

Shine Lawyers Limited

Financial Report

For the year ended 30 June 2010

Shine Lawyers Limited

For the year ended 30 June 2010

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Shine Lawyers Limited

Directors' Report

For the year ended 30 June 2010

Your directors present their report on the company for the financial year ended 30 June 2010.

1. General information

Directors

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

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

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

Principal Activities

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

No significant change in the nature of these activities occurred during the year.

2. Business review

Operating Results

The profit from ordinary activities after providing for income tax amounted to \$24,685,959 (30 June 2009: \$14,738,044)

Dividends paid or declared

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

3. Other items

Significant Changes in State of Affairs

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

- (i.) The company entered into a contract on 1st March 2010 with Somerville & Co Pty Ltd to acquire the client records and work in progress of the personal injuries practice of Somerville & Co for \$2.8m
- (ii.) The company entered into a contract on 29th March 2010 with Aldo Burgio of AB Law to acquire the client records and work in progress of the personal injuries practice of AB Law for \$600,000
- (iii.) The company issued 1.4 million shares on 17th March 2010 for 30 cents each pursuant to a staff share plan

Shine Lawyers Limited

Directors' Report

For the year ended 30 June 2010

4. Director Information continued

Meetings of Directors

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

	Directors' Meetings	
	Eligible to attend	Number attended
Stephen Francis Roche	10	10
Simon Michael Morrison	10	9
Carolyn Barker	9	7
Susan Forrester	9	8
Christopher Charles Waller	10	10

5. Options

Options granted or outstanding

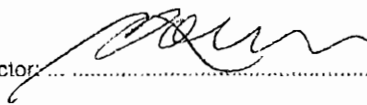
No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

6. Indemnifying Officers or Auditors

Indemnities


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

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

Director: 

Stephen Roche

Date: 26th October 2010

Director: 

Simon Morrison

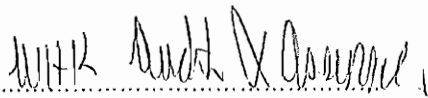
Date: 26th October 2010

Shine Lawyers Limited

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

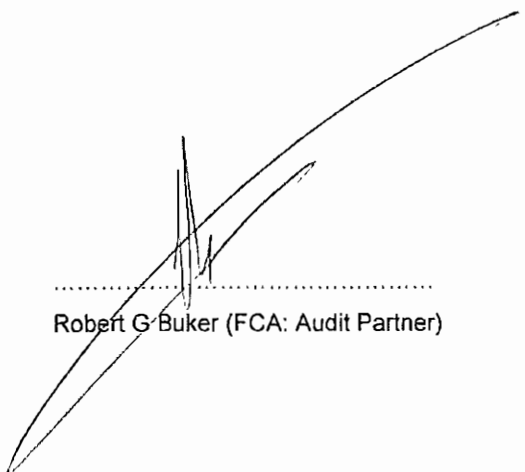
I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

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



WHK Audit & Assurance

.....
Date : 26th October 2010



.....
Robert G. Buker (FCA: Audit Partner)



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Shine Lawyers Limited

Statement of Comprehensive Income

		2010 (12 months) \$	2009 (5 months) \$
Revenue from continuing operations	2	73,333,861	32,928,258
Employee benefits expense		(24,428,456)	(7,377,284)
Depreciation, amortisation and impairments	8	(173,822)	(14,738)
Other expenses		(13,112,984)	(4,492,314)
Finance costs		(313,860)	(4,030)
Profit before income tax from continuing operations		35,304,739	21,039,892
Income tax expense	4	(10,618,780)	(6,301,848)
Profit from continuing operations after Income Tax for the year		24,685,959	14,738,044
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		24,685,959	14,738,044

