

OUR VISION

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

JUSTICE FOR A BETTER OUTCOME

6,000+ client matters settled in FY2018

42 years of standing up for everyday peoples' rights

\$600m+
in damages for our clients in FY2018.

51 branches across Australia and New Zealand

847 team members

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FY18 IN REVIEW

	FY2018	FY2017	Variance %
Total Revenue	\$179.4m	\$165.0m	+8.7%
Statutory Net Profit After Tax (NPAT)	\$19.1m	\$20.2m	-5.2%
Statutory Net Profit Before Tax (NPBT)	\$28.8m	\$25.5m	+12.9%
Earnings Before Interest and Tax (EBIT) ¹	\$31.9m	\$28.2m	+13.1%
Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment (EBITDA) ²	\$37.7m	\$36.5m	+3.4%
Net Operating Cash Flow (NOCF)	\$18.7m	\$16.7m	+12.0%
Gross Operating Cash Flow (GOCF) ³	\$21.9m	\$19.2m	+14.1%
Final Dividend (cents per Share)	2.25	2.0	+12.5%
Interim Dividend (cents per Share)	1.0	0.6	+66.7%
Total Dividend (cents per Share)	3.25	2.6	+25.0%
Earnings Per Share (EPS – cents)	11.0	11.6	-5.2%

 $^{^{1}\,\}mathrm{EBIT}$ is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited.

 $^{^{2}}$ EBITDA is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited.

³ Gross Operating Cash Flow is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited. GOCF is equal to NOCF with interest, finance costs and income tax cash flows removed.

LETTER FROM THE CHAIRMAN

Dear Shareholders,

I am pleased to present the Annual Report of Shine Corporate Ltd for the financial year to 30 June 2018.

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

The investments we have made this year in systems to support greater scalability and improvements and other refinements to our operating model mean we continue to build a profitable business that delivers outstanding outcomes for our clients.

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

The Group settled or resolved more than 6000 cases for our clients during the year and procured damages in excess of \$600 million.

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

The Engine Room project, our new integrated legal management solution enabling us to deliver enhanced service to our clients, has been successfully rolled out during the course of the Financial Year and is expected to be completed across the entire Group by the end of the current financial year. The project enhances quality assurance in matter management, velocity and resolution.

Our investment in marketing, both in the best performing traditional channels and emerging media, saw positive growth in new enquiries and strengthened our brand presence across all regions, providing momentum for further growth. This was a key year for our senior lawyers who were well represented in the media as thought leaders who achieved outstanding results for our clients.

During the Financial Year, Shine Lawyers developed a strategic competency framework designed to support the enhancement and progression of our team members' careers. The framework is a key tool which supports identifying, retaining and rewarding talent and equipping our people with technical, business, interpersonal, leadership and management skills to enable and enhance performance in current and future roles in an evolving industry.



National Special Counsel Will Barsby, Shine Lawyers Ambassador Erin Brockovich and NOW Australia Founder Tracey Spicer at a special reception in support of NOW Australia

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

We are refining our corporate structure with the aim of improving efficiencies across all work types and geographic markets, as well as further integrating our subsidiary businesses.

We continued our work to identify growth opportunities, both organic and acquisitive, and we maintain our goal of building a national family law practice.

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

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

We filed a class action on behalf of AMP shareholders following Royal Commission hearings, where evidence was given of misleading and deceptive conduct and false representations about the manner in which clients were charged for services that were not provided.



Proud sponsors of the North Queensland Cowboys



Team members from Shine Lawyers Cairns at the Mountain Bike

66

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



The Con Sciacca Memorial Event

Following the commencement of our class action against the Commonwealth Department of Defence in relation to claims for exposing residents of the Queensland town of Oakey to toxic chemicals, we filed a further class action for similar alleged contamination in Katherine in the Northern Territory.

During the Financial Year, we continued to be a leading voice for the rights of Australians subjected to institutional abuse, appearing before the Royal Commission into Institutional Responses to Child Sexual Abuse. We represented more than 700 victims of abuse and launched an abuse practice in New Zealand.

We urged State political leaders to investigate practices employed in stonemasonry workshops, where dry cutting of artificial stone is exposing workers to the risk of the deadly lung disease, silicosis.

Consistent with our commitment to foster community, our philanthropic initiative, the Shine A Light Foundation, awarded a \$15,000 grant to our charity partner, mindDog Australia (with a further \$5,000 grant in the new financial year). mindDog Australia assists mental health sufferers to procure, train and certify an assistance dog.



The Hon. Annastacia Palaszczuk MP Premier of Queensland attends the Con Sciacca Memorial Event

The Foundation continues to support charitable organisations and other worthwhile causes in our communities and is proud to support Dolly's Dream (in memory of Dolly Everett, a victim of bullying who tragically took her own life at the age of 14) with a \$15,000 grant in the new financial year.

The Con Sciacca Memorial Award was launched in the second half of the year in honour of the memory of the Honourable Con Sciacca, founder of Sciacca's, solicitor of the Supreme and High Courts of Australia and a Federal Minister of the Crown, whose life was devoted to protecting the rights of Australian workers. The award will be made annually to an individual who epitomises devotion to hardworking Australians.

In terms of financial performance, we achieved EBITDA of \$37.7 million, compared with \$36.5 million in the previous year. Net profit after tax of \$19.1 million compares with \$20.2 million previously (due to permanent differences brought to account in the previous year which were not applicable in FY18). Pleasingly, gross operating cash flow of \$21.9 million represents a record outcome for the Group.



Shine A Light Foundation is proud to support Dolly's Dream



Shine Lawyers Townsville Branch Manager Garreth Turner presenting a prize to a North Queensland Cowboys fan

The Directors are pleased to declare a final dividend of 2.25 cents per Share, franked as to approximately 41%. This adds to the one cent per Share fully franked interim dividend declared in February 2018.

I would like to take this opportunity to thank my fellow Directors for their valuable contribution to the Group and to our shareholders for their ongoing support. While we plan for Board renewal progressively over the next 12 to 18 months, we continue to benefit from the skills and experience consistently provided by our dedicated Board members.

We are grateful to all our team members for their high standards and hard work throughout the year.

With our strong leadership team, ably led by Simon Morrison who this year celebrates 30 years at Shine, and the dedication of all our people, I am confident that Shine is well placed for the future.

Tony Bellas

Nongellas

CHAIRMAN 29 August 2018

SHINE CORPORATE LTD ANNUAL REPORT 2018









Sciaccas





DIRECTORS' REPORT

Your Directors present their report for the Financial Year ended 30 June 2018.

The Directors during the Financial Year were:

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





TONY BELLAS

MBA, BEcon, DipEd, FAICD, FCPA, FGS

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

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

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

Other Australian listed company directorships held in the past three years:

Novonix Limited (August 2015 – present), Corporate Travel Management Limited (June 2010 – present), ERM Power Limited (December 2009 – present), State Gas Limited (June 2017 – present; listed October 2017) and IntelliHR Holdings Limited (February 2017 – present; listed January 2018).

CAROLYN BARKER, AM

BBus, MBA, FAIM

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

Carolyn has over 20 years of C-level executive experience. She was formerly Executive Director of the ANZ Higher Education Division of a globally owned private higher education company, Chief Executive of the Australian Institute of Management and founder and Managing Director of The Cyber Institute Pty Ltd, an early contributor and innovator in online learning in Australia.

Carolyn contributes skills and expertise to the Board including executive management, general commercial, strategic marketing, people and culture, and policy and stakeholder management. She has a special interest in digital technologies, digital disruption and innovation.

Carolyn is the Chair of Brisbane City Council's Transport for Brisbane Board and a member of Council's Audit Committee.

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

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





GREG MOYNIHAN

BCom, Grad Dip SIA, CPA, FFin, MAICD

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

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

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

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

Other Australian listed company directorships held in the past three years:

Corporate Travel Management Limited (June 2010 – present).

SIMON MORRISON

LLB

Simon became the Managing Director of Shine in 2012, having joined Shine Lawyers in 1988 and having become a partner of the firm in 1995. This year Simon celebrates 30 years at Shine.

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

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

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

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





GENERAL COUNSEL | COMPANY SECRETARY

ANNETTE O'HARA

BA/LLB (Hons), LLM, FGIA

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

CHIEF FINANCIAL OFFICER | COMPANY SECRETARY

RAVIN RAJ

BCom, ACA, FFin, GAICD

Ravin joined the Group in November 2016 as Acting Chief Financial Officer and was appointed Chief Financial Officer and Company Secretary on 25 August 2017. Ravin has extensive experience in the finance, professional services and construction industries, having commenced his career at accounting firm Touche Ross & Co before joining Watpac Limited, where he held the position of CFO for nearly two decades.

MEETINGS OF BOARD AND COMMITTEES

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

TABLE 1 - BOARD AND COMMITTEE MEETINGS

No. of Meetings	Meeting	Tony Bellas	Carolyn Barker AM	Greg Moynihan	Simon Morrison
8	Board	8	8	8	8
6	Audit & Risk Management Committee	6	6	6	6 (Invitee)
6	Nomination & Remuneration Committee	6*	6	6	6 (Invitee)*

^{*}Tony Bellas and Simon Morrison are not present during any discussions about their own remuneration.

REMUNERATION REPORT

1. INTRODUCTION

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

The information in this Remuneration Report has been audited

Section	Contents	Page
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2. DIRECTORS AND KMP

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

The non-executive Directors and executives who were KMP for the Financial Year are identified in Table 2.

All KMP served for the full Financial Year.

TABLE 2 - KMP

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

3. REMUNERATION FRAMEWORK

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

The remuneration framework includes three potential components:

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

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

The Group's KMP remuneration framework is aligned to the reward strategy of the organisation. The key elements of the framework are set out in Table 3.

Details of the composition of the Nomination & Remuneration Committee during FY18 are set out on page 15. The Committee's Charter is available on the Company's website.

TABLE 3 - KEY ELEMENTS OF REMUNERATION FRAMEWORK

	Considerations	Performance Measure	Strategic Objective
Fixed Remuneration	 Role responsibility & accountabilities Experience and qualifications Market relativities 	Not applicable	To attract and retain top talent focused on performance and results
Short-Term Incentive	Market relativities 12 month performance period Cash component	Financial, People & Values and/or Operational and Strategic measures tailored to the individual role	Drives focus on delivering key strategic initiatives and outcomes by incentivising over a 12 month period Delivers financial benefits to shareholders and aligns focus to grow the firm through improved capability of systems, processes and people
Long-Term Incentive	Market relativities3 year performance periodEquity component	The FY18 LTI includes a performance hurdle mix of growth in EPS (70%), and Relative Total Shareholder Return (RTSR) based on the group of companies on the S&P/ASX Small Ordinaries Index, excluding resource, mining and real estate companies (30%)	To align remuneration with the creation of shareholder value over the long term. Drives focus on delivering longer term financial outcomes to shareholders and is a key retention tool

Total Remuneration

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

4. FIXED REMUNERATION AND BENEFITS

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

The Group's remuneration strategy is to recruit high calibre individuals by offering highly competitive remuneration. KMP are offered a competitive base remuneration package that comprises the fixed component of remuneration and rewards. Base remuneration is reviewed annually to ensure

remuneration is competitive. There is no guaranteed base remuneration increase included in any contract.

KMP receive non-monetary benefits which may include motor vehicle and car parking benefits.

Superannuation contributions are paid in accordance with relevant government legislation, to employee nominated superannuation funds.

Board

The Board:

- approves the remuneration policy and ensures it is competitive, fair and aligned with the Company's long-term interests
- approves the remuneration of Directors and the Leadership Team
- assesses the performance of the Managing Director, Chief Financial Officer and Company Secretary

Nomination & Remuneration Committee

During the Financial Year, the Board delegated responsibility to the Nomination & Remuneration Committee to review and make recommendations regarding:

- remuneration practices, equity participation and other incentive programs
- performance management



Tiddalac - our dedicated learning and development centre in the foothills of the Toowoomba Range

5. SHORT-TERM INCENTIVES

A Short-Term Incentive Plan was in place for the Financial Year.

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

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

The plan is reviewed annually. All legal staff were eligible to participate in respect of FY18.

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

KMP STI

KPIs were agreed with the CFO for FY18, including KPIs based on financial targets for the Group (40%), strategic operational priorities (35%) and values and behaviour (25%) for a maximum award of \$60,000.

The Board considered these KPIs appropriate in order to drive the delivery of financial benefits to the Group and to achieve key strategic objectives in FY18.

The Board resolved that 37.5% of the maximum award of \$60,000 (\$22,500) would be paid to the CFO on the basis that the KPIs were partly, but not fully, achieved.

KPIs are being finalised with the CFO for FY19, including KPIs based on financial targets for the Group, strategic operational priorities and values and behaviour, for a maximum award of \$80,000.

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

6. LONG-TERM INCENTIVES

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

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

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

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

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

A grant of 2,002,921 Performance Rights was made in June 2018 in relation to the Financial Year. Performance Rights were granted to selected members of the Leadership Team, National Principals and Branch, General and Department Managers.

The number of Performance Rights granted to each recipient represented a percentage of base remuneration, taking into account the average Share price on the 15 trading days preceding and following the announcement of the FY17 financial results on 25 August 2017 (73 cents).

The vesting date for these Performance Rights is on or around 31 August 2020. No Performance Rights vested during FY18.

The Performance Rights on issue are subject to the following performance hurdles being met during the three year performance period from 1 July 2017:

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

and real estate companies in the three year performance period, with partial vesting (straight line vesting between 50% and 100%) if the Company ranks in the 50th to 75th percentile.

The hurdles were selected following a consideration of appropriate targets to drive Group performance and of market practice. The Board retains a discretion to relax the performance measures if warranted by relevant circumstances at the time of potential vesting.

The fair value of each Performance Right granted subject to the EPS performance hurdle has been assessed as 93 cents and the fair value of each Performance Right granted subject to the RTSR performance hurdle has been assessed as 82 cents.

KMP LTI

A grant of 153,498 Performance Rights was made to the CFO in respect of the Financial Year. The number of Performance Rights granted to the CFO represented 30% of his base remuneration, taking into account the average Share price on the 15 trading days preceding and following the announcement of the FY17 financial results on 25 August 2017 (73 cents).

