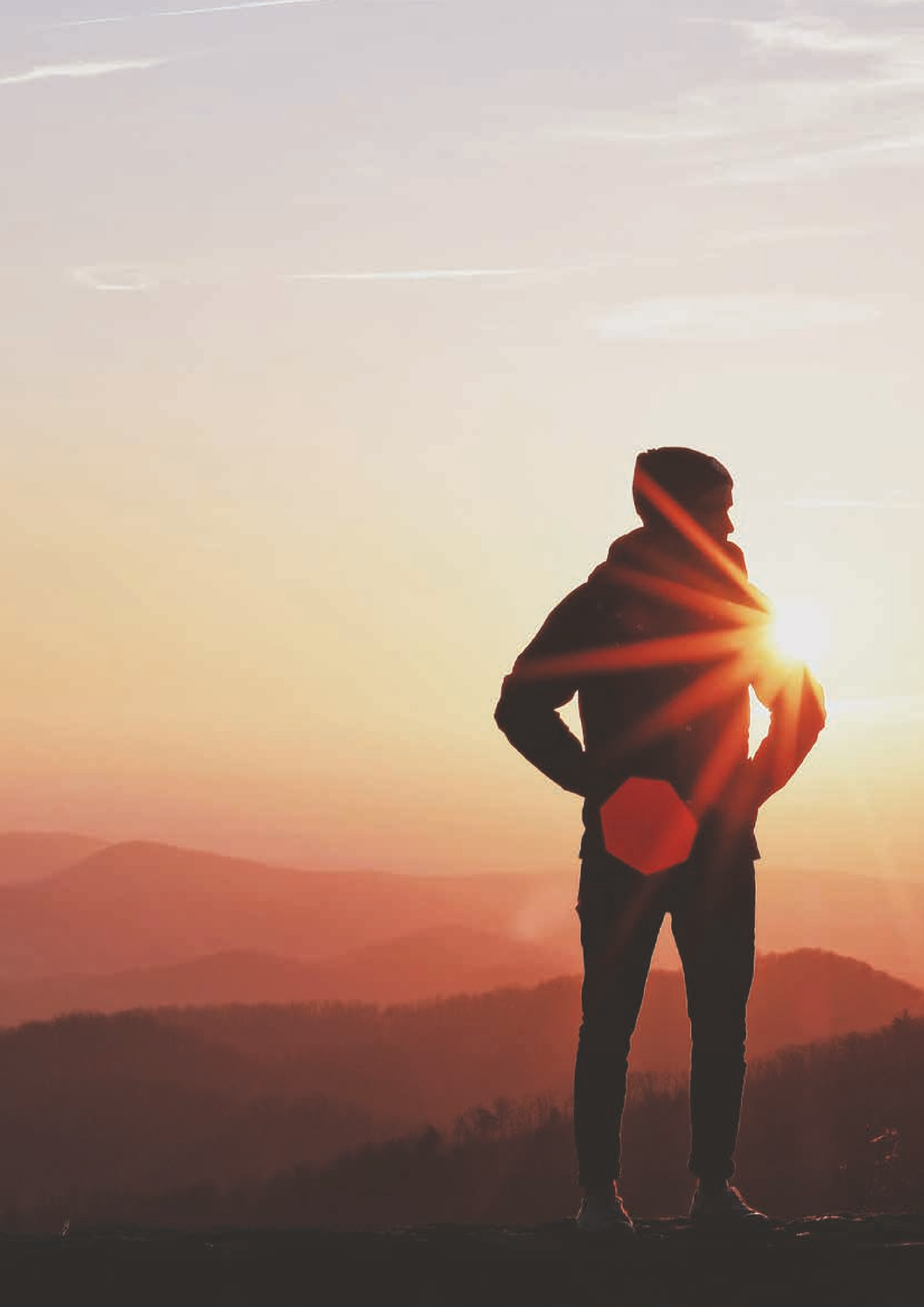
The Directors do not believe the Group has any material exposure to environmental risk.

Other than the risks discussed under 'Brand and Reputational Risk' above, the Directors do not believe the Group has any material exposure to social sustainability risk.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to section 298(2) of the Corporations Act.

On behalf of the Directors,

Tony Bellas
Chairman
Brisbane, 28 August 2019



AUDITOR'S INDEPENDENCE DECLARATION

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Auditor's Independence Declaration to the Directors of Shine Corporate Ltd

As the lead auditor of the audit of the financial report of Shine Corporate Ltd for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of Shine Corporate Ltd and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Brad Tozer
Partner
28 August 2019

CORPORATE GOVERNANCE STATEMENT

The Board recognises the positive relationship between the creation and delivery of long-term shareholder value and corporate governance. Shine's corporate governance framework fosters the values of integrity, respect, trust and openness among and between the Board members, management, employees, clients, suppliers and shareholders.

The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (third edition) (Guidelines) set recommended corporate governance practices for ASX listed entities. The Guidelines state that they are designed to 'achieve good governance outcomes and meet the reasonable expectations of most investors in most situations'.

The following assessment of the Group's practice against the Guidelines as at 30 June 2019 has been approved by the Board.

The fourth edition of the Guidelines was issued in February 2019 and takes effect for a listed entity's first full financial year commencing on or after 1 January 2020. The Board intends to report against the fourth edition in its annual report for the financial year ending 30 June 2020.

Principles and Recommendations	Shine's Compliance	
Principle 1 Lay solid foundations for management and oversight		
1.1 A listed entity should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the board and those delegated to management.	The Board is responsible for the overall strategic guidance and corporate governance of the Group. It has distinguished which functions and responsibilities are reserved for the Board and those which are delegated to management. This is set out in the Board Charter, which also sets out the role of the Chairman, Directors and management. The Board Charter is available on the Company's website (www.shinecorporate.com.au).	✓
1.2 A listed entity should undertake appropriate checks before appointing a person as a director and provide shareholders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Shine conducts appropriate checks to verify the suitability of candidates considered for nomination to the Board, having regard to each candidate's character, experience, education and skills, in addition to any interests and associations of the candidate. Comprehensive biographical information is provided to shareholders in notices of meeting to enable them to make an informed decision on whether to elect or re-elect a Director.	✓
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	All Directors and senior executives have a written agreement which formalises the terms of their appointment. Each Director commits to a letter of appointment which specifies the term of their appointment, the envisaged time commitment, expectations and duties relating to the position, remuneration, disclosure and confidentiality obligations, insurance and indemnity entitlements, details of the Company's corporate governance policies and reporting lines. Each member of the Leadership Team enters into a contract which describes their role and duties, remuneration and termination rights and entitlements.	✓
1.4 The company secretary of a listed entity should be accountable directly to the board on all matters to do with the proper functioning of the board.	The Company Secretary is accountable to the Board for facilitating the Company's corporate governance processes and the functioning of the Board. The Board is responsible for the appointment and removal of the Company Secretary, and all Directors are able to access the advice and services of the Company Secretary. Details of the Company Secretary's qualifications and experience are available on the Company's website and are set out on page 14.	✓

Principles and Recommendations	Shine's Compliance	
1.5 A listed entity should have a diversity policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them, for reporting against in each reporting period.	Shine aims to actively promote a corporate culture that supports diversity in the workplace and in the composition of its Board and senior management and throughout the Group. Shine defines diversity as including, but not limited to, diversity of gender, age, ethnicity and cultural background. Shine's Diversity Policy is disclosed on the Company's website and sets out its objectives and reporting practices regarding diversity. The Nomination & Remuneration Committee reviews and reports to the Board on the Group's diversity profile with a view to setting meaningful targets for the advancement of diversity within the Group. At present, the targets include to: – target gender balance across all roles; – meet or exceed the AICD target of 30% for female representation on Boards by FY21; – continue to analyse gender pay parity within Shine Lawyers with an initial approach to resolve any inconsistencies across the FY20 salary review process; – analyse gender pay parity across the Group with a view to resolving any inconsistencies by the end of FY22; – identify and agree opportunities to align Shine Lawyers' workforce to reflect the general Australian population in areas such as (but not limited to) age, gender, sexual orientation, disability and ethnicity; – to partner with an industry organisation to onboard First Nations People and establish a targeted program by FY22 including the implementation of a Reconciliation Action Plan; and – introduce a formal Inclusion and Diversity Program by FY22. As at 30 June 2019: – 25% of the Board members were women (one-third of the Non-executive Directors); – 75% of the Leadership Team were women; and – 78% of the Group's team members were women.	
1.6 A listed entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors, and, at the end of each reporting period, disclose whether such performance evaluation was undertaken in that period.	The Board undertakes an evaluation process each year to assess its performance. The assessment is conducted by an independent third party consultant who seeks Board and management feedback on the performance of the Board and Board committees as a whole as well as feedback on individual Directors and the Group's reporting and governance practices. The most recent evaluation was completed in May 2019. Further information about the annual review process is outlined in the Board Charter and the Nomination & Remuneration Committee Charter available on the Company's website.	
1.7 A listed entity should have and disclose a process for periodically evaluating the performance of the company's senior executives, and at the end of each reporting period, disclose whether such performance evaluation was undertaken in that period.	The Nomination & Remuneration Committee is responsible for evaluating the performance of the Leadership Team. The Chairman is also responsible for periodically reviewing the performance of the Managing Director. A review of the performance of the Leadership Team in FY19 has been undertaken.	

Principles and Recommendations	Shine's Compliance	
Principle 2 Structure the Board to add value		
2.1 The board of a listed entity should have a nomination committee, which has at least three members, a majority of whom are independent directors and is chaired by an independent director. The functions and operations of the nomination committee should be disclosed.	A Nomination & Remuneration Committee with its own charter and consisting of all three of the independent Directors was in place during the Financial Year. The Nomination & Remuneration Committee is chaired by Tony Bellas. Details of the Nomination & Remuneration Committee's functions are set out in the Nomination & Remuneration Committee Charter which is available on the Company's website. Details of the number of meetings and attendance by the Directors at those meetings is disclosed on page 15.	✓
2.2 A listed entity should have and disclose a board skills matrix, setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The skills, knowledge and experience set out in Table 15 below have been identified as those that are required for the effective management of the Group. The Board possesses broad coverage of these skills and attributes. The Board has determined that if a new Director is appointed, a candidate with a skills base including digital expertise will be sought. Employees with considerable digital expertise are available to assist the Board and management in this regard. Further details regarding the skills and experience of each Director are included on pages 12 and 13.	✓

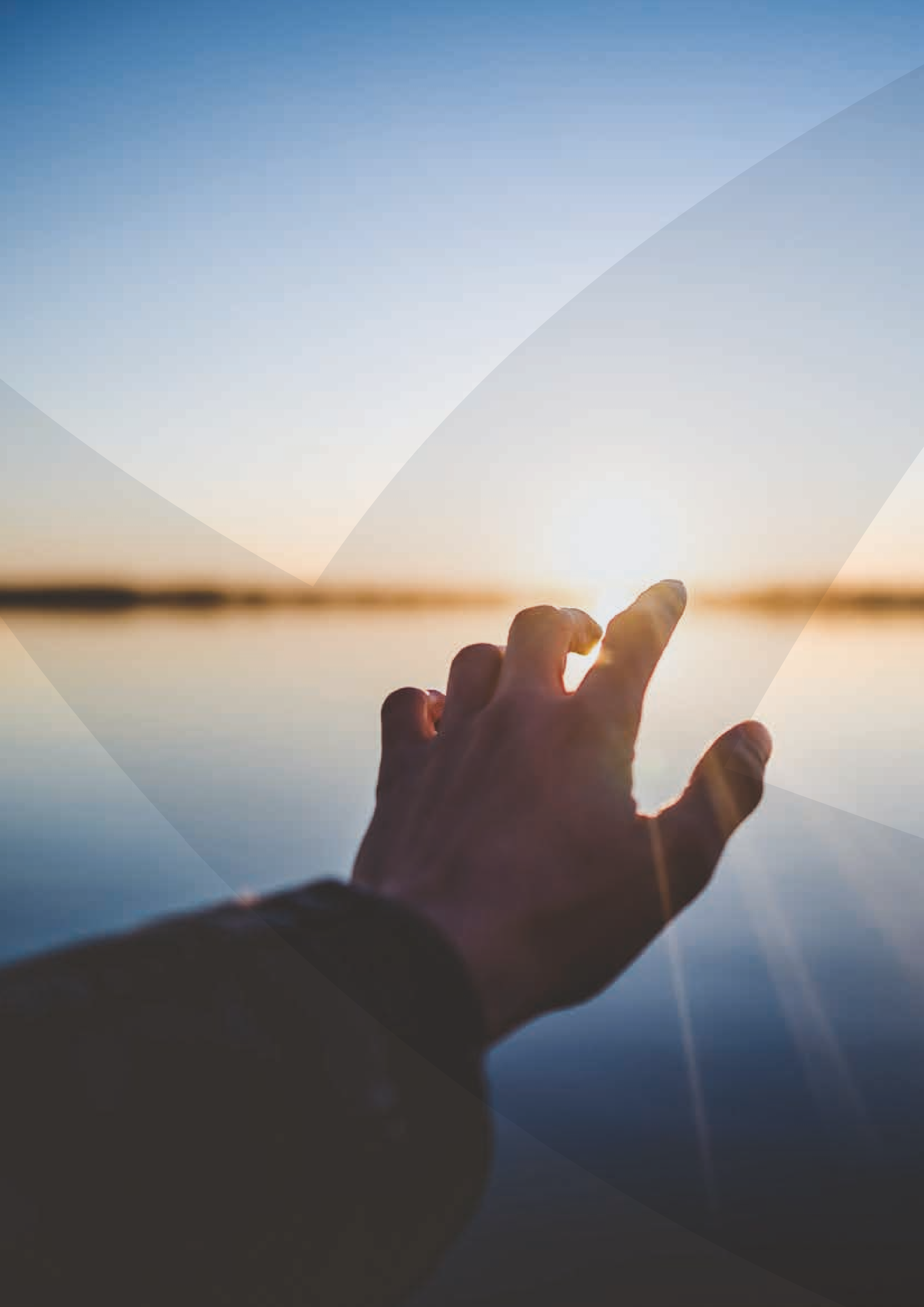
Table 15
Directors' Skills Matrix

Directors' Skill	Held by 2 or More Directors
Executive Leadership and Management Sustainable success in business at a senior executive level in a successful career. Experience in evaluating performance of senior management and overseeing resourcing and change management.	✓
Strategy Track record of developing and implementing a successful strategy, including appropriate probing and challenging management on the delivery of agreed strategic planning objectives. In-depth understanding of the business strategy, markets, competitors, operational issues, technology and regulatory concerns.	✓
Going Global Senior executive or equivalent experience to enter into global markets/jurisdictions, exposed to a range of political, regulatory and business environments.	✓
M&A Experience working with strategic identification of M&A opportunities and long term investment horizons, including successful implementation.	✓
Governance Commitment to the highest standards of governance, including experience with a medium to large organisation that is subject to rigorous governance standards, and an ability to assess the effectiveness of senior management.	✓
Risk & Compliance Identification of key risks to the organisation related to each key area of operations and the ability to monitor risk and compliance and knowledge of legal and regulatory requirements.	✓
Financial Literacy Senior executive or equivalent experience in financial markets, financial accounting and reporting, corporate finance and internal financial controls, including an ability to probe the adequacies of financial and risk controls.	✓
Innovation & Technology Senior executive or equivalent experience in systemic innovation and emerging technology solutions, business process engineering or improvement initiatives, including an ability to probe the adequacies of key strategic IT projects and infrastructure.	✓
Industry Experience (personal injury, emerging practice areas, insurance) Senior executive experience in a medium to large organisation with an understanding to create long term shareholder value through the development, marketing and delivery of services/solutions.	✓
Strategic Marketing Senior executive experience in a medium to large organisation to create long term shareholder value through strategic marketing (including social/digital) for customer engagement and to expand the geographic (national, international) footprint.	✓
Policy, Regulation and Stakeholder Management Identification and management of diverse stakeholder groups including shareholders, clients, employees, financial markets, regulators and others.	✓
People & Culture Experience in understanding and addressing key people issues and instilling an appropriate culture.	✓

Principles and Recommendations	Shine's Compliance
2.3 A listed entity should disclose the names of the directors that the board considers to be independent directors, and an explanation of why the board is of that opinion if a factor that impacts on independence applies to a director, and disclose the length of service of each director.	The Group currently has a four member Board, of whom three are independent Non-executive Directors. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Group and its business. The date of appointment of each Director and details of their skills and experience are set out on pages 11 to 13 and on the Company's website.
2.4 A majority of the board should be independent directors.	Three of the four Board members are considered to be independent – Tony Bellas, Carolyn Barker AM and Greg Moynihan. In accordance with the Board Charter which is available on the Company's website, a Director is considered independent if the Director is independent of management and free of any business or other relationship that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgment in relation to matters concerning the Company.
2.5 The chairman of the board should be an independent director and should not be the CEO.	The Chairman, Tony Bellas, is an independent Non-executive Director and the Managing Director is not the same individual as the Chairman.
2.6 There should be a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	The Nomination & Remuneration Committee is responsible for induction and continuous development programs for Directors. Directors are encouraged to undertake continuing professional development activities each year and to join appropriate professional associations in order to continually develop and enhance their respective levels of industry knowledge, technical knowledge and other skills required to discharge their role effectively.
Principle 3 Act ethically and responsibly	
3.1 A listed entity should have a code of conduct for the board, senior executives and employees, and disclose that code or a summary of that code.	Shine has a Code of Conduct for Directors, executives, employees, consultants and contractors which sets out the fundamental principles of business conduct expected by the Company. The Code of Conduct is available on the Company's website.
Principle 4 Safeguard integrity in corporate reporting	
4.1 The company should have an audit committee, which consists of only non-executive directors, a majority of whom are independent directors, is chaired by an independent chairman who is not chairman of the board and has at least three members. The functions and operations of the audit committee should be disclosed.	The Board has an Audit & Risk Management Committee, comprised of the three independent Non-executive Directors and chaired by an independent Non-executive Director (Greg Moynihan). Further details about the membership of the Audit & Risk Management Committee, including the names and qualifications of its members, are set out on pages 12 and 13. The Charter of the Audit & Risk Management Committee is available on the Company's website along with information about its members. The number of meetings held by the Committee and the Directors' attendance at meetings is disclosed each year in the Group's annual report and can be found on page 15 for FY19.
4.2 The board should, before approving financial statements for a financial period, receive a declaration from the CEO and CFO that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company, formed on the basis of a sound system of risk management and internal controls, operating effectively.	The Managing Director and Chief Financial Officer provide a statement to the Board and the Audit & Risk Management Committee in advance of seeking approval of any financial report to the effect that the Group's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects. In accordance with the above, the Board has received a written assurance that the declaration provided under section 295A of the Corporations Act is based on a sound system of internal control and risk management, which is operating effectively in all respects in relation to material business risks and financial reporting.