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

Shine Lawyers Limited

Statement of Financial Position

	Note	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	5,750,824	3,637,476
Trade and other receivables	6	21,194,645	7,928,921
Work in Progress	7	53,724,496	23,407,165
Total current assets		80,669,965	34,973,562
Non-current assets			
Work in Progress	7	8,639,537	1,504,350
Plant and equipment	8	922,786	377,439
Deferred tax assets	9	882,110	381,385
Intangible assets	10	2,294,465	2,294,465
Total non-current assets		12,738,898	4,557,639
TOTAL ASSETS		93,408,863	39,531,201
LIABILITIES			
Current liabilities			
Trade and other payables	11	8,275,123	4,714,746
Borrowings	12	3,021,544	91,179
Provisions	13	1,662,627	992,103
Other	14	13,670,593	7,619,048
Total current liabilities		26,629,887	13,417,076
Non-current liabilities			
Trade and other payables	11	1,143,967	194,503
Borrowings	12	3,699,422	274,809
Deferred tax liabilities	9	17,802,738	6,683,233
Provisions	13	268,845	203,535
Total non-current liabilities		22,914,972	7,356,080
TOTAL LIABILITIES		49,544,859	20,773,156
NET ASSETS		43,864,004	18,758,045
EQUITY			
Issued capital	15	4,440,001	4,020,001
Retained Profits		39,424,003	14,738,044
TOTAL EQUITY		43,864,004	18,758,045

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

Shine Lawyers Limited

Statement of Changes in Equity

For the year ended 30 June 2010

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance as at 1 July 2009		4,020,001	14,738,044	18,758,045
Total comprehensive income for the year		-	24,685,959	24,685,959
Shares issued during the year	15	14,000	-	14,000
Share premium	15	406,000	-	406,000
Balance at 30 June 2010		4,440,001	39,424,003	43,864,004

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

Shine Lawyers Limited

Statement of Cash Flows

For the year ended 30 June 2010

		2010 (12 months) \$	2009 (5 months) \$
Cash from operating activities:			
Receipts from customers		25,925,944	11,858,058
Payments to suppliers and employees		(27,444,220)	(9,917,767)
Interest received		89,675	1,868
Interest paid		(313,860)	(4,030)
Income taxes paid			
Net cash provided by (used in) operating activities	17	<u>(1,742,461)</u>	<u>1,938,129</u>
Cash flows from investing activities:			
Payments for purchase of businesses		(3,400,000)	-
Purchase of property, plant and equipment		(719,169)	(392,177)
Purchase of other non current assets		-	(2,294,465)
Net cash provided by (used in) investing activities		<u>(4,119,169)</u>	<u>(2,686,642)</u>
Cash flows from financing activities:			
Proceeds from issue of shares		420,000	4,020,001
Proceeds from borrowings		6,354,978	365,988
Repayment of borrowings		1,200,000	
Net cash provided by (used in) financing activities		<u>7,974,978</u>	<u>4,385,989</u>
Other activities:			
Net increase (decreases) in cash and cash equivalents		2,113,348	3,637,476
Cash and cash equivalents at the beginning of the financial year		<u>3,637,476</u>	<u>-</u>
Cash at end of financial year		<u>5,750,824</u>	<u>3,637,476</u>

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

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

1 Significant Accounting Policies

(a) General information

The financial report covers Shine Lawyers Limited as an individual entity. Shine Lawyers Limited is a company limited by shares, incorporated and domiciled in Australia.

New, revised or amending Standards and Interpretations

Shine Lawyers Limited has adopted all of the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant and effective for the current reporting year.

The adoption of these Standards and Interpretations did not have any impact on the financial performance or position of the entity.

The following Standards and Interpretations are most relevant to the entity:

AASB 101 Presentation of Financial Statements ('AASB 101')

The entity has applied the revised AASB 101 from 1 July 2009 and now presents a statement of comprehensive income, which incorporates the income statement. As a result, the entity now presents all changes in equity in the statement of changes in equity. The balance sheet is now referred to as the statement of financial position. The cash flow statement is now referred to as the statement of cash flows.

AASB 3 Business Combinations ('AASB 3')

The entity has applied the revised AASB 3 for all new business combinations acquired on or after 1 July 2009. As well as the expensing of transaction costs there are a number of significant changes - refer to the 'business combinations' accounting policy for further details.

AASB 7 Financial Instruments: Disclosure ('AASB 7')

This amended standard is applicable from 1 July 2009 and requires additional disclosure about fair value measurement of financial instruments, using a three level fair value hierarchy.

