SHINE CORPORATE LTD
AND CONTROLLED ENTITIES

ABN: 93 162 817 905

Financial report for the half-year ended
31 December 2018

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SHINE CORPORATE LTD
DIRECTORS' REPORT

Your Directors present their report, together with the condensed consolidated interim financial report of the Group, being Shine Corporate Ltd ("the Company") and its controlled entities (collectively known as "the Group") for the half year ended 31 December 2018.

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.

Tony Bellas (Non-Executive Director)
Carolyn Barker AM (Non-Executive Director)
Gregory Moynihan (Non-Executive Director)
Simon Morrison (Managing Director)

REVIEW AND RESULTS OF OPERATIONS

Revenue

Consolidated sales revenue and other income for the half year was $86,398,000 (31 December 2017: $88,231,000), representing a decline of 2.1%. The slight decrease in revenue is the net result of a number of factors, including WIP recoverability. See **Note 5** to the financial statements for full details.

Expenses

Total expenses of $81,004,000 were $4,918,000 higher than the prior comparative period of $76,086,000. Included in the current results is an impairment of goodwill in relation to the Land, Energy and Resources practice of $5,000,000 subsequent to a review of this sector's performance. Excluding the impairment, the total expenses of $76,004,000 were similar to the prior comparative period of $76,086,000.

Employee benefits expense increased by $1,008,000 (2.2%) from $45,336,000 to $46,344,000. The main driver of the increase was inflation adjustments to salaries.

The impact of the early adoption of AASB 16 *Leases* resulted in a material shift of costs from Other Expenses into Depreciation and Amortisation Expense and Finance Costs. The two headings most impacted within Other Costs were Premises Expenses and IT and Computer Expenses. Refer to **Note 3** for further information.

Results - Net Profit after Income Tax

The consolidated net profit after income tax from continuing operations for the half year was $2,209,000 (31 December 2017: $7,826,000).

Results - Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment (EBITDAI*)

The reconciliation of Net Profit after Income Tax to EBITDAI* is as follows:

		31-Dec-18		31-Dec-17
		$000s		**$000s**
Net profit after income tax		**2,209**		**7,826**
Add back:				
Financing costs	3,508		1,649	
Depreciation and amortisation	5,822		2,692	
Impairment of goodwill	5,000		-	
Income Tax expense	3,185	17,515	4,319	8,660
Subtract:				
Interest revenue	(168)	(168)	(9)	(9)
EBITDAI based on statutory numbers*		**19,556**		**16,477**
Impact of AASB16 *Leases*	(4,407)	(4,407)	-	-
EBITDAI adjusted for AASB16 *Leases* *		**15,149**		**16,477**

** EBITDAI is a non-IFRS measure that is not a calculation which appears in the Financial Statements and, accordingly, has not been reviewed.*

Dividends

The Board of Directors declared an interim unfranked dividend of 1.25 cents per share on 27 February 2019 (H1 FY2018: 1.0 cents per share fully franked).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act in relation to the review of the half year report is provided with this report.

Signed in accordance with a resolution of the Directors.

Simon Morrison
Managing Director

Dated: 27 February 2019

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

As lead auditor for the review of the interim financial report of Shine Corporate Ltd for the half-year ended 31 December 2018, 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 review; and

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

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

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Partner
27 February 2019

SHINE CORPORATE LTD
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Consolidated Group	
For the six months ended		**31 December 2018**	**31 December 2017**
	Note	**$000s**	**$000s**
Continuing operations			
Revenue	6	-	88,231
Revenue from Contracts with Customers	6	85,416	-
Other Income	6	982	-
		86,398	88,231
Less Expenses:			
Employee benefits expense		(46,344)	(45,336)
Depreciation and amortisation expense		(5,822)	(2,692)
Finance costs		(3,508)	(1,649)
Impairment of goodwill	12	(5,000)	-
Other expenses	7	(20,330)	(26,409)
Profit before income tax from continuing operations		5,394	12,145
Income tax (expense)/benefit	8	(3,185)	(4,319)
Net profit for the period from continuing operations		2,209	7,826
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		224	(260)
Total comprehensive income for the period		2,433	7,566
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Group:		**¢**	**¢**
Basic earnings per share in cents		1.28	4.52
Diluted earnings per share in cents		1.26	4.52

The accompanying notes form part of these financial statements.

