

SHINE LAWYERS LIMITED

ABN: 86 134 702 757

**Interim Report For The Half-Year Ended
31 December 2012**

SHINE LAWYERS LIMITED

ABN: 86 134 702 757

Financial Report For The Half-Year Ended 31 December 2012

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

Your directors present their report, together with the financial statements of the Company for the half-year ended 31 December 2012.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Carolyn Jane Barker AM

Susan Margaret Forrester (resigned 28th February 2013)

John Emmanuel George (resigned 18th February 2013)

Simon Michael Morrison

Stephen Francis Roche

Christopher Charles Waller (resigned 15th February 2013)

Tony Bellas (appointed 15th February 2013)

Greg Moynihan (appointed 18th February 2013)

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the Company during the financial period were the operation of legal practices throughout Queensland, Victoria, Western Australia and New South Wales. No significant change in the nature of these activities occurred during the half year and until the date of this report.

There were no significant changes in the nature of the Company's principal activities during the financial period.

Operating Results and Review of Operations for the Period

Operating Results

The profit of the Company for the half-year to 31st December 2012 amounted to \$7,993,376 after providing for income tax.

Review of Operations

A review of the operations of the Company during the half-year, its financial position, business strategies and prospects for the future financial years are set out in the Financial Position overview below.

Financial Position

The net assets of the Company have increased by \$6,236,893 from 30 June 2012 to \$81,378,047 as at 31 December 2012. This increase has largely resulted from the following activities.

- continued expansion of the Company's revenue, geographic footprint and service offerings, via organic growth, consolidation of recent acquisitions and new acquisitions contained within note 16 of the Financial Statements;
- continued investment by the Company in joint ventures to diversify its asset base and in infrastructure in existing business to ensure its long term success.

The directors believe the Company is in a strong and stable financial position to expand and grow its current operations.

Events after Reporting Date

On 19th February 2013 the Company increased its facilities with the Commonwealth Bank of Australia by \$8.9M to \$31.7M. The facilities will be used primarily to fund acquisitions and for working capital. \$18.6M of this facility is for a term of three years.

DIRECTORS REPORT (continued)

Auditor Independence Declaration

We have obtained the following independence declaration from our auditors, Ernst & Young.

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF SHINE LAWYERS LIMITED ABN: 86 134 702 757**

In relation to our review of the financial report of Shine Lawyers Limited for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001, or any applicable code of professional conduct.

Name of Firm Ernst & Young

Name of Partner Ric Roach

Date 6th March 2013

Address Level 51, 111 Eagle Street, Brisbane, QLD 4000.

Signed in accordance with a resolution of the directors.

Director



SIMON MORRISON, MANAGING DIRECTOR,

Date: 6th March 2013

SHINE LAWYERS LIMITED ABN: 86 134 702 757
INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31
DECEMBER 2012

		Half Year to 31 Dec 2012	Full Year to 30 Jun 2012 As restated
	Note	\$	\$
Revenue from Continuing Operations	2	48,794,848	88,430,628
Other Income		532	28,652
Employee benefits expense		(23,629,624)	(38,200,342)
Depreciation and amortisation expense		(585,387)	(858,617)
Finance costs		(437,379)	(642,446)
Other expenses	3	(12,666,987)	(23,321,873)
Profit before income tax		11,496,004	25,436,002
income tax expense	4	(3,502,628)	(7,689,314)
Profit from operations after income tax		<u>7,993,376</u>	<u>17,746,688</u>
Other comprehensive Income		-	-
Total comprehensive income		<u><u>7,993,376</u></u>	<u><u>17,746,688</u></u>