(b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

1 Significant Accounting Policies Continued

(c) Income taxes

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

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

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

(d) Revenue

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

i) Rendering of services

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

ii) Interest revenue

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

(e) Disbursements

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

(f) Work in Progress

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

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

1 Significant Accounting Policies Continued

(g) Plant and equipment

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

Depreciation

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

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

Class of Fixed Asset

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

An assets' residual value and useful life is reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(h) Leases

(i) Finance leases

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

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

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

(ii) Operating leases

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

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

1 Significant Accounting Policies Continued

(i) Intangible assets

Goodwill

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

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

(j) Impairment of assets

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

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

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

(k) Cash and cash equivalents

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

(l) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the balance sheet date.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

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

(m) Provisions

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

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

1 Significant Accounting Policies Continued

(n) Borrowings

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

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

(o) Comparatives

Comparative figures have been provided, but it should be noted the company only commenced trading from 1 February 2009.

(p) Goods and Services Tax (GST)

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

2 Revenue from continuing operations

	2010 (12 months) \$	2009 (5 months) \$
Sales revenue		
- professional fees	60,259,986	26,240,430
- Trust distributions	10,809,140	5,943,660
- interest received	89,675	1,868
- sundry disbursements recovered	1,823,717	616,091
- administration fees	300,000	125,000
- other revenue	51,343	1,209
Total Revenue from continuing operations	<u>73,333,861</u>	<u>32,928,258</u>

3 Auditors' Remuneration

	2010 (12 months) \$	2009 (5 months) \$
Remuneration of the auditor of the company for:		
- Auditing or reviewing the financial report	25,000	15,000
- Other services	68,327	9,132

4 Income tax expense

(a) The components of tax expense comprise:

	2010 (12 months) \$	2009 (5 months) \$
Originating and reversing temporary differences	<u>10,618,780</u>	<u>6,301,848</u>
	<u>10,618,780</u>	<u>6,301,848</u>

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

Prima facie tax payable on profit from ordinary activities before income tax at 30%	10,591,421	6,311,968
Add: Tax effect of:		
- other non-allowable items	28,875	523
	<u>10,620,296</u>	<u>6,312,491</u>
Less: Tax effect of:		
- Investment allowance	1,516	10,643
Income tax attributable to entity	<u>10,618,780</u>	<u>6,301,848</u>
The applicable weighted average effective tax rates is:	30%	30%

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

5 Cash and cash equivalents

	2010	2009
	\$	\$
Cash on hand	8,250	5,556
Cash at bank	5,742,574	3,631,920
	<u>5,750,824</u>	<u>3,637,476</u>

Reconciliation of Cash

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

Cash and cash equivalents	<u>5,750,824</u>	<u>3,637,476</u>
	<u>5,750,824</u>	<u>3,637,476</u>

6 Trade and other receivables

	2010	2009
	\$	\$
CURRENT		
Trade receivables	3,864,391	1,505,579
Prepayments	465,012	476,247
UPE Stephen Roche Trust	8,376,400	2,971,830
UPE Simon Morrison Trust	8,376,400	2,971,830
Other receivables	112,442	3,435
	<u>21,194,645</u>	<u>7,928,921</u>

7 Work in Progress

	2010	2009
	\$	\$
CURRENT		
Work in progress	40,835,791	18,026,158
Unbilled Disbursements	12,888,705	5,381,007
	<u>53,724,496</u>	<u>23,407,165</u>
NON CURRENT		
Work in progress	7,254,078	1,203,795
Unbilled disbursements	1,385,459	300,555
	<u>8,639,537</u>	<u>1,504,350</u>
	<u>62,364,033</u>	<u>24,911,515</u>

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

8 Plant and equipment

	2010 \$	2009 \$
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	924,145	204,976
Less accumulated depreciation	(143,344)	(6,753)
Total plant and equipment	<u>780,801</u>	<u>198,223</u>
Plant and equipment		
Under lease	187,201	187,201
Less accumulated depreciation	(45,216)	(7,985)
Total plant and equipment under lease	<u>141,985</u>	<u>179,216</u>
Total plant and equipment	<u><u>922,786</u></u>	<u><u>377,439</u></u>

(a) Movements in Carrying Amounts

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

	Plant and Equipment \$	Leased Plant and Equipment \$	Total \$
Balance as at 30 June 2009	198,223	179,216	377,439
Additions	719,169	-	719,169
Depreciation expense	(136,591)	(37,231)	(173,822)
Carrying amount at the end of year	<u><u>780,801</u></u>	<u><u>141,985</u></u>	<u><u>922,786</u></u>