SHINE CORPORATE LTD
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated Group 31 December 2018 $000s	30 June 2018 $000s
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		13,613	22,549
Trade and other receivables		14,703	12,221
Income tax receivable		247	106
Work in progress	10	-	160,245
Contract Assets - Work in progress	10	180,198	-
Unbilled disbursements	10	-	56,036
Unbilled disbursements held at fair value	10	56,538	-
Other current assets		2,135	2,589
TOTAL CURRENT ASSETS		267,434	253,746
NON-CURRENT ASSETS			
Trade and other receivables		4,590	1,203
Work in progress	10	-	96,792
Contract Assets - Work in progress	10	96,168	-
Unbilled disbursements	10	-	22,047
Unbilled disbursements held at fair value	10	18,718	-
Property, plant and equipment		3,280	7,635
Right of Use Assets	11	46,301	-
Intangible assets	12	45,000	48,291
TOTAL NON-CURRENT ASSETS		214,057	175,968
TOTAL ASSETS		481,491	429,714
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		16,413	13,167
Unbilled disbursements creditors	13	62,880	55,930
Short term borrowings	15	2,223	4,588
Lease liabilities	11	7,247	-
Other current financial liabilities		1,059	266
Provisions		6,011	7,292
TOTAL CURRENT LIABILITIES		95,833	81,243
NON-CURRENT LIABILITIES			
Other non-current financial liabilities		-	67
Long term borrowings	15	48,654	52,876
Lease liabilities	11	45,283	-
Deferred tax liabilities		76,097	74,786
Provisions		2,856	2,602
TOTAL NON-CURRENT LIABILITIES		172,890	130,331
TOTAL LIABILITIES		268,723	211,574
NET ASSETS		212,768	218,140
EQUITY			
Issued capital	16	53,150	53,150
Retained earnings		159,390	165,321
Reserves		228	(331)
TOTAL EQUITY		212,768	218,140

The accompanying notes form part of these financial statements.

SHINE CORPORATE LTD
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December	Note	Issued Capital $000s	Retained Earnings $000s	Foreign Exchange Reserves $000s	Equity Share Reserves $000s	Total $000s
Consolidated Group						
Balance at 1 July 2017		53,150	151,403	(75)	-	204,478
Comprehensive income						
Profit for the period		-	7,826	-	-	7,826
Other comprehensive income		-	-	(260)	-	(260)
Total comprehensive income for the period		-	7,826	(260)	-	7,566
Transactions with owners, in their capacity as owners, and other transfers						
Dividends recognised for the period	9	-	(3,463)	-	-	(3,463)
Total transactions with owners and other transfers		-	(3,463)	-	-	(3,463)
Balance at 31 December 2017		53,150	155,766	(335)	-	208,581
Balance at 1 July 2018		53,150	165,321	(372)	41	218,140
Effect of adoption of new accounting standards						
AASB9 Financial Instruments		-	(226)	-	-	(226)
AASB15 Revenue from Contracts with Customers		-	(1,238)	-	-	(1,238)
AASB16 Leases		-	(2,780)	-	-	(2,780)
Balance at 1 July 2018 (Restated)		53,150	161,077	(372)	41	213,896
Comprehensive income						
Profit for the period		-	2,209	-	-	2,209
Other comprehensive income		-	-	224	-	224
Total comprehensive income for the period		-	2,209	224	-	2,433
Transactions with owners, in their capacity as owners, and other transfers						
Dividends recognised for the period	9	-	(3,896)	-	-	(3,896)
Employee Share Long Term Incentive Scheme		-	-	-	335	335
Total transactions with owners and other transfers		-	(3,896)	-	335	(3,561)
Balance at 31 December 2018		53,150	159,390	(148)	376	212,768

The accompanying notes form part of these financial statements.

SHINE CORPORATE LTD
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended	Note	Consolidated Group 31 December 2018 $000s	 31 December 2017 $000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		77,682	74,837
Payments to suppliers and employees		(71,066)	(68,350)
Interest received		168	117
Finance costs		(3,191)	(1,702)
Income tax (paid)/received		22	(23)
Net cash provided by operating activities		3,615	4,879
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(541)	(1,119)
Proceeds on sale of property, plant and equipment		-	40
Payments for acquisition of businesses and purchase of files, including earnouts and deferred consideration		(1,110)	(3,743)
(Loans advanced)/repaid to or from related parties		(338)	(51)
Purchase of other intangible assets		(1,288)	(2,480)
Net cash used in investing activities		(3,277)	(7,353)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	17,985
Repayment of borrowings		(1,068)	-
Dividends paid	9	(3,896)	(3,463)
Asset finance facility drawdowns		529	2,855
Asset finance facility repayments		(1,242)	(176)
Right of use asset payments		(3,620)	-
Net cash (used in)/provided by financing activities		(9,297)	17,201
Net increase/(decrease) in cash held		(8,959)	14,727
Cash and cash equivalents at beginning of financial period		22,549	14,188
Effect of exchange rates on cash holdings in foreign currencies		23	(38)
Cash and cash equivalents at end of financial period		13,613	28,877

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 six months ended 31 December 2018 were authorised for issue on 27 February 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

The interim condensed consolidated financial statements for the six months ended 31 December 2018 have been prepared in accordance with AASB134 *Interim Financial Reporting* .

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2018 and ASX announcements during the period.

Rounding

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.

Changes in Accounting policies, Accounting standards and interpretations

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, except for the adoption of new standards effective as of 1 July 2018 as described in Note 3. For accounts impacted by the adoption of new standards as outlined in Note 3, the comparative financial information is presented in line with the accounting policies followed in the presentation of the Group's annual consolidated financial statements for the year ended 30 June 2018. Other than AASB16, the Group has not early adopted any other new standards or interpretations.