Principles and Recommendations	Shine's Compliance	
4.3 A listed entity's auditor should attend its annual general meeting and be available to answer questions from security holders relevant to the audit.	The Group's auditor attends each annual general meeting of the Company and is available to answer questions.	✓
Principle 5 Make timely and balanced disclosure		
5.1 A listed entity should have a written policy for complying with continuous disclosure obligations under the Listing Rules, and disclose that policy or a summary of it.	The Company has a Continuous Disclosure Policy which is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the Listing Rules. The policy sets out the processes and practices that ensure compliance with these requirements. The Continuous Disclosure Policy is published on the Company's website.	✓
Principle 6 Respect the rights of security holders		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	The Company's website contains extensive information about the Company, its history and business activities and information relevant to investors as set out in the Guidelines. Investors may access copies of ASX announcements, notices of meeting and annual reports, as well as general information about the Company, on the Company's website.	✓
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company conducts regular market briefings including interim and full year results presentations, investor roadshows and briefings and also attends industry conferences in order to facilitate communication with investors and other stakeholders. Presentation material is provided to ASX and uploaded to the Company's website to ensure that all shareholders have timely access to information. The Company aims to ensure that all shareholders are well informed of all major developments affecting the Group.	✓
6.3 A listed entity should disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.	Shareholders are encouraged to attend the Company's annual general meeting and to ask questions of Directors. The notice of meeting includes a process to enable shareholders to submit questions to the Board and the Company's auditor prior to the meeting.	✓
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the company and its share registry electronically.	Shine provides its investors with the option to receive communications from, and send communications to, the Company and the share registry electronically.	✓
Principle 7 Recognise and manage risk		
7.1 The board should have a risk committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members. The functions and operations of the risk committee should be disclosed.	The Board has an Audit & Risk Management Committee, comprised of the three independent Non-executive Directors and chaired by an independent Non-executive Director. Further details about the membership of the Audit & Risk Management Committee, including the names and qualifications of its members, are set out on pages 12 and 13. The Charter of the Audit & Risk Management Committee is available on the Company's website along with information about its members. The number of meetings held by the Committee and the Directors' attendance at meetings is disclosed each year in the Group's annual report and can be found on page 15 for FY19.	✓

Principles and Recommendations	Shine's Compliance	
7.2 The board or a committee of the board should review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.	The Board is responsible for the oversight and management of risk, including the identification of material business risks on an ongoing basis and is assisted by the Audit & Risk Management Committee where required. A review of material business risks has been conducted in the Financial Year, which concluded that controls over risk management processes were adequate and effective.	✓
7.3 A listed entity should disclose if the company has an internal audit function, how the function is structured and what role it performs, or if it does not have an internal audit function, that fact and the processes the company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company has an Internal Audit function which reports directly to the Chairman of the Audit & Risk Management Committee in order to maintain its independence. The Internal Audit & Risk Manager reviews the systems of internal control and risk management to ensure compliance with the Group's published policies and procedures and its legal and regulatory obligations. Reviews of specific areas of risk or control are undertaken by a combination of internal and external parties on an ad-hoc basis and by the Company's internal and external auditors as required for the Group's audit. Improvements are made where identified to increase the effectiveness of the Group's internal controls.	✓
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if so, how it manages those risks.	The Group's exposure to material business risks, including economic risks, is disclosed in the Directors' Report on pages 33 and 34. The Directors do not believe the Group has any material exposure to environmental or social sustainability risks.	✓
Principle 8 Remunerate fairly and responsibly		
8.1 The board should have a remuneration committee which has a majority of independent directors, is chaired by an independent director and has at least three members. The functions and operations of the remuneration committee should be disclosed.	A Nomination & Remuneration Committee, consisting of all of the independent Directors and chaired by Tony Bellas, assisted the Board to discharge its responsibilities in relation to remuneration and issues relevant to remuneration policies and practices, including those for senior management and Non-executive Directors, during the Financial Year. The number of meetings held by the Committee and the Directors' attendance at meetings is disclosed each year in the Group's annual report and can be found on page 15 for FY19. The Charter of the Committee is available on the Company's website.	✓
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Company seeks to attract and retain high-performing Directors and executives with the experience, skills and qualifications necessary to add value to the Company and fulfil the roles required. Accordingly, the Company seeks to recruit by offering remuneration which is competitive for comparable executive roles. There was no increase to Directors fees in FY19. Further information about key factors affecting Director and executive remuneration are disclosed each year in the Remuneration Report which can be found commencing on page 16.	✓
8.3 If the company has an equity-based remuneration scheme, it should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme, and disclose that policy or a summary of it.	Details of Shine's equity based remuneration scheme are set out in the Remuneration Report which can be found commencing on page 16. The Company's equity based remuneration scheme prohibits transactions which conflict with the Group's Securities Trading Policy (which prohibits Directors and executives from entering into margin lending arrangements or short-term trading in relation to Company securities). A copy of the Securities Trading Policy is available on the Company's website.	✓



FINANCIAL REPORT

“This was another year of consolidation, strengthening our core capabilities, growing the business and building for the future. Importantly for our shareholders, we continued to deliver more acceptable levels of profitability, improved cash conversion and more acceptable returns on equity.”

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019

		Consolidated Group	
		30 June 2019	30 June 2018
	Note	$000s	$000s
Continuing operations			
Revenue	5	–	179,371
Revenue from Contracts with Customers	5	175,991	–
Other Income	5	1,912	–
		177,903	**179,371**
Less Expenses			
Employee benefits expense		(92,267)	(90,471)
Depreciation and amortisation expense	7	(12,425)	(5,859)
Finance costs	7	(7,736)	(3,334)
Impairment of goodwill	19	(5,000)	–
Other expenses	6	(37,899)	(50,947)
Profit before income tax from continuing operations		**22,576**	**28,760**
Income tax expense	8	(8,544)	(9,647)
Net profit for the period from continuing operations		**14,032**	**19,113**
Net profit is attributable to			
Owners of the parent company		13,953	19,113
Non-controlling interests		79	–
Net profit for the period		**14,032**	**19,113**
Other comprehensive income			
Net profit for the period from continuing operations		14,032	19,113
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		126	(297)
Total comprehensive income for the period		**14,158**	**18,816**
Total comprehensive income for the period is attributable to			
Owners of the parent company		14,079	18,816
Non-controlling interests		79	–
Total comprehensive income for the period		**14,158**	**18,816**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Group		**¢**	**¢**
Basic earnings per share in cents	12	8.06	11.04
Diluted earnings per share in cents	12	7.92	11.03

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2019

		Consolidated Group	
		30 June 2019	**30 June 2018**
	Note	**$000s**	**$000s**
ASSETS			
Current Assets			
Cash and cash equivalents	13	26,697	22,549
Trade and other receivables	14	10,479	12,221
Income tax receivable	25	306	106
Work in progress	15	–	160,245
Contract assets – work in progress	15	172,996	–
Unbilled disbursements	15	–	56,036
Unbilled disbursements held at fair value	15	59,595	–
Other current assets	20	2,870	2,589
Total Current Assets		**272,943**	**253,746**
Non-Current Assets			
Trade and other receivables	14	5,107	1,203
Work in progress	15	–	96,792
Contract assets – work in progress	15	109,975	–
Unbilled disbursements	15	–	22,047
Unbilled disbursements held at fair value	15	18,701	–
Property, plant and equipment	17	3,286	7,635
Right of Use Assets	18	47,624	–
Intangible assets	19	47,944	48,291
Total Non-Current Assets		**232,637**	**175,968**
Total Assets		**505,580**	**429,714**
LIABILITIES			
Current Liabilities			
Trade and other payables	21	14,503	13,167
Unbilled disbursements creditors	21	65,441	55,930
Short term borrowings	23	3,581	4,588
Lease liabilities	18	7,484	–
Other current financial liabilities	21	1,090	266
Current tax liabilities	25	247	–
Provisions	26	6,736	7,292
Total Current Liabilities		**99,082**	**81,243**

Statement of Financial Position Continued

As at 30 June 2019

		Consolidated Group	
		30 June 2019	30 June 2019
	Note	$000s	$000s
LIABILITIES			
Non-Current Liabilities			
Trade and other payables	21	2,515	–
Other non-current financial liabilities	21	–	67
Long term borrowings	23	50,832	52,876
Lease liabilities	18	47,054	–
Deferred tax liabilities	25	81,146	74,786
Provisions	26	2,543	2,602
Total Non-Current Liabilities		**184,090**	**130,331**
Total Liabilities		**283,172**	**211,574**
Net Assets		**222,408**	**218,140**
EQUITY			
Issued capital	24	53,150	53,150
Retained earnings		168,966	165,321
Non-controlling interest		105	–
Reserves		187	(331)
Total Equity		**222,408**	**218,140**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2019

	Note	Issued Capital $000s	Retained Earnings $000s	Foreign Exchange Reserves $000s	Equity Share Reserves $000s	Non controlling Interests $000s	Total $000s
CONSOLIDATED GROUP							
Balance at 1 July 2017		53,150	151,403	(75)	–	–	204,478
Comprehensive income							
Profit for the period		–	19,113	–	–	–	19,113
Other comprehensive income		–	–	(297)	–	–	(297)
Total comprehensive income for the period		**–**	**19,113**	**(297)**	**–**	**–**	**18,816**
Transactions with owners, in their capacity as owners, and other transfers							
Dividends recognised for the period	11	–	(5,195)	–	–	–	(5,195)
Employee Share Long Term Incentive Scheme	31	–	–	–	41	–	41
Total transactions with owners and other transfers		**–**	**(5,195)**	**–**	**41**	**–**	**(5,154)**
Balance at 30 June 2018		**53,150**	**165,321**	**(372)**	**41**	**–**	**218,140**
Balance at 1 July 2018		53,150	165,321	(372)	41	–	218,140
Effect of adoption of new accounting standards							
AASB 9 Financial Instruments	3	–	(226)	–	–	–	(226)
AASB 15 Revenue from Contracts with Customers	3	–	(1,238)	–	–	–	(1,238)
AASB 16 Leases	3	–	(2,783)	–	–	–	(2,783)
Balance at 1 July 2018 (Restated)		**53,150**	**161,074**	**(372)**	**41**	**–**	**213,893**
Comprehensive income							
Profit for the period		–	13,953	–	–	79	14,032
Non-controlling interest arising from business combination		–	–	–	–	26	26
Other comprehensive income		–	–	126	–	–	126
Total comprehensive income for the period		**–**	**13,953**	**126**	**–**	**105**	**14,184**
Transactions with owners, in their capacity as owners, and other transfers							
Dividends recognised for the period	11	–	(6,061)	–	–	–	(6,061)
Deferred Ordinary Shares	32	–	–	–	67	–	67
Employee Share Long Term Incentive Scheme	31	–	–	–	325	–	325
Total transactions with owners and other transfers		**–**	**(6,061)**	**–**	**392**	**–**	**(5,669)**
Balance at 30 June 2019		**53,150**	**168,966**	**(246)**	**433**	**105**	**222,408**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

		Consolidated Group	
		30 June 2019	30 June 2018
	Note	$000s	$000s
Cash Flows From Operating Activities			
Receipts from customers		174,517	168,044
Payments to suppliers and employees		(143,265)	(146,172)
Interest received		301	231
Finance costs		(7,673)	(3,376)
Income tax paid		(224)	(71)
Net cash provided by operating activities	**29**	**23,656**	**18,656**
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(950)	(1,973)
Proceeds on sale of property, plant and equipment		–	40
Payments for acquisition of businesses and purchase of files, including earnouts and deferred consideration		(4,238)	(3,743)
Loans advanced to related parties		(531)	(722)
Purchase of other intangible assets		(1,009)	(3,628)
Net cash used in investing activities		**(6,728)**	**(10,026)**
Cash Flows From Financing Activities			
Proceeds from borrowings		3,000	3,000
Repayment of borrowings		(65)	(244)
Dividends paid	11	(6,061)	(5,195)
Asset finance facility drawdowns		–	4,827
Asset finance facility repayments		(2,093)	(2,627)
Right of use asset payments		(7,616)	–
Net cash used in financing activities		**(12,835)**	**(239)**
Net increase in cash held		4,093	8,391
Cash and cash equivalents at beginning of financial period		22,549	14,188
Effect of exchange rates on cash holdings in foreign currencies		55	(30)
Cash and cash equivalents at end of financial period		**26,697**	**22,549**

The accompanying notes form part of these financial statements.

Note 1
Corporate Information

Shine Corporate Ltd (the Company or the parent) is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The consolidated financial statements of Shine Corporate Ltd and its subsidiaries (collectively, the Group) for the year ended 30 June 2019 were authorised for issue on 28 August 2019 in accordance with a resolution of the Directors of the Company.

Note 2
Basis of Preparation and Changes to the Group's Accounting Policies

Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

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 as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial report is presented in Australian dollars.

The financial statements are prepared on a going concern basis.

The amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

Except for cash flow information, the financial statements 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.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Shine Corporate Ltd at the end of the reporting period. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to effect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- powers over the investee that give it the ability to direct the relevant activities of the investee,
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

Where the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee, including:

- the contractual arrangement with the other vote holders of the investee,
- rights arising from other contractual arrangements, and
- the Group's voting rights and potential voting rights.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full.

i. Business Combinations
A business combination is accounted for by applying the acquisition method from the date that control is attained. The cost of the acquisition is measured by assessing the fair value of the aggregate consideration transferred at the acquisition date. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

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 each reporting period to fair value, recognising any change to fair value in profit or loss. Deferred consideration is a financial liability in accordance with Note 2(j)(vi).

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

ii. Goodwill

Goodwill is initially measured at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i. the consideration transferred;

ii. any non-controlling interest; and

iii. the acquisition date fair value of any previously held equity interest;

over the fair value of net identifiable assets acquired at acquisition date.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest forms the cost of the investment in the separate financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Acquired goodwill is allocated to the Group's cash generating units that are expected to benefit from the combination, representing the lowest level at which goodwill is monitored, but being not larger than an operating segment. Goodwill is tested for impairment annually.

(b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised within twelve months after the end of the reporting period,
- Expected to be realised in the normal operating cycle, even where this is longer than twelve months after the end of the reporting period, or
- Cash or cash equivalent and not subject to any restrictions.

All other assets are classified as non-current.

A liability is current when:

- It is due to be settled within twelve months after the end of the reporting period,
- Expected to be settled in the normal operating cycle, even where this is longer than twelve months after the end of the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current.

(c) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard. The main assets measured at fair value are receivables, unbilled disbursements and work in progress. The main liabilities measured at fair value are contingent consideration payments.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data and assumptions that market participants would use when pricing assets or liabilities and acting in their best interests.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(d) Revenue

The Revenue policy below per AASB 118 "Revenue" was relevant for the prior financial year ended 30 June 2018. From 1 July 2018, the new Revenue policy AASB 15 "Revenue from Contracts with Customers" applied, as set out in Note 3.

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

Group 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. Where time capturing exists, revenue is calculated with reference to the professional staff hours incurred on each matter and on the basis that the stage of completion can be reliably measured. Stage of completion is measured by reference to the time incurred to date as a percentage of the expected time for an outcome to be achieved. Where time capturing does not exist, revenue is based on the percentage of completion method when taking into account milestones completed on the matter and professional judgement as to progress made.

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

iii. Other revenue

Other revenue including sundry disbursements are recognised when the right to receive the income has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Disbursements

Disbursements represent costs incurred on behalf of clients 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 Group's history of amounts not recovered over previous years and a specific assessment of the recoverability of disbursements on major no-win, no-fee cases such as class actions.

Disbursements that are yet to be paid for are classified as unbilled disbursement creditors. Amounts received by Shine in relation to disbursement loans of its clients are included within Disbursement funding creditors.

(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. 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.

(g) Income Tax

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

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group generates taxable income.

Current income tax expense charged to 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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

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.

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.

Shine Corporate Ltd and its wholly owned Australian subsidiaries implemented the tax consolidation legislation as at 1 July 2013. The head entity, Shine Corporate Ltd and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts.

Shine Corporate Ltd and its wholly owned Australian subsidiaries have entered a tax funding agreement effective from 1 July 2013 or date of joining the tax consolidated group where the subsidiary has subsequently joined the Group. Assets or liabilities arising under the tax funding agreement with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Shine Corporate Ltd and its wholly owned Australian subsidiaries have entered a tax sharing deed effective from 1 July 2013 or date of joining the tax consolidated group where the subsidiary has subsequently joined the Group. The tax sharing deed provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this deed on the basis that the possibility of default is remote.

(h) Property, Plant and Equipment

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

i. Plant and equipment

Plant and equipment is measured on the 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 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 2(k) 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 Group and the cost of the item can be measured reliably.
All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

ii. Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a straight-line basis over the asset's useful life to the Group 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	
	2019	2018
Fixtures and fittings	2.5 - 100%	2.5 - 100%
Leased plant and equipment	10 - 50%	10 - 50%
Make good	12 - 100%	12 - 100%
Motor vehicles	20%	20%
Office and computer equipment	2 - 100%	5 - 100%

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 and losses are recognised in profit or loss in the period in which they arise.

(i) Leases

The Company has adopted AASB 16 Leases on 1 July 2018. Refer to Note 3 for details.

Under AASB 16, a contract is a lease or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. AASB 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The consolidated statement of comprehensive income no longer includes operating lease expenditure, but is impacted by the recognition of interest and depreciation expense.

Leased assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less lease incentives received and an estimate of the costs to be incurred in dismantling and removing the underlying asset and restoring the site on which it is located, to the condition required by the terms and conditions of the lease.

The depreciable amount of all right of use assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. An impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease assets that is impaired.

The lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the balance date. Lease payments are apportioned between the finance charged and reduction of the lease liability using either the implied interest rate or, if the implied interest rate isn't able to readily be determined, the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability. Lease payments for premises exclude service fees for cleaning and other costs.

i Depreciation

The majority of Premises and Equipment Right of Use Assets are being depreciated on a straight line basis on the rates as set out below:

	Consolidated Group	
	2019	2018
Premises	6.7% to 33.3%	n/a
Equipment	20% to 50%	n/a

(j) Financial Instruments

The Financial Instruments policy below per AASB 139 "Financial Instruments: Recognition and Measurement" was relevant for the prior financial year ended 30 June 2018. From 1 July 2018, the new Financial Instruments policy AASB 9 "Financial Instruments" applied, as set out in Note 3.

i. Recognition and Initial 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).

Financial instruments are initially measured at fair value plus transactions 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.

ii. Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

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, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

iii. Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

iv. 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.

Trade receivables that have been factored to a third party are de-recognised from the balance sheet where substantially all the risks or rewards are transferred or control is passed to the transferee. In these instances, the cash inflows on factoring are recognised as operating cashflows.

v. 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.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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

vii. Impairment
At the end of each reporting period, the Group 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 available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

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 Group 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.

viii. 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 a financial liability at fair value on initial recognition. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised, less cumulative amortisation.

The fair value of financial guarantee contracts has been assessed using a 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.

ix. 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.

(k) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits.
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 of disposal 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 (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually or more frequently if required for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(l) Interests in Joint Arrangements

The Group's share of the assets, liabilities, revenue and expenses of jointly controlled operations have been included in the appropriate line items of the consolidated financial statements.

The Group's interests in joint venture entities are recorded using the equity method of accounting in the consolidated financial statements.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(m) Intangibles other than Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit and loss for the period in which the expenditure is incurred.

The intangible Non-contractual Client Relationship asset is recognised in line with the Group's existing policy on "Intangibles other than Goodwill" through companies that are treated as file asset acquisitions under AASB 138 Intangible Assets. The asset is representative of the premium paid to access profits expected to be obtained. This intangible asset is amortised over the life of the individual matters with an expected maximum amortisation period of between one and a half years and three years.

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

The amortisation rates used for each class of intangible asset other than goodwill, on a straight line basis, are as follows:

	2019	2018
Transformation Project Costs	8 years	8 years
Erin Brockovich Agreement	10 years	10 years
Software Development	3 years	3 years
Trademarks and patents	10 years	10 years
Non-contractual Client Relationship	1.5 years	1.5 years

(n) Foreign Currency Transactions and Balances

i. Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

ii. 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 profit or 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 the profit or loss. The foreign currency translation reserve remains in equity until such time as the foreign investment is disposed, at which point the amount will be released into the Statement of Profit & Loss.

iii. Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the Statement of Financial Position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(o) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be 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 satisfy any vesting requirements. Those cash flows are discounted using market yields on the applicable corporate bond rate with terms to maturity that match the expected timing of cash flows attributable to the employee benefits.