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

9 Deferred Tax

(a) Deferred tax assets

	2010 \$	2009 \$
Deferred tax assets comprise:		
Provisions	579,442	358,691
Tax losses available for set off against future taxable income	272,375	17,966
Leases	302	228
Restructuring costs	5,136	-
Provision for Doubtful Debts	17,355	-
Accruals	7,500	4,500
	<u>882,110</u>	<u>381,385</u>

(b) Deferred tax liabilities

	2010 \$	2009 \$
Deferred tax liability comprises:		
Work in progress	14,426,961	5,768,986
Unbilled disbursements	3,375,777	914,247
	<u>17,802,738</u>	<u>6,683,233</u>

10 Intangible assets

	2010 \$	2009 \$
Goodwill		
Cost	2,294,465	2,294,465
Total Intangibles	<u>2,294,465</u>	<u>2,294,465</u>

	Goodwill \$	Total \$
Year ended 30 June 2009	2,294,465	-
Additions through business combinations	-	2,294,465
Balance at 30 June 2010	<u>2,294,465</u>	<u>2,294,465</u>

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

11 Trade and other payables

	2010	2009
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	117,389	127,988
General creditors	387,433	469,378
PAYG tax payable	438,896	276,705
Accrued employee entitlements	602,179	359,456
Other payables	134,003	(1,087)
	<u>1,679,900</u>	<u>1,232,440</u>
Client Creditor Control	3,866,926	987,576
Softlog Clearing Account	2,728,297	2,494,730
	<u>6,595,223</u>	<u>3,482,306</u>
	<u>8,275,123</u>	<u>4,714,746</u>
NON-CURRENT		
Client Creditor Control	415,672	55,161
Softlog Clearing Account	293,276	139,342
Accrued employee entitlements	435,020	-
	<u>1,143,967</u>	<u>194,503</u>

12 Borrowings

	2010	2009
	\$	\$
CURRENT		
Secured liabilities		
Finance lease obligation	40,400	36,983
Hire purchase obligation	208,817	54,196
Commonwealth Bank Borrowings	2,772,327	-
	<u>3,021,544</u>	<u>91,179</u>
NON-CURRENT		
Finance lease obligation	102,592	142,992
Hire purchase obligation	327,887	131,817
Commonwealth Bank Borrowings	3,268,943	-
	<u>3,699,422</u>	<u>274,809</u>

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

(a) Total current and non-current secured liabilities

Hire purchase obligations	536,704	186,013
Finance lease obligations	142,992	179,975
Borrowings Commonwealth Bank	6,041,270	-
	<u>6,720,966</u>	<u>365,988</u>

13 Provisions

	Employee entitlements	Total
	\$	\$
2010		
Opening Balance 30 June 2009	1,195,639	1,195,639
Additional provisions	735,833	735,833
Balance at 30 June 2010	<u>1,931,472</u>	<u>1,931,472</u>

Analysis of Total Provisions

	2010	2009
	\$	\$
Current	1,662,627	992,103
Non-current	268,845	203,535
	<u>1,931,472</u>	<u>1,195,638</u>

14 Other Liabilities

	2010	2009
	\$	\$
CURRENT		
Loan - Shine Lawyers Partnership	12,470,593	7,619,048
Loan - Heredale	900,000	-
Loan - Ivycliff	300,000	-
Total	<u>13,670,593</u>	<u>7,619,048</u>

15 Issued Capital

Summary Table

	2010	2009
	\$	\$
193,400,100 Ordinary shares of 1c each	1,934,001	1,920,001
Share premium	2,506,000	2,100,000
Total	<u>4,440,001</u>	<u>4,020,001</u>

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

16 Segment information

(a) Single segment and location

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

17 Cash Flow Information

	2010 (12 months) \$	2009 (5 months) \$
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Net income/loss for the year	24,685,959	14,738,044
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Trust distributions	(10,809,140)	(5,943,660)
Depreciation	173,822	14,738
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(2,456,584)	(1,985,261)
(Increase)/decrease in work in progress	(34,052,518)	(24,911,515)
Increase/(decrease) in trade payables and accruals	4,509,841	4,909,249
Increase/(decrease) in other liabilities	4,851,545	7,619,048
Increase/(decrease) in deferred taxes payable	10,618,780	6,301,848
Increase/(decrease) in provisions	735,834	1,195,638
	<u>(1,742,461)</u>	<u>1,938,129</u>