Based on the fair value assessment stated above, the fair value of the Performance Rights issued to the CFO under the EPS performance hurdle is \$99,927 and the fair value of the Performance Rights issued to the CFO under the RTSR performance hurdle is \$37,760 (total \$137,687). The vesting date for these Performance Rights is on or about 31 August 2020.

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

TABLE 4 - PROPORTIONAL REMUNERATION SUMMARY

			Remuneration linked to performance – maximum potential award		
	2018 2017		2018	2017	
Non-executive Direct	ors				
Tony Bellas	100%	100%	-	-	
Carolyn Barker AM	100%	100%	-	-	
Greg Moynihan	100%	100%	-	-	
Executive KMP	Executive KMP				
Simon Morrison	100%	100%	-	-	
Ravin Raj	69%	100%	31%*	-	

^{*} Includes STI and LTI described on pages 20 and 21

7. COMPANY PERFORMANCE

Tables 5 and 6 set out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2018.

TABLE 5 - GROUP EARNINGS

	2018 \$M	2017 \$M	2016 \$M	2015 \$M	2014 \$M
Revenue	179.4	165.0	151.5	150.9	115.8
Net Profit Before Tax	28.8	25.5	18.4	40.1	31.5
Net Profit After Tax	19.1	20.2	14.8	29.6	22.2

TABLE 6 - MOVEMENT IN SHAREHOLDER WEALTH

	2018	2017	2016	2015	2014
Share price at start of Financial Year*	0.58	1.05	2.55	2.35	1.44
Share price at end of Financial Year	0.97	0.55	1.07	2.46	2.45
Interim Dividend (cents per Share)	1.0	0.6	Nil	2.0	1.75
Final Dividend (cents per Share)	2.25	2.0	2.5	1.75	1.75
Earnings Per Share (cents)	11.0	11.6	8.6	17.2	14.3

 $^{^{*}}$ \$1.00 on listing and closed at \$1.489 at the end of the first day of trading.

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

8. KMP CONTRACTUAL ARRANGEMENTS

Remuneration and other terms of employment for all Directors and executives are formalised in employment agreements.

Details of the standard termination provisions for each KMP contractual arrangement are summarised in Table 8.

TABLE 7 - DURATION OF CONTRACTUAL ARRANGEMENTS

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

TABLE 8 - SUMMARY OF KMP CONTRACTUAL ARRANGEMENTS

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

Details of the number of Shares or Performance Rights held directly, indirectly or beneficially by each KMP during FY2018 are set out in Table 9.

TABLE 9 - KMP HOLDINGS

Name	Balance at the start of FY18	Acquired during the year	Disposed during the year	Balance at the end of FY18			
Non-executive Direct	Non-executive Directors						
Tony Bellas	140,000 Shares	-	-	140,000 Shares			
Carolyn Barker AM	186,600 Shares	-	-	186,600 Shares			
Greg Moynihan	190,151 Shares	-	-	190,151 Shares			
Executive KMP							
Simon Morrison	43,313,704 Shares	-	-	43,313,704 Shares			
Ravin Raj	Nil	153,498 Performance Rights	-	153,498 Performance Rights			

9.EXECUTIVE REMUNERATION

TABLE 10 - EXECUTIVE DIRECTORS AND OTHER KMP REMUNERATION

		Short-term employment benefits		Long-term employment benefits		Post employment benefits			
Name	Year	Salary/ fees \$	Cash incentives \$	Non- monetary benefits ⁽¹⁾ \$	Long service leave \$	Incentives \$	Super- annuation \$	Other \$	Total remuneration \$
Simon	2018	489,288	-	26,267	-	-	20,049	-	535,604
Morrison	2017	319,918(2)	-	35,978	-	-	13,077	-	368,973
Davin Dai	2018	369,449	22,500 ⁽³⁾	1,715	-	3,155 ⁽⁴⁾	13,165	-	409,984
Ravin Raj	2017	202,985(5)	-	1,529	-	-	19,255	-	223,769
Courtney	2018	-	-	-	-	-	-	-	-
Petersen ⁽⁶⁾	2017	714,579	166,000	4,253	-	-	17,981	-	902,813
Daniel	2018	-	-	-	-	-	-	-	-
Wilkie ⁽⁷⁾	2017	321,886	68,000	5,936	-	-	14,712	-	410,534

⁽¹⁾ Non-monetary benefits include motor vehicle and car parking benefits.

⁽²⁾ Simon Morrison did not receive salary payments from 20 February 2017 to 30 June 2017.

^{(3) 37.5%} of a maximum award of \$60,000, with 62.5% forfeited. Including long term incentives, performance-based remuneration accounted for 6% of the CFO's remuneration in FY18.

⁽⁴⁾ Ravin Raj received a grant of 153,498 Performance Rights in June 2018 – refer to section 6 of the Remuneration Report for detail. The pro-rated cost of these rights for FY18 is \$3,155.

⁽⁵⁾ Ravin Raj joined Shine as Acting Chief Financial Officer from 21 November 2016 and was appointed Chief Financial Officer and Company Secretary on a permanent basis on 25 August 2017.

⁽⁶⁾ Courtney Petersen held the role of Executive Director to 23 August 2016 and Managing Director and CEO from 24 August 2016 to 29 December 2016. Salary and fees include a termination payment of \$86,354. Ms Petersen's remuneration in FY17 comprised 56% fixed remuneration and 44% maximum potential performance-based remuneration. Due to Ms Petersen's departure from the Company, no performance-based remuneration was paid.

⁽⁷⁾ Daniel Wilkie served as Chief Financial Officer until 27 February 2017. Salary and fees include a termination payment of \$65,000.

10. NON-EXECUTIVE DIRECTOR REMUNERATION

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

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

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of the non-executive Directors. The Chairman is not present at any discussions relating to the determination of his own remuneration.

The actual remuneration outcomes of the non-executive Directors of the Group are summarised in Table 11.

TABLE 11 - NON-EXECUTIVE DIRECTORS' REMUNERATION

		Short-term employment benefits		Post employment benefits		
Name	Year	Fees \$	Non-monetary benefits\$	Superannuation \$	Other\$	Total remuneration \$
TB-II	2018	120,000	-	11,400	-	131,400
Tony Bellas	2017	120,000	-	11,400	-	131,400
Complete Devices AM	2018	80,000	-	7,600	-	87,600
Carolyn Barker AM	2017	80,000	-	7,600	-	87,600
Cros Maynihan	2018	80,000	-	7,600	-	87,600
Greg Moynihan	2017	80,000	-	7,600	-	87,600

11. TRANSACTIONS WITH KMP AND RELATED PARTIES

During the Financial Year amounts totalling \$1,207,955 (FY17 \$2,139,093) were paid to entities controlled or influenced by Simon Morrison, primarily for leases over and fitouts of commercial properties occupied by parts of the Group. Entities controlled or influenced by Simon Morrison paid for rent and services to Group entities totalling \$1,145,248 (FY17 \$813,309) and paid interest to

Group entities totalling \$188,928 (FY17 \$110,111). All transactions were on commercial terms.

Directors' Interests

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

TABLE 12 - DIRECTORS' RELEVANT INTERESTS

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

End of Remuneration Report

OFFICERS' INDEMNITIES AND INSURANCE

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

The Company has entered into a Deed of Access, Indemnity and Insurance with each of the Directors and Company Secretaries. The Company has paid a premium for insurance for the Directors and officers of the Group against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Directors and officers of the Group, other than conduct involving a wilful breach of duty in relation to the Group. The total amount of directors' and officers' insurance contract premiums paid for the Financial Year was \$468,927 (2017: \$305,865).

INDEMNIFYING AUDITORS

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

NO LEAVE TO BRING PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to Court for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Group was not a party to any such proceedings during the Financial Year.

SHAREHOLDER CLASS ACTION

As announced in September 2017, the Company received a statement of claim (Claim) filed on behalf of representative plaintiffs and members of a group relating to alleged breaches of the Corporations Act, the Australian Securities and Investments Commission Act 2001 (Cth) and the Australian Consumer Law. The Claim seeks compensation and damages of an unspecified amount, interest and costs.

The matter is being vigorously defended and the Company will provide an update in due course.

ENVIRONMENTAL REGULATION

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

DIVIDENDS

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

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

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

In respect of the Financial Year, an interim dividend of 1 cent per Share (fully franked) was declared on 28 February 2018 and paid on 20 March 2018. A final dividend of 2.25 cents per Share, franked as to approximately 41% was declared on 29 August 2018 and is expected to be paid on 21 September 2018.

In respect of the financial year ended 30 June 2017, as detailed in the Directors' Report for that financial year, a final dividend of 2 cents per Share (fully franked) was declared on 25 August 2017 and paid on 22 September 2017.

STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the Financial Year.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

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

PERFORMANCE RIGHTS AND OPTIONS

See the Remuneration Report in relation to Performance Rights on issue. There are no options on issue.

NON-AUDIT SERVICES

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

The Board, in accordance with advice from the Audit & Risk Management Committee, is satisfied that the provision of non-audit services by EY (or by another person or firm on EY's behalf) during the Financial Year is compatible with the general standard of independence for auditors imposed by the Corporations Act for the following reasons:

- all non-audit services are reviewed and approved by the Audit & Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

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

Details of the amounts paid or payable to EY for non-audit services provided during the Financial Year are as set out in Table 13.

TABLE 13 - NON-AUDIT SERVICES

Total	\$142,800*
Taxation services and advice	\$142,800*
Non-audit service	\$

 * Includes \$62,800 relating to FY17, with the remaining \$80,000 relating to FY18.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration required under section 307C of the Corporations Act is set out at page 32.

DECLARATIONS

Simon Morrison (as Managing Director) and Ravin Raj (as Chief Financial Officer) have each provided a declaration to the Board in accordance with section 295A of the Corporations Act that, in their opinion, the financial records of the Group have been properly maintained,

the financial statements and notes in this Report comply with the accounting standards and give a true and fair view of the Group's financial position and performance and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in the Directors' Report and the financial statements are rounded to the nearest thousand dollars, unless otherwise indicated.

OPERATING AND FINANCIAL REVIEW

PRINCIPAL ACTIVITIES

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

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

OVERVIEW AND STRATEGIES

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

Whilst the Company was founded in Queensland, a core element of the Group strategy is to continue to extend its reach into other jurisdictions to mitigate the impact of exposure to a single market. The Group has been successful in achieving this with nearly three quarters of its revenue as at 30 June 2018 earned in markets outside Queensland personal injuries. As the Group's personal injury products operate under state government schemes, diversification into other markets is important in respect of managing exposure to tort reform.

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

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

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

REVIEW OF OPERATIONS

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

The balance of the Financial Year's revenue was derived from expanding practice areas, including class actions, family law, dust diseases, professional and medical negligence, land and environmental cases, insurance and loss adjustment, transport, superannuation and disability and abuse law.

The Group focused on ensuring that staff utilisation was maximised and operating costs were controlled tightly.

Measures were taken to integrate all subsidiaries into the Group, predominantly in the areas of growth, culture and policy alignment. Technology alignment is underway and it is expected that Group shared services will be expanded to all subsidiaries during 2019.

Personal Injury

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

During FY18, the Group continued to strengthen and grow the Sciacca's business, with an advisory board assisting to identify new business opportunities and growth. The Con Sciacca Memorial Award was launched in the second half of the year in honour of the memory of the Honourable Con Sciacca, founder of Sciacca's, solicitor of the Supreme and High Courts of Australia and a Federal Minister of the Crown, whose life was devoted to protecting the rights of Australian workers. The award will be made annually to an individual who epitomises devotion to hardworking Australians.

The Group's Western Australian businesses, Stephen Browne Lawyers and Bradley Bayly, continued to perform well under the leadership of David Bayly who was appointed General Manager of Stephen Browne, Bradley Bayly and Shine Lawyers in Western Australia in the second half of FY17. The core personal injuries businesses continue to contribute strongly.

Emerging Practice Areas

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

Shine Lawyers' class action division continued to grow. In FY18, Shine Lawyers represented women who have

suffered from failures in transvaginal medical products, land owners whose properties have been diminished by environmental mismanagement, investors who have suffered loss due to unconscionable financial advice and bank customers who have suffered financial loss.

Shine Lawyers continued to be a leading voice for the rights of Australians subjected to institutional abuse, appearing before the Royal Commission into Institutional Responses to Child Sexual Abuse. We represented more than 700 victims in abuse compensation claims (326 in FY17) and launched our abuse practice in New Zealand.

Risk Worldwide New Zealand Limited continued to operate in the loss adjusting and insurance policy recovery business in the commercial sector in New Zealand. A number of commercial matters were resolved or continue towards resolution, with the focus now turning to residential claims where we anticipate assisting a substantial number of home owners to pursue claims for earthquake damage or faulty repairs under new brand 'My Insurance Claim'.

Emanate continues to operate in the challenging energy, resources and mining sectors. An increase in business activity in FY19 is anticipated, driven by major infrastructure and mining projects, and Emanate is well placed to capitalise on such opportunities.

Our family law practice, Best Wilson Buckley, continued to perform strongly. Further expansion in south-east Queensland saw the opening of a fourth office at North Lakes. The Group continues to examine opportunities for further expansion of its family law offering outside Queensland, as well as initiatives to enhance the client experience through technology.

FUTURE DEVELOPMENTS AND PROSPECTS

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

Damages based plaintiff litigation

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

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

Tort Reform

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

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

International Opportunities

Whilst the Directors believe there are ample opportunities for the Group to continue to grow domestically, they will continue to monitor opportunities internationally. With the current reforms in the UK and difficulties in that market, the Group is not actively pursuing opportunities in the UK but maintains a 'watching brief'.

Given the Group's relationship with Erin Brockovich, her strong referral base and other opportunities, the Directors have also kept a watching brief on the US legal market.

Continuous Improvement and the Engine Room Project

The Group is committed to continuous improvement in its case management systems and legal enterprise management tools. The Engine Room Project, which was implemented from July 2017, is tasked with a number of important business improvement goals, including to increase the level of damages recovered for the Group's clients, reduce the cycle time (the speed with which a matter is brought to a conclusion for clients), improve recoverability of fees, increase the ratio of fee earning to non-fee earning employees in the business, and make the Group's systems and processes increasingly scalable and agile across different geographies and work types.