The Group applied, for the first time, AASB 9 Financial Instruments, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases. As required by AASB 134, the nature and effect of these changes are disclosed below.

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
• AASB 15 Revenue from Contracts with Customers
• AASB 16 Leases
Outlined below are the impacts of these standards.

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.

(a) 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 AASB9 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 the profit and loss.

(b) 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, the loss allowance increased with a proportionate decrease in the deferred tax liability. Refer to table below for quantification of this adjustment.

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* .

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.

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.

NOTE 3 ADOPTION OF NEW ACCOUNTING STANDARDS FROM 1 JULY 2018 (Continued)

(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/downlifts 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.

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 Servces: 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 litigation. 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.

NOTE 3 ADOPTION OF NEW ACCOUNTING STANDARDS FROM 1 JULY 2018 (Continued)

AASB 16: Leases

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:
- Elimination of operating rental expenses;
- 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.C10(a), AASB 16.C10(b), AASB 16.C10(d) and AASB 16.C10(e).

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, 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.

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;

  o The Group has the right to operate the asset; or
  o 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.

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 company 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.

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.

NOTE 3 ADOPTION OF NEW ACCOUNTING STANDARDS FROM 1 JULY 2018 (Continued)

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.

Impact of Adopted Standards

Set out below are the opening adjustment impacts on the 1 July 2018 transition to AASB9, AASB15 and AASB16 and the subsequent impact from these standards for the 6 months ended 31 December 2018:

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-Jun-18	1-Jul-18	1-Jul-18	1-Jul-18	1-Jul-18
	$000s	$000s	$000s	$000s	$000s
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	22,549	-	-	-	22,549
Trade and other receivables	12,221	(33)	-	-	12,188
Income tax receivable	106	-	-	-	106
Work in progress/contract assets	160,245	(150)	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	(5)	-	-	1,198
Work in progress/contract assets	96,792	(79)	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	-	-	(4,728)	2,907
Right of use assets	-	-	-	50,198	50,198
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**
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	13,167	-	-	(19)	13,148
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**	**-**	**-**	**5,278**	**86,521**
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)**	**48,250**	**259,196**
NET ASSETS	**218,140**	**(226)**	**(1,238)**	**(2,780)**	**213,896**
EQUITY					
Issued capital	53,150	-	-	-	53,150
Retained earnings	165,321	(226)	(1,238)	(2,780)	161,077
Reserves	(331)	-	-	-	(331)
TOTAL EQUITY	**218,140**	**(226)**	**(1,238)**	**(2,780)**	**213,896**

NOTE 3 ADOPTION OF NEW ACCOUNTING STANDARDS FROM 1 JULY 2018 (Continued)

Impact on the Statement of Financial Performance Increase/(Decrease) for the six months ended 31 December 2018

	Previous AASB Consolidated Statement of Comprehensive Income	AASB 9 Adjustment	AASB 15 Adjustment	AASB 16 Adjustment	Actual Consolidated Statement of Comprehensive Income
	31-Dec-18	31-Dec-18	31-Dec-18	31-Dec-18	31-Dec-18
	$000s	$000s	$000s	$000s	$000s
Revenue	86,499	-	(101)	-	86,398
Less Expenses:					
Employee benefits expense	(46,344)	-	-	-	(46,344)
Depreciation and amortisation expense	(1,941)	-	-	(3,881)	(5,822)
Finance costs	(2,128)	-	-	(1,380)	(3,508)
Other expenses					
Premises expenses	(5,737)	-	-	3,518	(2,219)
Marketing expenses	(6,090)	-	-	156	(5,934)
HR expenses	(1,679)	-	-	-	(1,679)
IT and computer expenses	(3,336)	-	-	733	(2,603)
Printing, postage and stationery	(1,134)	-	-	-	(1,134)
Professional fees	(2,818)	-	-	-	(2,818)
Unrecovered matter related expenses	(2,780)	-	-	-	(2,780)
Motor vehicle and travel expenses	(611)	-	-	-	(611)
Bad & doubtful debts expenses	(178)	(25)	-	-	(203)
Sundry expenses	(349)	-	-	-	(349)
Impairment of Goodwill	(5,000)	-	-	-	(5,000)
Profit before income tax from continuing operations	**6,374**	**(25)**	**(101)**	**(854)**	**5,394**
Income tax (expense)/benefit	(2,891)	8	30	256	(3,185)
Net profit for the period from continuing operations	**3,483**	**(17)**	**(71)**	**(598)**	**2,209**
EPS Basic cents per share	2.01 c	(0.01c)	(0.04c)	(0.35c)	1.28 c
EPS Diluted cents per share	1.99 c	(0.01c)	(0.04c)	(0.34c)	1.26 c

Impact on the Statement of Cash Flow Increase/(Decrease) for the six months ended 31 December 2018