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

18 Key Management Personnel Compensation

Directors

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

Stephen Roche	Executive Director
Simon Morrison	Executive Director
Christopher Waller	Non- Executive Chairman
Carolyn Barker	Non- Executive Director
Susan Forrester	Non – Executive Director

Other Key Management Personnel

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

Jodie Willey	Chief Executive Officer
Lisa Flynn	National Legal Partner
Kevin Howe	Company Secretary and Chief Financial Officer

(a) Compensation

	Short-term benefits \$	Post employment benefit \$	Other Long-term benefits \$	Total \$
2009 (5 mths)				
Total compensation	232,496	11,521	43,563	287,580
2010 (12 mths)				
Total compensation	1,705,294	176,088	11,941	1,893,323

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

19 Financial instruments

(a) Financial Risk Management

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

(i) Financial Risk Exposures and Management

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

a) Credit risk

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

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

(a) Maximum exposure to credit risk

Category	Note	2010	2009
Financial Assets			
Cash	5	5,748,504	3,637,476
Trade and other receivables	6	12,616,296	7,928,921
Total		<u>18,364,800</u>	<u>11,566,397</u>

Trade Receivables provision for impairment was increased to \$57,849 for the current year. This is an increase of \$57,849 from 2009 where there was no provision required and is due to the identification that a few of the debts have become behind in their payment arrangements, based on past experience there is an expectation that there may be a default on some of the Trade Receivables. The provision for impairment was calculated by analysing each debt outstanding.

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

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

2010 Financial Assets Past Due But Not Impaired

	Overdue				Total
	Less than 30 Days	30- 60 Days	61-90 Days	More than 90 Days	
Trade Receivables	2,825,962	345,656	289,617	403,156	3,864,391
	2,825,962	345,656	289,617	403,156	3,864,391

2009 Financial Assets Past Due But Not Impaired

	Overdue				Total
	Less than 30 Days	30- 60 Days	61-90 Days	More than 90 Days	
Trade Receivables	1,325,119	180,460	-	-	1,505,579
	1,325,119	180,460	-	-	1,505,579

2010 Individually Impaired Financial Assets

	Overdue				Total
	Less than 30 Days	30- 60 Days	61-90 Days	More than 90 Days	
Trade Receivables (Gross)	2,825,962	345,656	289,617	403,156	3,864,391
Provision for Impairment Carrying Amount	-	-	-	(57,849)	(57,849)
	2,825,962	345,656	289,617	345,307	3,806,542

2009 Individually Impaired Financial Assets

	Overdue				Total
	Less than 30 Days	30- 60 Days	61-90 Days	More than 90 Days	
Trade Receivables	1,325,119	180,460	-	-	1,505,579
Carrying Amount	1,325,119	180,460	-	-	1,505,579

b) Liquidity Risk

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

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

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

b) Liquidity Risk continued

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

Financial Liabilities	Note	2009 Payable in			Total
		<1 Year	1-5 Years	>5 Years	
Payables	11	4,714,746	194,503	-	4,909,249
Borrowings Commonwealth Bank	12	-	-	-	-
Lease Liability	12	36,983	142,992	-	179,975
Hire Purchase Liability	12	54,196	131,817	-	186,013
Total		4,805,085	470,152	-	5,275,237

c) Interest rate sensitivity analysis

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

Financial Instruments	Carrying Amount	2010 Interest Rate Risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Interest Payable					
Overdraft facility (limit \$2.5m)	1,057,294	10,572	10,572	(10,572)	(10,572)
Commonwealth Bank Borrowings	6,041,270	60,412	60,412	(60,412)	(60,412)
Potential Impact		70,984	70,984	(70,984)	(70,984)

Financial Instruments	Carrying Amount	2010 Interest Rate Risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Interest Receivable					
Cash at Bank	5,750,824	(57,508)	(57,508)	57,508	57,508
Potential Impact		(57,508)	(57,508)	57,508	57,508

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

20 Business Combinations

On the 1st March 2010 the company entered into a contract with Somerville & Co Pty Ltd to acquire the client records and work in progress of the personal injuries practice of Somerville & Co for \$2.8m

Details of the acquisition are as follows	Vendors value	Consideration Paid
Work in Progress & Unbilled Disbursements	\$3,504,795	\$2,800,000

On the 29th March 2010 the company entered into a contract with Aldo Burgio to acquire the client records and work in progress of the personal injuries practice of AB Law for \$600,000

Details of the acquisition are as follows	Vendors value	Consideration Paid
Work in Progress & Unbilled Disbursements	\$673,664	\$600,000

21 Contingent Liabilities

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

a) Guarantees

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

The bank guarantee facility limit as at the 30/06/2010 was \$550,000 of which \$326,819 was unused at the end of the reporting period.