CONSOLIDATED FINANCIAL CONDITIONS

The Group seeks to maintain an optimal capital structure by ensuring that there is an appropriate balance of debt and equity. The current target is a maximum interest-bearing debt to equity ratio of 30%. At 30 June 2018, the ratio was 25%. The Group utilises a combination of short and long-term debt to ensure that it has an appropriate level of liquidity available throughout the financial year.

In FY16, the Group's finance facilities with the Commonwealth Bank of Australia (CBA) were renegotiated. In FY18, these facilities were re-confirmed and optimised. Details of these facilities are set out in the Borrowings note in the Financial Report.

The finance facilities are subject to financial covenants including a gearing ratio (borrowings cannot exceed 50% of net WIP) and debt to EBITDA ratio (not to exceed 2.25:1). The Group was in compliance with these financial covenants as at 30 June 2018 and has headroom available to increase funding levels if required.

In addition to the CBA facilities, the Group also has disbursement funding providers that can support eligible clients with funds to cover disbursements in relation to their claims. The use of disbursement funding is expected to continue to improve operating cash flow in future years as client disbursements have a diminishing impact on the Group's operating cash flows.

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

RISK MANAGEMENT AND GOVERNANCE PRACTICES

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

Conflict of Duties

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

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

Regulatory Environment

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

To mitigate this risk, Group's senior legal practitioners seek to meet with policymakers and participate in stakeholder working groups when reform is being considered in the areas of law in which the Group

practises. This Financial Year, the Group consulted with and provided submissions to the Australian Law Reform Commission in relation to its Inquiry into Class Action Proceedings and Third-Party Litigation Funders.

In addition, the Group's strategy of growing all areas of damages based plaintiff litigation, helps to diversify the Group's revenue stream and lessen the impact of individual legislative reform.

The Group's expansion into family law and loss adjusting and insurance policy recovery work also assists by diversifying into an alternative area of practice and lessening the impact of individual legislative reform.

WIP Recoverability

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

To mitigate risk in relation to the personal injuries practice area, and as part of the Group's commitment to continuously improve its case management systems and processes, one of the goals of the Engine Room Project is to improve WIP recoverability and predictability. The Company has also continued to apply previously adopted actuarial methodologies to assist in analysing its WIP recoverability rates, which will assist in managing the Group's portfolio in the future by enabling earlier intervention if required.

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

Growth and Integration Risk

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

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

Case Management Systems

The Group's business is reliant on its case management systems. The Group has achieved a significant milestone in implementing the Engine Room Project, and has largely replaced the previous case management system with a globally recognised integrated enterprise legal management solution to improve case management and workflow, client management and financial management capabilities.

Our People

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

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

During the Financial Year, Shine Lawyers developed a strategic competency framework designed to support the enhancement and progression of our team members' careers. The framework is a key tool which supports identifying, retaining and rewarding talent and equipping our people with technical, business, interpersonal, leadership and management skills to enable and enhance performance in current and future roles in an evolving industry.

Brand and Reputational Risk

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

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

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

Professional Services Sector Risk

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

Digital Disruption & Cybersecurity

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

The Group monitors cybersecurity threats given the potential consequences of a cybersecurity breach, including but not limited to, unauthorised access or disclosure (inadvertent or otherwise) of personal information held by the Group. From time to time, the Group engages cybersecurity experts to provide an independent assessment of the Group's exposures and protective measures.

Economic, Environmental and Social Sustainability Risks

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

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

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

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

On behalf of the Directors

Nongzellas

Tony Bellas

CHAIRMAN

Brisbane, 29 August 2018

AUDITOR'S INDEPENDENCE DECLARATION



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

As lead auditor for the audit of Shine Corporate Ltd for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the $\it Corporations Act 2001$ in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Joung

Mike Reid Partner

29 August 2018

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CORPORATE GOVERNANCE STATEMENT

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

The ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (**Guidelines**) sets out recommended corporate governance practices for ASX listed entities. The Guidelines state that they are designed to 'achieve good governance outcomes and meet the reasonable expectations of most investors in most situations'. The following assessment of the Group's practice against the Guidelines as at 30 June 2018 has been approved by the Board.

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

Prir	nciples and Recommendations	Shine's Compliance	
		The Nomination & Remuneration Committee reviews and reports to the Board on the Group's diversity profile with a view to setting meaningful targets for the advancement of diversity within the Group. At present, the targets include to: • target gender balance at all role levels; • meet or exceed the AICD target for female representation on Boards; • investigate gender based pay across the Group with a view to resolving any inconsistencies by the end of FY20; • investigate opportunities to ensure a greater alignment to reflect the general Australian population in areas such as (but not limited to) age, gender and ethnicity; and • aspire to meet a target of 50% female representation on the Board over time. As at 30 June 2018: • 25% of the Board members were women (one-third of the non-executive Directors); • 43% of the Leadership Team were women; and • 76% of the Group's team members were women.	
1.6	A listed entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors, and, at the end of each reporting period, disclose whether such performance evaluation was undertaken in that period.	The Board undertakes an evaluation process each year to assess its performance. The assessment is conducted by an independent third party consultant who seeks Board and management feedback on the performance of the Board and Board committees as a whole as well as feedback on individual Directors and the Group's reporting and governance practices. The most recent evaluation was completed in June 2018. Further information about the annual review process is outlined in the Board Charter and the Nomination & Remuneration Committee Charter available on the Company's website.	~
1.7	A listed entity should have and disclose a process for periodically evaluating the performance of the Company's senior executives, and at the end of each reporting period, disclose whether such performance evaluation was undertaken in that period.	The Board is responsible for evaluating the performance of the management team. The Chairman is also responsible for periodically reviewing the performance of the Managing Director.	~
Pri	nciple 2 – Structure the Board to add	d value	
2.1	The board of a listed entity should have a nomination committee, which has at least three members, a majority of independent directors and is chaired by an independent director. The functions and operations of the nomination committee should be disclosed.	A Nomination & Remuneration Committee with its own charter and consisting of all three of the independent Directors was in place during the Financial Year. The Nomination & Remuneration Committee is chaired by Tony Bellas. Details of the Nomination & Remuneration Committee's functions are set out in the Nomination & Remuneration Committee Charter which is available on the Company's website. Details of the number of meetings and attendance by the Directors at those meetings is disclosed on page 15.	~
2.2	A listed entity should have and disclose a board skills matrix, setting out what the board is looking to achieve in its membership.	The skills, knowledge and experience set out in Table 14 have been identified as those that are required for the effective management of the Group. The Board possesses broad coverage of these skills and attributes. The Board has determined that if a new Director is appointed, a candidate with a skills base including digital expertise will be sought. Employees with considerable digital expertise are available to assist the Board and management in this regard. Further details regarding the skills and experience of each Director are included on pages 12 and 13.	~

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

Prir	nciples and Recommendations	Shine's Compliance			
2.3	A listed entity should disclose the names of the directors that the board considers to be independent directors, and an explanation of why the board is of that opinion if a factor that impacts on independence applies to a director, and disclose the length of service of each director.	The Group currently has a four member Board, of whom three are independent non-executive Directors. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Group and its business. The date of appointment of each Director and details of their skills and experience are set out on pages 11 to 13 and on the Company's website.			
2.4	A majority of the board should be independent directors.	Three of the four Board members are considered to be independent – Tony Bellas, Carolyn Barker AM and Greg Moynihan. In accordance with the Board Charter which is available on the Company's website, a Director is considered independent if the Director is independent of management and free of any business or other relationship that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgement in relation to matters concerning the Company.			
2.5	The chairman of the board should be an independent director and should not be the CEO.	The Chairman, Tony Bellas, is an independent non-executive Director and the Managing Director is not the same individual as the Chairman.			
2.6	There should be a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	The Nomination & Remuneration Committee was responsible for establishing induction and continuous development programs for Directors during the Financial Year. Directors are encouraged to undertake continuing professional development activities each year and to join appropriate professional associations in order to continually develop and enhance their respective levels of industry knowledge, technical knowledge and other skills required to discharge their role effectively.			
Pri	nciple 3 – Act ethically and responsi	bly			
3.1	A listed entity should have a code of conduct for the board, senior executives and employees, and disclose that code or a summary of that code.	Shine has a Code of Conduct for Directors, executives, employees, consultants and contractors which sets out the fundamental principles of business conduct expected by the Company. The Code of Conduct is available on the Company's website.			
Pri	Principle 4 – Safeguard integrity in corporate reporting				
4.1	The company should have an audit committee, which consists of only non executive directors, a majority of independent directors, is chaired by an independent chairman who is not chairman of the board, and has at least three members. The functions and operations of the audit committee should be disclosed.	The Group has established an Audit & Risk Management Committee. The Audit & Risk Management Committee is comprised of the three Independent Non-executive Directors and is chaired by an Independent Non-executive Director (Greg Moynihan). Further details about the membership of the Audit & Risk Management Committee, including the names and qualifications of its members, are set out on pages 12 and 13. The Charter of the Audit & Risk Management Committee is available on the Company's website along with information about its members. The number of meetings held by the Committee and the Directors' attendance at meetings is disclosed each year in the Group's annual report and can be found on page 15 for FY18.			
4.2	The board should, before approving financial statements for a financial period, receive a declaration from the CEO and CFO that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, formed on the basis of a sound system of risk management and internal controls, operating effectively.	The Managing Director and Chief Financial Officer provide a statement to the Board and the Audit & Risk Management Committee in advance of seeking approval of any financial report to the effect that the Group's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects. In accordance with the above, the Board has received a written assurance that the declaration provided under section 295A of the Corporations Act is based on a sound system of internal control and risk management, which is operating effectively in all respects in relation to material business risks and financial reporting.			

Prir	nciples and Recommendations	Shine's Compliance
4.3	The Company's auditor should attend the AGM and be available to answer questions from security holders relevant to the audit.	The Group's auditor, Ernst & Young (EY), attends each annual general meeting of the Company and is available to answer questions.
Pri	nciple 5 – Make timely and balanced	disclosure
5.1	A listed entity should have a written policy for complying with continuous disclosure obligations under the Listing Rules, and disclose that policy or a summary of it.	The Company has a Continuous Disclosure Policy which is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the Listing Rules. The policy sets out the processes and practices that ensure compliance with these requirements.
		The Continuous Disclosure Policy is published on the Company's website.
	nciple 6 – Respect the rights of secu	rity holders
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company's website contains extensive information about the Company, its history and business activities and information relevant to investors as set out in the Guidelines.
		Investors may access copies of ASX announcements, notices of meeting and annual reports, as well as general information about the Company, on the Company's website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company conducts regular market briefings including interim and full year results presentations, investor roadshows and briefings and also attends industry conferences in order to facilitate communication with investors and other stakeholders. All presentation material is provided to ASX prior to these events and subsequently uploaded to the Company's website to ensure that all shareholders have timely access to information. The Company aims to ensure that all shareholders are well informed of all major developments affecting the Group.
6.3	A listed entity should disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.	Shareholders are encouraged to attend the Company's annual general meeting and to ask questions of Directors. The notice of meeting includes a process to enable shareholders to submit questions to the Board and the Company's auditor prior to the meeting.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the Company and its share registry electronically.	Shine provides its investors with the option to receive communications from, and send communications to, the Company and the share registry electronically.
Pri	nciple 7 – Respect the rights of secu	rity holders
7.1	The board should have a risk committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members.	The Group has established an Audit & Risk Management Committee. The Audit & Risk Management Committee is comprised of the three Independent Non-executive Directors and is chaired by an Independent Non-executive Director. Further details about the membership of the Audit & Risk Management Committee, including the names and qualifications of its members, are set out on pages 12 and 13.
	The functions and operations of the risk committee should be disclosed.	The Charter of the Audit & Risk Management Committee is available on the Company's website along with information about its members. The number of meetings held by the Committee and the Directors' attendance at meetings is disclosed each year in the Group's annual report and can be found on page 15 for FY18.
7.2	The board or a committee of the board should review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.	The Board is responsible for the oversight and management of risk, including the identification of material business risks on an ongoing basis and will be assisted by the Audit & Risk Management Committee where required. A review of material business risks has been conducted in the current period, which concluded that controls over risk management processes were adequate and effective.