SHINE LAWYERS LIMITED ABN: 86 134 702 757
INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	31-Dec-12 \$	30-Jun-12 As restated \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	591,445	9,308,171
Trade and other receivables		6,343,580	6,018,294
Work in progress	7	94,782,376	77,180,023
Unbilled disbursements	7	23,997,048	20,029,155
Other current assets	10	795,463	594,509
TOTAL CURRENT ASSETS		<u>126,509,912</u>	<u>113,130,152</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	5,279,423	3,867,885
Intangible assets	9	9,256,887	5,675,994
Work in progress	7	11,829,492	14,364,634
Unbilled disbursements	7	2,200,301	2,619,759
Other non-current assets		151,638	-
TOTAL NON-CURRENT ASSETS		<u>28,717,741</u>	<u>26,528,272</u>
TOTAL ASSETS		<u>155,227,653</u>	<u>139,658,424</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		13,098,820	9,671,119
Borrowings		16,098,732	12,732,132
Deferred revenue		3,641,929	3,902,362
Current tax liabilities		-	1,456,074
Provisions		3,489,545	2,712,683
TOTAL CURRENT LIABILITIES		<u>36,329,026</u>	<u>30,474,370</u>
NON-CURRENT LIABILITIES			
Trade and other payables		1,441,950	1,521,226
Borrowings		1,703,680	1,906,821
Deferred revenue		329,360	451,379
Deferred tax liabilities		32,453,912	28,951,284
Provisions		1,591,678	1,212,190
TOTAL NON-CURRENT LIABILITIES		<u>37,520,580</u>	<u>34,042,900</u>
TOTAL LIABILITIES		<u>73,849,606</u>	<u>64,517,270</u>
NET ASSETS		<u>81,378,047</u>	<u>75,141,154</u>
EQUITY			
Issued capital		5,096,251	4,590,001
Retained earnings		76,281,796	70,551,153
TOTAL EQUITY		<u>81,378,047</u>	<u>75,141,154</u>

SHINE LAWYERS LIMITED ABN: 86 134 702 757
INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

		<u>Share Capital</u>		
	Notes	Ordinary	Retained Earnings	Total
		\$	\$	\$
Balance at 1 July 2011	As restated	4,590,001	56,988,829	61,578,830
Comprehensive income				
Profit for the year	As restated	-	17,746,688	17,746,688
Total comprehensive income for the year		-	17,746,688	17,746,688
Transactions with owners, in their capacity as owners and other transfer				
Dividends recognised for the year	5	-	(4,184,364)	(4,184,364)
Total transactions with owners and other transfers		-	(4,184,364)	(4,184,364)
Balance at 30 June 2012	As restated	4,590,001	70,551,153	75,141,154
Balance at 1 July 2012	As restated	4,590,001	70,551,153	75,141,154
Comprehensive income				
Profit for the period		-	7,993,376	7,993,376
Total comprehensive income for the Period		-	7,993,376	7,993,376
Transactions with owners, in their capacity as owners				
Shares issued during the period		506,250	-	506,250
Dividends recognised for the period	5	-	(2,262,733)	(2,262,733)
Total transactions with owners and other transfers		506,250	(2,262,733)	(1,756,483)
Balance at 31 December 2012		5,096,251	76,281,796	81,378,047

SHINE LAWYERS LIMITED ABN: 86 134 702 757
INTERIM STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER
2012

	Note	Half Year to 31 Dec 2012 \$	Full Year to 30 Jun 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		42,205,982	59,325,126
Payments to suppliers and employees		(42,134,383)	(50,361,003)
Interest received		62,534	200,615
Finance costs		(405,567)	(598,404)
Income tax paid		(1,734,472)	(1,793,682)
Net cash provided by/(used in) operating activities		<u>(2,005,906)</u>	<u>6,772,652</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in venture funding		(2,576,749)	-
Purchase of property, plant and equipment		(1,915,218)	(2,455,738)
Proceeds from the sale of property plant and equipment		99,515	28,652
Acquisition of businesses		(4,725,454)	(4,310,619)
Transformation development costs	9	(470,008)	(1,394,533)
Net cash provided by/(used in) investing activities		<u>(9,587,914)</u>	<u>(8,132,238)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		506,250	-
Proceeds from borrowings		3,584,195	6,782,852
Finance Lease principal repayments		(420,736)	(497,057)
Dividends paid in cash		(792,615)	(326,579)
Net cash provided by/(used in) financing activities		<u>2,877,094</u>	<u>5,959,216</u>
Net increase/(decrease) in cash held		<u>(8,716,726)</u>	<u>4,599,630</u>
Cash and cash equivalents at beginning of the financial period	6	<u>9,308,171</u>	<u>4,708,541</u>
Cash and cash equivalents at end of financial period	6	<u><u>591,445</u></u>	<u><u>9,308,171</u></u>

SHINE LAWYERS LIMITED ABN: 86 134 702 757
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

The interim condensed financial statements of the company for the half-year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 6th March 2013.