(p) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

(q) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less and are subject to insignificant changes in value, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the Statement of Financial Position.

(r) Trade and Other Receivables

Trade and other receivables include amounts due from customers for 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 including expected credit losses. Refer to Note 2(k) for further discussion on the determination of impairment losses.

(s) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity 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.

(t) 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.

(u) Goods and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation body.

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 relevant taxation body 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 relevant taxation body are presented as operating cash flows included in receipts from customers or payments to suppliers.

(v) Comparative Figures

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

(w) Critical Accounting Estimates and Judgements

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 Group.

i. Key Estimates and Judgements

Provision against Work in Progress
The Company has provided for potential non-recovery of work in progress by reviewing the historical recovery rates of closed cases across similar matter types and stages of completion for the past 12 months. The calculated closed file recovery rate includes both matters that were billed and those that were closed with no fee. Shine incorporates actuarial methodologies to assist in analysing its WIP recoverability rates. Cases that have been identified as unlikely to be successful but not yet closed are fully provisioned until their write-off and closure is approved. Some larger cases, such as class actions and major claims, are provisioned based on the expected value of the recoverable amount of the WIP and disbursements taking into account the specific aspects of each case or class action, including any third party funding arrangements that may be applicable to the action.

Fair Value of Unbilled Disbursements
The Company has provided for potential non-recovery

of unbilled disbursements by reviewing the historical levels of unrecovered matter related expenses for similar matter types and considering the level of gross unbilled disbursements and trends in overall work in progress recovery rates.

Classification of Work in Progress and Disbursements
The Company determines the classification between current and non current by evaluating the expected timing of settlements and billings of each case, taking into account historical trends and average length of time that cases are open.

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

Goodwill impairment and the determination of Cash Generating Units ("CGU's")
The key assumptions used to determine the recoverable amount for the different CGU's, including a sensitivity analysis are disclosed and further explained in Note 19.

Tax Loss Recognition
The Group will only account for tax losses when it is probable they will be utilised as explained in Note 25.

Fair Value of Financial Assets and Liabilities.
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions in relation to these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Purchase of Files
The cash outflows to purchase a group of case files from a third party legal practice are classified within investing activities in the statement of cash flows, given the assets acquired, being work in progress, are initially recognised on the balance sheet in a similar manner to when acquired as part of a business combination.

(x) New and Amended Accounting Standards and Interpretations not yet applicable

i. AASB Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date. Since the Group operates in a multinational tax environment, applying the Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

ii. Conceptual Framework for Financial Reporting
The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

Amendments to References to the Conceptual Framework in IFRS Standards has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework. The Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020. The Group will apply the Conceptual Framework from its effective date. The Group is yet to commence any assessment in relation to the impact of the Conceptual Framework.

iii AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
AASB 3 Business Combinations: The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value.

In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

AASB 11 Joint Arrangements: A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in AASB 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

AASB 112 Income Taxes: The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

AASB 123 Borrowing Costs: The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

Note 3
Adoption of new Accounting Standards from 1 July 2018

The following new accounting standards were implemented by the Group on 1 July 2018:

AASB 9 Financial Instruments

In December 2014, the AASB issued the final version of AASB 9 Financial Instruments that replaces AASB 139 Financial Instruments: Recognition and Measurement and all previous versions of AASB 9. AASB 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

The Group applied AASB 9 prospectively with an initial application date of 1 July 2018. The Group has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in retained earnings on 1 July 2018.

i. Reclassification
Loans, as well as trade receivables, are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under AASB 9. Therefore, reclassification of these instruments is not required.

Unbilled disbursements were previously classified as financial assets held at amortised cost. Under AASB 9 these assets do not give rise to cashflows that would satisfy the solely payments of principal and interest requirement in order to be held at amortised cost. These financial assets have been reclassified and are recorded at fair value through profit and loss.

Set out below is a table of the classifications of Financial Instruments and their classification under AASB 139 vs. AASB 9:

	Classification under AASB 139	$000s	Classification under AASB 9	$000s
	30 June 18	30 June 18	1 July 18	1 July 18
Cash and cash equivalents	Loans and receivables	22,549	Amortised cost	22,549
Trade and other receivables	Loans and receivables	12,085	Amortised cost	12,047
Related party loans receivable	Loans and receivables	3,355	Amortised cost	3,334
Unbilled disbursements	Loans and receivables	69,929	FVTPL	69,929
Trade and other payables	Other financial liabilities	69,164	Other financial liabilities	69,164
Borrowings	Other financial liabilities	57,464	Other financial liabilities	57,464

ii. Impairment
AASB 9 requires the Group to record expected credit losses ("ECLs") on all of its debt securities, loans, trade receivables and contract assets, either on a 12-month or lifetime basis. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The Group applied the simplified approach and recorded lifetime expected losses on all loans, trade receivables and contract assets. There were no adjustments in relation to loans. Due to the unsecured nature of its trade receivables and contract assets which leads to a higher credit risk, the loss allowance increased with a proportionate decrease in the deferred tax liability. Refer to table below for quantification of this adjustment.

iii. Key judgements and estimates
Management used various inputs, assumptions and estimation techniques to satisfy the requirements outlined in AASB 9.

A variety of known and potentially quantifiable external factors have been considered and an assessment completed as to the historical, current, and forecasted changes. Those areas deemed to have a potential direct impact on the "expected loss" impairment positive or negative are:

- Unemployment;
- Property Prices;
- Mortgage Delinquency Rates;
- Inflation;
- Cash Rate; and
- Government Budget.

In assessing the above inputs into the modelling, the various geographic specific factors were assessed where applicable. Forecasts of approximately two years (or more where available) were used for the assessment.

AASB 15 Revenue from Contracts With Customers

The Group adopted AASB 15 Revenue from Contracts with Customers as required from 1 July 2018. AASB 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and superseded the revenue recognition requirements that are included in other Standards and Interpretations, in particular AASB 118 Revenue and AASB 111 Construction Contracts.

i. Transition Impact
The Group has elected to apply the standard on a modified retrospective basis as permitted by AASB 15 whereby the cumulative effect of retrospective application will be recognised at the date of initial application by adjusting opening retained earnings or other relevant components of equity. Comparative figures will therefore be unaffected. Under this transition method, AASB 15 impacts contracts that are not completed contracts as at 1 July 2018. Refer to table below for quantification.

ii. Key Impacts and Judgements
Set out below are the key impacts and judgements arising from the adoption of the new standard. These areas are applicable to various work types within both the Personal Injury and Emerging Practice Area businesses.

(a) Estimating variable consideration
Under AASB 15, where consideration in respect of a contract is variable, revenue can only be recognised to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract will not be subject to a significant reversal when the uncertainty associated with the variable consideration is subsequently resolved (this is referred to as the "constraint" requirement).

Prior to the adoption of AASB 15, variable consideration expected to be received from services (primarily services provided on a no-win-no-fee basis, also known as contingent basis) was based upon time-recorded productivity or productivity estimated through professional judgement. This gross productivity was adjusted for expected losses in relation to billing write-offs and unsuccessful matters.

The Group has determined statistically that its existing modelling for expected losses for contingent matters is materially compliant with the new constraint requirements for variable consideration.

(b) Identifying the Performance Obligation
Performance obligations within contracts outline the specific goods and services that are to be delivered to the customer over the life of the contract. For legal services, contracts with clients generally comprise a single distinct performance obligation, being the provision of services in pursuit of the successful settlement of a customer's claim, and the transaction price is allocated to this single performance obligation. Some contracts contain multiple deliverables – for example in respect of a statutory claim and a common law claim, or initial pre-issue work and litigation work. In such circumstances, these multiple deliverables are considered to represent a single distinct performance obligation, given there is a significant level of integration performed by the Group in delivering these services.

(c) Estimating the Transaction Price: Variable Consideration for Contingent Arrangements
The Group provides various services on the basis of contingent fee arrangements. The uncertainty around the fees ultimately receivable under these types of contracts is generally only fully resolved when a matter is concluded.

Where the Group has sufficient historical experience in similar contracts in order to be able to estimate the expected outcome of a group of existing contracts reliably, revenue is estimated using the "expected value" method. Revenue is recognised only to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract at the end of a reporting period will not be subject to significant reversal when a matter is concluded.

To determine the probability of success of a case using the expected value method, a level of judgement is required to be applied based on past experience and historical performance of similar matters. The estimated amount of variable consideration is based on the expected fee for the nature of the legal service provided with reference to historical fee levels and relative rates of successful and unsuccessful outcomes.

Where historical averages are not predictive of the probability of outcomes for a given contract, or where the Group has limited historical experience with similar contracts, the expected amount of variable consideration is estimated using a most likely amount approach on a contract by contract basis. In such circumstances, a level of judgement is required to determine the likelihood of success of a given matter, as well as the estimated amount of fees that will be recovered in respect of the matter.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(d) Measuring progress of completion
Revenue is recognised when control of a service is transferred to the customer. The Group recognises revenue in matters "over time" (as opposed to at a "point in time") as the customer receives and consumes the benefits of the contract as the Group provides the promised goods and services. A stage of completion approach is used to measure progress towards completion of the performance obligation. The stage of completion is determined using either:

- Time recorded productivity adjusted for potential billing write-offs and unsuccessful matters; or
- Judgement based estimates of percentage completion. The percentage of completion is determined by comparing the work performed to date against the expected fee to be billed at the conclusion of the matter, taking into account the approximate amount of time incurred and any potential uplifts/write-offs that may be present upon completion.

(e) Disbursements
Disbursements (costs from third parties in relation to matters) are arranged on behalf of the client. The Group cannot influence the services or goods provided by disbursement suppliers, therefore no profit margin is recognised on the activities when clients are on-charged the cost incurred by the Group. The Group acts as an agent for disbursements and no revenue is recognised. The disbursements recoverable at the end of the matter are treated as a separate financial asset measured at fair value through the profit or loss.

(f) No significant financing component
Generally, the Group provides goods and services to customers over multiple accounting periods. When a customer is paying for goods and services in arrears, the Group is effectively providing financing to the customer. The Group has determined that no significant financing component exists in respect of its revenue streams. The reasoning for this decision is as follows:

- For contingent matters, a substantial amount of the consideration promised by the customer is variable subject to the occurrence or non-occurrence of a future event that is not substantially within the control of the customer or the Group; and
- With respect to fee for service and fixed fee arrangements, the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

(g) Conversion of WIP to Receivable
The conversion of work in progress to a receivable in relation to services is recognised when a bill has been raised, as this is the point in time that the consideration becomes unconditional because only the passage of time is required before the payment is due. For no-win-no-fee matters, billing occurs when the matter is successfully resolved. For non-contingent revenue contracts, billing occurs over the life of the contract in line with contractual terms.

i. Revenue Streams
In addition to the above significant judgements and estimates, the information below sets out further commentary around the major revenue streams of the Group.

Legal Services: No-win-no-fee variable
This revenue stream operates on the basis of contingent fee arrangements, whereby fees are earned only if there is a successful outcome of a matter. Revenue is recognised on a time recorded and material basis net of any constraint of variable consideration.

Certain larger matters including some class actions are undertaken on a partially or fully funded basis. The Group has arrangements with third party funders to provide a portion of the fees receivable over time as services are performed. In such arrangements, the funded portion of fees is billed and recognised as revenue regularly over time and is not contingent on the successful outcome of the matter. The remaining portion of fees is variable consideration which is conditional on the successful resolution of the litigation. The variable consideration is included in revenue as services are performed only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved.

Legal Services: no-win-no-fee fixed
This revenue stream operates on a fixed fee basis. Revenue is recognised based on the stage of completion up to the point at which a matter concludes net of any constraint of variable consideration. For some arrangements, fees are fixed as a specified percentage of damages awarded under a claim.

Legal Services: Time and materials
The Group earns revenue through a broad range of disciplines within its Emerging Practice Areas segment. Fee arrangements include fixed fee arrangements and unconditional fee for service arrangements (“time and materials”). Revenue is recognised over time in the accounting period when services are rendered.

For unconditional time and materials contracts, revenue is recognised in line with the amount of fees that the Group is entitled to invoice for services performed to date based on contracted rates.

The Group has taken advantage of the practical expedient as set out in AASB 15.B16 as the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group’s performance completed to date (as matters are billed for a fixed amount for each hour of service provided) and as such the Group has recognised revenue in the amount to which the Group has a right to invoice less any constraint on variable consideration.

AASB 16: Leases

i. Early adoption
AASB 16 Leases was early implemented on 1 July 2018 and replaced the current guidance in AASB 117 Leases. Under AASB 16, a contract is a lease or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under AASB 117, a lease was either a finance lease (on balance sheet) or an operating lease (off balance sheet). AASB 16 requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The consolidated statement of comprehensive income no longer includes operating lease expenditure but is impacted by the recognition of interest and depreciation expense.

The impact on lease arrangements on adoption was material to the balance sheet as follows:

- Recognition of a right of use net asset;
- Recognition of additional current and non-current lease liabilities;
- Decrease in opening retained earnings;
- De-recognition of operating lease incentives provision; and
- De-recognition of make good asset.

The impact on the consolidated statement of comprehensive income was:

- Decrease of operating rental expenses including amortisation of lease incentive provisions;
- Increase in depreciation and amortisation expense; and
- Increase in finance costs (interest expense).

The impact on the consolidated statement of cash flows was:

- Decrease in payments to suppliers and employees;
- Increase in payments for lease liabilities;
- Increase in finance costs; and
- Decrease in asset finance facility payments.

The impact on each of these line items was significant, with the impact set out in the table later within this note.

The Group has not availed itself of the exemptions within AASB 16 paragraph 5 relating to short-term leases and leases for which the underlying asset is of low value. The Group availed itself of practical expedients in AASB 16.C3 (an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application), AASB 16.C10(a) (a lessee may apply a single discount rate to a portfolio of leases with reasonably similar characteristics), AASB 16.C10(b) (a lessee may rely on its assessment of whether leases are onerous applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review), AASB 16.C10(d) (a lessee may elect not to apply the requirements in paragraph C8 to leases for which the lease term ends within 12 months of the date of initial application and disclose as short term lease cost) and AASB 16.C10(e) (a lessee may use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease).

The above has no cash effect to the Group and the changes are for financial reporting purposes only.

For leases previously classified as operating leases, the Group has adopted the simplified transition approach under AASB 16.C5(b) and has not restated comparative amounts for the period ended 30 June 2018.

This results in the recognition of a lease liability at the date of initial application for leases previously classified as an operating lease applying AASB 117 by measuring the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and the recognition of a right-of-use asset at the date of initial application. The weighted average incremental borrowing rate was 5.73%. The asset carrying amount is recognised as if the Standard had been applied since the commencement date of the lease, but discounted using the lessee's incremental borrowing rate at the date of initial application.

For leases previously classified as finance leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application is the carrying amount of the lease asset and lease liability immediately before the date measured applying AASB 117.

There have been differences between the initial assessment disclosed in the 30 June 2018 Financial Report and the final adoption on completion of the implementation process but the difference has not had a material impact on the net financial position of the Group.

ii. Policy

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asses is used. In rare cases where the decisions about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;
  - The Group has the right to operate the asset; or
  - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which it is a lessee, the Group does not separate non-lease components and account for these lease and non-lease components as a single lease component.

Certain premises leases have an option to further extend the period of the lease. Where the Group believes it is likely that the option will be exercised, the lease is calculated as the total length of time inclusive of the option period for the purposes of valuation.

iii. Right of Use Assets

Leased assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less lease incentives received and an estimate of the costs to be incurred in dismantling and removing the underlying asset and restoring the site, on which it is located, to the condition required by the terms and conditions of the lease.

On initial adoption of AASB 16, the Group has recognised the right of use asset at its carrying amount as if the Standard had been applied since the commencement date, but discounted using the Group's estimated incremental borrowing rate at the date of initial application. The Group has also adjusted the right of use asset at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application.

Following initial application, the depreciable amount of all right of use assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. An impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease assets that is impaired.

iv. Lease Liabilities

The lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the balance date. Lease payments are apportioned between the finance charged and reduction of the lease liability using either the implied interest rate or, if the implied interest rate isn't able to readily be determined, the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability. Lease payments for premises exclude service fees for clearing and other costs.

v. Reconciliation of lease liability on adoption of AASB 16

The following is a reconciliation of the operating lease commitments as at 30 June 2018 to the lease liabilities recognised on transition on 1 July 2018:

	$000s
Operating lease obligations at 30 June 2018	28,820
Discounting for present value	(2,680)
Finance lease liabilities at 30 June 2018	5,266
Discounting for present value	(491)
Present Value of lease obligations at 30 June 2018	**30,915**
Additional commitments due to assumed take up of options on premises leases	23,761
Relief option for short-term leases	(217)
Other	865
Lease liabilities after adoption of AASB 16	**55,324**
Additional lease liabilities as a result of the initial application of AASB 16 as at 1 July 2018	**24,409**

vi. Key Judgement and Estimates

Depreciation

Depreciation of leases assets is calculated using the straight-line method to allocate their cost, net of their residual value, over their estimated useful lives being the lesser of the remaining lease term of the life of the asset.