Drin	nciples and Recommendations	Shine's Compliance
	A listed entity should disclose if the company has an internal audit function, how the function is structured and what role it performs, or if it does not have an internal audit function, that fact and the processes the company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company has an Internal Audit function which reports directly to the Chairman of the Audit & Risk Management Committee in order to maintain its independence. The Internal Audit & Risk Manager reviews the systems of internal control and risk management to ensure compliance with the Group's published policies and procedures and its legal and regulatory obligations. Reviews of specific areas of risk or control are undertaken by a combination of internal and external parties on an ad-hoc basis and by the Company's internal and external auditors as required for the Group's audit. Improvements are made where identified to increase the effectiveness of the Group's internal controls.
7.4	A listed entity should disclose whether the company has any material exposure to economic, environmental and social sustainability risks and, if so, how it manages those risks.	The Group's exposure to material business risks, including economic risks, is disclosed in the Directors' Report on pages 29 to 31. The Directors do not believe the Group has any material exposure to environmental or social sustainability risks.
Pri	nciple 8 – Remunerate fairly and res	ponsibly
8.1	The board should have a remuneration committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members. The functions and operations of the remuneration committee should be	A Nomination & Remuneration Committee, consisting of all of the independent Directors and chaired by Tony Bellas, assisted the Board to discharge its responsibilities in relation to remuneration and issues relevant to remuneration policies and practices, including those for senior management and non-executive Directors, during the Financial Year. The number of meetings held by the Committee and the Directors' attendance at meetings is disclosed each year in the Group's annual report and can be found on page 15. The Charter of the Committee is available
	disclosed.	on the Company's website.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors, and the remuneration of executive directors and other senior executives, should be separately disclosed.	The Company seeks to attract and retain high-performing Directors and executives with the experience, skills and qualifications necessary to add value to the Company and fulfill the roles required. Accordingly, the Company seeks to recruit by remunerating up to the 75th percentile for comparable executive roles. Board remuneration has remained unchanged since the IPO and there was no increase to Directors fees in FY2018. Further information about key factors affecting Director and executive
		remuneration are disclosed each year in the Remuneration Report which can be found commencing on page 16.
8.3	If the company has an equity-based remuneration scheme, it should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme, and disclose that policy or a summary of it.	Details of Shine's equity based remuneration scheme are set out in the Remuneration Report which can be found commencing on page 16. The Company's equity based remuneration scheme prohibits transactions which conflict with the Group's Securities Trading Policy (which prohibits Directors and executives from entering into margin lending arrangements or short-term trading in relation to Company securities). A copy of the Securities Trading Policy is available on the Company's website.

disclose that policy or a summary of it.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

Consolidated Group

For the year ended		30 June 2018	30 June 2017
	Note	\$000s	\$000s
Continuing operations			
Revenue	5	179,371	165,027
Less Expenses:			
Employee benefits expense		(90,471)	(82,137)
Depreciation and amortisation expense	7	(5,859)	(3,290)
Finance costs	7	(3,334)	(2,892)
Other expenses	6	(50,947)	(48,027)
Impairment of Goodwill		-	(5,000)
Share of net profit of associates and joint venture entities		-	1,809
Profit before income tax		28,760	25,490
Income tax expense	8	(9,647)	(5,335)
Net profit for the period		19,113	20,155
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		(297)	(85)
Total comprehensive income for the period		18,816	20,070
		10,010	20,070
Earnings per share from continuing operations attributable to the ordinary equity holders of the Group:			
Basic earnings per share in cents		11.04	11.64
Diluted earnings per share in cents		11.03	11.64

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

Consolidated Group

		30 June 2018	30 June 2017
	Note	\$000s	\$000s
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	13	22,549	14,188
Trade and other receivables	14	12,221	15,458
Income tax receivable		106	153
Work in progress	15	160,245	123,705
Unbilled disbursements	15	56,036	32,007
Other current assets	19	2,589	1,973
TOTAL CURRENT ASSETS		253,746	187,484
NON-CURRENT ASSETS			
Trade and other receivables	14	1,203	3,588
Work in progress	15	96,792	102,629
Unbilled disbursements	15	22,047	32,169
Property, plant and equipment	17	7,635	8,067
Intangible assets	18	48,291	48,997
TOTAL NON-CURRENT ASSETS		175,968	195,450
TOTAL ASSETS		429,714	382,934
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	20	13,167	16,088
Unbilled disbursements creditors	20	55,930	32,102
Short term borrowings	22	4,588	3,882
Other current financial liabilities	20	266	3,286
Provisions	25	7,292	6,381
TOTAL CURRENT LIABILITIES	25	81,243	61,739
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	20	67	55
Long term borrowings	22	52,876	48,741
Deferred tax liabilities	24	74,786	65,259
Provisions	25	2,602	2,662
TOTAL NON-CURRENT LIABILITIES		130,331	116,717
TOTAL LIABILITIES		211,574	178,456
NET ASSETS		218,140	204,478
EQUITY			
Issued capital	23	53,150	53,150
Retained earnings		165,321	151,403
Reserves		(331)	(75)
TOTAL EQUITY		218,140	204,478

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Issued capital	Retained Earnings	Foreign Exchange Reserves	Equity Share Reserves	Total
For the year ended 30 June		\$000s	\$000s	\$000s	\$000s	
Consolidated Group						
Balance at 1 July 2016		53,150	136,616	10	-	189,776
Comprehensive income						
Profit for the year		-	20,155	-	-	20,155
Other comprehensive income		-	-	(85)	-	(85)
Total comprehensive income for the year		-	20,155	(85)	-	20,070
Transactions with owners, in their capacity as owners, and other transfers						
Dividends recognised for the year	11	-	(5,368)	-	-	(5,368)
Total transactions with owners and other transfers		-	(5,368)	-	-	(5,368)
Balance at 30 June 2017		53,150	151,403	(75)	-	204,478
Balance at 1 July 2017		53,150	151,403	(75)	-	204,478
Comprehensive income						
Profit for the year		-	19,113	-	-	19,113
Other comprehensive income		-	-	(297)	-	(297)
Total comprehensive income for the year		-	19,113	(297)	-	18,816
Transactions with owners, in their capacity as owners, and other transfers						
Dividends recognised for the year	11	-	(5,195)	-	-	(5,195)
Employee Share Long Term Incentive Scheme	30	-	_	-	41	41
Total transactions with owners and other transfers		-	(5,195)	-	41	(5,154)
Balance at 30 June 2018		53,150	165,321	(372)	41	218,140

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

Consolidated Group

For the year ended	Note	30 June 2018	30 June 2017
		\$000s	\$000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	14(a)	168,044	162,159
Payments to suppliers and employees		(146,172)	(142,975)
Interest received		231	180
Finance costs		(3,376)	(2,529)
Income tax paid		(71)	(108)
Net cash provided by operating activities		18,656	16,727
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,973)	(4,856)
Proceeds on sale of property, plant and equipment		40	169
Payments for acquisition of businesses and purchase of files, including earnouts and deferred consideration		(3,743)	(14,896)
Costs associated with acquisition of businesses		-	(126)
Loans advanced to related parties		(722)	(890)
Purchase of other intangible assets		(3,628)	(6,070)
Net cash used in investing activities		(10,026)	(26,669)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,000	9,394
Repayment of borrowings		(244)	-
Dividends paid	11	(5,195)	(5,368)
Asset finance facility drawdowns		4,827	8,885
Asset finance facility repayments		(2,627)	(848)
Net cash (used in)/provided by financing activities		(239)	12,063
Net increase in cash held		8,391	2,121
Cash and cash equivalents at beginning of financial year		14,188	12,115
Effect of exchange rates on cash holdings in foreign currencies		(30)	(48)
Cash and cash equivalents at end of financial year		22,549	14,188

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1 CORPORATE INFORMATION

Shine Corporate Ltd (the Company or the parent) is a forprofit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The consolidated financial statements of Shine Corporate Ltd and its subsidiaries (collectively, the Group) for the year ended 30 June 2018 were authorised for issue on 28 August 2018 in accordance with a resolution of the Directors of the Company.

NOTE 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and Notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial report is presented in Australian dollars.

The financial statements are prepared on a going concern basis.

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

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

(a) Principles of Consolidation

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

 powers over the investee that give it the ability to direct the relevant activities of the investee,

- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

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

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

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

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

Business Combinations

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

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss. Deferred consideration is a financial liability in accordance with Note 2 (j) (iv).

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

Goodwill

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

i. the consideration transferred;

ii. any non-controlling interest; and

iii. the acquisition date fair value of any previously held equity interest; over the fair value of net identifiable assets acquired at acquisition date.

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

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

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

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

(b) Current versus non-current classification

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

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

All other assets are classified as non-current. A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

(c) Fair Value of Assets and Liabilities

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

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine

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

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

(d) Revenue

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

i. Rendering of services

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

ii. Interest revenue

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

iii. Other revenue

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

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

(e) Disbursements

Disbursements represent costs incurred on behalf of clients during the course of a matter that are recovered from clients. A provision for non recoverable disbursements is recognised to the extent that recovery of the outstanding receivable balance is considered less than likely. The provision is established based on the Group's history of amounts not recovered over previous years and a specific assessment of the recoverability of disbursements on major no-win, no-fee cases such as class actions

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

(f) Work in Progress

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

(g) Income Tax

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

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

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

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

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

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

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

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of

set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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

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

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

(h) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 2(k) for details of impairment).

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

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are

depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate			
	2018	2017		
Fixtures and fittings	2.5–100%	2–100%		
Leased plant and equipment	10-50%	20–25%		
Make good	12–100%	12–100%		
Motor vehicles	20%	20%		
Office and computer equipment	5–100%	5–100%		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

(i) Leases

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

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(j) Financial Instruments

Recognition and Initial Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

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

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

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

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

iv. Financial Liabilities

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

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss

event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

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

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

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

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

Financial Guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised, less cumulative amortisation.

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

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

Derecognition

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

(k) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

(I) Investments in Associates

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

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

When the Group's share of losses in an associate equals or exceeds its interest in the associate, no further losses are recognised. When receivables form part of the Group's investment in the associate, the Group offsets the losses against other receivables from the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of profits equals the share of the losses not recognised

(m) Interests in Joint Arrangements

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

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

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

(n) Intangibles other than Goodwill

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

An intangible Non-contractual Client Relationship asset was recognised in line with the Group's existing policy on "Intangibles other than Goodwill" through the Claims Consolidated asset acquisition. 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 one and a half years.

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

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

(o) Foreign Currency Transactions and Balances

	2018	2017
Transformation Project Costs	8 years	10 years
Erin Brockovich Agreement	10 years	10 years
Software Development	3 years	3 years
Trademarks and patents	10 years	10 years
Non-contractual Client Relationship	1.5 years	1.5 years

Functional and presentation currency

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

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is

recognised in the profit or loss.

Group companies

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

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

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

(p) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on the applicable corporate bond rate with terms to maturity that match the expected timing of cash flows attributable to the employee benefits.

(q) Provisions

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

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

(r) Cash and Cash Equivalents

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

(s) Trade and Other Receivables

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the

effective interest method, less any provision for impairment. Refer to Note 2(k) for further discussion on the determination of impairment losses.

(t) Trade and Other Payables

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

(u) Borrowing Costs

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

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

(v) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the relevant taxation body is included with other receivables or payables in the Statement of Financial Position.

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

(w) Comparative Figures

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

(x) Critical Accounting Estimates and Judgements

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

Key Estimates and Judgements

i. Provision against Work In Progress

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

into account the specific aspects of each case or class action, including any third party funding arrangements that may be applicable to the action.

ii. Provision against Unbilled Disbursements

The company has provided for potential non-recovery of unbilled disbursements by reviewing the historical levels of unrecovered matter related expenses for similar matter types and considering the level of gross unbilled disbursements and trends in overall work in progress recovery rates.

iii. Classification of Work in Progress and Disbursements

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

iv. Provision for Doubtful Debts

The company has fully provided for all debtors where there is an inherent uncertainty in relation to the collection of the debt.

v. Goodwill impairment and the determination of Cash Generating Units ("CGU's")

The key assumptions used to determine the recoverable amount for the different CGU's, including a sensitivity analysis are disclosed and further explained in Note 18.

vi. Tax loss recognition

The Group will only account for tax losses when it is probable they will be utilised as explained in Note 24.

vii. Fair value of financial assets and liabilities.

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

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

vii. Purchase of files

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

(y) New and Amended Accounting Standards and Interpretations

i. AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary differences related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

ii. AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period in Note 33.

iii. AASB Interpretation 23 Uncertainty over Income Tax Treatment

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

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

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

iv. Conceptual Framework for Financial Reporting

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 The objective of financial reporting
- Chapter 2 Qualitative characteristics of useful financial information
- Chapter 3 Financial statements and the reporting entity
- Chapter 4 The elements of financial statements
- Chapter 5 Recognition and derecognition
- Chapter 6 Measurement
- Chapter 7 Presentation and disclosure
- Chapter 8 Concepts of capital and capital maintenance

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

NOTE 3 ADOPTION OF NEW ACCOUNTING STANDARDS FROM 1 JULY 2018

The following new accounting standards will be implemented by the Group from 1 July 2018:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- · AASB 16 Leases

Outlined below are the expected impacts from these standards in future financial periods. At the end of this note is a proforma Consolidated Statement of Financial Position expected at 1 July 2018.

AASB 9 Financial Instruments

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

The Group will adopt the new standard on the required effective date of 1 July 2018 and will not restate comparative information. During the financial year ended 30 June 2018, the Group performed a detailed impact assessment of all three aspects of AASB 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of AASB 9. The Group expects an increase in the loss allowance against debtors resulting in a negative impact on equity as discussed below.

(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 for these instruments is not required.

(b) Impairment

AASB 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all loans and trade receivables. The Group has determined that, due to the unsecured nature of its receivables, the loss allowance will increase with a corresponding related decrease in the deferred tax liability. Refer to table below for quantification. With respect to WIP and Unbilled Disbursements which are considered Contract Assets under AASB 9, the Group is yet to finalise its assessment of the impact of expected credit losses.

AASB 15 Revenue from Contracts With Customers

The Group will be adopting 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 will supersede the revenue recognition requirements that are included in other Standards and Interpretations, in particular AASB 118 Revenue and AASB 111 Construction Contracts .

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.

i. Estimating variable consideration

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.

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).

ii. Identifying the Performance Obligation

In personal injury matters, 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.

iii. 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.

iv. 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"). 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 writeoffs and unsuccessful matters; or
- Judgement based estimates of percentage completion. The percentage 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.

v. 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 receivable. The amount of any expected reimbursement is reduced by an allowance for non-recovery based on past experience.

vi. No significant financing component

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;
- 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.

vii. Conversion of WIP to Receivable

The conversion of work in progress to a receivable in relation to services is recognised when the matter is successfully concluded and 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.

Revenue Streams

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

Legal Services - Personal Injury

The personal injury segment operates on the basis of contingent fee arrangements, whereby fees are earned only if there is a successful outcome of a matter. In some very rare cases, fees may be fixed, depending on the stage at which a matter concludes. For some arrangements, fees are fixed as a specified percentage of damages awarded under a claim.

Legal Services – Emerging Practice Areas

The Group earns revenue through a broad range of disciplines within its Emerging Practice Areas segment. Fee arrangements include fixed fee arrangements, unconditional fee for service arrangements ("time and materials"), and variable or contingent fee arrangements. Revenue is recognised over time in the accounting period when services are rendered, subject to constraint on variable consideration where applicable.

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.

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.

As in the case of personal injury claims, 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.

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.

AASB 16: Leases

AASB 16 Leases will be early implemented on 1 July 2018 and will replace 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 will require 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 will no longer include operating lease expenditure but will be impacted by the recognition of interest and depreciation expense.

This standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group had non-cancellable operating lease commitments (refer Note 26). However, due to the transition to AASB 16 on 1 July 2018 these commitments will not appear as operating lease expense in future periods.