Shine Lawyers Limited is a limited company and domiciled in Australia

Note 1 Basis of Preparation and changes to the Company's accounting policies

Basis of Preparation

The interim condensed financial statements are for the half-year ended 31 December 2012 and are a special purpose financial report which has been prepared for management's internal purposes, in accordance with AASB 134 Interim Financial Reporting with the exception of comparative period disclosures in the Interim Statement of Comprehensive Income, Interim Statement of Changes in Equity, Interim Statement of Cash Flows, and relevant notes to the financial statements.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 June 2012.

The financial report is for the six month period ended 31 December 2012. Comparative information is for the 12 month period ended 30 June 2012.

(a) Change In Accounting Policy

There have been no changes in accounting policy during the half-year ended 31 December 2012.

(b) New Accounting Standards for Application In Future Periods

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

— AASB 10: *Consolidated Financial Statements*, AASB 11: *Joint Arrangements*, AASB 12: *Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements (August 2011)*, AASB 128: *Investments in Associates and Joint Ventures (August 2011)* and AASB 2011-7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements (March 2008, as amended)* and Interpretation 112, *Consolidation – Special Purpose Entities*. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees.

These Standards are not expected to significantly impact the Company's financial statements.

— AASB 11 replaces AASB 131 *Interests in Joint Ventures (July 2004, as amended)*. AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

These Standards are not expected to significantly impact the Company's financial statements

— AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a 'structured entity', replacing the 'special purpose entity' concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Company.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to significantly impact the Company's financial statements.

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

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

AASB 13 requires:

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

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Company's financial statements.

(c) Prior Year Adjustment

The company has restated its previously issued financial statements for the year ended 30 June 2012, for matters related to AASB 138 Intangible Assets, AASB 117 Leases and AASB 119 Employee Benefits. The accompanying financial statements have been amended to reflect the corrections. Also, retained earnings at 1st July 2011 have been reduced by \$369,877 as a result of previously unrecorded liabilities at 30th June 2011. As a result of these corrections, the following adjustments were made to the financial statements:

	As of 1 Jul 2011	Full Year 30 Jun 2012
	\$	\$
Increase in provision for annual leave	230,000	-
Increase in accrual for deferred lease incentives	133,830	240,765
Increase in amortisation on make goods	124,343	95,452
Increase in discount on net present value for make good liability	45,019	44,042
Reclassification from prepayments to marketing cost		376,873
Decrease in deferred tax liability	158,159	235,807
Net decrease in opening retained earnings/net profit after tax	369,877	550,216