Incremental borrowing rate

The incremental borrowing rate is the estimated rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

Assumed extension of options on premises leases

Each premises lease is assessed to determine whether the option to extend the premises at the end of the lease will be exercised, which requires judgement and estimate. This has resulted in a majority of cases in the assumed extension of premises leases, increasing the right of use asset and lease liabilities.

vii. Impact of Adopted Standards

Set out below are the opening adjustment impacts on the 1 July 2018 transition to AASB 9, AASB 15 and AASB 16 and the subsequent impact from these standards for the year ended 30 June 2019:

vii. Impact on the Statement of Financial Position Increase/(Decrease) at 1 July 2018

	Actual Consolidated Statement of Financial Position	AASB 9 Adjustment	AASB 15 Adjustment	AASB 16 Adjustment	Actual Consolidated Statement of Financial Position
	30 June 18	1 July 18	1 July 18	1 July 18	1 July 18
	$000s	$000s	$000s	$000s	$000s
ASSETS					
Current Assets					
Cash and cash equivalents	22,549	–	–	–	22,549
Trade and other receivables	12,221	(12,221)	–	–	–
Trade and other receivable Financial Assets at amortised cost	–	12,188	–	–	12,188
Income tax receivable	106	–	–	–	106
Work in progress	160,245	(160,245)	–	–	–
Work in progress contract assets	–	160,095	3,943	–	164,038
Unbilled disbursements	56,036	(51,014)	(5,022)	–	–
Unbilled disbursements at fair value	–	51,014	(90)	–	50,924
Other current assets	2,589	–	–	–	2,589
Total Current Assets	**253,746**	**(183)**	**(1,169)**	**–**	**252,394**
Non-Current Assets					
Trade and other receivables	1,203	(1,203)	–	–	–
Trade and other receivable Financial Assets at amortised cost	–	1,198	–	–	1,198
Work in progress	96,792	(96,792)	–	–	–
Work in progress contract assets	–	96,713	2,530	–	99,243
Unbilled disbursements	22,047	(18,971)	(3,076)	–	–
Unbilled disbursements at fair value	–	18,915	(54)	–	18,861
Property, plant and equipment	7,635	–	–	(4,376)	3,259
Right of use assets	–	–	–	49,846	49,846
Intangible assets	48,291	–	–	–	48,291
Total Non-Current Assets	**175,968**	**(140)**	**(600)**	**45,470**	**220,698**
Total Assets	**429,714**	**(323)**	**(1,769)**	**45,470**	**473,092**

vii. Impact on the Statement of Financial Position Increase/(Decrease) at 1 July 2018 Continued

	Actual Consolidated Statement of Financial Position	AASB 9 Adjustment	AASB 15 Adjustment	AASB 16 Adjustment	Actual Consolidated Statement of Financial Position
	30 June 18	1 July 18	1 July 18	1 July 18	1 July 18
	$000s	$000s	$000s	$000s	$000s
LIABILITIES					
Current Liabilities					
Trade and other payables	13,167	–	–	(16)	13,151
Unbilled disbursements creditors	55,930	–	–	–	55,930
Short term borrowings	4,588	–	–	(1,246)	3,342
Lease liabilities current	–	–	–	7,473	7,473
Other current financial liabilities	266	–	–	–	266
Provisions	7,292	–	–	(930)	6,362
Total Current Liabilities	**81,243**	**–**	**–**	**5,281**	**86,524**
Non-Current Liabilities					
Other non-current financial liabilities	67	–	–	(67)	–
Long term borrowings	52,876	–	–	(3,589)	49,287
Lease liabilities	–	–	–	47,851	47,851
Deferred tax liabilities	74,786	(97)	(531)	(1,223)	72,935
Provisions	2,602	–	–	–	2,602
Total Non-Current Liabilities	**130,331**	**(97)**	**(531)**	**42,972**	**172,675**
Total Liabilities	**211,574**	**(97)**	**(531)**	**48,253**	**259,199**
Net Assets	**218,140**	**(226)**	**(1,238)**	**(2,783)**	**213,893**
EQUITY					
Issued capital	53,150	–	–	–	53,150
Retained earnings	165,321	(226)	(1,238)	(2,783)	161,074
Reserves	(331)	–	–	–	(331)
Total Equity	**218,140**	**(226)**	**(1,238)**	**(2,783)**	**213,893**

ix. Impact on the Statement of Financial Performance Increase/(Decrease) for the twelve months ended 30 June 2019

	Previous AASB Consolidated Statement of Comprehensive Income	AASB 9 Adjustment	AASB 15 Adjustment	AASB 16 Adjustment	Actual Consolidated Statement of Comprehensive Income
	30 June 19	30 June 19	30 June 19	30 June 19	30 June 19
	$000s	$000s	$000s	$000s	$000s
REVENUE	178,498	–	(595)	–	177,903
Less Expenses					
Employee benefits expense	(92,267)	–	–	–	(92,267)
Depreciation and amortisation expense	(4,480)	–	–	(7,945)	(12,425)
Finance costs	(4,990)	–	–	(2,746)	(7,736)
Other expenses					
Premises expenses	(11,550)	–	–	7,348	(4,202)
Marketing expenses	(12,139)	–	–	296	(11,843)
HR expenses	(3,041)	–	–	–	(3,041)
IT and computer expenses	(6,522)	–	–	1,462	(5,060)
Printing, postage and stationery	(2,169)	–	–	–	(2,169)
Professional fees	(5,268)	–	–	–	(5,268)
Unrecovered matter related expenses	(4,090)	–	–	–	(4,090)
Motor vehicle and travel expenses	(1,267)	–	–	–	(1,267)
Bad and doubtful debts expenses	(942)	43	–	–	(899)
Sundry expenses	(60)	–	–	–	(60)
Impairment of Goodwill	(5,000)	–	–	–	(5,000)
Profit before income tax from continuing operations	**24,713**	**43**	**(595)**	**(1,585)**	**22,576**
Income tax (expense)/benefit	(9,186)	(13)	179	476	(8,544)
Net profit for the period from continuing operations	**15,527**	**30**	**(416)**	**(1,109)**	**14,032**
Non-Controlling Interest	79	–	–	–	79
Net profit for the period from continuing operations attributable to owners	**15,448**	**30**	**(416)**	**(1,109)**	**13,953**
EPS Basic cents per share	8.92 c	0.02 c	(0.24 c)	(0.64 c)	8.06 c
EPS Diluted cents per share	8.77 c	0.02 c	(0.24 c)	(0.63 c)	7.92 c

x. Impact on the Statement of Cash Flow Increase/(Decrease) for the twelve months ended 30 June 2019

	Previous AASB Consolidated Statement of Cash Flows	AASB 9 Adjustment	AASB 15 Adjustment	AASB 16 Adjustment	Actual Consolidated Statement of Cash Flows
	30 June 19	30 June 19	30 June 19	30 June 19	30 June 19
	$000s	$000s	$000s	$000s	$000s
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	174,517	–	–	–	174,517
Payments to suppliers and employees	(152,371)	–	–	9,106	(143,265)
Interest received	301	–	–	–	301
Finance costs	(4,927)	–	–	(2,746)	(7,673)
Income tax received	(224)	–	–	–	(224)
Net cash provided by operating activities	**17,296**	**–**	**–**	**6,360**	**23,656**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(950)	–	–	–	(950)
Payments for acquisition of businesses and purchase of files, including earnouts and deferred consideration	(4,238)	–	–	–	(4,238)
(Loans advanced)/repaid to or from related parties	(531)	–	–	–	(531)
Purchase of other intangible assets	(1,009)	–	–	–	(1,009)
Net cash used in investing activities	**(6,728)**	**–**	**–**	**–**	**(6,728)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	3,000	–	–	–	3,000
Repayment of borrowings	(65)	–	–	–	(65)
Dividends paid	(6,061)	–	–	–	(6,061)
Asset finance facility repayments	(3,349)	–	–	1,256	(2,093)
Right of use asset payments	–	–	–	(7,616)	(7,616)
Net cash provided by financing activities	**(6,475)**	**–**	**–**	**(6,360)**	**(12,835)**
Net increase in cash held	**4,093**	**–**	**–**	**–**	**4,093**

The main reasons for the changes are as follows:

AASB 9 Financial Instruments

- AASB 9 requires the Group to record expected credit losses on all of its debt securities, loans, trade receivables and contract assets, either on a 12-month or lifetime basis. The Group has applied the simplified approach and recorded lifetime expected losses on all loans, trade receivables and contract assets.

AASB 15 Revenue from Contracts with Customers

- For Class Actions, expected fees are determined using the most likely amount approach on a contract by contract basis. In addition, revenue can only be recognised to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract will not be subject to a significant reversal when the uncertainty associated with the variable consideration is subsequently resolved. Open class actions at 1 July 2018 where it is not highly probable that the contract will not be subject to significant reversal have had the WIP reduced to nil through provisioning.
- Where work is performed on cases before the client cost agreement is signed, this revenue has been recognised historically as an accrual at period end. This is no longer recognisable under AASB 15 as a contract is not yet in existence. Any outstanding accrual is reversed at 1 July 2018 against retained earnings.

AASB 16 Leases

- The Group has significant property and IT equipment under operating lease that is brought to account as a right-of-use asset, with a corresponding lease liability and retained earnings impact.

Note 4
Operating Segments

General Information

i. Identification of reportable segments
The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director (chief operating decision maker) in assessing performance and in determining the allocation of resources.

The Group operates in two reporting segments being personal injury and emerging practice areas. The business undertaken by Risk Worldwide New Zealand Limited and My Insurance Claim does not meet the specific criteria in AASB 8 which means it is not considered as its own reporting segment. Therefore as Risk Worldwide New Zealand Limited and My Insurance Claim currently accounts for significantly less than 10% of the Group revenue, profit or assets, this business has been grouped together with emerging practice areas, as permitted under AASB 8.13.

The operating result presented in the Statement of Comprehensive Income represents the same segment information as reported to the Board.

The Group does not have any customers which represent greater than 10% of total revenue.

ii. Types of products and services by segment
(a) Personal Injury
Personal injury remains the core business in damages based plaintiff litigation. Services offered include medical negligence, public liability, catastrophic injuries, workers' compensation, and motor vehicle accidents. Subsidiaries within this segment include part of Shine Lawyers, SB Law, Sciacca's Lawyers, Bradley Bayly and the files acquired within Claims Consolidated Pty Ltd.

(b) Emerging Practice Areas
The Group has diversified to include emerging practice areas such as disability insurance and superannuation claims, professional negligence, social justice, class actions, first party insurance recovery claims, landowners' rights, family law, aviation, product liability and asbestos compensation. Subsidiaries within this area include part of Shine Lawyers, Emanate Legal Services, Best Wilson Buckley Family Law, Shine NZ Services, Risk Worldwide New Zealand, My Insurance Claim, Carr & Co and the files acquired within ACA Lawyers Pty Ltd.

Basis of accounting for purposes of reporting by operating segments

i. Accounting policies adopted
Unless stated otherwise, all amounts reported to the Managing Director, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

ii. Unallocated items
Any revenues, costs, assets and liabilities that are managed on an overall group basis are not allocated to an individual segment.

iii. Adjustments and eliminations
Finance income and costs are not allocated to individual segments as the underlying assets are managed on a group basis. Current and deferred taxes are not allocated to individual segments as they are also managed on a group basis.

iv. Geographic information
All operations are conducted within Australia with the exception of Shine NZ Services Pty Ltd, Risk Worldwide New Zealand Limited and My Insurance Claim which are located in New Zealand.

(a) Segment performance

The table below includes the disaggregation of Revenue from Contracts with Customers from 1 July 2018 upon adoption of AASB 15. The Group provides legal and professional services across Australia and New Zealand under contracts that are either no-win-no-fee or time and materials based with a fee that is either fixed or variable:

	Personal Injury	Emerging Practice Areas	Unallocated items	Total
	$000s	**$000s**	**$000s**	**$000s**
30 June 19				
REVENUE				
Legal services: No-win-no-fee variable	118,385	34,879	–	153,264
Legal services: No-win-no-fee fixed fee	–	4,454	–	4,454
Legal services: Time and materials	–	18,273	–	18,273
Subtotal External sales	**118,385**	**57,606**	**–**	**175,991**
Interest income	–	–	301	301
Services management fee	–	–	1,413	1,413
Other income	70	128	–	198
Total segment revenue	**118,455**	**57,734**	**1,714**	**177,903**
EXPENSES				
Depreciation and amortisation	(6,637)	(4,160)	(1,628)	(12,425)
Interest expense	(4,449)	(2,986)	(301)	(7,736)
Impairment of goodwill	–	(5,000)	–	(5,000)
RESULTS				
Segment profit/(loss) before tax	**26,589**	**1,296**	**(5,309)**	**22,576**
30 June 18				
REVENUE				
External sales	122,648	55,292	–	177,940
Other revenue	15	1,185	231	1,431
Total segment revenue	**122,663**	**56,477**	**231**	**179,371**
Expenses				
Depreciation and amortisation	(3,294)	(1,497)	(1,068)	(5,859)
Interest expense	(128)	(104)	(3,102)	(3,334)
RESULTS				
Segment profit/(loss) before tax	**23,070**	**11,071**	**(5,381)**	**28,760**

(b) Segment assets

	Personal Injury	Emerging Practice Areas	Unallocated items	Total
	$000s	$000s	$000s	$000s
30 June 19	**309,983**	**185,724**	**9,873**	**505,580**
30 June 18	**284,421**	**142,626**	**2,667**	**429,714**

(c) Segment liabilities

	Personal Injury	Emerging Practice Areas	Unallocated items	Total
	$000s	$000s	$000s	$000s
30 June 19	**94,705**	**53,308**	**507**	**148,520**
Reconciliation of segment liabilities to group liabilities Unallocated liabilities:				
Borrowings	–	–	53,506	53,506
Deferred tax liabilities	–	–	81,146	81,146
Total liabilities	**94,705**	**53,308**	**135,159**	**283,172**
30 June 18	**53,628**	**29,086**	**2,156**	**84,870**
Reconciliation of segment liabilities to liabilities Unallocated liabilities:				
Borrowings	–	–	51,918	51,918
Deferred tax liabilities	–	–	74,786	74,786
Total liabilities	**53,628**	**29,086**	**128,860**	**211,574**

(d) Geographic information

	30 June 2019	30 June 2018
	$000s	$000s
Revenue from external customers (based on the locations of the customers)		
Australia	174,239	176,418
New Zealand	1,752	1,522
Total	**175,991**	**177,940**
Non-current operating assets (consisting primarily of property, plant and equipment, work in progress and intangible assets.)		
Australia	204,019	173,774
New Zealand	4,809	2,193
Total	**208,828**	**175,967**

Note 5
Revenue

		Consolidated Group	
	Note	30 June 2019 $000s	30 June 2018 $000s
Sales revenue			
Provision of services/professional fees		–	173,185
		–	**173,185**
Sundry disbursements recovered		–	4,755
	4	**–**	**177,940**
Revenue from Contracts with Customers			
Legal services: No-win-no-fee variable		153,264	–
Legal services: No-win-no-fee fixed fee		4,454	–
Legal services: Time and materials		18,273	–
	4	**175,991**	**–**
Other revenue and income			
Interest income		301	231
Services management fee		1,413	1,145
Other income		198	55
	4	**1,912**	**1,431**
Total revenue	**4**	**177,903**	**179,371**

The amount of revenue recognised in the current financial reporting period from performance obligations satisfied in previous years is $7,442,000.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2019 is $72,625,000. The remaining performance obligations expected to be recognised are in relation to no-win-no-fee fixed fee, fixed fee time and materials and no-win-no-fee variable contracts with customers at the completion of each contract which is dependent on the individual nature of each matter. The amount above does not include expected revenue from contracts with customers where the contract is on a time recording basis.

Note 6
Other Expenses

		Consolidated Group	
	Note	30 June 2019 $000s	30 June 2018 $000s
Other expenses			
Premises expenses	i	4,202	11,494
Marketing expenses		11,843	11,677
HR expenses		3,041	2,976
IT and computer expenses	i	5,060	6,343
Printing, postage and stationery		2,169	2,413
Professional fees		5,268	5,146
Unrecovered matter related expenses		–	7,245
Fair Value losses on unbilled disbursements		4,090	–
Motor vehicle and travel expenses		1,267	1,541
Bad and doubtful debts expenses		899	1,338
Sundry expenses		60	774
Total Other Expenses		**37,899**	**50,947**

i. "Premises expenses" and "IT and computer expenses" have reduced due to the adoption of AASB 16 Leases from 1 July 2018. A similar amount to this reduction will appear as an increase across "Depreciation and amortisation expense" and "Finance costs" in the Consolidated Statement of Comprehensive Income. Refer to Note 3 for further information.

Note 7
Profit for the Year

Profit before income tax from continuing operations includes the following specific expenses:

		Consolidated Group	
		30 June 2019	30 June 2018
	Note	$000s	$000s
(a) Finance cost expense:			
– lease liabilities	18	3,015	–
– disbursement funding related interest		1,029	–
– Transformation Project funding facility interest		485	–
– interest on bank overdraft and other loans		3,096	3,322
– interest unwind on contingent and deferred consideration payable to vendors on acquisitions		–	12
– other		111	–
		7,736	**3,334**
(b) Depreciation and amortisation of non-current assets:			
– plant and equipment	17	1,020	2,220
– right of use assets	18	9,214	–
– Transformation Project costs	19	1,729	1,219
– Erin Brockovich agreement	19	113	112
– Non-contractual client relationships	19	348	2,175
– other	19	1	133
		12,425	**5,859**
(c) Employee benefits expense:			
– defined contribution superannuation expense		6,493	6,489
(d) Bad and doubtful debts:			
– trade receivables	14	899	1,338
(e) Rental expense on operating leases:			
– minimum lease payments		–	9,510
(f) Loss on disposal of property, plant and equipment		(67)	(3)
(g) Foreign currency translation losses		34	31
(h) Expenses related to short-term leases		217	–

Note 8
Income Tax Expense

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings.

	Consolidated Group	
	30 June 2019	**30 June 2018**
	$000s	**$000s**
(a) The components of tax expense comprise:		
Current tax	173	120
Current year tax losses	(106)	(7,192)
Deferred tax	8,477	16,719
Income tax expense	**8,544**	**9,647**
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax benefit as follows: Prima facie tax payable on profit from ordinary activities before income tax at 30% (30 June 2018: 30%)		
Consolidated group	6,773	8,628
Tax effect of:		
– Non-allowable items	51	50
– Non-deductible Impairment	1,500	–
– Non-deductible amortisation	104	652
– Earnout adjustments and share guarantee payments	–	18
– Adjustment to deferred tax of prior years	–	299
– Underprovision in respect of prior years	116	–
Income tax expense attributable to entity	**8,544**	**9,647**
The applicable weighted average effective tax rates are as follows:	37.8%	33.5%

The total Australian taxable losses available at 30 June 2019 are $44,517,000 (30 June 2018: $35,912,000) resulting in potential deferred tax asset of $13,355,000 (30 June 2018: $10,774,000). This has been recognised in full and is offset against deferred tax liabilities. New Zealand tax losses of $2,666,000 (30 June 2018: $861,000) resulting in potential deferred tax asset of $800,000 (30 June 2018: $258,000) have also been recognised.

Note 9
Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP). The totals of remuneration paid to KMP of the Group during the year are as follows:

	Consolidated Group	
	30 June 2019	30 June 2018
	$	$
Short-term employee benefits – non-share based payments	1,764,157	1,189,219
Short-term employee benefits – share based payments	45,600	–
Long-term employee benefits – non-share based payments	18,096	–
Long-term employee benefits – share based payments	178,578	3,155
Post-employment benefits	80,298	59,814
Total KMP compensation	**2,086,729**	**1,252,188**

KMP Options and Rights Holdings

No options have been issued by the Group. Performance rights have been issued by the Group as long term employee benefits, refer to Note 31.

		Consolidated Group	
		30 June 2019	30 June 2018
	Notes	#	#
Performance Rights granted to KMP	31	986,685	153,498
Deferred Ordinary Shares granted to KMP	32	200,000	–

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described above.

Note 10
Auditors' Remuneration

	Consolidated Group	
	30 June 2019	30 June 2018
	$	$
Remuneration of Ernst & Young for:		
– auditing or reviewing the financial report	755,750	370,384
– taxation services and advices	67,917	142,800
Total Remuneration of Ernst & Young	**823,667**	**513,184**
Remuneration of non Ernst & Young audit firms for:		
– auditing of trust accounts and WIP	24,700	35,780
Total Remuneration of non Ernst & Young audit firms	**24,700**	**35,780**

Note 11
Dividends Paid and Proposed

(a) Distributions paid

	Consolidated Group	
	30 June 2019	30 June 2018
	$000s	$000s
Final (franked to 41%) dividend for FY2018 of 2.25 cents per share paid in FY2019 (30 June 2018: final franked dividend for FY2017 of 2.00 cents per share paid in FY2018)	3,896	3,463
Interim unfranked dividend for FY2019 of 1.25 cents per share (30 June 2018: interim franked dividend for FY2018 of 1.00 cents per share)	2,165	1,732
Total distributions paid	**6,061**	**5,195**

(b) Distributions proposed and not recognised as a liability

The Board of Directors has declared an unfranked dividend of 2.5 cents per share on 28 August 2019 (30 June 2018: 2.25 cents per share franked).

(c) Franking Account

Balance of franking account at year end adjusted for franking credits arising from:

	Consolidated Group	
	30 June 2019	30 June 2018
	$000s	$000s
Opening balance	683	2,921
– acquired subsidiaries' franking account surplus transferred to head company	–	125
– net adjustment based on refund on lodged tax return	–	(137)
– payment of franked dividends	(683)	(2,226)
Closing balance	**–**	**683**

Note 12
Earnings per Share

The following information reflects the income and share data used in the basic and diluted earnings per share computations.