On adoption, AASB 16 will have a significant impact on the Group's consolidated balance sheet and future consolidated income statement. Management has developed a model to calculate the quantitative impact of current operating leases under AASB 16 as at date of transition. The model requires management to make some key judgements including:

 The incremental borrowing rate used to discount lease assets and liabilities when the implicit interest rate is indeterminable;

- · Estimates of make goods; and
- The lease term including potential rights of renewals.

Management's analysis indicates that the impact on current lease arrangements will be material to the balance sheet on the date of adoption as follows:

- Recognition of a right of use net asset
- · Recognition of additional lease liability
- Decrease in opening retained earnings
- · De-recognition of make good asset

The impact on the consolidated statement of comprehensive income for future periods will be:

- 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 for future periods will be:

- Decrease in payments to suppliers and employees; and
- Increase in payments for lease liabilities.

The impact on each of these line items will be significant, however management do not expect the overall effect on net profit attributed to shareholders to be material. 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 above has no cash effect to the Group and the changes are for financial reporting purposes only.

The Group will early adopt the simplified transition approach under AASB 16.C5(b) and will not restate 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 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.

Proforma Consolidated Statement of Financial Position at 1 July 2018

Set out below are the impacts on transition to AASB 9, AASB 15 and AASB 16 on 1 July 2018 and the proforma Consolidated Statement of Financial Position:

	Actual Consolidated Statement of Financial Position	AASB 9 Adjustment	AASB 15 Adjustment	AASB 16 Adjustment	Proforma Consolidated Statement of Financial Position
	30-Jun-18	1-Jul-18	1-Jul-18	1-Jul-18	1-Jul-18
ACCETC	\$000s	\$000s	\$000s	\$000s	\$000 s
ASSETS CURRENT ASSETS					
Cash and cash equivalents	22,549	_	_	_	22,549
Trade and other receivables	12,222	(34)	_	_	12,188
Income tax receivable	105	-	-	-	105
Work in progress	160,245	_	(1,079)	-	159,166
Unbilled disbursements	56,036	-	(90)	-	55,946
Other current assets	2,589	_	-	-	2,589
TOTAL CURRENT ASSETS	253,746	(34)	(1,169)	-	252,543
NON-CURRENT ASSETS	4.000	(5)			4.40.0
Trade and other receivables	1,203	(5)	- (F.4C)	-	1,198
Work in progress Unbilled disbursements	96,792 22,047	-	(546)	-	96,246
Property, plant and equipment	7,635	-	(54)	(262)	21,993 7,373
Right of use assets	7,033	-	_	51,519	51,519
Intangible assets	48,291		_	51,515	48,291
TOTAL NON-CURRENT ASSETS	175,968	(5)	(600)	51,257	226,620
TOTAL ASSETS	429,714	(39)	(1,769)	51,257	479,163
LIABILITIES					
CURRENT LIABILITIES	40.407			(40)	40.440
Trade and other payables	13,167	-	-	(19)	13,148
Unbilled disbursements creditors	55,930	-	-	(2.407)	55,930
Short term borrowings Lease liabilities current	4,588	-	-	(3,497)	1,091 10,138
Other current financial liabilities	266	-	_	10,136	266
Provisions	7,292		_	(1,315)	5,977
TOTAL CURRENT LIABILITIES	81,243	-	-	5,307	86,550
NON-CURRENT LIABILITIES					
Other non-current financial liabilities	67	-	-	(67)	-
Long term borrowings	52,876	-	-	(10,637)	42,239
Lease liabilities non-current	-	-	-	58,965	58,965
Deferred tax liabilities	74,786	(12)	(531)	-	74,243
Provisions	2,602	-	-	-	2,602
TOTAL MARKETS	130,331	(12)	(531)	48,261	178,049
TOTAL LIABILITIES	211,574	(12)	(531)	53,568	264,599
NET ASSETS	218,140	(27)	(1,238)	(2,311)	214,564
EQUITY					
Issued capital	53,150	-	-	-	53,150
Retained earnings	165,321	(27)	(1,238)	(2,311)	161,745
Reserves	(331)				(331)
TOTAL EQUITY	218,140	(27)	(1,238)	(2,311)	214,564

The main reasons for the changes are as follows:

AASB 9 Financial Instruments

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

AASB 15 Revenue from Contracts with Customers

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

AASB 16 Leases

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

NOTE 4 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 AASB 8 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 AASB 8.13.

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

Types of products and services by segment:

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.

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 and Risk Worldwide New Zealand.

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.

(i) Segment performance

30 June 2018	Personal Injury \$000s	Emerging Practice Areas \$000s	Unallocated items	Total \$000s
REVENUE	φ0003	Ψ0003	Ψ0003	Ψ0003
External sales	122,648	55,292	_	177,940
Other revenue	15	1,185	231	1,431
Total segment revenue	122,663	56,477	231	179,371
	,			,
Expenses				
Depreciation and amortisation	(3,294)	(1,497)	(1,068)	(5,859)
Interest expense	(128)	(104)	(3,102)	(3,334)
RESULTS				
Segment profit/(loss) before tax	23,070	11,071	(5,381)	28,760
30 June 2017				
REVENUE				
External sales	114,433	46,797	-	161,230
Other revenue	2,177	1,440	180	3,797
Total segment revenue	116,610	48,237	180	165,027
Expenses				
Depreciation and amortisation	(2,486)	(772)	(32)	(3,290)
Interest expense	(220)	(81)	(2,591)	(2,892)
Impairment charge	(220)	(5,000)	(2,331)	(5,000)
Share of profit of associate		1,809	_	1,809
RESULTS Segment profit/(loss) before tax	19,880	9,582	(3,972)	25,490
Segment assets				
30 June 2018				
Segment assets	284,421	142,626	2,667	429,714
30 June 2017				
Segment assets	251,393	130,577	964	382,934
) Segment liabilities	1	ı	1	
30 June 2018				
Reconciliation of segment liabilities to group liabilities:	53,628	29,086	2,156	84,870
Unallocated liabilities:				
Borrowings	-	-	51,918	51,918
Deferred tax liabilities	-	-	74,786	74,786
Total group liabilities	53,628	29,086	128,860	211,574
30 June 2017				
Reconciliation of segment liabilities to group liabilities:	46,105	26,460	1,516	74,081
Unallocated liabilities:				
Borrowings	-	-	39,116	39,116
Deferred tax liabilities	-	-	65,259	65,259
Total group liabilities	46,105	26,460	105,891	178,456

Consolidated Group 30 June 2018 30 June 2017 \$000s \$000s Revenue from external customers Australia 176,418 160,497 New Zealand 1,522 733 177,940 Total 161,230 The revenue above is based on the locations of the customers Non-current operating assets Australia 173,774 189,365 New Zealand 2,193 2,497 175,967 Total 191,862

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

NOTE 5 REVENUE

Consolidated Group				
	Note	30 June 2018	30 June 2017	
		\$000s	\$000s	
Sales revenue				
Provision of services/professional fees		173,185	155,830	
Sundry disbursements recovered		4,755	5,400	
	4	177,940	161,230	
Other revenue				
Interest revenue		231	180	
Derecognition of consideration liabilities		-	2,406	
Services management fee		1,145	813	
Other revenue		55	398	
	4	1,431	3,797	
Total revenue	4	179,371	165,027	

NOTE 6 OTHER EXPENSES

Consolidated Group

	30 June 2018	30 June 2017
	\$000s	\$000s
Premises expenses	11,494	10,214
Marketing expenses	11,677	9,623
HR expenses	2,976	3,809
IT and computer expenses	6,343	5,932
Printing, postage and stationery	2,413	2,774
Professional fees	5,146	5,182
Unrecovered matter related expenses	7,245	6,810
Motor vehicle and travel expenses	1,541	1,969
Bad & doubtful debts expenses	1,338	1,023
Sundry expenses	774	691
	50,947	48,027

NOTE 7 PROFIT FOR THE YEAR

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

Consolidated Group

	Note	30 June 2018	30 June 2017	
		\$000s	\$000s	
(a) Finance cost expense:				
interest on bank overdraft and other loans		3,322	2,681	
interest unwind on contingent and deferred consideration payable to vendors on acquisitions		12	211	
		3,334	2,892	
(b) Depreciation and amortisation of non-current assets:				
plant and equipment	17(a)	2,220	1,988	
transformation project costs	18(a)	1,219	-	
Erin Brockovich agreement	18(a)	112	112	
software and others	18(a)	133	103	
Non-contractual client relationships	18(a)	2,175	1,087	
		5,859	3,290	
(c) Employee benefits expense:				
defined contribution superannuation expense		5,116	6,127	
(d) Bad and doubtful debts:				
trade receivables	14(b)	1,338	1,023	
(e) Rental expense on operating leases:				
minimum lease payments		9,510	8,602	
(f) Loss on disposal of property, plant and equipment		(3)	93	
(g) Foreign currency translation losses		31	15	

NOTE 8 INCOME TAX EXPENSE

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

Consolidated Group

		30 June 2018	30 June 2017
	Note	\$000s	\$000s
(a) The components of tax expense comprise:			
Current tax expense/(benefit)		120	(1,816)
Current year tax (losses)/expense		(7,192)	3,835
Deferred tax		16,719	3,009
Subtotal		9,647	5,028
Under provision in respect of prior years		-	307
Income Tax Expense		9,647	5,335
(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% (30 June 2017: 30%)			
Consolidated group		8,628	7,647
Tax effect of:			
Non-allowable items		50	30
Non-deductible amortisation		652	326
Impairment charge		-	1,500
Provision against RWWNZ debt not assessable		-	(543)
Recognised temporary differences - tax losses		-	(2,764)
Earnout adjustments and share guarantee payments		18	(701)
Adjustment to deferred tax of prior years		299	(467)
Under provision in respect of prior years		-	307
Income tax attributable to entity		9,647	5,335
The applicable weighted average effective tax rates are as follows:		33.5%	20.9%

The total Australian taxable losses available at 30 June 2018 are \$35,912,000 (30 June 2017: \$17,700,000) resulting in potential deferred tax asset of \$10,774,000 (30 June 2017: \$5,310,000). This has been recognised in full and is offset against deferred tax liabilities. New Zealand Tax losses of \$861,000 resulting in potential deferred tax asset of \$258,000 have also been recognised in the current year.

NOTE 9

KEY MANAGEMENT PERSONNEL COMPENSATION

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

	Consolidated Group		
	30 June 2018 30 June		
	\$	\$	
Short-term employee benefits	1,189,219	2,121,064	
Long-term employee benefits	3,155	-	
Post-employment benefits	59,814	91,625	
Total KMP compensation	1,252,187	2,212,689	

KMP Options and Rights Holdings

No options have been issued by the Group. Performance rights have been issued by the Group as long term employee benefits, refer to Note 30.

	Consolidated Group		
	30 June 2018	30 June 2017	
	#	#	
Performance rights granted to KMP	153,498	-	

Other KMP Transactions

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

NOTE 10 AUDITORS' REMUNERATION

	Consolida	Consolidated Group			
	30 June 2018	30 June 2017			
	\$	\$			
Remuneration of Ernst & Young for:					
auditing or reviewing the financial report	370,384	397,211			
taxation services and advices	142,800	73,400			
	513,184	470,611			
Remuneration of non Ernst & Young audit firms for:					
auditing of trust accounts and WIP	35,780	82,183			
	35,780	82,183			

NOTE 11 DIVIDENDS PAID AND PROCESSED

Consolidated Group

	30 June 2018	30 June 2017
	\$000s	\$000s
(a) Distributions paid		
Final franked dividend for FY2017 of 2.00 cents per share (30 June 2017: final unfranked dividend for FY2016 of 2.50 cents per share paid in FY2017)	3,463	4,329
Interim franked dividend for FY2018 of 1.00 cents per share (30 June 2017: interim unfranked dividend for FY2017 of 0.60 cents per share)	1,732	1,039
	5,195	5,368
(b) Distributions proposed and not recognised as a liability		
The Board of Directors has declared a final dividend of 2.25 cents per share (franked to 41%) on 29 August 2018 (30 June 2017: 2.0 cents per share franked).		
(c) Franking account		
Balance of franking account at year end adjusted for franking credits arising from:		
Opening balance	2,921	-
Repayment of income tax	-	-
Acquired subsidiaries' franking account surplus transferred to head company *	125	2,921
Net adjustment based on refund on lodged tax return	(137)	-
Payment of franked dividends	(2,226)	-
Closing balance	683	2,921

^{*} This balance relates to the franking account surplus of Sciacca's, Bradley Bayly and Best Wilson Buckley that was transferred to Shine Corporate Ltd's franking account at their respective acquisitions. These have been recognised upon completion and lodgement of the respective tax returns.

(d) Dividend Policy

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

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

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

NOTE 12 EARNINGS PER SHARE

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

Consolidated Group

	30 June 2018	30 June 2017
	\$000s	\$000s
(a) Net profit attributable to ordinary equity holders of the parent	19,113	20,155
Earnings used to calculate basic EPS	19,113	20,155
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	173,161,812	173,161,812
(c) Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	173,288,023	173,161,812

⁽d) There were 2,002,921 Performance Rights that were potential ordinary shares at the end of the year (30 June 2017: nil). Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent by the sum of the weighted average number of ordinary shares outstanding during the year and the weighted average number of shares that would be issued on conversion of the Performance Rights that comprise all the dilutive potential ordinary shares into ordinary shares.

NOTE 13
CASH AND CASH EQUIVALENTS

	Note	e Consolidated Group		
		30 June 2018	30 June 2017	
		\$000s	\$000s	
Cash at bank and on hand		22,549	14,188	
	28	22,549	14,188	
Reconciliation of cash				
Cash at the end of the financial year as shown in the statement of cash				
flows is reconciled to items in the statement of financial position as				
follows:				
Cash and cash equivalents		22,549	14,188	
		22,549	14,188	

A floating charge over cash and cash equivalents has been provided for certain debt. Refer to Note 22 for further details.