Note 2	Revenue from Operations	Half Year 31-Dec-12	Full Year 30-Jun-12 As restated
(a)	Revenue from Operations	\$	\$
	Rendering of Services		
	— Provision of services / professional fees	47,170,709	83,949,774
	— Sundry Disbursements Recovered	1,527,000	3,961,254
	— Administration Fees	-	300,000
		<u>48,697,709</u>	<u>88,211,028</u>
	Other Income	34,606	18,985
	Interest Received	62,534	200,615
	Total sales revenue	<u>48,794,849</u>	<u>88,430,628</u>
(b)	Provision of services revenue of \$47.2 million is after making a provision of \$2,474,837 against work in progress, over and above normal provisioning, on cases which predominately commenced in prior years		
Note 3	Other Expenses	31-Dec-12	30-Jun-12
	Other Expenses	\$	\$
	Premises expenses	3,192,423	5,967,111
	Marketing expenses	2,293,852	4,064,910
	HR expenses	1,730,426	2,476,682
	IT and computer expenses	1,633,153	2,740,374
	Printing, postage and stationery	1,086,194	1,830,023
	Professional fees	1,070,069	1,900,090
	Unrecovered expenses	735,566	2,886,115
	Motor vehicle and travel expenses	721,566	923,018
	Sundry expenses	203,738	533,550
		<u>12,666,987</u>	<u>23,321,873</u>
Note 4	Income Tax Expense	31-Dec-12	30-Jun-12
	The components of tax expense comprise:	\$	\$
	Current tax	-	2,656,074
	Deferred tax	3,502,628	5,033,240
		<u>3,502,628</u>	<u>7,689,314</u>
(b)	Prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facie tax payable on profit from ordinary activities before income tax at 30%		
		3,448,801	7,630,800
		<u>3,448,801</u>	<u>7,630,800</u>
	Add:		
	Tax effect of: — other non-allowable items		
		53,827	58,514
		<u>3,502,628</u>	<u>7,689,314</u>
	The applicable weighted average effective tax rates are as follows:		
		30.5%	30.2%
Note 5	Dividends	31-Dec-12	30-Jun-12
	Distributions paid	\$	\$
	Special fully franked ordinary dividend of 2.158 cents per share franked at the tax rate of 30%	-	4,184,364
	Interim fully franked ordinary dividend of 1.158 cents per share franked at the tax rate of 30%	2,262,733	-
		<u>2,262,733</u>	<u>4,184,364</u>
	Cash payments for dividends amounted to \$792,615 at December 2012 and \$326,579 at June 2012. The balance was offset against receivables		
Note 6	Cash and Cash Equivalents	31-Dec-12	30-Jun-12
		\$	\$
	Cash at bank and on hand	591,445	9,308,171
		<u>591,445</u>	<u>9,308,171</u>
	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		
		591,445	9,308,171
		<u>591,445</u>	<u>9,308,171</u>
	A floating charge over cash and cash equivalents has been provided for certain debt.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Note 7 Work in progress

	Half Year 31-Dec-12	Full Year 30-Jun-12 As restated
CURRENT	\$	\$
<i>At net realisable value</i>		
Work in progress	112,109,549	88,117,324
Work in progress Provision	<u>(17,327,173)</u>	<u>(10,937,301)</u>
	<u>94,782,376</u>	<u>77,180,023</u>
Unbilled Disbursements	24,330,034	20,323,625
Unbilled Disbursements Provision	<u>(332,986)</u>	<u>(294,470)</u>
	<u>23,997,048</u>	<u>20,029,155</u>
NON CURRENT		
<i>At net realisable value</i>		
Work in progress	14,054,017	16,400,269
Work in progress Provision	<u>(2,224,525)</u>	<u>(2,035,635)</u>
	<u>11,829,492</u>	<u>14,364,634</u>
Unbilled Disbursements	2,200,301	2,658,275
Unbilled Disbursements Provision	<u>-</u>	<u>(38,516)</u>
	<u>2,200,301</u>	<u>2,619,759</u>

Note 8 Property, Plant and Equipment

	31-Dec-12	30-Jun-12
PLANT AND EQUIPMENT	\$	\$
Plant and equipment		
At cost	4,019,050	2,574,756
Accumulated depreciation	<u>(492,204)</u>	<u>(237,001)</u>
	<u>3,526,846</u>	<u>2,337,755</u>
Make good allowance on leased premises		
At cost	871,897	879,395
Accumulated depreciation	<u>(339,342)</u>	<u>(243,890)</u>
	<u>532,355</u>	<u>435,505</u>
Leased plant and equipment		
Capitalised leased assets	782,356	699,786
Accumulated depreciation	<u>(217,944)</u>	<u>(156,471)</u>
	<u>564,412</u>	<u>543,315</u>
Office Equipment		
At cost	633,716	464,169
Accumulated depreciation	<u>(151,218)</u>	<u>(100,575)</u>
	<u>482,498</u>	<u>363,594</u>
Computer equipment and software		
At cost	506,826	475,115
Accumulated depreciation	<u>(333,514)</u>	<u>(287,399)</u>
	<u>173,312</u>	<u>187,716</u>
Total plant and equipment	<u>5,279,423</u>	<u>3,867,885</u>

(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 period.