	Consolidated Group	
	30 June 2019	30 June 2018
	$000s	$000s
(a) Net profit attributable to ordinary equity holders of the parent Earnings used to calculate basic and diluted EPS	13,953	19,113
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	173,161,812	173,161,812
(c) Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	176,209,760	173,288,859

(d) Diluted EPS amounts are calculated by dividing the adjusted profit attributable to ordinary equity holders of the Parent by the sum of the weighted average number of ordinary shares outstanding during the year and the weighted average number of shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. There were 3,824,687 potential ordinary shares outstanding at the end of the year (30 June 2018: 2,002,921).

Note 13
Cash and Cash Equivalents

		Consolidated Group	
		30 June 2019	30 June 2018
	Note	$000s	$000s
Cash at bank and on hand		26,697	22,549
Total cash at bank and on hand	**29**	**26,697**	**22,549**
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		26,697	22,549
Total cash and cash equivalents		**26,697**	**22,549**

A floating charge over cash and cash equivalents has been provided for certain debt. Refer to Note 23 for further details.

During the financial year, $818,000 was receipted in regards to a matter acquired as part of the ACA Lawyers acquisition as set out in Note 38. These funds are held until another specific matter is secured and funding achieved. These conditions had not been met at 30 June 2019 and therefore $818,000 of cash at bank is restricted.

Note 14
Trade and Other Receivables

		Consolidated Group	
		30 June 2019	30 June 2018
	Note	$000s	$000s
CURRENT			
Trade receivables	(a)	10,080	9,548
Provision for expected credit losses	(b)	(1,306)	(1,131)
		8,774	**8,417**
Related party receivables	(c)	461	3,355
		461	**3,355**
Other receivables		1,244	449
Total current trade and other receivables		**10,479**	**12,221**
NON-CURRENT			
Trade receivables		2,246	2,088
Provision for expected credit losses		(543)	(885)
		1,703	**1,203**
Related party receivables	(c)	3,425	–
Provision for expected credit losses		(21)	–
		3,404	**–**
Total non-current trade and other receivables		**5,107**	**1,203**

(a) Factored Receivables

The Group has factored a total of $2,119,000 (30 June 2018: $3,737,000) of its Trade Receivables to private third parties in the last week of the financial year (30 June 2018: last week of the financial year). The total amount of cash received was $1,822,000 (30 June 2018: $3,246,000) at an approximate effective discount of 14% (30 June 2018: 13% discount). These amounts have been derecognised from the balance sheet. The cashflows from the debtor factoring appears within “Receipts from Customers” in the Consolidated Statement of Cash Flows. Future receipts from the factored debtors will be received by the Group as agent and forwarded on to the factorer on a monthly basis, this being the only ongoing involvement of the Group with the Trade Receivables derecognised.

(b) Provision For Impairment of Receivables

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

	Opening Balance	Adoption of AASB 9	Acquisition of subsidiaries	Charge for the Year	Amounts Written Off	Closing Balance
	1 July 2018					30 June 2019
Consolidated Group	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
i. Current trade receivables	1,131	33	64	606	(528)	1,306
ii. Non-current trade receivables	885	5	–	293	(619)	564
	2,016	**38**	**64**	**899**	**(1,147)**	**1,870**

	Opening Balance	Acquisition of subsidiaries	Charge for the Year	Amounts Written Off	Closing Balance
	1 July 2017				30 June 2018
Consolidated Group	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
i. Current trade receivables	1,170	–	453	(492)	1,131
ii. Non-current trade receivables	–	–	885	–	885
	1,170	**–**	**1,338**	**(492)**	**2,016**

(c) Related party receivables

Included in related party receivables is a loan to an affiliated entity Shine Lawyers NZ Limited for $3,425,000 (30 June 2018: $2,894,000). Refer to Note 33 for further details.

(d) Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within this note. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

The following table details the Group'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 with the terms and conditions agreed between the Group and the customer or counter party 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 Group.

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
			<30 days	31-60 days	61-90 days	>90 days	
30 June 2019	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
Trade and term receivables	12,326	1,848	691	1,022	1,185	3,092	4,488
Other receivables	5,130	–	–	–	–	–	5,130
Total	**17,456**	**1,848**	**691**	**1,022**	**1,185**	**3,092**	**9,618**

	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30 days	31-60 days	61-90 days	>90 days	
30 June 2018	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
Trade and term receivables	11,636	2,016	1,531	958	970	2,474	3,687
Other receivables	3,804	–	–	–	–	–	3,804
Total	**15,440**	**2,016**	**1,531**	**958**	**970**	**2,474**	**7,491**

Note 15
Work in Progress and Unbilled Disbursements

	Consolidated Group	
	30 June 2019	**30 June 2018**
	$000s	**$000s**
CURRENT At net realisable value:		
Work in progress	–	196,254
Work in progress provision	–	(36,009)
	–	**160,245**
Contract Assets - work in progress – gross	213,013	–
Constraint on variable consideration of contract assets	(40,017)	–
	172,996	**–**
Unbilled disbursements	–	59,827
Unbilled disbursements provision	–	(3,791)
	–	**56,036**
Unbilled disbursements - at cost	62,393	–
Unbilled disbursements provision - fair value adjustment	(2,798)	–
	59,595	**–**
Total current work in progress and unbilled disbursements	**232,591**	**216,281**

Work in Progress and Unbilled Disbursements Continued

	Consolidated Group	
	30 June 2019	**30 June 2018**
	$000s	**$000s**
NON-CURRENT At net realisable value:		
Work in progress	–	117,962
Work in progress provision	–	(21,170)
	–	**96,792**
Contract Assets – work in progress – gross	132,182	–
Constraint on variable consideration of contract assets	(22,207)	–
	109,975	**–**
Unbilled disbursements	–	23,406
Unbilled disbursements provision	–	(1,359)
	–	**22,047**
Unbilled disbursements – at cost	19,904	–
Unbilled disbursements provision – fair value adjustment	(1,203)	–
	18,701	**–**
Total non-current work in progress and unbilled disbursements	**128,676**	**118,839**
TOTAL		
Total Work in progress	–	314,216
Total Work in progress provision	–	(57,179)
Total Net Work in Progress	**–**	**257,037**
Total Contract Assets – work in progress – gross	345,195	–
Total Constraint on variable consideration of contract assets	(62,224)	–
Total Net Contract Assets - Work in progress	**282,971**	**–**
Total Unbilled disbursements	–	83,233
Total Unbilled disbursements provision	–	(5,150)
Total Net Unbilled Disbursements	**–**	**78,083**
Total Unbilled disbursements – at cost	82,297	–
Total Unbilled disbursements provision – fair value adjustment	(4,001)	–
Total Net Unbilled Disbursements held at fair value	**78,296**	**–**

(a) Expected Credit Loss allowance

Set out below is a reconciliation of the expected credit loss allowance from the opening balance to the closing balance.

	WIP $000s
Opening balance at 1 July 2018	–
Expected credit loss on adoption of AASB 9	(542)
Net loss allowance measured at an amount equal to lifetime expected credit losses	60
Reductions due to collections	158
Balance at 30 June 2019	**(324)**

Note 16
Interests in Subsidiaries

(a) Information about principal subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

		Ownership interest held by the Group		Proportion of controlling interests	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
Name of subsidiary	**Country of Incorporation**	**(%)**	**(%)**	**(%)**	**(%)**
Shine Lawyers Pty Ltd	Australia	100%	100%	100%	100%
My Insurance Claim Pty Ltd	Australia	100%	100%	100%	100%
Shine DIR Pty Ltd	Australia	100%	100%	100%	100%
Shine (U.S.) Pty Ltd	Australia	100%	100%	100%	100%
Emanate Legal Services Pty Ltd	Australia	100%	100%	100%	100%
SB Law Pty Ltd	Australia	100%	100%	100%	100%
Sciacca's Lawyers Pty Ltd	Australia	100%	100%	100%	100%
Sciacca's Family Lawyers Pty Ltd	Australia	100%	100%	100%	100%
Shine NZ Services Pty Ltd	Australia	100%	100%	100%	100%
Bradley Bayly Holdings Pty Ltd	Australia	100%	100%	100%	100%
Best Wilson Buckley Family Law Pty Ltd	Australia	100%	100%	100%	100%
Claims Consolidated Pty Ltd	Australia	100%	100%	100%	100%
Risk Worldwide New Zealand Limited	New Zealand	100%	100%	100%	100%
Nerve Solutions Group Pty Ltd	Australia	100%	100%	100%	100%
My Insurance Claim Limited	New Zealand	100%	100%	100%	100%
ACA Lawyers Pty Ltd	Australia	100%	0%	100%	0%
Carr & Co Divorce & Family Lawyers Pty Ltd	Australia	80%	0%	80%	0%
Nerve Legal Pty Ltd	Australia	100%	0%	100%	0%

The Group has a controlling interest in the Shine Corporate Employee Share Trust and consolidates the results of the EST. Refer Note 31 for further information. Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

(b) Deed of Cross Guarantee

Members of the Shine Corporate Ltd Group entered into a deed of cross guarantee on 28 June 2013, with subsidiaries acquired after this date acceding post acquisition. As at 30 June 2018 a deed cross guarantee is in place for Shine Corporate Ltd, Shine Lawyers Pty Ltd, Emanate Legal Services Pty Ltd, SB Law Pty Ltd, Sciacca's Lawyers Pty Ltd, Sciacca's Family Lawyers Pty Ltd, Shine NZ Services Pty Ltd, Bradley Bayly Holdings Pty Ltd, My Insurance Claim Pty Ltd, Shine DIR Pty Ltd, Shine (U.S) Pty Ltd, Best Wilson Buckley Family Law Pty Ltd, Claims Consolidated Pty Ltd, Nerve Solutions Group Pty Ltd, ACA Lawyers Pty Ltd and Nerve Legal Pty Ltd.

By entering into the Deed, the wholly owned Australian entities have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission. All entities in the Group other than Shine Lawyers Pty Ltd are currently small proprietary companies for reporting purposes.

The consolidated income statement and balance sheet of the entities that are members of the Closed Group are as follows:

Consolidated Income Statement and rollforward of Retained Earnings
For the year ended 30 June 2019

	Closed Group	
	30 June 2019	**30 June 2018**
	$000s	**$000s**
Profit from continuing operations before income tax	22,950	29,338
Income tax expense	(8,651)	(9,818)
Profit after tax from continuing operations	**14,299**	**19,520**
Retained earnings at the beginning of the period	166,538	152,213
Effect of adoption of new accounting standards	(4,211)	–
Dividends paid	(6,061)	(5,195)
Retained earnings at the end of the period	**170,565**	**166,538**

Consolidated Balance Sheet

As at 30 June 2019

	Closed Group	
	30 June 2019	30 June 2018
	$000s	$000s
ASSETS		
Current assets		
Cash and cash equivalents	25,397	22,123
Trade and other receivables	–	20,626
Trade and other receivable Financial Assets at amortised cost	18,284	–
Income tax receivable	306	105
Work in progress	–	156,389
Contract assets – work in progress	170,884	–
Unbilled disbursements	–	54,273
Unbilled disbursements held at fair value	59,898	–
Other current assets	2,792	2,585
Total current assets	**277,561**	**256,101**
Non-current assets		
Trade and other receivables	–	1,203
Trade and other receivable Financial Assets at amortised cost	4,409	–
Work in progress	–	95,619
Contract assets – work in progress	107,196	–
Unbilled disbursements	–	21,394
Unbilled disbursements held at fair value	17,907	–
Property, plant and equipment	3,124	7,564
Right of Use Assets	46,724	–
Intangible assets	44,201	48,053
Investments in subsidiaries	3,600	–
Total non-current assets	**227,161**	**173,833**
Total assets	**504,722**	**429,934**
LIABILITIES		
Current liabilities		
Trade and other payables	9,712	8,105
Disbursement creditors	64,461	55,081
Short term borrowings	1,223	4,587
Lease liabilities	9,434	–
Other current financial liabilities	5,162	4,521
Provisions	6,382	7,281
Total current liabilities	**96,374**	**79,575**

Consolidated Balance Sheet Continued

As at 30 June 2019

	Closed Group	
	30 June 2019	30 June 2018
	$000s	$000s
Non-current liabilities		
Trade and other payables	2,515	–
Other non-current financial liabilities	–	67
Long term borrowings	45,000	52,876
Lease liabilities	52,302	–
Deferred tax liabilities	81,819	75,050
Provisions	2,496	2,602
Total non-current liabilities	**184,132**	**130,595**
Total liabilities	**280,506**	**210,170**
Net Assets	**224,216**	**219,764**
EQUITY		
Issued capital	53,150	53,150
Reserves	501	76
Retained earnings	170,565	166,538
Total equity	**224,216**	**219,764**

Note 17
Property, Plant and Equipment

	Consolidated Group	
	30 June 2019	30 June 2018
	$000s	$000s
Fixtures and fittings		
At cost	6,078	10,056
Accumulated depreciation	(3,912)	(5,227)
	2,166	**4,829**
Leased plant and equipment		
Capitalised leased assets	38	483
Accumulated depreciation	(38)	(190)
	–	**293**
Office furniture and equipment		
At cost	1,941	3,722
Accumulated depreciation	(1,221)	(1,799)
	720	**1,923**
Computer equipment and software		
At cost	816	776
Accumulated depreciation	(416)	(449)
	400	**327**
Make good allowance on leased premises		
At cost	42	1,281
Accumulated depreciation	(42)	(1,018)
	–	**263**
Total plant and equipment	**3,286**	**7,635**

(a) Movements in Carrying Amounts

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

Consolidated Group	Fixtures and fittings $000s	Leased plant and equipment $000s	Office furniture and equipment	Computer equipment and software $000s	Make good allowance on leased premises $000s	Total $000s
Balance at 1 July 2017	**5,554**	**85**	**2,078**	**64**	**286**	**8,067**
Additions	674	364	505	314	116	1,973
Disposals	(125)	–	(55)	–	–	(180)
Reclassification	21	–	(22)	1	–	–
Depreciation expense	(1,294)	(156)	(579)	(52)	(139)	(2,220)
Exchange differences	(1)	–	(4)	–	–	(5)
Balance at 30 June 2018	**4,829**	**293**	**1,923**	**327**	**263**	**7,635**
Additions	612	–	147	191	–	950
Disposals	–	–	–	(1)	–	(1)
Reclassification to right of use assets	(2,699)	(291)	(1,125)	–	(261)	(4,376)
Depreciation expense	(609)	(2)	(286)	(121)	(2)	(1,020)
Additions through business combinations	27	–	63	4	–	94
Exchange differences	6	–	(2)	–	–	4
Balance at 30 June 2019	**2,166**	**–**	**720**	**400**	**–**	**3,286**

Note 18
Right Use of Assets and Lease Liabilities

(a) Right of Use Assets

	Consolidated Group	
	30 June 2019	30 June 2018
Premises	**$000s**	**$000s**
Cost	53,741	–
Accumulated depreciation	(8,635)	–
Net carrying amount	**45,106**	**–**
Equipment		
Cost	3,832	–
Accumulated depreciation	(1,314)	–
Net carrying amount	**2,518**	**–**
Total Right of Use Assets		
Cost	57,573	–
Accumulated depreciation	(9,949)	–
Net carrying amount	**47,624**	**–**

(b) Lease Liabilities

	Consolidated Group	
	30 June 2019	30 June 2018
Current	**$000s**	**$000s**
Premises	6,566	–
Equipment	918	–
Total Current Lease Liabilities	**7,484**	**–**
Non-Current		
Premises	45,362	–
Equipment	1,692	–
Total Non-Current Lease Liabilities	**47,054**	**–**
Lease Liabilities		
Premises	51,928	–
Equipment	2,610	–
Total Lease Liabilities	**54,538**	**–**

The Right of Use Assets and Lease Liabilities have arisen upon adoption of AASB 16 Leases from 1 July 2018. Refer to Note 3 for further information. The Group leases premises and operating equipment across its branches in Queensland, NSW, Victoria, Western Australia and New Zealand. The weighted average incremental borrowing rate was 5.67%.

(c) Movements in Carrying Amounts of Right of Use Assets

Movements in carrying amounts for each right of use assets class of premises and equipment between the beginning and the end of the current financial year.

	Premises	Equipment	Total
Consolidated Group	**$000s**	**$000s**	**$000s**
Balance at 1 July 2018 on adoption of AASB 16	47,685	2,161	49,846
Additions	5,578	2,266	7,844
Disposals	(1,123)	(518)	(1,641)
Reclassification	(101)	–	(101)
Depreciation expense	(7,800)	(1,414)	(9,214)
Additions through business combinations	804	19	823
Exchange differences	63	4	67
Balance at 30 June 2019	**45,106**	**2,518**	**47,624**

Included in the premises right of use asset is the value of the rental agreements for premises and carparks across the Group inclusive of fitouts. Within the equipment right of use assets are rental agreements for IT equipment, photocopiers, franking machines, motor vehicles and other minor equipment.

(d) Movement in Carrying Amounts of Lease Liabilities

Movements in carrying amounts for each lease liability class of premises and equipment between the beginning and the end of the current financial year.

	Premises	Equipment	Total
Consolidated Group	**$000s**	**$000s**	**$000s**
Balance at 1 July 2018 on adoption of AASB 16	52,939	2,385	55,324
Additions	5,591	2,265	7,856
Disposals	(1,245)	(587)	(1,832)
Interest expense	2,820	195	3,015
Repayments	(8,962)	(1,669)	(10,631)
Additions through business combinations	770	19	789
Exchange differences	16	1	17
Balance at 30 June 2019	**51,929**	**2,609**	**54,538**

(e) Maturity analysis of lease liabilities

The table below sets out the expected maturity analysis for lease liabilities.

	Premises	Equipment	Total
	$000s	$000s	$000s
< 1 year	6,499	918	7,417
1 to 2 years	7,076	691	7,767
2 to 3 years	6,889	632	7,521
3 to 4 years	6,863	368	7,231
4 to 5 years	6,170	–	6,170
> 5 years	18,432	–	18,432
Total Expected Maturity Analysis of Lease Liabilities	**51,929**	**2,609**	**54,538**

(f) Qualitative information

Variable lease payments
Approximately $16,600,000 of premises lease liabilities relates to rental agreements which have a component of CPI or market rate increases.

Residual values guarantees
All residual values already form part of the lease liability.

Lease not yet commenced to which the lessee is committed
There are no leases committed to which are yet to commence.

Restrictions or covenants imposed by leases
There are no restrictions or covenants imposed by leases

Sale and leaseback transactions
No sale and leaseback transitions.

(g) Inflation risk

The Group holds $16,600,000 of premise lease liabilities that are exposed to fluctuations in the inflation rate. There is a risk that the inflation rate assumed is different to that which will be experienced in the future. The table below sets out the impact of a change in the indexed inflation rate against those leases subject to an inflation clause, on a pre-tax basis.

	Consolidated Group	
	Profit	Equity
Year ended 30 June 2019	**$000s**	**$000s**
+/- 1% in inflation rates	166	166

Note 19
Intangible Assets

	Consolidated Group	
	30 June 2019	30 June 2018
Goodwill	**$000s**	**$000s**
Cost	46,158	42,650
Accumulated impairment losses	(10,000)	(5,000)
Net carrying amount	**36,158**	**37,650**
Non-contractual Client Relationships		
Cost	4,653	3,262
Accumulated amortisation	(3,610)	(3,262)
Net carrying amount	**1,043**	**–**
Computer software		
Cost	462	664
Accumulated amortisation and impairment losses	(418)	(523)
Net carrying amount	**44**	**141**
Transformation project costs		
Cost	14,332	13,592
Accumulated amortisation and impairment losses	(3,748)	(3,314)
Net carrying amount	**10,584**	**10,278**
Erin Brockovich agreement		
Cost	1,130	1,130
Accumulated amortisation and impairment losses	(1,026)	(913)
Net carrying amount	**104**	**217**
Website development		
Cost	18	18
Accumulated amortisation and impairment losses	(18)	(17)
Net carrying amount	**–**	**1**
Trademarks, patents and intellectual property		
Cost	186	179
Accumulated amortisation and impairment losses	(175)	(175)
Net carrying amount	**11**	**4**
Total intangibles	**47,944**	**48,291**

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of intangible assets between the beginning and the end of the current financial year.