Bank Guarantees

Favouree	Purpose	Guarantee No	Date Issued	Expiry Date	Amount
Gardement Pty Limited	Rental Bond 261 Spring Street Reservoir, VIC	347568	27/01/2010	09/03/2013	36,325
Aquapine Pty Ltd	Rental Bond Level 1, 74 Bulcock Street Caloundra QLD	351526	17/03/2010	22/12/2013	3,449
Chestnut Dell Pty Ltd	Rental Bond Shop 1, 25-27 Clarke Street Sunshine VIC	351949	24/03/2010	01/04/2015	20,653
Perpetual Trustee Company Limited	Rental Bond 65 Berry Street North Sydney NSW	359573	11/06/2010	13/08/2015	144,276
Westfield MGT Ltd and Perpetual Trustee Company	Rental Bond For proposed Northlakes office	359891	15/06/2010	15/09/2015	18,479
Total					<u>223,182</u>

Shine Lawyers Limited

Notes to the Financial Statements

For the year ended 30 June 2010

21 Contingent Liabilities (continued)

b) Unused banking facilities

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

Unused Banking Facilities

Facility Type	Limit	Balance at reporting period	Unused Amount
Equipment Finance	3,000,000	1,683,681	1,316,319
Overdraft Facility	2,500,000	539,676	1,960,324
Corporate Credit Card Facility	200,000	92,644	107,356
Flexi Loan	1,000,000	600,000	400,000
Total	6,700,000	2,916,001	3,783,999

22 Commitments for Expenditure

(a) Hire Purchase and Finance Lease Commitments

	2010 \$	2009 \$
Payable - minimum HP/lease payments		
- no later than 12 months	298,838	116,315
- between 12 months and 5 years	470,093	306,122
Minimum HP/lease payments	768,931	422,437
Less future finance charges	(89,234)	(56,449)
Present value of minimum HP/lease payments	679,697	365,988

23 Company Details

Registered office

The registered office of the company is:

Shine Lawyers Limited
146 Mort Street
Toowoomba QLD 4350

24 Changes in Accounting Policy

The Company has decided not to early adopt new, revised and amended Standards and Interpretations that have mandatory application dates for future periods.

Shine Lawyers Limited

Directors' Declaration

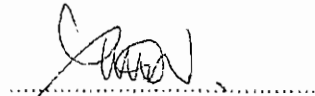
The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 26, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Stephen Roche Director



Simon Morrison Director

Dated 26th October 2010

Shine Lawyers Limited

Independent Audit Report to the members of Shine Lawyers Limited

Gold Coast
Level 3, 21 Central Place
Emerald Lakes, Carrara, QLD 4211

Report on the Financial Report

We have audited the accompanying financial report of Shine Lawyers Ltd, which comprises the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended that date a summary of significant accounting policies, other explanatory notes and the directors' declaration.

PO Box 7976 GCBC
Bundall, QLD 4217
T 07 5643 6100
F 07 5644 6099

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Shine Lawyers Ltd, would be in the same terms if provided to the directors as at the date of this auditor's report.


Shine Lawyers Ltd

Independent Audit Report to the members of Shine Lawyers Limited

Auditor's Opinion

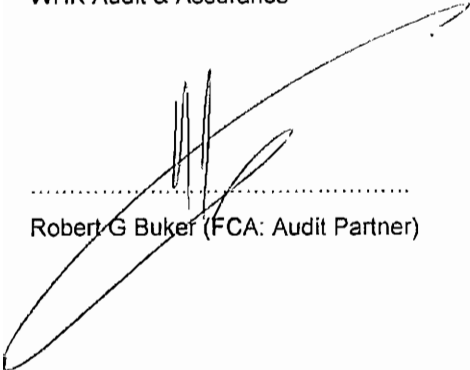
In our opinion the financial report of Shine Lawyers Ltd is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



WHK Audit & Assurance

.....
Date: 26th October 2010


.....
Robert G Buker (FCA: Audit Partner)