	Make Good \$	Office Equipment \$	Computer Equipment \$	Motor Vehicles \$	Plant and Equipment \$	Leased Plant and Equipment \$	Total \$
Balance at 1 July 2011 (as restated)	559,848	276,077	125,384	29,082	857,976	134,810	1,983,177
Additions	-	174,961	157,101	21,310	2,097,133	521,420	2,971,925
Disposals	-	(8,392)	-	(46,865)	(434,250)	(26,680)	(516,187)
Depreciation expense	(124,343)	(79,052)	(94,769)	(3,527)	(183,104)	(86,235)	(571,030)
Balance at 30 June 2012	<u>435,505</u>	<u>363,594</u>	<u>187,716</u>	<u>-</u>	<u>2,337,755</u>	<u>543,315</u>	<u>3,867,885</u>
Additions	192,302	169,802	31,711	-	1,543,022	82,569	2,019,406
Disposals	-	(255)	-	-	(98,728)	-	(98,983)
Depreciation expense	(95,452)	(50,643)	(46,115)	-	(255,203)	(61,472)	(508,885)
Balance at 31 December 2012	<u>532,355</u>	<u>482,498</u>	<u>173,312</u>	<u>-</u>	<u>3,526,846</u>	<u>564,412</u>	<u>5,279,423</u>

SHINE LAWYERS LIMITED ABN: 86 134 702 757
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Note 9 Intangible Assets

	Half Year 31-Dec-12	Full Year 30-Jun-12 As restated
	\$	\$
Transformation project costs	1,763,409	1,293,401
Impairment	<u>(174,584)</u>	<u>(174,584)</u>
	<u>1,588,825</u>	<u>1,118,817</u>
Erin Brockovich agreement	1,130,042	1,130,042
Amortisation	<u>(291,927)</u>	<u>(235,425)</u>
	<u>838,115</u>	<u>894,617</u>
Software	101,131	101,131
Amortisation	<u>-</u>	<u>-</u>
	<u>101,131</u>	<u>101,131</u>
Goodwill		
Cost	6,728,816	3,561,429
Accumulated impairment losses	<u>-</u>	<u>-</u>
Net carrying amount	<u>6,728,816</u>	<u>3,561,429</u>
	<u>9,256,887</u>	<u>5,675,994</u>
	Goodwill	
	\$	
Year ended 30 June 2012		
Balance at the beginning of year	2,320,470	
Additions through business combinations	<u>1,240,959</u>	
Closing value at 30 June 2012	<u>3,561,429</u>	
Half-year Year ended 31 December 2012		
Balance at the beginning of year	3,561,429	
Additions through business combinations	<u>3,167,387</u>	
Closing value at 31 December 2012	<u>6,728,816</u>	

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 comprehensive income. Goodwill has an indefinite useful life.

Impairment

Goodwill is tested fully for impairment annually (as at 30 June) and when circumstances indicate the carrying value may be impaired. The company's impairment test for goodwill and intangible assets with infinite lives is based on value-in-use calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual financial statements for the year ended 30 June 2012.

The directors do not consider there have been any triggers for impairment in the period to 31 December 2012

Note 10 Other Current Assets

	31-Dec-12	30-Jun-12
	\$	\$
CURRENT		
Prepayments	<u>785,463</u>	<u>594,509</u>
	<u>785,463</u>	<u>594,509</u>

Note 11 Capital and Leasing Commitments

	31-Dec-12	30-Jun-12
	\$	\$
(a) Finance Lease Commitments		
Payable — minimum lease payments		
— not later than 12 months	916,769	950,070
— between 12 months and 5 years	<u>1,889,636</u>	<u>2,161,551</u>
Minimum lease payments	2,806,405	3,111,621
Less future finance charges	<u>(360,098)</u>	<u>(439,020)</u>
Present value of minimum lease payments	<u>2,446,307</u>	<u>2,672,601</u>
	31-Dec-12	30-Jun-12
	\$	\$
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	6,141,720	5,745,815
— between 12 months and 5 years	<u>11,699,619</u>	<u>13,800,763</u>
	<u>17,841,339</u>	<u>19,546,578</u>

SHINE LAWYERS LIMITED ABN: 86 134 702 757
 NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Note 12 Contingent Liabilities and Contingent Assets

The Company's main types of contingent liabilities are guarantees. All of the company's banking and lending facilities are with the Commonwealth Bank. The bank guarantee facility limit at 31 December 2012 was \$2,000,000 (30 June 2012: \$1,250,000) of which \$276,967 (30 June 2012: \$163,523) was unused at the end of the reporting period.