Consolidated Group	Goodwill $000s	Non-contractual Client Relationships $000s	Computer software $000s	Trans-formation Project costs (including software) $000s	Erin Brockovich agreement $000s	Others $000s	Total $000s
Balance at 1 July 2017	**37,659**	**2,175**	**–**	**8,696**	**329**	**138**	**48,997**
Additions – external costs	–	–	141	1,719	–	–	1,860
Additions – internal development	–	–	–	1,082	–	–	1,082
Amortisation charge	–	(2,175)	–	(1,219)	(112)	(133)	(3,639)
Exchange differences	(9)	–	–	–	–	–	(9)
Balance at 30 June 2018	**37,650**	**–**	**141**	**10,278**	**217**	**5**	**48,291**
Additions – external costs	–	–	47	577	–	7	631
Additions – internal development	–	–	–	1,317	–	–	1,317
Transfer	–	–	(141)	141	–	–	–
Acquisitions through business combinations	3,498	1,391	–	–	–	–	4,889
Amortisation charge	–	(348)	–	(1,729)	(113)	(1)	(2,191)
Impairment charge	(5,000)	–	–	–	–	–	(5,000)
Exchange differences	10	–	(3)	–	–	–	7
Balance at 30 June 2019	**36,158**	**1,043**	**44**	**10,584**	**104**	**11**	**47,944**

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill has an indefinite useful life.

Goodwill allocation for impairment testing

For the purpose of impairment testing, goodwill acquired from business combinations is allocated to groups of cash generating units ("CGU") that are expected to benefit from the synergies of the combination. These groups of CGUs are the level at which goodwill is monitored for internal management purposes and is not larger than an operating segment.

The Directors assess how these groups of CGUs are monitored for internal management purposes and the synergies expected from these. Such synergies include the national use of intellectual property, leveraging efficiencies from the implementation of the new Enterprise Resource Platform, acceleration of combinations of CGUs post-earnout / deferred consideration and intra-group collaboration across similar work-types. The result of this assessment is that CGUs have been grouped into Personal Injury and Emerging Practice Areas for goodwill impairment testing. These two groups are expected to benefit from these synergies now and into the foreseeable future.

The carrying amount of goodwill allocated to each operating segment or CGU respectively is set out below:

Goodwill	Personal Injury CGU Group $000s	Emerging Practice Areas CGU Group $000s	Total $000s
30 June 2018	16,646	21,004	37,650
30 June 2019	16,646	19,485	36,131

Within the EPA CGU Grouping, the Land, Energy and Resources CGU has a goodwill balance of $7,920,000 (30 June 2018: $12,920,000). During the period ended 31 December 2018 the Land, Energy and Resources CGU had undergone a significant strategic alignment to more closely integrate these operations into the broader EPA grouping. This included changes in management and work flow structures impacting the nature and quantum of cash flows associated with this operation. Based on this outlook, impairment testing was conducted at 31 December 2018 for the Land, Energy and Resources CGU (stand-alone) and it was determined that an impairment charge to goodwill of $5 million was required. This impairment charge related to the revised longer term outlook for cash flow generation and cost of cash flow generation in this business due to changing market conditions in which the business operates. Due to the changes discussed above, the Land, Energy and Resources CGU, post 31 December 2018, will no longer be tested on a stand-alone basis for goodwill impairment testing and will be tested at the EPA CGU Grouping level.

The recoverable amount of the CGU groups have been determined based on financial budgets set for the next financial year and management cashflow projections for subsequent years to determine a value in use using a 5 year plus a terminal value model.

Pre tax discount rate applied to the cash flow position:

	Personal Injury CGU Group	**Emerging Practice Areas CGU Group**
	%	**%**
Discount rate 30 June 2019	12.7%	13.4%
Discount rate 30 June 2018	12.7%	13.3%

Cash flows beyond the next financial year, up to year 5, are extrapolated using a growth rate of:

	Personal Injury CGU Group	**Emerging Practice Areas CGU Group**
	%	**%**
Revenue 30 June 2019	5.0%	5.0%
Revenue 30 June 2018	5.0%	5.0%
Operating costs 30 June 2019	3.0% to 3.7%	3.0% to 3.7%
Operating costs 30 June 2018	3.0% to 3.7%	3.0% to 3.7%
Terminal growth 30 June 2019	3.0%	3.0%
Terminal growth 30 June 2018	3.0%	3.0%

Key assumptions used in value in use calculations

The following key assumptions were applied to the cash flow projections when determining the value in use:

- revenue values have been determined from the Board approved budget for FY2020 adjusted for growth and other known circumstances;
- operating expenses have been determined from the Board approved budget for FY2020, adjusted for growth and other known circumstances;
- terminal values have been calculated based on a multiple of year 5 earnings before interest, tax, depreciation and amortisation.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the groups of cash generating units that form the personal injury practice area and the EPA practice area, a theoretical change in a number of the key assumptions would cause the carrying value of the units to exceed their recoverable amount. The analysis is set out below:

	Personal Injury	Personal Injury	Emerging Practice Areas	Emerging Practice Areas
	30 June 2019	**30 June 2018**	**30 June 2019**	**30 June 2018**
Pre-tax discount rate used	12.7%	12.7%	13.4%	13.3%
Headroom ie. value-in-use exceeding carrying value	**$60,080,000**	**$14,070,000**	**$46,420,000**	**$32,830,000**
Each of the following changes independently would result in headroom decreasing to nil:				
Reduction in revenue growth rate	1.7%	0.4%	2.6%	1.9%
Reduction in terminal value growth rate	3.9%	0.8%	8.7%	3.0%
Increase in pre-tax discount rate (Weighted Average Cost of Capital)	2.3%	0.5%	4.2%	3.3%

Note 20
Other Assets

	Consolidated Group	
	30 June 2019	**30 June 2018**
CURRENT	**$000s**	**$000s**
Prepayments	2,870	2,589
Total	**2,870**	**2,589**

Note 21
Trade and Other Payables and Other Financial Liabilities

		Consolidated Group	
		30 June 2019	30 June 2018
CURRENT Unsecured liabilities:	Note	$000s	$000s
Trade payables		6,693	5,318
Sundry payables and accrued expenses		2,608	3,493
Staff related payables		5,202	4,356
Trade and other payables		**14,503**	**13,167**
Disbursement funding creditors		54,543	45,580
Unbilled disbursement creditors		10,898	10,350
Disbursement creditors		**65,441**	**55,930**
Total current trade and other payables		**79,944**	**69,097**
Other current financial liabilities		1,090	266
Total financial liability		**1,090**	**266**
Total	**34**	**81,034**	**69,363**
NON-CURRENT Unsecured liabilities:			
Other non-current financial liabilities		–	67
Unsecured financial liabilities		**–**	**67**
Deferred consideration - vendor liabilities on acquisitions	(b)	2,515	–
Total financial liability		**2,515**	**–**
Total	**34**	**2,515**	**67**

(a) Financial Liabilities at Amortised Cost

	Consolidated Group	
	30 June 2019	30 June 2018
	$000s	$000s
Trade and other payables		
– Total current	81,034	69,364
– Total non-current	2,515	67
Total	**83,549**	**69,431**

(b) Contingent consideration - vendor liabilities on acquisitions

At 30 June 2019, there was $2,515,000 of contingent consideration with respect to the ACA Lawyers acquisition still outstanding. This liability is offset entirely by work in progress acquired at acquisition and therefore there is a direct relationship between the WIP decreasing in line with the liability decreasing such that there will be no impact on the results of the Group. These will be extinguished post-review of various financial targets after 30 June 2021.

Note 22
Disbursement Funding

	Limit	Balance drawn	Unused limit available
30 June 2019	**$000s**	**$000s**	**$000s**
Deferred Settlement Agreement	1,765	1,765	–
Deed of Assignment disbursement funding	564	564	–
Deed of Assignment of Residential Client Disbursements	260	260	–
Deferred Payment Agreement - Principal	47,250	46,009	1,241
Deferred Payment Agreement - Deferred Premiums	n/a	5,390	n/a
Exclusive Service Provider Deed	n/a	555	n/a
Total	**n/a**	**54,543**	**n/a**

	Limit	Balance drawn	Unused limit available
30 June 2018	**$000s**	**$000s**	**$000s**
Disbursement Funding Facility	8,151	3,786	4,365
Deferred Settlement Agreement	24,000	24,886	(886)
Deed of Assignment disbursement funding	1,086	497	–
Deed of Assignment of Residential Client Disbursements	296	296	–
Deferred Payment Agreement	4,500	3,615	885
Short term disbursement funding facility	12,500	12,500	–
Total	**50,533**	**45,580**	**4,364**

Disbursement Funding Facility
The Group had a Disbursement Funding Facility agreement with a third party to provide loans directly to its clients to fund disbursements on their case. This facility was paid out and closed during the financial year.

Deferred Settlement Agreement
During FY2017, the Group entered into a Deferred Settlement Agreement with a third party for the funding of disbursements. The limit of this funding facility is $24,000,000 (inclusive of GST). Unlike the Disbursement Funding Facility above, this DSA facility is directly with the Group and therefore the Group has the liability to repay any amounts funded. However, the disbursements and funding fees are repaid by the client where the client is successful.

The total drawdown on the disbursement funding facility at 30 June 2019 is $1,765,000 inclusive of GST (30 June 2018: $24,886,000 inclusive of GST) which represents the Group's maximum potential exposure. The amount is recorded within disbursement creditors and an offsetting amount is recorded in unbilled disbursements. A provision is recognised against unbilled disbursements to reflect the value of unrecoverable disbursements and funding fees where not expected to be recovered from clients.

This Deferred Settlement Agreement was terminated in November 2018 and is now in the process of being repaid. The majority of the outstanding amounts will be progressively re-financed through the Deferred Payment Agreement. While a theoretical limit of $24,000,000 exists, this has been reduced to a practical amount to reflect the status of this Agreement in run-off.

Deed of Assignment disbursement funding
The Group entered into an agreement in FY2017 with a third party to fund $1,086,000 of its disbursements within the Risk Worldwide NZ subsidiary. The disbursements

were funded at a 8.0% discount to their book value and the buyer was provided with an indemnity against any future credit losses as a result of the failure of a client to pay their debt. The Group's maximum exposure under this indemnity was the value of the uncollected debts of $564,000 at 30 June 2019, inclusive of principal and interest. The amount is recorded within disbursement creditors and an offsetting amount is recorded in unbilled disbursements. This agreement does not permit redrawing so there is no unused limit available when repayments are made under this agreement.

This facility was paid out and closed subsequent to year end.

Deed of Assignment of Residential Client Disbursements

The Group entered into an agreement in FY2018 with a third party to fund $296,000 of its disbursements within the Risk Worldwide NZ subsidiary. The disbursements were funded with a 14.0% service fee on the outstanding monthly balance and the buyer was provided with an indemnity against any future credit losses as a result of the failure of a client to pay their debt. The Group's maximum exposure under this indemnity at 30 June 2019 was the value of the debts of $260,000 plus the service fee. The amount is recorded within disbursement creditors and an offsetting amount is recorded in unbilled disbursements. This agreement does not permit redrawing so there is no unused limit available when repayments are made under this agreement.

This facility was paid out and closed subsequent to year end.

Deferred Payment Agreement

In FY2018, Shine Lawyers entered into a Deferred Payment Agreement with a third party to funds its disbursements. The amount is recorded within disbursement creditors and an offsetting amount is recorded in unbilled disbursements. Shine Lawyers has the primary responsibility to repay the facility with the other members of Shine Group guaranteeing repayment. The total principal drawdown on the Deferred Payment Agreement at 30 June 2019 is $46,009,000 (30 June 2018: $3,615,000) with total accrued deferred premiums of $5,390,000 (30 June 2018: nil) which in aggregate represents the Group's maximum potential exposure. A provision is recognised against unbilled disbursements to reflect the value of unrecoverable disbursements and funding fees where not expected to be recovered from clients.

Exclusive Service Provider Deed

In September 2018, Shine Corporate and Shine Lawyers entered into an Exclusive Service Provider Deed to create a disbursement funding facility with a third party. Disbursement loans are provided to clients of Shine Group for the sole purpose of funding disbursements and with loan repayment guaranteed by the members of the Shine Group. There is no limit to the total value of client loans that can be approved by the third party, however the total limit on client loans at 30 June 2019 were $13,502,000. The amount of disbursements funded under this facility are recorded in unbilled disbursements debtors and disbursement creditors, consistent with the other disbursement funding within the Group. A provision is recognised against unbilled disbursements to reflect the value of unrecoverable disbursements and funding fees where not expected to be recovered from clients.

Note 23
Borrowings

		Consolidated Group	
		30 June 2019	30 June 2018
CURRENT **Secured liabilities**	Note	$000s	$000s
Bank loans		908	753
Transformation Project Costs loan		2,283	2,174
Hire purchase liability		–	1,083
Unsecured liabilities			
Vendor finance		390	578
Total current borrowings	34	**3,581**	**4,588**
NON-CURRENT **Secured liabilities**			
Bank loans		45,000	42,000
Transformation Project Costs loan		5,832	7,824
Hire purchase liability		–	3,052
Total non-current borrowings	34	**50,832**	**52,876**
Total borrowings		**54,413**	**57,464**

(a) Total current and non-current secured liabilities

	Consolidated Group	
	30 June 2019	30 June 2018
	$000s	$000s
Bank loan	45,908	42,753
Transformation Project Costs loan	8,115	9,998
Hire purchase liability	–	4,135
Total	**54,023**	**56,886**

The Group was in compliance with all financial and non-financial covenants applicable to these facilities as at 30 June 2019 (30 June 2018: compliant). Covenants imposed by the bank require total bank debt not to exceed 50% of total Group work in progress and total bank debt must be no more than 2.25 times Group EBITDA on a rolling 12 month basis.

In December 2018, the Facility Agreement with the Bankers was agreed, with the result that the maturity dates of certain current market rate loans were extended for a further one to four years. The terms and conditions were materially unchanged.

Included within bank loans and line of credit below is accrued interest payable at 30 June 2019 of $128,000 (30 June 2018: $119,000). This has been excluded from the amount classified as 'Used' below. The bank debt is secured by a fixed and floating charge over the assets of the Group. Lease and hire purchase liabilities are secured by the underlying assets.

(b) Unused facilities

The Group had the following unused banking and credit facilities at the end of the reporting period:

	Limit	Used at 30 June 2019	Unused Amount
Facility	**$000s**	**$000s**	**$000s**
Equipment finance (operating and finance leases)	23,000	14,436	8,564
Corporate credit card facility	921	132	789
Line of credit	1,600	–	1,600
Market rate loan facilities	69,500	45,000	24,500
Bank guarantees	4,679	3,132	1,547
Total	**99,700**	**62,700**	**37,000**

Note 24
Issued Capital

	Consolidated Group	
	30 June 2019	**30 June 2018**
	$000s	**$000s**
173.2 million (30 June 2018: 173.2 million) fully paid ordinary shares	53,150	53,150
Total	**53,150**	**53,150**

(a) Ordinary Shares

	Consolidated Group	
	30 June 2019	**30 June 2018**
	No.	**No.**
At the beginning of the reporting period	173,161,812	173,161,812
At the end of the reporting period	173,161,812	173,161,812

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. 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 Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and future strategic opportunities.

The Group's capital structure includes a mix of debt (Note 23), cash (Note 13), and equity attributable to the parent's equity holders. The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group'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.

The Company's aim is to pay out between 30% and 50% of net operating profits after tax each financial year as ordinary dividends. To the extent the Company has franking credits, it will look to distribute these to shareholders through franked dividends. The declaration and amount of dividends are at the sole discretion of the Board of Directors. Dividends will be paid in the financial period following that to which they relate.

	Consolidated Group	
	30 June 2019	30 June 2018
	$000s	$000s
Total borrowings	54,413	57,464
Less cash and cash equivalents	(26,697)	(22,549)
Net debt	**27,716**	**34,915**
Total equity	222,408	218,140
Total capital	**250,124**	**253,055**
Gearing ratio (Net debt / Total capital)	11%	14%

Note 25
Income Tax

	Consolidated Group	
	30 June 2019	30 June 2018
CURRENT	$000s	$000s
Income tax receivable	306	106
Income tax payable	(247)	–

The above tax balances are in different tax jurisdictions and are not offsettable.

NON-CURRENT	Opening Balance $000s	Impact of new accounting standards $000s	Consolidated statement of financial position $000s	Consolidated statement of comprehensive income $000s	Closing Balance $000s
Consolidated Group Deferred tax liability/(asset)- net					
Work in progress and disbursements	77,219	–	–	15,629	92,848
Plant and equipment	435	–	–	(107)	328
Software	–	–	–	322	322
Finance leases	(2,146)	–	–	(488)	(2,634)
Deferred tax liability arising from acquisitions	257	–	–	(257)	–
Provisions	(5,290)	–	–	37	(5,253)
Tax losses	(5,217)	–	–	(5,815)	(11,032)
Sundry deferred tax assets	1	–	–	206	207
Balance at 30 June 2018	**65,259**	**–**	**–**	**9,527**	**74,786**
Work in progress and disbursements	92,848	(531)	19	9,438	101,774
Plant and equipment	328	–	–	(150)	178
Software	322	–	–	193	515
Leases	(2,634)	(1,223)	–	2,164	(1,693)
Provisions	(5,253)	(97)	(179)	173	(5,356)
Tax Losses	(11,032)	–	(13)	(3,110)	(14,155)
Sundry deferred tax assets	207	–	13	(337)	(117)
Balance at 30 June 2019	**74,786**	**(1,851)**	**(160)**	**8,371**	**81,146**

The total Australian taxable losses available at 30 June 2019 are $44,517,000 (30 June 2018: $35,912,000) resulting in potential deferred tax asset of $13,355,000 (30 June 2018: $10,774,000). This deferred tax asset has been recognised in full on the basis that the business will derive sufficient future taxable profit and will satisfy either the Continuity of Ownership Test or Same Business Test as required under Australian Tax Legislation. The deferred tax asset will be utilised through the realisation of deferred tax liabilities. New Zealand Tax losses of $2,666,000 (30 June 2018: $861,000) resulting in potential deferred tax asset of $800,000 (30 June 2018: $258,000) have also been recognised in the current year.

Note 26
Provisions

	Consolidated Group	
	30 June 2019	30 June 2018
CURRENT	$000s	$000s
Employee Benefits - Annual Leave	4,401	4,053
Employee Benefits - Long Service Leave	2,052	1,924
Operating Lease Incentives	–	1,315
Leasehold Property Make Goods	283	–
Total	**6,736**	**7,292**

	Consolidated Group	
	30 June 2019	30 June 2018
NON-CURRENT	$000s	$000s
Employee Benefits - Long Service Leave	1,188	1,230
Leasehold Property Make Goods	1,355	1,372
Total	**2,543**	**2,602**
Leasehold Property Make Goods		
Opening balance at 1 July	1,372	1,350
Additional provisions	541	116
Additional provisions due to business combinations	35	–
Amounts used	(421)	(122)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	111	28
Closing balance at 30 June	**1,638**	**1,372**
Employee Benefits - Annual Leave		
Opening balance at 1 July	4,053	3,772
Additional provisions	5,434	5,332
Additional provisions due to business combinations	337	–
Amounts used	(5,423)	(5,051)
Closing balance at 30 June	**4,401**	**4,053**
Employee Benefits - Long Service Leave		
Opening balance at 1 July	3,154	3,023
Additional provisions	388	389
Additional provisions due to business combinations	54	–
Amounts used	(356)	(258)
Closing balance at 30 June	**3,240**	**3,154**

Analysis of Total Provisions

	Consolidated Group	
	30 June 2019	30 June 2018
	$000s	$000s
Current	6,736	7,292
Non-current	2,543	2,602
Total	**9,279**	**9,894**

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

The probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 2(p).