	Previous AASB Consolidated Statement of Cash Flows	AASB 9 Adjustment	AASB 15 Adjustment	AASB 16 Adjustment	Actual Consolidated Statement of Cash Flows
	31-Dec-18	31-Dec-18	31-Dec-18	31-Dec-18	31-Dec-18
	$000s	$000s	$000s	$000s	$000s
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	77,682	-	-	-	77,682
Payments to suppliers and employees	(75,473)	-	-	4,407	(71,066)
Interest received	168	-	-	-	168
Finance costs	(1,811)	-	-	(1,380)	(3,191)
Income tax received	22	-	-	-	22
Net cash provided by operating activities	588	-	-	3,027	3,615
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(541)	-	-	-	(541)
Proceeds on sale of property, plant and equipment	-	-	-	-	-
Payments for acquisition of businesses and purchase of files, includir	(1,110)	-	-	-	(1,110)
Costs associated with acquisition of businesses	-	-	-	-	-
(Loans advanced)/repaid to or from related parties	(338)	-	-	-	(338)
Purchase of other intangible assets	(1,288)	-	-	-	(1,288)
Net cash used in investing activities	(3,277)	-	-	-	(3,277)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings	(1,068)	-	-	-	(1,068)
Dividends paid	(3,896)	-	-	-	(3,896)
Asset finance facility drawdowns	529	-	-	-	529
Asset finance facility repayments	(1,835)	-	-	593	(1,242)
Right of use asset payments	-	-	-	(3,620)	(3,620)
Net cash provided by financing activities	(6,270)	-	-	(3,027)	(9,297)
Net increase/(decrease) in cash held	**(8,959)**	**-**	**-**	**-**	**(8,959)**

NOTE 3 ADOPTION OF NEW ACCOUNTING STANDARDS FROM 1 JULY 2018 (Continued)

The main reasons for the changes are as follows:

AASB9 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.

AASB15 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 AASB15 as a contract is not yet in existence. Any outstanding accrual is reversed at 1 July 2018 against retained earnings.

AASB16 Leases

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

NOTE 4 SEASONALITY OF OPERATIONS

The Group does not incur any high seasonality as considered by AASB 134 *Interim Financial Reporting* , meaning reported results are not seasonally impacted. However, the Group has historically recorded a significantly higher rate of settlements and consequently cashflows, in the second half of each financial year.

NOTE 5 OPERATING SEGMENTS

General Information

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 does not meet the specific criteria in AASB8 which means it is not considered as its own reporting segment. Therefore as Risk Worldwide New Zealand Limited 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 AASB8.13.

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

Types of products and services by segment:

(i) *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.

(ii) *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 and the files acquired within ACA Lawyers Pty Ltd.

Basis of accounting for purposes of reporting by operating segments

(a) **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.

(b) **Unallocated items**

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

(c) **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.

(d) **Geographic information**

All operations are conducted within Australia with the exception of Shine NZ Services Pty Ltd and Risk Worldwide New Zealand Limited which are located in New Zealand.

NOTE 5 OPERATING SEGMENTS (Continued)

(i) **Segment performance**

The table below includes the disaggregation of Revenue from Contracts with Customers from 1 July 2018 upon adoption of AASB15. 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:

31 December 2018	Personal Injury $000s	Emerging Practice Areas $000s	Unallocated items $000s	Total $000s
REVENUE				
Legal services: No-win-no-fee variable	58,754	15,705	-	74,459
Legal services: No-win-no-fee fixed fee	-	1,761	-	1,761
Legal services: Time and materials	-	9,229	-	9,229
Other professional services revenue	375	(408)	-	(33)
Subtotal External sales	**59,129**	**26,287**	**-**	**85,416**
Interest Revenue	-	-	168	168
Other revenue	30	784	-	814
Total segment revenue	**59,159**	**27,071**	**168**	**86,398**
RESULTS				
Segment profit/(loss) before tax	**13,428**	**(2,861)**	**(5,173)**	**5,394**

31 December 2017	Personal Injury $000s	Emerging Practice Areas $000s	Unallocated items $000s	Total $000s
REVENUE				
External sales	57,888	29,824	-	87,712
Other revenue	-	-	519	519
Total segment revenue	**57,888**	**29,824**	**519**	**88,231**
RESULTS				
Segment profit/(loss) before tax	**9,530**	**8,007**	**(5,392)**	**12,145**

(ii) **Segment assets**

	Personal Injury $000s	Emerging Practice Areas $000s	Unallocated items $000s	Total $000s
31 December 2018	303,066	174,605	3,820	481,491
30 June 2018	284,421	142,626	2,667	429,714

(iii) **Segment liabilities**

31 December 2018	87,083	41,144	140,496	268,723
30 June 2018	53,628	29,086	128,860	211,574

Geographic information

	31 December 2018 $000s	31 December 2017 $000s
Revenue from external customers		
Australia	85,236	87,190
New Zealand	175	522
Total	**85,411**	**87,712**

The revenue above is based on the locations of the customers

	31 December 2018 $000s	30 June 2018 $000s
Non-current operating assets		
Australia	185,939	173,774
New Zealand	4,808	2,193
Total	**190,747**	**175,967**

Non-current operating assets consist primarily of property, plant and equipment, work in progress and intangible assets.