Note 13 Operating Segments

Segment Information

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources. These reports are currently considered at a whole of business level. As a result the Company treats the business as only one operating segment.

Note 14 Events After the Reporting Period

On 19th February 2013 the Company increased its facilities with the Commonwealth Bank of Australia by \$8.8M to \$31.7M. The facilities will be used primarily to fund acquisitions and for working capital. \$18.6M of this facility is for a term of three years. The directors are not aware of any other significant events since the end of the reporting period.

Note 15 Related Party Transactions

(a) 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:

	Half Year 31-Dec-12	Full Year 30-Jun-12
i. Other Related Parties		As restated
<i>Purchase of goods and services</i>	\$	\$
Shine Lawyers Partnership - Administration fees charged to the partnership for the provision of administration services in accordance with the agency agreement	-	300,000
Murshine Service Trust - Office staff and services paid in pursuant to the services agreement	654,790	2,300,074
Morrison Family Trust & Stephen Roche Family Trust - Rental payments in relation to Bundaberg Office	11,533	20,691
Stephen Roche Investment Trust & Morrison Family Trust - Rental payments in relation to storage Toowoomba office	3,988	1,800
Stephen Roche Investment Trust & Morrison Family Trust - Rental payments in relation to the Toowoomba office	6,055	18,288
Morrison Family Trust & Stephen Roche Family Trust - Rental payments in relation to Shine's Centre of Learning, Murphys Creek	150,383	264,600
Morrison Family Trust & Stephen Roche Family Trust - Rental of apartments for clients and staff travel	10,100	-
The SW Roche Family Trust and SN Morrison Family Trust - Rental of storage at 4 Clopton street	992	-
	<u>837,851</u>	<u>2,905,453</u>
	31-Dec-12	30-Jun-12
	\$	\$
ii. Loans to Other Related Parties		
Beginning of the year	-	422,853
Loans advanced	-	-
Loan repayment received	-	(422,853)
End of year	<u>-</u>	<u>-</u>
iii. Unpaid Present Entitlements		
Stephen Roche Trust	80,106	751,501
Simon Morrison Trust	80,106	751,501
	<u>160,212</u>	<u>1,503,002</u>

SHINE LAWYERS LIMITED ABN: 86 134 702 757
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Note 18 Business Combinations

Acquisition of Shannon Donaldson Province Lawyers

Shine Lawyers Ltd entered into an agreement to purchase the business assets, with an effective date of 1st December 2012, of Shannon Donaldson Province Lawyers. By acquiring Shannon Donaldson Province Lawyers the company expects to diversify earnings through expansion of a non-core work type and geographic coverage. The interim financial statements include the results of Shannon Donaldson Province Lawyers for the one month period from the acquisition date.

The provisional fair value of the identifiable assets and liabilities of Shannon Donaldson Province Lawyers as at the date of acquisition was as follows.

Net assets acquired

Assets

Work in Progress	1,115,174
Less WIP Provision	(167,276)
Unbilled Disbursements	121,010
Plant and Equipment	79,188
Total assets acquired	<u><u>1,148,096</u></u>

Liabilities

LSL Provision	(151,710)
Annual Leave Provision	(144,172)
Total Liabilities acquired	<u><u>(295,882)</u></u>
Net Assets acquired at fair value	<u><u>852,214</u></u>

Interim Goodwill on acquisition	2,452,812
	<u><u>3,305,026</u></u>

Consideration

Cash	2,805,026
Deferred equity consideration	500,000
Total consideration at face value	<u><u>3,305,026</u></u>

From the date of acquisition, Shannon Donaldson Province Lawyers has contributed \$295,000 of revenue and \$95,000 to the net profit before tax of Shine Lawyers. If the acquisition had taken place at the beginning of the period, the revenue from continuing operations would have been \$50.6M and the profit from continuing operations before tax would have been \$11.92M.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the activities of Shannon Donaldson Province Lawyers with those of Shine Lawyers. None of the recognised goodwill is expected to be deductible for income tax purposes.