NOTE 14 TRADE AND OTHER RECEIVABLES

	Note	Consolidated	d Group
		30 June 2018	30 June 2017
		\$000s	\$000s
CURRENT			
Trade receivables	14(a)	9,548	12,775
Provision for impairment	14(b)	(1,131)	(1,170)
		8,417	11,605
Related party receivables	14(c)	3,355	2,353
Other receivables		449	1,500
Total current trade and other receivables		12,221	15,458
NON-CURRENT			
Trade receivables		2,088	3,588
Provision for impairment		(885)	-
Total non-current trade and other receivables		1,203	3,588

(a) Factored receivables

The Group has factored a total of \$3,737,000 (30 June 2017: \$581,000) of its Trade Receivables to private third parties. The total amount of cash received was \$3,246,000 at an approximate effective discount of 13% (30 June 2017: 8% discount). These debtor invoices have been derecognised from the balance sheet and there is no residual risk retained by the Group in relation to these invoices. The cashflows from the debtor factoring appears within "Receipts from Customers" in the Consolidated Statement of Cash Flows. Future receipts from the factored debtors will be received by the Group as agent and forwarded onto the factorer on a monthly basis.

(b) Provision For Impairment of Receivables

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

	Opening Balance	Acquisition of subsidiaries	Charge for the Year	Amounts Written Off	Closing Balance
	1 July 2017				30 June 2018
Consolidated Group	\$000s	\$000s	\$000s	\$000s	\$000s
(i) Current trade receivables	1,170	-	453	(492)	1,131
(ii) Non-current trade receivables	-	-	885	-	885
	1,170	-	1,338	(492)	2,016
	Opening Balance	Acquisition of subsidiaries	Charge for the Year	Amounts Written Off	Closing Balance
	1 July 2016				30 June 2017
Consolidated Group	\$000s	\$000s	\$000s	\$000s	\$000s
(i) Current trade receivables	938	-	1,023	(791)	1,170
	938	-	1,023	(791)	1,170

(c) Related party receivables

Included in related party receivables is a loan to an affiliated entity Shine Lawyers NZ Limited for \$2,894,000 (30 June 2017: \$2,173,000). Refer to Note 31 for further details.

(d) Credit risk

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

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

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

	Gross	Past due and	(days overdue)				
Consolidated Group	Amount	impaired	<30	31-60	61-90	>90	trade terms
30 June 2018	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Trade and term receivables	11,636	2,016	1,531	958	970	2,474	3,687
Other receivables	3,804	-	-	-	-	-	3,804
Total	15,440	2,016	1,531	958	970	2,474	7,491

		Past	Within initial				
Consolidated Group	Gross Amount	due and impaired	<30	31-60	61-90	>90	trade terms
30 June 2017	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Trade and term receivables	16,363	1,170	2,082	884	1,683	3,101	7,443
Other receivables	3,687	-	-	-	-	-	3,687
Total	20,050	1,170	2,082	884	1,683	3,101	11,130

NOTE 15 WORK IN PROGRESS AND UNBILLED DISBURSEMENTS

	Consolidated	d Group
	30 June 2018	30 June 2017
	\$000s	\$000s
CURRENT		
At net realisable value:		
Work in progress	196,254	161,648
Work in progress provision	(36,009)	(37,943)
	160,245	123,705
Unbilled disbursements	59,827	35,419
Unbilled disbursements provision	(3,791)	(3,412)
	56,036	32,007
	216,281	155,712
NON-CURRENT		
At net realisable value:		
Work in progress	117,962	120,366
Work in progress provision	(21,170)	(17,737)
	96,792	102,629
Unbilled disbursements	23,406	33,124
Unbilled disbursements provision	(1,359)	(955)
	22,047	32,169
	118,839	134,798
TOTAL		
Total work in progress	314,216	282,014
Total work in progress provisions	(57,179)	(55,680)
Total net work in progress	257,037	226,334
Total unbilled disbursements	83,233	68,543
Total unbilled disbursements provision	(5,150)	(4,367)
Total net unbilled disbursements	78,083	64,176

NOTE 16 INTEREST IN SUBSIDIARIES

(a) Information about principal subsidiaries

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

		Ownership interest held by the Group		•	
Name of subsidiary	Country of Incorporation	2018 (%)	2017 (%)	2018 (%)	2017 (%)
Shine Lawyers Pty Ltd	Australia	100%	100%	100%	100%
Shine NZ Pty Ltd	Australia	100%	100%	100%	100%
Shine DIR Pty Ltd	Australia	100%	100%	100%	100%
Shine (U.S.) Pty Ltd	Australia	100%	100%	100%	100%
Emanate Legal Services Pty Ltd	Australia	100%	100%	100%	100%
SB Law Pty Ltd	Australia	100%	100%	100%	100%
Sciacca's Lawyers Pty Ltd	Australia	100%	100%	100%	100%
Sciacca's Family Lawyers Pty Ltd	Australia	100%	100%	100%	100%
Shine NZ Services Pty Ltd	Australia	100%	100%	100%	100%
Bradley Bayly Holdings Pty Ltd	Australia	100%	100%	100%	100%
Best Wilson Buckley Family Law Pty Ltd	Australia	100%	100%	100%	100%
Claims Consolidated Pty Ltd	Australia	100%	100%	100%	100%
Risk Worldwide New Zealand Limited	New Zealand	100%	100%	100%	100%
Nerve Solutions Group Pty Ltd	Australia	100%	100%	100%	100%

The Group has a controlling interest in the Shine Corporate Employee Share Trust and consolidates the results of the EST. Refer Note 30 for further information.

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

(b) Deed of Cross Guarantee

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

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

Consolidated Income Statement	Closed Group			
	30 June 2018	30 June 2017		
	\$000s	\$000		
Profit from continuing operations before income tax	29,337	26,647		
Income tax expense	(9,818)	(5,682		
Profit after tax from continuing operations	19,519	20,965		
Retained earnings at the beginning of the period	152,213	136,886		
Dividends paid	(5,195)	(5,638		
Retained earnings at the end of the period	166,537	152,213		
Consolidated Balance Sheet	Closed Gro	•		
	30 June 2018 \$000s	30 June 2017 \$000s		
ASSETS	\$0005	\$000		
CURRENT ASSETS				
Cash and cash equivalents	22,123	13,766		
Trade and other receivables	20,626	25,248		
Income tax receivable	105	153		
Work in progress	156,389	120,832		
Unbilled disbursements	54,273	30,558		
Other current assets	2,585	1,983		
TOTAL CURRENT ASSETS	256,101	192,540		
NON-CURRENT ASSETS				
Trade and other receivables	1,203	166		
Work in progress	95,619	101,203		
Unbilled disbursements	21,394	31,449		
Property, plant and equipment	7,564	7,993		
Intangible assets	48,053	48,749		
TOTAL NON-CURRENT ASSETS	173,833	189,560		
TOTAL ASSETS	429,934	382,100		
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	8,105	15,448		
Disbursement creditors	55,081	31,130		
Short term borrowings	4,587	3,659		
Other current financial liabilities	4,521	3,286		
Provisions	7,281	6,38		
TOTAL CURRENT LIABILITIES	79,575	59,904		
NON GUPPENT LIABULTIFO				
NON-CURRENT LIABILITIES Long torm borrowings	E2 070	40 700		
Long term borrowings	52,876	48,796		
Other non-current financial liabilities	67	0F 2F		
Deferred tax liabilities	75,050	65,352		
Provisions	2,602	2,662		
TOTAL NON-CURRENT LIABILITIES	130,595	116,810		
TOTAL LIABILITIES NET ASSETS	210,170	176,714		
INLI MOJETO	219,764	205,386		
EQUITY				
Issued capital	53,150	53,150		
Reserves	76	23		
Retained earnings	166,538	152,213		
TOTAL EQUITY	219,764	205,386		

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

Consolidated Group

		•	
	30 June 2018	30 June 2017	
	\$000s	\$000s	
PLANT AND EQUIPMENT			
Fixtures and fittings			
At cost	10,056	9,579	
Accumulated depreciation	(5,227)	(4,025)	
	4,829	5,554	
Leased plant and equipment			
Capitalised leased assets	483	119	
Accumulated depreciation	(190)	(34)	
	293	85	
Office furniture and equipment			
At cost	3,722	3,474	
Accumulated depreciation	(1,799)	(1,396)	
	1,923	2,078	
Computer equipment and software			
At cost	776	420	
Accumulated depreciation	(449)	(356)	
	327	64	
Make good allowance on leased premises			
At cost	1,281	1,280	
Accumulated depreciation	(1,018)	(994)	
	263	286	
Total plant and equipment	7,635	8,067	

(a) Movements in Carrying Amounts

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

			Office	Computer	Make good	
		Leased	furniture	equipment	allowance	
	Fixtures	plant and	and	and	on leased	
	and fittings	equipment	equipment	software	premises	Total
	\$000s	\$000s	\$000s	\$000 s	\$000s	\$000s
Consolidated Group:						
Balance at 1 July 2016	3,000	148	1,847	74	327	5,396
Additions	3,761	81	763	72	179	4,856
Disposals	(14)	(119)	(105)	(1)	(23)	(262)
Depreciation expense	(1,204)	(25)	(472)	(90)	(197)	(1,988)
Additions through business combinations	11	-	45	9	-	65
Balance at 30 June 2017	5,554	85	2,078	64	286	8,067
Additions	674	364	505	314	116	1,973
Disposals	(125)	-	(55)	-	-	(180)
Reclassification	21	-	(22)	1	-	-
Depreciation expense	(1,294)	(156)	(579)	(52)	(139)	(2,220)
Exchange differences	(1)	-	(4)	-	-	(5)
Balance at 30 June 2018	4,829	293	1,923	327	263	7,635

NOTE 18 INTANGIBLE ASSETS

Consolidated Group

	30 June 2018	30 June 2017
	\$000s	\$000s
Goodwill		
Cost	42,650	42,659
Accumulated impairment losses	(5,000)	(5,000)
Net carrying amount	37,650	37,659
Non Contractual Client Relationships		
Cost	3,262	3,262
Accumulated amortisation and impairment losses	(3,262)	(1,087)
Net carrying amount	-	2,175
Computer software		
Cost	664	522
Accumulated amortisation and impairment losses	(523)	(522)
Net carrying amount	141	-
Transformation project costs (including software)		
Cost	13,592	10,791
Accumulated amortisation and impairment losses	(3,314)	(2,095)
Net carrying amount	10,278	8,696
Erin Brockovich agreement		
Cost	1,130	1,130
Accumulated amortisation and impairment losses	(913)	(801)
Net carrying amount	217	329
Website development		
Cost	18	18
Accumulated amortisation and impairment losses	(17)	(15)
Net carrying amount	1	3
Trademarks, patents and intellectual property		
Cost	179	180
Accumulated amortisation and impairment losses	(175)	(45)
Net carrying amount	4	135
Takal internalibles	40.004	40.007
Total intangibles	48,291	48,997

(a) Movements in Carrying Amounts

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

	Goodwill	Non Contractual Client Relation- ships	Computer software	Trans- formation project costs (including software)	Erin Brockovich agreement	Others	Total
Consolidated Group:	\$000s	\$000s	\$000s	\$000 s	\$000s	\$000s	\$000s
Balance at 1 July 2016	42,412	-	48	2,626	441	193	45,720
Additions	-	3,262	-	6,070	-	-	9,332
Additions through business combinations	247	-	-	-	-	-	247
Amortisation charge	(5,000)	(1,087)	(48)	-	(112)	(55)	(6,302)
Balance at 30 June 2017	37,659	2,175	-	8,696	329	138	48,997
Additions	-	-	141	2,801	-	-	2,942
Acquisitions through business combinations	-	-	-	-	-	-	-
Amortisation and Impairment charge	-	(2,175)	-	(1,219)	(112)	(133)	(3,639)
Exchange differences	(9)	-	-	-	-	-	(9)
Balance at 30 June 2018	37,650	-	141	10,278	217	5	48,291

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

(b) 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 not larger than an operating unit.

During the first half of the FY2018 financial year, the Directors modified the basis of how impairment testing is carried out based on 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.

As a result, from 31 December 2017 the CGUs have been grouped into Personal Injury and Emerging Practice Areas for goodwill impairment testing. These two groups are expected to benefit from these synergies now and into the foreseeable future.

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

	Personal Injury CGU Group	Shine EPA	Land Access	Family Law	Loss Adjustment	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
30 June 2018	16,646		21,	013		37,659
30 June 2017	16,646	2,716	12,920	5,130	247	37,659

At 31 December 2017 when the CGU grouping was modified, the goodwill balance of the Land Access CGU was \$12,920,000. If this CGU were tested for impairment at 30 June 2018, headroom would be \$99,000 (2017: \$50,000).

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.

Pre tax discount rate applied to the cash flow position:

			Emerging Practice Areas CGU Group			
		Personal Injury CGU Group	Shine EPA	Land Access	Family Law	Loss Adjustment
		%	%	%	%	%
Discount rate	2018	12.7%		13.3%		
Discount rate	2017	12.5%	12.9%	13.2%	13.7%	14.1%

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

		Personal	Emerging Practice Areas CGU Group			
		Injury CGU Group	Shine EPA	Land Access	Family Law	Loss Adjustment
		%	%	%	%	%
Revenue	2018	5.0%		5.0%	6	
Revenue	2017	5.0%	5.0%	5.0%	5.0%	n/a
Operating costs	2018	3.0% to 3.7%		3.0% to	3.7%	
Operating costs	2017	3.0% to 3.7%	3.0% to 3.7%	3.0% to 3.7%	3.0% to 3.7%	3.0% to 3.7%
Terminal growth	2018	3.0%		3.0%	6	
Terminal growth	2017	3.0%	3.0%	3.0%	3.0%	3.0%

Key assumptions used in value in use calculations $% \left(x\right) =\left(x\right) +\left(x\right) +$

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

- revenue values have been determined from the Board approved budget for FY2019 adjusted for growth and other known circumstances;
- operating expenses have been determined from the Board approved budget for FY2019, adjusted for growth and other known circumstances;
- terminal values have been calculated based on a multiple of year 5 earnings before interest, tax, depreciation and amortisation; and
- $\bullet \ \ \text{billing and collection of Land Access Work in Progress is assumed to be approximately 18 months.}\\$

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	Emerging Practice Areas	Personal Injury	Emerging Practice Areas
	30 June 2018	30 June 2018	30 June 2017	30 June 2017
Pre-tax Discount rate used	12.7%	13.3%	12.5%	12.9%
Headroom ie. value-in-use exceeding carrying value	\$14,070,000	\$32,830,000	\$47,050,000	\$8,039,000
Each of the following changes independently would result in headroom decreasing to nil:				
Reduction in revenue growth rate	0.4%	1.9%	1.1%	0.7%
Reduction in terminal value growth rate	0.8%	3.0%	2.6%	1.7%
Increase in pre-tax discount rate (Weighted Average Cost of Capital)	0.5%	3.3%	1.6%	1.1%

During the period ended 30 June 2018 the Emerging Practice Area Cash-Generating Unit was formed through the merging of four historical CGUs. Impairment testing of these four individual historical CGUs resulted in no impairment at 30 June 2018.