Provision for Leasehold Property Make Good

In accordance with the Group's contractual obligations under tenancy lease agreements, the Group is required to restore the leased premises on the expiry of the lease term. The assumptions used to calculate the provision were based on assessments of the timing of the restoration liability crystallising and on current restoration costs accreted at a rate of 2.5% (30 June 2018: 2.5%).

Operating Lease Incentives

Incentives received from entering into operating leases are recognised as liabilities. The aggregated benefits of incentives are recognised as a reduction of rental expense when the operating lease payment is incurred, as this represents the pattern of benefits derived from the leased asset. The incentives are spread over the life of the lease. These operating lease incentives were derecognised under AASB 16.

Note 27
Capital and Leasing Commitments

(a) Finance Lease and Hire Purchase Commitments

The Group has finance leases and hire purchase contracts for various items of plant and equipment. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. These leases are now captured on the Statement of Financial Position under AASB 16 and as set out in Note 18.

	Consolidated Group	
	30 June 2019	**30 June 2018**
	$000s	**$000s**
Payable — minimum lease payments		
– not later than 12 months	–	3,886
– between 12 months and 5 years	–	11,802
– later than 5 years	–	–
Minimum lease payments	–	15,688
Less future finance charges	–	(1,555)
Present value of minimum lease payments	**–**	**14,133**

(b) Operating Lease Commitments

The Group has entered into commercial leases on certain items of plant and equipment and property. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases. These leases are now captured on the Statement of Financial Position under AASB 16 and as set out in Note 18:

	Consolidated Group	
	30 June 2019	**30 June 2018**
	$000s	**$000s**
Non-cancellable operating leases contracted for but not recognised in the financial statements Payable — minimum lease payments		
– not later than 12 months	–	8,891
– between 12 months and 5 years	–	18,528
– later than 5 years	–	1,401
	–	**28,820**

(c) Capital Expenditure Commitments

	Consolidated Group	
	30 June 2019	**30 June 2018**
	$000s	**$000s**
Capital expenditure commitments contracted for:	–	–
Capital expenditure projects	**–**	**–**

(d) Commitments

The Group has payment commitments to suppliers under vendor financing arrangements as follows:

	Consolidated Group	
	30 June 2019	**30 June 2018**
	$000s	**$000s**
Non-cancellable payments		
– not later than 12 months	900	1,283
– between 12 months and 5 years	342	1,242
Capital expenditure projects	**1,242**	**2,525**

Note 28
Contingent Liabilities and Contingent Assets

Estimates of the potential financial effect of contingent liabilities that may become payable:

Bank 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 below.

The bank guarantee facility limit as at 30 June 2019 was $4,600,000 (30 June 2018: $4,500,000) of which $1,547,000 (30 June 2018: $1,702,000) was unused at the end of the reporting period.

Contingent liabilities

The Group has received a small number of individual notifications submitted by former clients against the Group. When each notification is received, the Group makes an assessment of the likelihood that the potential notice will proceed to a legal claim. The Group's estimate of the notifications that may progress to a claim and the excess that may need to be paid to its insurers to cover such potential claims at 30 June 2019 is $nil (30 June 2018: $215,000).

Shareholder Class Action

On 27 September 2017, Shine Corporate Ltd notified the ASX that it had received a statement of claim in relation to a class action on behalf of shareholders for alleged breaches, including breaches of the Corporations Act 2001.

On 29 May 2019 an agreement was reached to settle the matter. While settlement has been reached, the Company continues to deny all liability and settlement is with no admission of liability. The settlement was subject to Court approval subsequent to year end. This approval was received.

The settlement amount will become payable within 21 days after a 28 day appeal period after the date of the court approval. It is expected that the matter will proceed to final settlement without appeal. Settlement will then be made by the Company's insurers with no impact on the results, balance sheet or cash flows of the Company.

If final settlement of the matter did not take place due to appeal outcomes the Company may be required to defend the matter. The Company however believes the probability of this occurring and any additional financial loss being incurred to be less than remote.

Note 29
Cash Flow Information

(a) Reconciliation of Cash Flow from Operating Activities with Profit after Income Tax

	Consolidated Group	
	30 June 2019	30 June 2018
	$000s	$000s
Profit after income tax	14,032	19,113
Cash flows excluded from profit attributable to operating activities Non-cash flows in profit		
Depreciation, amortisation and impairment	17,425	5,859
(Gain)/Loss on disposal of Property, plant and equipment	(67)	141
Costs associated with acquisitions	–	61
Interest unwind on acquisitions	–	10
(Increase)/decrease in trade receivables	(433)	5,570
(Increase)/decrease in other assets	(280)	155
(Increase)/decrease in work in progress	(17,248)	(30,539)
(Increase)/decrease in disbursements	(8,430)	(13,908)
Increase/(decrease) in trade payables and accruals	10,212	21,767
Increase/(decrease) in income taxes payable	(64)	48
Increase/(decrease) in deferred taxes payable	8,384	9,528
Increase/(decrease) in provisions	125	851
Cash flow from operating activities	**23,656**	**18,656**

The purchase of files from other law firms is reflected in cash flows from investing activities consistent with prior years.

Note 30
Events After the Reporting Period

The Directors are not aware of any significant events since the end of the reporting period except the dividend declared as outlined in Note 11, the Court approved of the settlement of the Shareholder Class Action against Shine Corporate Ltd as outlined in Note 28 and the repayment and closure of certain disbursement funding facilities as outlined in Note 22.

Note 31
Employee Share Long Term Incentive Scheme

The Shine Corporate Ltd (Shine) Employee Share Long Term Incentive Scheme was approved by shareholders at the 2016 Annual General Meeting. The employee share scheme is designed to retain, motivate and reward key personnel through achievement of group goals and enhancement financial performance. The maximum number of Performance rights allowable to be issued in each three-year period is 5% of Shine's issued share capital per ASIC Class Order CO14/1000. Under the plan, participants are granted performance rights that convert into one fully paid ordinary share in Shine. Each grant of performance rights has a three year vesting measurement period, with a vesting date on or about 31 August following the end date of the grant's measurement period. The Performance Rights do not confer a right to vote or participate in dividends until such time as the shares are issued to the employee. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The number of share rights awarded to participants will be based on a percentage of base salary.

The amount of shares that will vest over the determination period depends on continued employment with Shine and achievement of shareholder performance conditions over the performance period. The performance metrics are determined by the Board of Directors to motivate employees to achieve a level of return for shareholders. The mix and metrics used are at the discretion of the Board. The following are outlines of the performance conditions for the FY2018 and FY2019 plans:

- Earnings per share is weighted at 70% of the grant. This is assessed based on the average annual growth in the EPS of Shine Corporate. Pro-rata vesting commences if average annual EPS growth is over 7%.
- Relative total shareholder return is weighted at 30% of the grant. This is assessed based on the growth in the total shareholder return of Shine Corporate over the performance period against companies in the S&P / ASX Small Ordinaries Index (excluding resource, mining and real estate companies). Vesting to occur pro-rata (50% - 100%).

The employee share scheme performance rights are administered by the Shine Employee Share Trust (EST). This trust is consolidated in accordance with AASB 10 Consolidated Financial Statements. Shine has the option to settle the value of the rights vested by transferring shares or cash to the participants. Upon vesting of the performance rights Shine contributes funds or new shares to the trust equal to the fair market value of the shares to be acquired or provides cash, equal to the market value of a share on the vesting date, directly to the Participant. Shares can be transferred out of the trust into the employee's name or sold on their behalf. Forfeited shares are reallocated in subsequent grants.

The number of performance rights granted is determined based on the weighted average market price at which the Company's shares are traded on the Australian Securities Exchange across the 15 days before and after the full year results release.

FY June 2018 Issuance	EPS #	TSR #	Total #
As at 1 July 2018	1,402,045	600,876	2,002,921
Rights converted during the year	–	–	–
Rights forfeited during the year	(71,411)	(30,605)	(102,016)
As at 30 June 2019	**1,330,634**	**570,271**	**1,900,905**
Weighted average share price used to determine shares issued on grant date	$0.73	$0.73	
Fair value of rights at grant date	$0.93	$0.82	

Measurement period	1 July 2017 to 30 June 2020
Vesting date	On or about 31 August 2020

FY June 2019 Issuance	EPS #	TSR #	Total #
As at 1 July 2018	–	–	–
Number of rights to deferred shares granted on 14 December 2018	1,261,498	540,642	1,802,140
Rights converted during the period	–	–	–
Rights forfeited during the period	(54,851)	(23,507)	(78,358)
As at 30 June 2019	**1,206,647**	**517,135**	**1,723,782**
Weighted average share price used to determine shares issued on grant date	$0.91	$0.91	
Fair value of rights at grant date	$0.63	$0.38	

Measurement period	1 July 2018 to 30 June 2021			
Vesting date	On or about 31 August 2021			
Total Performance Rights on issue at 30 June 2019		**2,537,281**	**1,087,406**	**3,624,687**

Fair value of performance rights granted

The fair value of the rights at grant date was estimated using a Black-Scholes model to value the EPS performance conditions and a Monte Carlo simulation to value the TSR performance conditions. The determination of the grant date measurement value to be recognised will be based on the estimates of the percentage of employees that will remain with Shine over the vesting period.

The fair value of the share performance rights for the FY June 2018 issuance was determined using the following inputs as of the year ended 30 June 2018:

Share price at measurement date	$1.05
Expected volatility	50%
Dividend yield	5.31%
Risk-free interest rate	2.06%

The fair value of the share performance rights for the FY June 2019 issuance was determined using the following inputs as of the six month period ended 31 December 2018:

Share price at measurement date	$0.71
Expected volatility	50%
Dividend yield	4.50%
Risk-free interest rate	1.99%

Under the scheme, eligible employees may be granted up to 8.65m of fully paid ordinary shares in Shine in the first 3 years of the program. The shares are recognised at the closing share price on the grant date (grant date fair value) as an issue of treasury shares by the trust and as part of employee benefit costs in the period the share are granted.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions during the period as part of employee benefit expense were as follows:

	30 June 2019	30 June 2018
Share performance rights expense	$325,000	$41,000

The Equity Share Reserve that is recognised when the expense is incurred will be offset against Share Capital when the vesting period is achieved and shares are issued.

Note 32
Deferred Ordinary Shares

The Group Chief Operating Officer is entitled to the following deferred ordinary shares:

- 100,000 unrestricted ordinary shares in Shine Corporate Ltd to be issued on 14 November 2019
- 100,000 unrestricted ordinary shares in Shine Corporate Ltd to be issued on 14 November 2020

The issuing of the shares is conditional upon being employed by Shine Corporate Ltd on the date of issue and not being within a notice period given by either party.

Fair value of deferred ordinary shares

The fair value of the deferred ordinary shares was estimated using a Black-Scholes model, based upon the share price at valuation date with an adjustment for dividends foregone during the vesting period. The fair value of the deferred ordinary shares was determined using the following inputs:

Vesting date	14 November 2019	14 November 2020
Share price at measurement date	$0.76	$0.76
Expected volatility	50%	50%
Dividend yield	4.50%	4.50%
Risk-free interest rate	2.00%	2.00%
Fair value of rights at grant date	$0.73	$0.69
Measurement period	14 November 2018 to 14 November 2019	14 November 2018 to 14 November 2020

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions during the period as part of employee benefit expense were as follows:

	30 June 2019
Deferred Ordinary Shares	$67,000

Note 33
Related Party Transactions

(a) The Group's main related parties are as follows:

i. 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 are considered key management personnel.

ii. Entities subject to significant influence by the Group:
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control or joint control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

(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:

i. Other related parties
(entities controlled or significantly influenced by related parties Simon Morrison and Stephen Roche)

	Consolidated Group	
	30 June 2019	30 June 2018
	$	$
Purchase of goods, rents and services from related parties	1,177,735	1,207,955
Sales of goods, rents and services to related parties	1,412,902	1,145,248
Interest received from related parties	254,889	188,928

ii. Loans to other related parties
(entities controlled or significantly influenced by related parties Simon Morrison and Stephen Roche)

	Consolidated Group	
	30 June 2019	30 June 2018
	$	$
Beginning of the period	2,894,219	2,172,876
Loans advanced	1,636,047	1,570,953
Loans repaid	(1,360,210)	(1,038,538)
Interest charged	254,889	188,928
Expected Credit Loss	(20,550)	–
End of the period	**3,404,395**	**2,894,219**

This loan provides funding to the Shine Lawyers New Zealand affiliated entity. It is unsecured and bears interest at the rate equivalent to Shine Corporate Ltd's Australian working capital bank facility loan rate plus 2%. The Expected Credit Loss is a requirement of AASB 9 and therefore was not present in the financial year ended 30 June 2018.

iii. Liabilities associated with right to use assets provided by related parties (entities controlled or significantly influenced by related parties Simon Morrison and Stephen Roche)

	Consolidated Group	
	30 June 2019	30 June 2018
	$	$
Beginning of the period	–	–
Impact of adoption of AASB 16	(7,173,914)	–
Interest	(392,603)	–
Repayments	767,257	–
Additional commitments	(218,771)	–
Early terminations	535,588	–
End of the period	**(6,482,443)**	**–**

iv. Consultancy fees

During the year $220,000 was paid in consultancy fees to Stephen Roche (30 June 2018: $300,000).

Note 34
Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries and bank borrowings.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
		30 June 2019	30 June 2018
Financial Assets	**Note**	**$000s**	**$000s**
Cash and cash equivalents	13	26,697	22,549
Unbilled disbursements - current	15	–	56,036
Unbilled disbursements held at fair value - current	15	59,595	–
Unbilled disbursements - non-current	15	–	22,047
Unbilled disbursements held at fair value - non-current	15	18,701	–
Loans and Receivables - current	14	–	12,221
Financial Assets at Amortised Cost - current	14	10,479	–
Loans and Receivables - non-current	14	–	1,203
Financial Assets at Amortised Cost - non-current	14	5,107	–
Total Financial Assets		**120,579**	**114,056**
Financial Liabilities			
Trade, other payables and other financial liabilities - current	21	–	69,363
Trade and Other Payables Financial Liabilities - current	21	81,034	–
Trade, other payables and other financial liabilities - non-current	21	–	67
Trade and Other Payables Financial Liabilities - non-current	21	2,515	–
Borrowings - current	23	–	4,588
Borrowings Financial Liabilities - current	23	3,581	–
Borrowings - non-current	23	–	52,876
Borrowings Financial Liabilities - non-current	23	50,832	–
Total Financial Liabilities		**137,962**	**126,894**

Financial Risk Management Policies

The Directors' overall risk management strategy seeks to assist the Group 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 Group does not have any derivative instruments at 30 June 2019 (30 June 2018: nil).

The Audit and Risk Management Committee, consisting of Non-executive Directors 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 Audit and Risk Management 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 Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group 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.

a. Credit risk

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 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.

The Group 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 14 and Work in Progress in Note 15.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 14.

b. Liquidity risk

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

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities
- maintaining a reputable credit profile

The tables below reflect an undiscounted contractual maturity analysis for 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.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Consolidated Group	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
Financial								
Bank borrowings	908	786	51,053	46,850	–	–	51,961	47,636
Trade and other payables	86,680	72,353	2,543	266	–	–	89,223	72,619
Deferred consideration	–	–	2,515	–	–	–	2,515	–
Lease liabilities	7,417	3,886	28,689	11,802	18,432	–	54,538	15,688
Total contractual outflows	**95,005**	**77,025**	**84,800**	**58,918**	**18,432**	**–**	**198,237**	**135,943**
Less bank overdrafts	–	–	–	–	–	–	–	–
Total expected outflows	**95,005**	**77,025**	**84,800**	**58,918**	**18,432**	**–**	**198,237**	**135,943**

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Consolidated Group	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
Financial								
Cash and cash equivalents	26,697	22,549	–	–	–	–	26,697	22,549
Trade, term and loans receivables	10,479	12,221	5,107	1,203	–	–	15,586	13,424
Total anticipated inflows	**37,176**	**34,770**	**5,107**	**1,203**	**–**	**–**	**42,283**	**35,973**
Net (outflow) /inflow on financial instruments	**(57,829)**	**(42,255)**	**(79,693)**	**(57,715)**	**(18,432)**	**–**	**(155,954)**	**(99,970)**

c. Market Risk

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 Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents.

The disbursement funding facilities as set out in Note 22 are fixed rate and therefore not subject to interest rate risk.

The net effective variable interest rate borrowings (i.e. unhedged debt) expose the Group to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

	Consolidated Group	
	2019	2018
Floating rate instruments	**$000s**	**$000s**
Bank borrowings	45,000	42,000
Total	**45,000**	**42,000**

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. 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, on a pre-tax basis.

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

	Consolidated Group	
	Profit	Equity
Year ended 30 June 2019	**$000s**	**$000s**
+/- 1% in interest rates	450	450

	Consolidated Group	
	Profit	Equity
Year ended 30 June 2018	**$000s**	**$000s**
+/- 1% in interest rates	420	420

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

Foreign exchange risk
Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The foreign currency risk in the Group is currently considered immaterial and is therefore not shown.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations. The foreign currency risk in the Group is currently considered immaterial and is therefore not shown.

The Group's loan to its subsidiary Risk Worldwide New Zealand Ltd and to its affiliated entity Shine Lawyers NZ Limited is denominated in Australian Dollars.

Note 35
Changes in Liabilities Arising from Financing Activities

Outlined below are changes in liabilities arising from financing activities:

	1 July 2018	AASB 16	Financing Cash Flows	Subsidiaries obtained or disposed	Foreign Exchange impact	New Leases	Other	30 June 2019
Financial								
Current interest bearing loans and borrowings (excluding items listed below)	1,331	–	(65)	32	–	–	–	1,298
Current obligations under leases	3,257	6,225	(9,709)	246	–	2,215	7,321	9,555
Non-current interest-bearing loans and borrowings (excluding items listed below)	42,000	–	3,000	–	–	–	–	45,000
Non-current obligations under leases	10,876	44,264	–	542	4	6,581	(9,153)	53,114
Dividends	–	–	(6,061)	–	–	–	6,061	–
Total	**57,464**	**50,489**	**(12,835)**	**820**	**4**	**8,796**	**4,229**	**108,967**

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including obligations under leases to current due to the passage of time, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

Outlined below are changes in liabilities arising from financing activities in the prior comparative period:

	1 July 2017	Financing Cash Flows	Other	30 June 2018
Current interest bearing loans and borrowings (excluding items listed below)	1,690	(244)	(115)	1,331
Current obligations under finance leases and hire purchase contracts	2,191	1,066	–	3,257
Non-current interest-bearing loans and borrowings (excluding items listed below)	39,000	3,000	–	42,000
Non-current obligations under finance leases and hire purchase contracts	9,741	1,134	1	10,876
Dividends payable	–	(5,195)	5,195	–
Total Liabilities from Financing Activities	**52,622**	**(239)**	**5,081**	**57,464**

The "Other" column includes the effect of accrued but not yet paid amounts.

Note 36
Fair Value Measurements

Fair value estimation

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 values derived 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.