SHINE LAWYERS LIMITED ABN: 86 134 702 757
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Note 16 Business Combinations (continued)

Acquisition of Ron Kramer Associates RKA Lawyers & Eugene Lepore & Associates

Shine Lawyers Ltd entered into an agreement to purchase the business assets with an effective date of 1st July 2012, of Ron Kramer Associates RKA Lawyers & Eugene Lepore & Associates. By acquiring these firms the company expects to diversify earnings through expansion of geographic coverage and build scale in NSW. The interim financial statements include the results of Ron Kramer Associates RKA Lawyers & Eugene Lepore & Associates for the six month period from the acquisition date.

The provisional fair value of the identifiable assets and liabilities of Ron Kramer Associates RKA Lawyers & Eugene Lepore & Associates as at the date of acquisition was as follows:

Net assets acquired

Assets

Work in Progress	3,837,297
Less WIP Provision	(776,871)
Plant and Equipment	25,000
Total assets acquired	<u>3,085,426</u>

Liabilities

Annual Leave Provision	(91,081)
LSL Provision	(48,535)
Wages Provision	(12,565)
Total Liabilities acquired	<u>(152,181)</u>
Net Assets acquired	<u>2,933,245</u>

Interim Goodwill on acquisition	714,574
	<u>3,647,819</u>

Base Consideration

Cash	1,920,428
Contract Liability	1,427,391
Earn out	300,000
Total consideration at face value	<u>3,647,819</u>

From the date of acquisition, Ron Kramer Associates RKA Lawyers & Eugene Lepore & Associates has contributed \$2,195,000 of revenue and \$1,252,000 to the net profit before tax of Shine Lawyers.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the activities of Ron Kramer Associates RKA Lawyers & Eugene Lepore & Associates with those of Shine Lawyers. None of the recognised goodwill is expected to be deductible for income tax purposes.

Note 17 Company Details

The registered office of the company is:

Shine Lawyers Limited
146 Mort Street
Toowoomba Qld 4350

The principal place of business is:

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

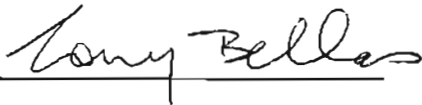
SHINE LAWYERS LIMITED ABN: 86 134 702 757
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Shine Lawyers Limited, we state that:

In the opinion of the directors:

1. The financial statements and notes of Shine Lawyers Limited for the half-year ended 31 December give a true and fair view of the entity financial position as at 31 December 2012 and of its performance for the half-year ended on the date, in accordance with the basis of preparation set out in note 1.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director



Director



SIMON MORRISON

Dated this 6th day of March 2013

To the members of Shine Lawyers Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, which is a special purpose financial report, of Shine Lawyers Limited (the company), which comprises the interim statement of financial position as at 31 December 2012, and the interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error. The directors have determined that the accounting policies used and described in Note 1 to the financial statements are consistent with the financial reporting requirements of AASB 134 Interim Financial Reporting except for the comparative period information contained in the interim statement of comprehensive income, interim statement of changes in equity, interim statement of cash flows and other selected explanatory notes and are appropriate to meet the needs of the members. These policies do not require the application of all Accounting Standards and other mandatory financial reporting requirements in Australia.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the accompanying financial report is not presented fairly, in all material respects, in accordance with the accounting policies described in Note 1 to the financial statements. As the auditor of Shine Lawyers Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

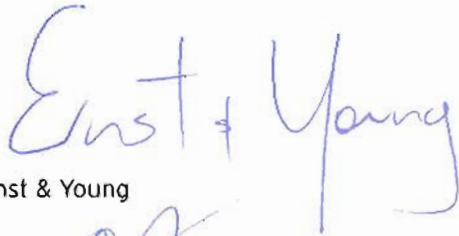
In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Shine Lawyers Limited does not present fairly, in all material respects, the financial position of Shine Lawyers Limited as at 31 December 2012 and its financial performance and its cash flows for the half-year ended on that date, in accordance with the accounting policies described in Note 1 to the financial statements.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the half-year financial report which describes the basis of accounting. The half-year financial report is prepared for Shine Lawyers Limited management's internal purposes. As a result the half-year financial report may not be suitable for another purpose. Our report is intended solely for Shine Lawyers Limited and should not be distributed to parties other than Shine Lawyers Limited.

A handwritten signature in blue ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in blue ink, appearing to be 'Ric Roach', written in a cursive style.

Ric Roach
Partner
6 March 2013