Had the four historical CGUs remained at 30 June 2018 a reasonably possible change in the following assumptions in isolation in the historical Land Access CGU would lead to the following impairment charge:

	\$000s
Increase in pre-tax discount rate of 1%	1,863
Reduction in revenue growth rate of 1%	2,054
Delay of all inflows from WIP and debtors by six months	3,685
Operating expenditure growth increase of 1%	1,566
Reduction in terminal value growth rate of 1%	1,141

A combination of a 1% decline in revenue growth and 1% decline in expenses growth would result in impairment of \$430,000.

NOTE 19 OTHER ASSETS

Consolidated Group

	30 June 2018	30 June 2017
	\$000s	\$000s
CURRENT		
Prepayments	2,589	1,973
	2,589	1,973

NOTE 20 TRADE AND OTHER PAYABLES AND OTHER FINANCIAL LIABILITIES

	Note	Consolidate	d Group
		30 June 2018	30 June 2017
		\$000s	\$000s
CURRENT			
Unsecured liabilities:			
Trade payables		5,318	7,330
Sundry payables and accrued expenses		3,493	6,589
PAYG tax payable		4,356	2,169
Trade and other payables		13,167	16,088
Disbursement funding creditors	21	45,580	16,883
Unbilled disbursement creditors		10,350	15,219
Disbursement creditors		55,930	32,102
Total current trade and other payables		69,097	48,190
Other current financial liabilities		266	-
Deferred consideration - vendor liabilities on acquisitions		-	3,286
Total financial liability		266	3,286
	32	69,363	51,476
NON-CURRENT			
Unsecured liabilities:			
Other non-current financial liabilities		67	55
	32	67	55

	Consolidated	Group
	30 June 2018	30 June 2017
	\$000s	\$000s
(a) Financial liabilities at amortised cost		
Trade and other payables		
Total current	69,364	51,476
Total non-current	67	55
	69,430	51,531

(b) Deferred consideration - vendor liabilities on acquisitions

At 30 June 2018, there was nil (30 June 2017: \$3,286,000) of deferred consideration with respect to acquisitions still outstanding.

NOTE 21
DISBURSEMENT FUNDING

	Note	Limit	Balance drawn	Unused limit available
30 June 2018		\$000s	\$000s	\$000s
Disbursement Funding Facility		8,151	3,786	4,365
Deferred Settlement Agreement		24,000	24,886	(886)
Deed of Assignment disbursement funding		1,086	497	589
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	-
	20	50,533	45,580	4,953
30 June 2017		\$000s	\$000s	\$000s
Disbursement Funding Facility		11,546	5,309	6,237
Deferred Settlement Agreement		24,000	10,488	13,512
Deed of Assignment disbursement funding		1,086	1,086	-
	20	36,632	16,883	19,749

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 30 June 2018 is \$3,786,000 (30 June 2017: \$5,309,000) 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 until 30 September 2018 would be \$8,000,000 of which \$3,365,000 has been utilised at 30 June 2018 (30 June 2017: \$1,763,000). All loans are to be repaid by the earlier of 30 June 2020 or when the aggregate principal outstanding is less than \$1,000,000.

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 30 June 2018 is \$24,886,000 inclusive of GST (30 June 2017:

\$10,488,000 inclusive of GST) which represents the Group's maximum potential exposure. This drawn balance exceeds the limit within the Deferred Settlement Agreement, but the Deferred Settlement Agreement is silent as to the impacts of this. 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.

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 debts of \$1,086,000. The amount is recorded within disbursement creditors and an offsetting amount is recorded in unbilled disbursements.

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.

Deferred Payment Agreement

In FY2018, Shine Lawyers entered into a Deferred Payment Agreement with a third party to funds its disbursements. Drawdowns of \$3,615,000 of the \$4,500,000 limit were made during the financial year. 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.

In addition to the above, there is an undrawn facility limit of \$25,000,000 to replace the majority of the FY2017 Deferred Settlement Agreement. This limit has not been included in the table above as it would overstate the available limits to the Group.

NOTE 22 BORROWINGS

Short term disbursement funding facility

In FY2018, Shine Corporate and Shine Lawyers entered into a short term disbursement funding facility with a third party. This facility had been fully drawn to \$12,500,000. The facility had been drawn to fund disbursements during the transition from the Disbursement Funding Facility above to other disbursement funding providers. The facility was to be repaid no later than six months from the date of draw down. The entire drawn balance of \$12,500,000 was repaid on 3 July 2018.

The amount of the drawdown has been recorded in unbilled disbursements, consistent with the other disbursement funding within the Group. Shine Lawyers has the primary responsibility to repay the facility with Shine Corporate guaranteeing repayment.

Consolidated Group

		Consolida	teu Group
	Note	30 June 2018	30 June 2017
		\$000s	\$000s
CURRENT			
Secured liabilities:			
Bank loans		753	1,873
Lease liability		2,174	915
Hire purchase liability		1,083	1,094
Unsecured liabilities:			
Vendor finance		578	-
Total current borrowings	32	4,588	3,882
NON-CURRENT			
Secured liabilities:			
Bank loans		42,000	39,000
Lease liability		7,824	6,275
Hire purchase liability		3,052	3,466
Total non-current borrowings	32	52,876	48,741
Total borrowings		57,464	52,623
		Consolida	ted Group
		30 June 2018	30 June 2017
		\$000s	\$000s
(a) Total current and non-current secured liabilities			
Bank loan		42,753	40,873
Lease liability		9,998	7,190
Hire purchase liability		4,135	4,560
		56,886	52,623

The Group's finance facilities are with the Commonwealth Bank of Australia. The terms include interest only loans of varying maturities of 1 to 5 years as set out in Note 32. The Group was in compliance with all financial and non-financial covenants applicable to these facilities as at 30 June 2018 (30 June 2017: 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.

Included within bank loans and line of credit below is accrued interest payable at 30 June 2018 of \$119,000 (30 June 2017: \$116,000). This has been excluded from the amount classified as 'Used' below.

The bank debt is secured by a fixed and floating charge over the assets of the Group.

Lease and hire purchase liabilities are secured by the underlying assets.

(b) Unused facilities

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

Facility	Limit	Used at 30 June 2018	Unused Amount
	\$000s	\$000s	\$000s
Equipment finance (operating and finance leases)	20,000	14,133	5,867
Corporate credit card facility	899	152	747
Line of credit	10,000	-	10,000
Market rate loan facilities	61,000	42,000	19,000
Bank guarantees	4,500	2,798	1,702
	96,399	59,083	37,316

NOTE 23 ISSUED CAPITAL

Consolidated Group

	30 June 2018	30 June 2017
	\$000s	\$000s
173.2 million (30 June 2017: 173.2 million) fully paid ordinary shares	53,150	53,150
	53,150	53,150
(a) Ordinary Shares		
	No.	No.
At the beginning of the reporting period	173,161,812	173,161,812
At the end of the reporting period	173,161,812	173,161,812

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Capital management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and future strategic opportunities.

The Group's capital structure includes a mix of debt (Note 22), cash (Note 13), and equity attributable to the parent's equity holders.

The Group is not subject to any externally imposed capital requirements.

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

Consolidated Group

	Note	30 June 2018	30 June 2017
		\$000s	\$000s
Total borrowings	22	57,464	52,623
Less cash and cash equivalents	13	(22,549)	(14,188)
Net debt		34,915	38,435
Total equity		218,140	204,478
Total capital		253,055	242,913
Gearing ratio (Net debt / Total capital)		14%	16%

NOTE 24 INCOME TAX

Consolidated Group

30 June 2018 30 June 2017

\$000s

\$000s

CURRENT

Income tax payable -

NON-CURRENT	Opening Balance	Consolidated statement of financial position	Consolidated statement of comprehensive income	Closing Balance
Consolidated Group	\$000s	\$000s	\$000 s	\$000s
Deferred tax liability - net				
Work in progress and disbursements	69,223	-	7,996	77,219
Plant and equipment	496	-	(61)	435
Finance leases	(579)	-	(1,567)	(2,146)
Deferred tax liability arising from acquisitions	559	257	(559)	257
Provisions	(5,112)	-	(178)	(5,290)
Tax losses	(4,471)	-	(746)	(5,217)
Sundry deferred tax assets	(126)	(16)	143	1
Balance at 30 June 2017	59,990	241	5,028	65,259
Work in progress and disbursements	77,219	-	15,629	92,848
Plant and equipment	435	-	(107)	328
Software	-	-	322	322
Finance leases	(2,146)	-	(488)	(2,634)
Deferred tax liability arising from acquisitions	257	-	(257)	-
Provisions	(5,290)	-	37	(5,253)
Tax Losses	(5,217)	-	(5,815)	(11,032)
Sundry deferred tax assets	1	-	206	207
Balance at 30 June 2018	65,259	-	9,527	74,786

The total Australian taxable losses available at 30 June 2018 are \$35,912,000 (30 June 2017: \$17,700,000) resulting in potential deferred tax asset of \$10,774,000 (30 June 2017: \$5,310,000). 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 and future taxable profits. New Zealand Tax losses of \$861,000 resulting in potential deferred tax asset of \$258,000 have also been recognised in the current year.

NOTE 25 PROVISIONS

Consolidated Group

	30 June 2018	30 June 2017
CURRENT	\$000s	\$000s
Employee Benefits - Annual Leave	4,053	3,773
Employee Benefits - Long Service Leave	1,924	1,711
Operating Lease Incentives	1,315	897
	7,292	6,381
Operating Lease Incentives		
Opening balance at 1 July	897	966
Net movement in the year	418	(69)
Balance at 30 June	1,315	897
NON CURRENT		
Employee Benefits - Long Service Leave	1,230	1,312
Leasehold Property Make Goods	1,372	1,350
	2,602	2,662
Leasehold Property Make Goods		
Opening balance at 1 July	1,350	1,375
Additional provisions	116	135
Amounts used	(122)	(195)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	28	35
Closing balance at 30 June	1,372	1,350
Analysis of Total Provisions		
Current	7,292	6,381
Non-current	2,602	2,662
	9,894	9,043

Provision for Employee Benefits

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

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

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

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

Provision for Leasehold Property Make Good

In accordance with the Group's contractual obligations under tenancy lease agreements, the Group is required to restore the leased premises on the expiry of the lease term. The assumptions used to calculate the provision were based on assessments of the timing of the restoration liability crystallising and on current restoration costs accreted at a rate of 2.5% (30 June 2017: 2.5%).

Operating Lease Incentives

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

NOTE 26 CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease and Hire Purchase Commitments

The Group has finance leases and hire purchase contracts for various items of plant and equipment. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	Consolidated Group	
	30 June 2018	30 June 2017
Payable — minimum lease payments		
not later than 12 months	3,886	2,523
between 12 months and 5 years	11,802	10,671
Minimum lease payments	15,688	13,194
Less future finance charges	(1,555)	(1,444)
Present value of minimum lease payments	14,133	11,750

(b) Operating Lease Commitments

The Group has entered into commercial leases on certain items of plant and equipment and property. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases. Future minimum rental expenses under non-cancellable operating leases are as follows:

	Consolidated Group		
	30 June 2018	30 June 2017	
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable — minimum lease payments			
not later than 12 months	8,891	8,228	
between 12 months and 5 years	18,528	20,696	
later than 5 years	1,401	382	
	28,820	29,306	

(c) Capital Expenditure Commitments

Consolidated Group

	30 June 2018	30 June 2017
Capital expenditure commitments contracted for:		
Capital expenditure projects	-	712
	-	712

(d) Commitments

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

Consolidated Group

	30 June 2017	30 June 2016
	\$000s	\$000s
Non-cancellable payments		
not later than 12 months	-	380
	-	380

NOTE 27 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 in this Note.

The bank guarantee facility limit as at 30 June 2018 was \$4,500,000 (30 June 2017: \$4,000,000) of which \$1,702,000 (30 June 2017: \$29,000) was unused at the end of the reporting period.

Contingent liabilities

The Group had previously entered into an agreement with Essic Pty Ltd to sell \$1,084,000 of its deferred debtors within the Best Wilson Buckley subsidiary. The debtors were sold at an 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. Subsequent to 30 June 2018, the agreement was finalised via a payment of the outstanding debt at 30 June 2018 of \$497,000 (30 June 2017: \$559,000).

The Group has received a small number of individual notifications submitted by former clients against the Group. When each notification is received, the Group makes an assessment of the likelihood that the potential notice will proceed to a legal claim. The Group's estimate of the notifications that may progress to a claim and the excess that may need to be paid to its insurers to cover such potential claims at 30 June 2018 is \$215,000 (30 June 2017: \$334,000).

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

NOTE 28 CASH FLOW INFORMATION

	Consolidated Group		
	30 June 2018	30 June 2017	
	\$000s	\$000s	
(a) Reconciliation of Cash Flow from Operating Activities with Profit after Income Tax			
Profit after income tax	19,113	20,155	
Cash flows excluded from profit attributable to operating activities			
Non-cash flows in profit			
Depreciation, amortisation and impairment	5,859	8,290	
Loss on disposal of Property, plant and equipment	141	93	
Share of (profit)/loss from associate	-	(1,809)	
Costs associated with acquisitions	61	126	
Interest unwind on acquisitions	10	211	
Fair value adjustment to contingent consideration	-	(2,406)	
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:			
(Increase)/decrease in trade receivables	5,570	503	
(Increase)/decrease in other assets	155	(2,962)	
(Increase)/decrease in work in progress	(30,539)	(15,103)	
(Increase)/decrease in disbursements	(13,908)	(7,197)	
Increase/(decrease) in trade payables and accruals	21,767	11,611	
Increase/(decrease) in income taxes payable	48	213	
Increase/(decrease) in deferred taxes payable	9,528	5,014	
Increase/(decrease) in provisions	851	(12)	
Cash flow from operating activities	18,656	16,727	

The purchase of files from other law firms is reflected in cash flows from investing activities as it has been in prior years.