NOTE 6 REVENUE

	Note	Consolidated Group 31 December 2018 $000s	31 December 2017 $000s
Sales revenue			
Provision of services/professional fees		-	85,510
		-	85,510
Sundry disbursements recovered		-	2,202
		-	87,712
Revenue from Contracts with Customers			
Legal services: No-win-no-fee variable		74,459	-
Legal services: No-win-no-fee fixed fee		1,761	-
Legal services: Time and materials		9,229	-
Other professional services revenue		(33)	-
		85,416	-
Other Income			
Interest Income		168	9
Services management fee		738	510
Other Income		76	-
		982	519
Total revenue		**86,398**	**88,231**

NOTE 7 OTHER EXPENSES

Other expenses	Note	Consolidated Group 31 December 2018 $000s	31 December 2017 $000s
Premises expenses	i.	2,219	5,856
Marketing expenses		5,934	5,860
HR expenses		1,679	1,687
IT and computer expenses	i.	2,603	4,137
Printing, postage and stationery		1,134	1,348
Professional fees		2,818	2,843
Unrecovered matter related expenses		-	2,174
Fair Value losses on unbilled disbursements		2,780	-
Motor vehicle and travel expenses		611	1,134
Bad & doubtful debts expenses		203	963
Sundry expenses		349	407
		20,330	**26,409**

i.
"Premises expenses" and "IT and computer expenses" have reduced due to the adoption of AASB16 *Leases* from 1 July 2018. A similar amount of 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 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 31 December 2018 $000s	31 December 2017 $000s
(a) The components of tax (expense)/benefit comprise:		
Current tax	-	-
Deferred tax	(3,185)	(4,019)
Under provision in respect of prior years	-	(300)
Income tax (expense)/benefit	**(3,185)**	**(4,319)**
(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% (31 December 2017: 30%)		
Consolidated group	(1,618)	(3,645)
Tax effect of:		
— Non-allowable items	(32)	(28)
— Non-deductible Impairment	(1,500)	-
— Non-deductible amortisation	(35)	(326)
— Earnout adjustments and share guarantee payments	-	(20)
— Underprovision in respect of prior years	-	(300)
Income tax (expense)/benefit attributable to entity	**(3,185)**	**(4,319)**
The applicable weighted average effective tax rates are as follows:	59.0%	35.6%

The total Australian taxable losses available at 31 December 2018 are $40,246,000 (30 June 2018: $35,912,000) resulting in potential deferred tax asset of $12,074,000 (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 at 31 December 2018 of $2,305,000 (30 June 2018: $861,000) resulting in potential deferred tax asset of 31 December 2018 $691,560 (30 June 2018 $258,000) have also been fully recognised in the current year on the basis that the business will derive sufficient future taxable profits.

NOTE 9 DIVIDENDS PAID AND PROPOSED

	Consolidated Group 31 December 2018 $000s	31 December 2017 $000s
(a) Distributions paid		
Final franked (to 41%) ordinary dividend for FY2018 of 2.25 cents per share (31 December 2017: final fully franked ordinary dividend for FY2017 of 2.00 cents per share)	3,896	3,463
	3,896	**3,463**

(b) Distributions proposed and not recognised as a liability

The Board of Directors has declared an interim unfranked dividend of 1.25 cents per share on 27 February 2019 (31 December 2018: 1.0 cents per share fully franked).

NOTE 10 WORK IN PROGRESS AND UNBILLED DISBURSEMENTS

	Consolidated Group 31 December 2018 $000s	30 June 2018 $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	220,102	-
Constraint on variable consideration of contract assets	(39,904)	-
	180,198	**-**
Unbilled disbursements	-	59,827
Unbilled disbursements provision	-	(3,791)
	-	**56,036**
Unbilled disbursements - at cost	59,356	-
Unbilled disbursements provision - fair value adjustment	(2,818)	-
	56,538	**-**
	236,736	**216,281**
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	118,208	-
Constraint on variable consideration of contract assets	(22,040)	-
	96,168	**-**
Unbilled disbursements	-	23,406
Unbilled disbursements provision	-	(1,359)
	-	**22,047**
Unbilled disbursements - at cost	20,082	-
Unbilled disbursements provision - fair value adjustment	(1,364)	-
	18,718	**-**
	114,886	**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	338,310	-
Total Constraint on variable consideration of contract assets	(61,944)	-
Total Net Contract Assets - Work in progress	**276,366**	**-**
Total Unbilled disbursements	-	83,233
Total Unbilled disbursements provision	-	(5,150)
Total Net Unbilled Disbursements	**-**	**78,083**
Total Unbilled disbursements - at cost	79,438	-
Total Unbilled Disbursements provision - fair value adjustment	(4,182)	-
Total Net Unbilled Disbursements held at fair value	**75,256**	**-**

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 (2018 - $492,000 loss). 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.