Unbilled disbursements are held at cost with a fair value adjustment for expected recovery based on individual matter expectations or, if assessed as part of a class, based on historical recoverability rates for that class. Input measures are based on unbilled disbursements being classified as Level 3 assets (in the fair value hierarchy). The main inputs are based on internal historical recovery rates and assessed qualitative individual matter characteristics where applicable. Any adjustments made to the fair value during the period or at period end are recognised in the profit or loss within the "other expenses – fair value losses on unbilled disbursements" line. If the expected recovery rate of the asset changes by 1% the resulting adjustment would be a 1% increase or decrease in the gross value of the unbilled disbursement asset and would be classified within the "other expenses – fair value losses on unbilled disbursements" line in the profit and loss.

Fair value approximates carrying amounts for the following financial assets and liabilities:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

(ii) The carrying amount of the Group's hire purchase liabilities and bank debt approximate their fair values, as commercial rates of interest are paid and the impact of discounting is not significant.

(iii) The carrying amount of the Group's deferred consideration approximates its fair value due to the timing of the acquisition and settlement of deferred payments.

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition of:

– obligations for contingent consideration arising from business combinations.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

(b) Reconciliation of recurring Level 3 fair value measurements for Unbilled Disbursements

	30 June 2019	30 June 2018
	$000s	$000s
Balance at the beginning of the year	–	–
Impact on adoption of AASB 9	76,236	–
Additions during the year	83,028	–
Gains/(Losses) recognised in profit or loss during the year	(4,090)	–
Interest	(93)	–
Settlements during the year	(76,785)	–
Balance at the end of the year	**78,296**	**–**

(c) Collectability risk

For Unbilled Disbursements there is a risk of irrecoverability for legal matters that are taken up on a no-win no-fee basis. This risk is mitigated through the case selection process which includes review of likelihood of success during the life of the matter.

Sensitivity Analysis
The following table illustrates sensitivities to the Group's exposures to changes in collectability risk. 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, on a pre-tax basis.

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

	Consolidated Group	
	Profit	Equity
Year ended 30 June 2019	**$000s**	**$000s**
+/- 1% in provisioning rates	823	823

Note 37

Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards:

	30 June 2019	30 June 2018
STATEMENT OF FINANCIAL POSITION	$000s	$000s
Assets		
Current Assets	32,005	20,270
Non-current Assets	158,135	150,821
Total Assets	**190,140**	**171,091**
Liabilities		
Current Liabilities	663	4,555
Non-current Liabilities	44,105	41,648
Total Liabilities	**44,768**	**46,203**
Equity		
Issued Capital	132,554	132,554
Reserves	433	41
(Accumulated Losses)/Retained earnings	12,385	(7,707)
Total Equity	**145,372**	**124,888**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total (loss)/profit after tax	**26,253**	**(4,700)**
Total comprehensive (loss)/income	**26,253**	**(4,700)**

Guarantees

The parent company is party to the overall financing arrangements and related security, as detailed in Notes 16 and 23. In addition, the parent is a party to the Group's cross guarantee arrangements, as detailed in Note 16.

There are no other financial guarantees provided by the parent entity (30 June 2018: nil).

Contingent liabilities

The parent entity is a party to the contingent liabilities disclosed in Note 28.

Contractual commitments

The parent entity did not have any contractual commitments as at 30 June 2019 (30 June 2018: nil).

Note 38
Asset Acquisitions

Asset Acquisition: Acquisition of ACA Lawyers Pty Ltd

Effective 1 October 2018, the Group acquired 100% of the voting shares of ACA Lawyers Pty Ltd for cash payable of $1,160,000. This has been treated as an asset acquisition under AASB 138 Intangible Assets, as the entity was acquired for the case file matters.

An intangible Non-contractual Client Relationship asset of $1,391,000 was recognised in line with the Group's existing policy on "Intangibles other than Goodwill".

The asset is representative of the premium paid to access profits expected to be obtained. This intangible asset is being amortised over the life of the individual matters with an expected maximum amortisation period of three years.

Refer to Note 21 for details on the contingent consideration on this asset acquisition.

Note 39
Business Combination

Business Combination: Acquisition of Carr & Co Divorce & Family Lawyers Pty Ltd

Effective from 1 January 2019, the Group acquired 80% of the ordinary shares of Carr & Co Divorce & Family Lawyers Pty Ltd ("Carr & Co"). The results and balance sheet of the acquired entity are included in these consolidated financial statements.

The Group has acquired Carr & Co in line with its strategic objective to diversify earnings through the expansion of its work types, especially Family Law. The acquisition has been accounted for using the acquisition method as described within AASB 3 Business Combinations.

The provisional consolidated fair values of the identifiable assets and liabilities of Carr as at the date of acquisition were:

	Fair value recognised on acquisition
	$000s
Assets	
Cash and Cash Equivalents	405
Work in progress (WIP)	46
Plant & equipment	94
Trade receivables	642
Provision for doubtful debts	(64)
Disbursements	15
Right of Use Asset	823
Deferred tax asset	128
Total assets acquired	**2,089**
Liabilities	
Trade payables	(70)
GST	(97)
Provision for income tax payable	(118)
Provision for Fringe Benefits Tax	(6)
Provision for annual leave	(337)
Provision for long service leave	(54)
Provision for Make Good	(35)
Financial Liabilities	(32)
Lease Liabilities	(788)
Other creditors	(187)
Payables - Vendors	(237)
Total liabilities acquired	**(1,961)**
Total identifiable net assets at fair value	**128**
Goodwill arising on acquisition	3,498
Non-controlling interest	(26)
Purchase consideration	**3,600**
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary	405
Cash paid	(3,600)
Net cash outflow	**(3,195)**

The consideration is allocated to goodwill as above. The goodwill is primarily attributed to the knowledge and practises of the staff in continuing to run a successful business. The goodwill is non deductible for income tax purposes.

The fair value of trade receivables is deemed to be their gross value less the provision for expected credit losses. The fair value of work in progress (WIP) was estimated based on a detailed review of open case files at the acquisition date.

The non-controlling interest at acquisition was calculated as 20% of the total identifiable net assets at fair value.

From the date of acquisition on 1 January 2019, Carr & Co has contributed $2,633,000 of revenue and $395,000 net profit after tax to the Group's results in the statement of comprehensive income ended 30 June 2019. If the acquisition had taken place on 1 July 2018, Carr & Co's revenue would have contributed $4,773,000 revenue to the Group resulting in consolidated Group revenue of $178,131,000 and the profit after tax for Carr & Co would have been $393,000, with consolidated Group profit after tax of $14,030,000.

Transaction costs of $50,000 have been expensed and are included in the other expenses in the statement of other comprehensive income. These costs form part of the operating cash flows in the statement of cash flows.

This company will be included as part of the Emerging Practice Areas CGU Group.

Note 40
Company Details

The registered office of the Group is: Shine Corporate Ltd Level 13, 160 Ann Street, Brisbane QLD 4000

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Shine Corporate Ltd, the Directors declare that:

(a) 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;

(b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;

(c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the Directors have been given the declarations required by section 295A of the Corporations Act from the Managing Director and the Chief Financial Officer.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly-owned companies) Instrument 2016/785 (Instrument). The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee. In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the Instrument applies, as detailed in note 16 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act.

On behalf of the Directors

Simon Morrison
MANAGING DIRECTOR

Tony Bellas
CHAIRMAN

Brisbane, 28 August 2019

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Independent Auditor's Report to the Members of Shine Corporate Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Shine Corporate Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Work in Progress (WIP) and Unbilled Disbursements – Revenue recognition and provisioning

Why significant	How our audit addressed the key audit matter
At 30 June 2019 the Group's WIP balance (net) was \$283.0m and the Group's Unbilled Disbursements balance (net) was \$78.3m. The determination of the recoverability of WIP and unbilled disbursements requires significant judgment principally because of the risk of case outcomes changing from expectations or changes in actual costs to complete compared to the forecast. Notes 15 and 3 disclose the details of the amounts and judgements involved in accounting for WIP and unbilled disbursements. Revenue from the provision of legal services is recognised on an accruals basis in the year in which the performance obligation of providing legal service is completed. Revenue is calculated either with reference to the professional staff hours incurred on each matter or to milestones completed on the basis that the stage of completion can be reliably measured. The amount of revenue and profit is impacted by the Group's provisioning to reflect the estimate of the recovery rate of professional time recorded in WIP and the recovery of Unbilled Disbursements, both to date and forecast to completion, of a case matter. The judgment involved in the assessment that impacts the recovery rate calculations may have a significant impact on the results of the Group in an individual financial year. As a result, this was a Key Audit Matter.	We obtained the Group's estimates associated with the WIP balance and understood the review process the balance was subject to and positions taken at balance date. For a sample of matters, we tested controls and examined relevant documentation including client cost agreements, time worked reports, milestone-based calculations and expected matter recovery rates. The Group analysed historical recoverability data and used this as the basis for the provisioning model and recoverability assumptions applied. In order to assess the accuracy and completeness of data used, we involved our IT specialists to evaluate the data extracted by the Group for the WIP provision process. In addition, we performed the following procedures: ► Assessed whether the Group's accounting policy for revenue recognition and related calculations were in accordance with the newly adopted Australian Accounting Standard – AASB 15 *Revenue from contracts with customers.* ► Assessed, by testing a sample, the effectiveness of those controls around client acceptance, initiating, recording, and matter viability review for case matters. ► Assessed the Group's analysis to support recovery rates including comparison to year to date and historical experience for similar cases. ► For a sample of cases we assessed the evidence of client acceptance, the stage of the case, WIP and disbursement amounts recorded at year end, expected recovery, expected completion date, and fees billed. ► Enquired of the Group regarding specific cases with significant WIP amounts recorded and assessed external evidence where available, to assess the Group's position regarding likely case outcomes. ► Performed analytical procedures on WIP revenue transactions during the period and obtained explanations from management and examined supporting documentation where applicable. ► Considered the adequacy of the financial report disclosures contained in Notes 3 and 15.

Classification of WIP and Unbilled Disbursements

Why significant	How our audit addressed the key audit matter
As disclosed in Note 2(w), there is significant judgment required in assessing the classification of WIP, disbursements and associated provisioning, with a range of factors that can influence timing of when matters are actually billed and recovered. As such, this was a Key Audit Matter. The Group determines the balance to be recorded as current based on the expected billings and cash collections over the next 12 months for case portfolios and on expected resolution of individually significant larger cases and class actions.	We obtained the Group's WIP classification assessment and evaluated the inputs and assumptions applied in order to determine whether the current and non-current classifications were appropriate. In addition we performed the following: ► Assessed expected WIP to be billed within the next 12 months against the Board approved budget and cash flow forecasts for the 12 months subsequent to year end and compared this to the case portfolio. ► Enquired of the Group regarding specific cases with significant WIP amounts recorded and examined case supporting documentation in relation to expected settlement dates. ► Compared the ratio of current and non-current WIP to historical rates. ► Assessed whether the classification of unbilled disbursements was consistent with the classification of the cases the unbilled disbursements relate to. ► Considered the adequacy of the financial report disclosures on the matter in Note 2(w).

Intangible Assets Impairment Assessment

Why significant	How our audit addressed the key audit matter
At 30 June 2019, the intangible assets balance held was $47.9m, of which goodwill comprised $36.2m. In accordance with Australian Accounting Standards, the Group tests the carrying value of goodwill and other intangible assets with an indefinite life for impairment at least annually. The details of the impairment assessment are disclosed in Note 19 of the financial report. The Directors' assessment of impairment involves critical accounting estimates and assumptions, specifically concerning discounted forecast cash flows.	Our audit procedures included the following: ► Assessed whether CGU groups were appropriate and consistent with the manner in which the business is managed, monitored and reported. ► Assessed the appropriateness of the methodology and value in use model prepared by the Group to test for impairment against the requirements of Australian Accounting Standards. ► Tested whether the impairment model used was mathematically accurate. ► Assessed whether the cash flows used in the impairment testing model accurately reflected the Board approved 2020 budget. ► Considered the historical reliability of the Group's cash flow forecasting process. ► Considered the impact of a range of assumption sensitivities in the model.

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Why significant	How our audit addressed the key audit matter
The Intangible Assets impairment assessment was significant to our audit as the assessment process is complex and involves significant judgment including cash generating unit (CGU) identification, the Group's ability to achieve planned growth and forecast cash flows. These assessments involve assumptions that are affected by expected future market and economic conditions. During the year, the Group aggregated CGU groups for goodwill impairment testing purposes from five to two, comprising Personal Injury (PI) and Emerging Practice Areas (EPA) consistent with changes to the business. Based on the impairment testing performed the Board concluded that an impairment charge of $5.0m against goodwill and intangible assets was required at 31 December 2018. This was re-assessed at year end and no further impairment was required.	► Evaluated the external inputs and assumptions within the value in use model such as the growth rates, terminal value and discount rate by comparing them to assumptions and estimates used elsewhere in the preparation of the financial report and benchmarking them against market observable external data. ► Considered the adequacy of the financial report disclosures, in particular those regarding assumptions to which the outcome of the impairment test is most sensitive, and assessed them in the context of the financial report as a whole. Our valuation specialists were involved in the conduct of these procedures where appropriate.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Annual Report prior to the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 28 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Shine Corporate Ltd for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Partner
Brisbane
28 August 2019

SHAREHOLDER INFORMATION

The following information is current as at 5 August 2019.

Holding Distribution

Category (size of holding)	Total Holders – Shares	Total Holders – FY18 Rights	Total Holders – FY19 Rights
1 – 1,000	297	0	0
1,001 – 5,000	372	0	1
5,001 – 10,000	200	0	10
10,001 – 100,000	308	49	48
100,001 and over	58	2	2
Total	**1,235**	**51**	**61**

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel of Shares is 203.

Substantial Holders

Substantial Holder	Relevant Interests of Substantial Holder and Associates
Stephen Roche and Associates	84,979,804
Simon Morrison and Associates	84,979,804
FIL Limited and Associates	17,109,888
Cadence Asset Management Entities	12,849,105

*As disclosed in substantial shareholder notices received by the Company.

Voting Rights

Each Share entitles its holder to one vote on a poll. Each member present at a meeting in person or by proxy has one vote on a show of hands. Performance Rights do not confer voting rights.

Performance Rights

A total of 1,900,905 FY18 Rights are held by 51 holders and a total of 1,723,782 FY19 Rights are held by 61 holders.

No Current On-Market Buy-Back

The Company is not currently conducting an on-market buy-back.

No Restricted Securities or Voluntary Escrow

No securities in the Company are restricted securities or are subject to voluntary escrow.

Top 20 Holders Of Shares

	Name	Number of Shares Held	% of issued capital
1	Simon Morrison	42,339,902	24.45
	Stephen Roche	42,339,902	24.45
2	HSBC Custody Nominees (Australia) Limited	29,690,585	17.15
3	JP Morgan Nominees Australia Pty Limited	13,594,303	7.85
4	BNP Paribas Noms Pty Ltd	6,334,737	3.66
5	BNP Paribas Nominees Pty Ltd	4,922,990	2.84
6	Torrito Pty Ltd	3,070,500	1.77
7	Citicorp Nominees Pty Limited	1,630,527	0.94
8	Jodie Willey	1,512,957	0.87
9	NCH Pty Ltd	1,225,894	0.71
10	Stephen Francis Roche and Wendy Jane Roche	973,802	0.56
11	CHSL Thompson Pty Ltd	835,190	0.48
12	Ankla Pty Ltd	833,936	0.48
13	Stuart Macleod	707,391	0.41
14	Binya Park Pty Ltd*	673,802	0.39
15	Mercury Holdings Pty Ltd	665,000	0.38
16	Lara Schliebs	526,479	0.30
17	Grant David Zeller	500,000	0.29
18	Neweconomy Com Au Nominees Pty Limited	499,344	0.29
19	Roger Singh	486,807	0.28
20	Paul Tedder	463,109	0.27
Total Top 20 Holders		**153,827,157**	**88.83**
Balance of Register		19,334,655	11.17
Total Shares		**173,161,812**	**100.00**

* Binya Park Pty Ltd is a company controlled by Simon Morrison

GLOSSARY

ACA Lawyers	ACA Lawyers Pty Limited ACN 165 118 892 or the business conducted by it
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited ACN 008 624 691 or the securities exchange operated by it
Best Wilson Buckley	Best Wilson Buckley Family Law Pty Ltd ACN 139 493 039 or the business conducted by it
Board	The board of Directors of the Company
Bradley Bayly	Bradley Bayly Holdings Pty Ltd ACN 123 603 805 or the business conducted by it
Carr & Co	Carr & Co Divorce & Family Lawyers Pty Ltd ACN 114 924 168 or the business conducted by it
CFO	Chief Financial Officer
Chairman	The chairman of Directors
Company or Shine	Shine Corporate Ltd ACN 162 817 905
Company website	www.shinecorporate.com.au
Constitution	The constitution of the Company
Corporations Act	*Corporations Act 2001* (Cth)
Director	A director of the Company
EBITDAI	Earnings before interest, income tax, depreciation, amortisation and impairment
Emanate	Emanate Legal Services Pty Ltd ACN 169 229 752 or the business conducted by it
EPS	Earnings per share
EY	Ernst & Young
FY18 or FY2018	The financial year ended 30 June 2018
FY19, FY2019 or Financial Year	The financial year ended 30 June 2019
FY18 Right	A Performance Right issued in June 2018 in respect of FY18
FY19 Right	A Performance Right issued in December 2018 in respect of FY19
GCOO	Group Chief Operating Officer
Group	The Company and its Subsidiaries
KMP	Key Management Personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise)
Leadership Team	A management team, the members of whom report directly to the Managing Director or the GCOO
Listing Rules	The listing rules of ASX
LTI	Long Term Incentive

LTIP	Long Term Incentive Plan
Non-executive Director	A Director other than the Managing Director
NPAT	Net profit after tax
Performance Right or Right	An unquoted performance right issued under the LTIP
RTSR	Relative Total Shareholder Return
Sciacca's	Sciacca's Lawyers Pty Ltd ACN 126 179 084 or the business conducted by it
Share	A fully paid ordinary share in the Company
Shine Lawyers	Shine Lawyers Pty Ltd ACN 134 702 757 or the business conducted by it
Stephen Browne	SB Law Pty Ltd ACN 169 699 183 or the business conducted by it
STI	Short Term Incentive
STIP	Short Term Incentive Plan
Subsidiaries	The wholly owned subsidiaries of the Company as set out in note 16 to the Financial Statements
WIP	Work-in-progress, being the amount of time recorded and not yet invoiced and recovered in relation to a matter

CORPORATE DIRECTORY

Directors

Tony Bellas
Independent Non-executive Chairman

Carolyn Barker AM
Independent Non-executive Director

Greg Moynihan
Independent Non-executive Director

Simon Morrison
Managing Director

Chief Financial Officer |
Company Secretary

Ravin Raj

General Counsel |
Company Secretary

Annette O'Hara

Registered Office

Principal Administrative Office
Level 13
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Brisbane QLD 4000

Phone +61 7 3006 6000
Fax +61 7 3229 1999

ASX Listing

ASX Code SHJ

Company Numbers

ABN 93 162 817 905
ACN 162 817 905

Auditors

Ernst & Young
111 Eagle Street
Brisbane QLD 4000

Phone +61 7 3011 3333
Fax +61 7 3011 3344

Bankers

Commonwealth Bank of Australia
Level 21
180 Ann Street
Brisbane QLD 4350

Share Registry

Link Market Services Limited
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registrars@linkmarketservices.com.au

Phone +61 1300 554 474 (toll free)

SHINE
CORPORATE LTD