NOTE 11 RIGHT OF USE ASSETS AND LEASE LIABILITIES

	Consolidated Group	
	31 December 2018	30 June 2018
	$000s	$000s
(a) Right of Use Assets		
Premises		
Cost	50,303	-
Accumulated depreciation	(5,591)	-
Net carrying amount	44,712	-
Equipment		
Cost	2,393	-
Accumulated depreciation	(804)	-
Net carrying amount	1,589	-
Total Right of Use Assets		
Cost	52,696	-
Accumulated depreciation	(6,395)	-
Net carrying amount	**46,301**	**-**

	Consolidated Group	
	31 December 2018	30 June 2018
	$000s	$000s
(b) Lease Liabilities		
Current		
Premises	6,038	-
Equipment	1,209	-
Total Current Lease Liabilities	7,247	-
Non-Current		
Premises	44,729	-
Equipment	554	-
Total Non-Current Lease Liabilities	45,283	-
Lease Liabilities		
Premises	50,767	-
Equipment	1,763	-
Total Lease Liabilities	**52,530**	**-**

The Right of Use Assets and Lease Liabilities have arisen upon adoption of AASB16 *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 majority of Premises and Equipment Right of Use Assets are being depreciated on a straight line basis over periods as set out below:

	Consolidated Group	
	31 December 2018	30 June 2018
Premises	6.7% to 33.3%	n/a
Equipment	20% to 50%	n/a

NOTE 12 INTANGIBLE ASSETS

	Consolidated Group	
	31 December 2018	30 June 2018
	$000s	$000s
Goodwill		
Cost	42,659	42,650
Accumulated impairment losses	(10,000)	(5,000)
Net carrying amount	32,659	37,650
Non-contractual Client Relationships		
Cost	4,653	3,262
Accumulated amortisation	(3,378)	(3,262)
Net carrying amount	1,275	-
Computer software		
Cost	548	664
Accumulated amortisation and impairment losses	(524)	(523)
Net carrying amount	24	141
Transformation project costs		
Cost	14,989	13,592
Accumulated amortisation and impairment losses	(4,119)	(3,314)
Net carrying amount	10,870	10,278
Erin Brockovich agreement		
Cost	1,130	1,130
Accumulated amortisation and impairment losses	(970)	(913)
Net carrying amount	160	217
Website development		
Cost	18	18
Accumulated amortisation and impairment losses	(17)	(17)
Net carrying amount	1	1
Trademarks, patents and intellectual property		
Cost	186	179
Accumulated amortisation and impairment losses	(175)	(175)
Net carrying amount	11	4
Total intangibles	**45,000**	**48,291**

Goodwill allocation for impairment testing

For the purpose of impairment testing, goodwill acquired from business combinations is allocated to groups of cash generating units that are expected to benefit from the synergies of the combination. These groups of cash generating units 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 Cash Generating Units 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 cash generating unit respectively is set out below:

Goodwill	Personal Injury CGUs	Emerging Practice Areas CGUs	Total
	$000s	**$000s**	**$000s**
30 June 2018	16,646	21,013	37,659
31 December 2018	16,646	16,013	32,659

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 has undergone a significant strategic alignment to more closely integrate these operations into the broader EPA grouping. This has 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. On a stand-alone basis the Land, Energy and Resources CGU now has no excess of recoverable value over the carrying value of its assets (including goodwill). 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 level.

The recoverable amount of the cash generating units 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. Apart from the quantum and timing of cash flows the assumptions for impairment testing at 30 June 2018 were retained at 31 December 2018.

NOTE 12 INTANGIBLE ASSETS (Continued)

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
	31 December 2018	30 June 2018	31 December 2018	30 June 2018
Pre-tax Discount rate used	12.7%	12.7%	13.3%	13.3%
Headroom ie. value-in-use exceeding carrying value	$40,740,000	$14,070,000	$29,450,000	$32,830,000
Each of the following changes independently would result in headroom decreasing to nil:				
Reduction in revenue growth rate	1.0%	0.4%	1.5%	1.9%
Reduction in terminal value growth rate	2.6%	0.8%	3.0%	3.0%
Increase in pre-tax discount rate (Weighted Average Cost of Capital)	1.6%	0.5%	2.8%	3.3%

NOTE 13 UNBILLED DISBURSEMENT CREDITORS

	Note	Consolidated Group 31 December 2018 $000s	30 June 2018 $000s
Unbilled Disbursement Creditors			
Disbursement funding creditors	14	52,169	45,580
Unfunded disbursement creditors		10,711	10,350
		62,880	55,930

NOTE 14 DISBURSEMENT FUNDING

31 December 2018	Limit $000s	Balance drawn $000s	Unused limit available $000s
Disbursement Funding Facility	2,326	2,326	-
Deferred Settlement Agreement	7,033	7,033	-
Deed of Assignment disbursement funding	694	694	-
Deed of Assignment of Residential Client Disbursements	293	293	-
Deferred Payment Agreement	47,000	41,816	5,184
Exclusive Service Provider Deed	n/a	7	n/a
	57,346	**52,169**	**5,184**

30 June 2018	Limit $000s	Balance drawn $000s	Unused limit available $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	-
	50,533	**45,580**	**4,364**

Disbursement Funding Facility

The Group has a Disbursement Funding Facility agreement with a third party to provide loans directly to its clients to fund disbursements on their case. In line with Shine's no win, no fee business model, the Group has provided an indemnity to this third party for the value of any loan to an unsuccessful client, including any accrued interest and fees. The total value of all disbursement loans at 31 December 2018 is $2,326,000 (30 June 2018: $3,786,000) which represents the Group's maximum potential exposure at that date. These loans are 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, interest or fees on cases expected to be unsuccessful.

During the FY2017 financial year, the Group was advised by the third party that the disbursement funding facility would be wound down over successive financial years. At that point it was agreed that the limit of additional drawings after 30 September 2018 would be reduced to nil.

The Disbursement Funding Facility has been re-financed through the Deferred Payment Agreement and the Disbursement Funding Facility was paid out and closed in January 2019 (subsequent to 31 December 2018).

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) and is available for two years, with an automatic extension for another two years unless expressly withdrawn. 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 31 December 2018 is $7,033,000 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.

NOTE 14 DISBURSEMENT FUNDING (Continued)

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 is the value of the uncollected debts of $497,000. 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.

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 is the value of the debts of $296,000 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.

Deferred Payment Agreement
In FY2018, Shine Lawyers entered into a Deferred Payment Agreement with a new third party to funds its disbursements. Drawdowns of $38,201,000 were made during the financial period, primarily to refinance existing facilities that are in run-off as described elsewhere in this note and to fund previously unfunded 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.

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 new 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 of client loans at 31 December 2018 were $520,000. 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.

NOTE 15 BORROWINGS

	Consolidated Group	
	31 December 2018	30 June 2018
	$000s	$000s
CURRENT		
Secured liabilities		
Bank loans	263	753
Transformation Project Costs loan	1,949	2,174
Hire purchase liability	11	1,083
Unsecured liabilities		
Vendor finance	-	578
Total current borrowings	**2,223**	**4,588**
NON-CURRENT		
Secured liabilities		
Bank loans	42,000	42,000
Transformation Project Costs loan	6,654	7,824
Hire purchase liability	-	3,052
Total non-current borrowings	**48,654**	**52,876**
Total borrowings	**50,877**	**57,464**

	Consolidated Group	
	31 December 2018	30 June 2018
	$000s	$000s
(a) **Total current and non-current secured liabilities:**		
Bank loan	42,263	42,753
Transformation Project Costs loan	8,603	9,998
Hire purchase liability	11	4,135
	50,877	**56,886**

The Group was in compliance with all financial and non-financial covenants applicable to these facilities as at 31 December 2018 (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.

NOTE 16 ISSUED CAPITAL

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

	Consolidated Group	
(a) **Ordinary Shares**	**31 December 2018**	**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.

NOTE 17 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 31 December 2018 was $4,500,000 (30 June 2018: $4,500,000) of which $1,493,000 (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 31 December 2018 is $320,000 (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. The group of shareholders on whose behalf the claim is brought are defined, in part, as persons who acquired an interest in ordinary shares in the Company on the Australian Securities Exchange at some time during the period commencing 27 August 2014 and concluding on 29 January 2016. The claim seeks compensation and damages of an unspecified amount, interest and costs.

At 31 December 2018, the Directors have considered the claim using information currently at hand and are of the view that the claim is fully defendable. The Directors will continue to assess the claim and any potential exposure to the Company as the matter progresses.

NOTE 18 RELATED PARTY TRANSACTIONS

Related Parties

(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:

	Consolidated Group	
	31 December 2018	31 December 2017
	$	$
i. **Other related parties (entities controlled or significantly influenced by related parties Morrison and Roche)**		
Purchase of goods, rents and services from related parties	579,163	655,184
Sales of goods, rents and services to related parties	737,733	528,833
Interest received from related parties	124,863	92,629

	Consolidated Group	
	31 December 2018	30 June 2018
	$	$
ii. **Loans to other related parties (entities controlled or significantly influenced by related parties Morrison and Roche)**		
Beginning of the period	2,894,219	2,172,876
Loans advanced	785,353	1,572,247
Loans repaid	(570,412)	(1,038,538)
Interest charged	123,074	187,634
Expected Credit Loss	(14,157)	-
End of the period	**3,218,077**	**2,894,219**

This loan provides funding to the Shine NZ 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%.

NOTE 18 RELATED PARTY TRANSACTIONS (Continued)

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

Beginning of the period	-	-
Adjustment on adoption of AASB16 on 1 July 2018	(7,173,914)	-
Interest	(199,389)	-
Repayments	382,733	-
End of the period	**(6,990,570)**	**-**

iv. During the half year period $120,000 was paid in consultancy fees to Stephen Roche (31 December 2017: $165,000).

NOTE 19 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 AASB138 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.

NOTE 20 EVENTS AFTER THE REPORTING PERIOD

Closure of Disbursement Funding Facility

The Disbursement Funding Facility has been re-financed through the Deferred Payment Agreement and the Disbursement Funding Facility was paid out and closed in January 2019 (subsequent to 31 December 2018). Refer to Note 14 for further detail.

File Acquisition

Subsequent to period end in January 2019 the Group completed a file acquisition from a third party. The total consideration paid or payable was $843,000.

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"). The results and balance sheet of the acquired entity have been excluded from these consolidated financial statements.

The Group has acquired Carr 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 *AASB3 Business Combinations* . The consolidated financial statements will include the results of Carr from 1 January 2019.

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/(liabilities) at fair value	**128**
Goodwill arising on acquisition	3,472
Non-controlling interest	-
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)**

NOTE 20 EVENTS AFTER THE REPORTING PERIOD (Continued)

The consideration is provisionally 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.

Transaction costs of $50,000 have been expensed and are included in the operating expenses in the statement of other comprehensive income. These costs form part of the operating cash flows in the statement of cash flows as follows - $14,000 was paid prior to 31 December 2018, with the balance paid subsequent.

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

NOTE 21 EMPLOYEE SHARE LONG TERM INCENTIVE SCHEME

The Shine Corporate Limited (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% per ASIC Class Order CO14/1000. Under the plan, participants are granted share 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 2017/2018 plan:

- 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. Vesting commences of 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 AASB10 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 to be granted is determined based on the weighted average market price at which the company's shares are traded on the Australian Stock Exchange across the 15 days before and after the full year results release. None of the performance rights granted have been forfeited or converted into ordinary shares as at 31 December 2018 (30 June 2018: nil).

June 2018 Issuance

	EPS #	TSR #	Total #
As at 1 July 2018	1,402,045	600,876	2,002,921
Rights converted during the year	0	0	0
Rights forfeited during the year	(9,001)	(3,858)	(12,859)
As at 31 December 2018	**1,393,044**	**597,018**	**1,990,062**
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		

December 2018 Issuance

	EPS #	TSR #	Total #
As at 1 July 2018	0	0	0
Number of rights to deferred shares granted on 14 December 2018	1,261,498	540,642	1,802,140
Rights converted during the period	0	0	0
Rights forfeited during the period	0	0	0
As at 31 December 2018	**1,261,498**	**540,642**	**1,802,140**
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	**2,654,542**	**1,137,660**	**3,792,202**

NOTE 21 EMPLOYEE SHARE LONG TERM INCENTIVE SCHEME (Continued)

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 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 December 2018 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 5 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:

	31 December 2018	**31 December 2017**
Share performance rights expense	$335,000	$0

NOTE 22 COMPANY DETAILS

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

SHINE CORPORATE LTD
DIRECTORS' DECLARATION

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

In the opinion of the Directors:

(a) the financial statements and notes of Shine Corporate Ltd for the half year ended 31 December 2018 are in accordance with the *Corporations Act 2001* including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and

   (ii) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Simon Morrison
Managing Director

Dated this 27th day of February 2019

Ernst&Young
111 Eagle Street
Brisbane QLD 4000 Australia
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Independent Auditor's Review Report to the Members of Shine Corporate Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Shine Corporate Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

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

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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.

Building a better
working world

Independence

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

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Partner
Brisbane
27 February 2019

SHINE CORPORATE LTD
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 27 February 2019:

1. **Directors**
   Tony Bellas, Independent Chairman and Non-Executive Director
   Carolyn Barker AM, Non-Executive Director
   Gregory Moynihan, Non-Executive Director
   Simon Morrison, Managing Director

2. **Company secretaries**
   Annette O'Hara
   Ravin Raj

3. **Principal registered office**
   Level 13, 160 Ann Street, Brisbane QLD 4000
   Phone: +61 7 3006 6000
   Fax: +61 7 3229 1999

4. **Stock Exchange Listing**
   Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of Australian Securities Exchange Limited.

   Code: SHJ

5. **Auditors**
   Ernst & Young
   111 Eagle Street, Brisbane QLD 4000
   Phone: +61 7 3011 3333
   Fax: +61 7 3011 3100

6. **Company website**
   www.shinecorporate.com.au

7. **Company numbers**
   ACN: 162 817 905
   ABN: 93 162 817 905

8. **Bankers**
   Commonwealth Bank of Australia
   Level 21, 180 Ann Street, Brisbane Qld 4000

9. **Investor relations website**
   www.linkmarketservices.com.au

10. **Share registry**
    Link Market Services Limited
    Level 21, 10 Eagle Street, Brisbane 4000
    Phone: 1300 554 474