NOTE 29 EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant events since the end of the reporting period except the dividend declared as outlined in Note 11 and the repayment of the \$12.5m short term disbursement funding facility on 3 July 2018 as outlined in Note 21.

NOTE 30 EMPLOYEE SHARE LONG TERM INCENTIVE SCHEME

The Shine Corporate Ltd (Shine) Employee Share Long term Incentive Scheme was approved by shareholders at the 2016 Annual General Meeting. The employee share scheme is designed to retain, motivate and reward key personnel through achievement of group goals and enhancement of 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 each convert into one fully paid ordinary share in Shine. The Performance Rights have a three year vesting measurement period from 1 July 2017 to 30 June 2020, with the vesting date on or about 31 August 2020. 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 Performance 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 from 1 July 2017 to 30 June 2020 as follows:

- Earnings per share is weighted at 70% of the grant. This is assessed based on the average annual 10% growth in the EPS of Shine Corporate.
- 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 Note 16, Interests in Subsidiaries. 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 Securities Exchange across the 15 trading days before and after the date of the annual report for the financial year in respect of which the Performance Rights are granted. None of the performance rights granted have been forfeited or converted into ordinary shares as at 30 June 2018.

	2018 EPS	2018 TSR
As at 1 July 2017	#	#
Number of rights to deferred shares granted on 8 June 2018	1,402,045	600,876
Rights converted during the year	0	0
Rights forfeited during the year	0	0
As at 30 June 2018	1,402,045	600,876
Weighted average share price on grant date	\$1.05	\$1.05
Fair value of rights at grant date	\$0.93	\$0.82

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 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%

There were no share performance rights granted in prior years and none of the performance rights had vested at 30 June 2018.

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

Expenses arising from share-based payment transactions

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

	30 June 2018
Share performance rights expense	\$41,440

NOTE 31 RELATED PARTY TRANSACTIONS

Related parties

The Group's main related parties are as follows:

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.

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.

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		
		30 June 2018	30 June 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	1,207,955	2,139,093	
	Sales of goods, rents and services to related parties	1,145,248	813,309	
	Interest received from related parties	188,928	110,111	
ii.	Loans to other related parties (entities controlled or significantly influenced by related parties Morrison and Roche)			
	Beginning of the year	2,172,876	1,282,451	
	Net loans advanced	721,343	890,425	
	End of the Period	2,894,219	2,172,876	

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%.

iii. During the year \$300,000 was paid in consultancy fees to Stephen Roche (30 June 2017: \$266,161).

NOTE 32 FINANCIAL RISK MANAGEMENT

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

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

	Consolidated Group		
		30 June 2018	30 June 2017
	Note	\$000s	\$000s
Financial Assets			
Cash and cash equivalents	13	22,549	14,188
Loans and receivables - current	14	12,221	19,046
Loans and receivables - non-current	14	1,203	
Total Financial Assets		35,973	33,234
Financial Liabilities			
Trade, other payables and other financial liabilities - current	20	69,363	51,476
Trade, other payables and other financial liabilities - non current	20	67	55
Borrowings - current	22	4,588	3,882
Borrowings - non current	22	52,876	48,741
Total Financial Liabilities		126,894	104,154

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

The main purpose of non-derivative financial instruments is to raise finance for company operations. The Group does not have any derivative instruments at 30 June 2018 (30 June 2017: nil).

The Audit and Risk Management Committee, consisting of Non-executive Directors of the company, meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

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

Specific Financial Risk Exposures and Management

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

a. Credit risk

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

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables is provided in Note 14.

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

b. Liquidity risk

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

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

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

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

Financial liability and financial asset maturity analysis

	Wi	ithin 1 Year	1	l to 5 years	O	ver 5 years	То	tal
Consolidated Group	2018 \$000s	2017 \$000s	2018 \$000s	2017 \$000s	2018 \$000s	2017 \$000s	2018 \$000s	2017 \$000s
Financial liabilities due for pa	ayment							
Bank borrowings	786	1,780	46,850	43,778	-	-	47,636	45,558
Trade and other payables	72,353	48,190	266	-	-	-	72,619	48,190
Deferred consideration	-	2,919	-	-	-	-	-	2,919
Finance lease and Hire purchase liabilities	3,886	2,523	11,802	10,671	-	-	15,688	13,194
Total expected outflows	77,025	55,412	58,918	54,449	-	-	135,943	109,861
Financial assets - cash flows	realisable							
Cash and cash equivalents	22,549	14,188	-	-	-	-	22,549	14,188
Trade, term and loans receivables	12,221	15,193	1,203	-	-	-	13,424	15,193
Total anticipated inflows	34,770	29,381	1,203	-	-	-	35,973	29,381
Net (outflow) / inflow on financial instruments	(42,255)	(26,031)	(57,715)	(54,449)	-	-	(99,970)	(80,480)

c. Market risk

i. Interest rate risk

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

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

	Consolidated Group	
	30 June 30 June 2018 2017	
	\$000s \$000s	
Floating rate instruments		
Bank Borrowings	42,000	40,279
	42,000	40,279

	Consolidated Group		
	Profit	Equity	
	\$000s	\$000s	
Year ended 30 June 2018			
+/- 1% in interest rates	420	420	
Year ended 30 June 2017			
+/- 1% in interest rates	403	403	

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

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

ii. Foreign exchange risk

Sensitivity analysis

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

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

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

NOTE 33 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Outlined below are changes in liabilities arising from financing activities:

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

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

NOTE 34 FAIR VALUE MEASUREMENTS

Fair value estimation

Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

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

- Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.
- ii. The carrying amount of the Group's lease liabilities and the hire purchase liabilities and bank debt approximate their fair values, as commercial rates of interest are paid and the impact of discounting is not significant.
- iii. The carrying amount of the Group's deferred consideration approximates its fair value due to the timing of the acquisition and settlement of deferred payments.

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition of obligations for contingent consideration arising from business combinations.

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

(a) Fair value hierarchy

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

LEVEL 1

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

LEVEL 2

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

LEVEL 3

Measurements based on unobservable inputs for the asset or liability.

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

(b) Reconciliation of recurring Level 3 fair value measurements

	30 June 2018	30 June 2017
	\$000s	\$000s
Balance at the beginning of the year	-	5,753
Interest - discount unwind	-	55
Gains recognised in profit or loss during the year	-	(1,882)
Settlements during the year	-	(3,926)
Balance at the end of the year	-	-

NOTE 35 PARENT INFORMATION

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

	30 June 2018	30 June 2017
	\$000s	\$000s
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	20,270	34,907
Non-current Assets	150,821	149,020
TOTAL ASSETS	171,091	183,927
LIABILITIES		
Current Liabilities	4,555	11,069
Non-current Liabilities	41,648	38,115
TOTAL LIABILITIES	46,203	49,184
EQUITY		
Issued Capital	132,554	132,554
Reserves	41	-
(Accumulated losses)/Retained earnings	(7,707)	2,189
TOTAL EQUITY	124,888	134,743
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total (loss)/profit after tax	(4,700)	1,669
Total comprehensive (loss)/income	(4,700)	1,669

Guarantees

The parent company is party to the overall financing arrangements and related security, as detailed in Notes 16 and 22.

In addition, the parent is a party to the Group's cross guarantee arrangements, as detailed in Note 16.

There are no other financial guarantees provided by the parent entity (30 June 2017: nil).

Contingent liabilities

The parent entity is a party to the contingent liabilities to the Group's external disbursement funding provider as disclosed in Note 27.

Contractual commitments

The parent entity did not have any contractual commitments as at 30 June 2018 (30 June 2017: nil).

NOTE 36 COMPANY DETAILS

The registered office of the Group is:

Shine Corporate Ltd Level 13, 160 Ann Street Brisbane QLD 4000

DIRECTORS' DECLARATION

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

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;
- (c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the Directors have been given the declarations required by section 295A of the Corporations Act from the Managing Director and the Chief Financial Officer.

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

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

On behalf of the Directors

Simon Morrison

MANAGING DIRECTOR

Tony Bellas

CHAIRMAN

Brisbane, 29 August 2018

Nongellas



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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Shine Corporate Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

Key Audit Matters

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

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



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

Why significant

At 30 June 2018 the Group's WIP balance was \$257.0m and the Group's Unbilled Disbursements balance was \$78.1m. The determination of the recoverability of WIP and unbilled disbursements requires significant judgment principally because of the risk of case outcomes changing from expectations, or future costs to complete cases varying to the forecast. Notes 15 and 2(x) disclose the details of the amounts and judgements involved in accounting for WIP and unbilled disbursements.

Revenue from the provision of legal services is recognised on an accruals basis in the year in which the legal service is provided. Revenue is calculated either with reference to the professional staff hours incurred on each matter or to milestones completed on the basis that the stage of completion can be reliably measured. The amount of revenue and profit is impacted by the Group's provisioning to reflect the estimate of the recovery rate of professional time recorded in WIP, both to date and forecast to completion, of a case matter.

In addition, during the year the Group implemented a new IT system to manage WIP.

The judgment involved in the assessment that impacts the recovery rate calculations may have a significant impact on the results of the Group in an individual financial year. As a result, this was a Key Audit Matter.

How our audit addressed the key audit matter

We obtained the Group's estimates associated with the WIP balance and understood the review process the balance was subject to and positions taken at balance date. We examined relevant documentation including time worked reports, milestone based calculations and expected matter recovery rates.

The Group analysed historical recoverability data and used this as the basis for the provisioning model and recoverability assumptions applied. We involved our IT specialists to evaluate the data extracted by the Group for the WIP provision process and the data migration to the new IT system.

In addition, we performed the following procedures:

- Assessed whether the Group's accounting policy for revenue recognition and related calculations were in accordance with Australian Accounting Standard - AASB 118 Revenue.
- Assessed and tested the effectiveness of relevant controls around client acceptance, initiating, recording, and review processes for case matters.
- Assessed the Group's analysis to support recovery rates including comparison to year to date and historical experience for similar cases.
- For a sample of cases we assessed the evidence of client acceptance, the stage of the case, WIP and disbursement amounts recorded at year end, expected recovery, expected completion date, and fees billed.
- Enquired of the Group regarding specific significant cases and assessed external evidence where available, to support the Group's position regarding likely case outcomes.



Why significant

How our audit addressed the key audit matter

- Performed analytical procedures on WIP revenue transactions during the period and obtained explanations from management and examined supporting documentation where applicable.
- Tested key reconciliations and manual accounting entries posted to assess whether revenue accounting entries were appropriately approved and supported.
- Considered the adequacy of the financial report disclosures contained in Notes 2(x) and 15.

Classification of WIP and Unbilled Disbursements

Why significant

As disclosed in Note 2(x), there is significant judgment required in assessing the classification of WIP, disbursements and associated provisioning, with a range of factors that can influence timing of when matters are actually billed and recovered. As such, this was a Key Audit Matter.

The Group determines the balance to be recorded as current based on the expected billings and cash collections over the next 12 months for case portfolios and on expected resolution of larger cases and class actions.

How our audit addressed the key audit matter

We obtained the Group's WIP recovery assessment and evaluated the inputs and assumptions applied in order to determine whether the current and non-current classifications were appropriate.

In addition we performed the following:

- Assessed expected fees to be billed within the next 12 months against the Board approved budget and cash flow forecasts for the 12 months subsequent to year end.
- Enquired with the Group on a sample of specific cases in relation to expected settlement dates and examined supporting documentation.
- Compared the ratio of current and noncurrent WIP against historical rates.
- Assessed whether disbursements allocation was consistent with the respective case allocation to which the disbursements relate.
- ► Considered the adequacy of the financial report disclosures on the matter in Note 2(x).



Intangible Assets Impairment Assessment

Why significant

At 30 June 2018, the intangible assets balance held was \$48.3m, of which goodwill comprised \$37.7m. In accordance with Australian Accounting Standards, the Group tests the carrying value of goodwill and other intangible assets with an indefinite life for impairment at least annually. The details of the impairment assessment are disclosed in Note 18 of the financial report.

The Directors' assessment of impairment involves critical accounting estimates and assumptions, specifically concerning discounted forecast cash flows.

The annual impairment test was significant to our audit as the assessment process is complex and involves significant judgment including cash generating unit (CGU) identification, the Group's ability to achieve planned growth and forecast cash flows. These assessments involve assumptions that are affected by expected future market and economic conditions.

During the year, the Group aggregated CGU groups for goodwill impairment testing purposes from five to two, comprising Personal Injury (PI) and Emerging Practice Areas (EPA) consistent with changes to the business.

Based on the impairment test the Board concluded that no impairment of goodwill and intangible assets was required.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Assessed the methodology and value in use model prepared by the Group to test for impairment against the requirements of Australian Accounting Standards.
- Assessed whether CGU groups were appropriate and consistent with the manner in which the business is managed, monitored and reported.
- Tested whether the impairment model used was mathematically accurate.
- Assessed whether the cash flows used in the impairment testing model accurately reflected the Board approved 2019 budget.
- Considered the historical reliability of the Group's cash flow forecasting process.
- Considered the impact of a range of assumption sensitivities in the model.
- Evaluated the external inputs and assumptions within the value in use model such as the growth rates, terminal value and discount rate by comparing them to assumptions and estimates used elsewhere in the preparation of the financial report and benchmarking them against market observable external data.
- Considered the adequacy of the financial report disclosures, in particular those regarding assumptions to which the outcome of the impairment test is most sensitive, and assessed them in the context of the financial report as a whole.

Our valuation specialists were involved in the conduct of these procedures where appropriate.



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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report other than the financial report and our auditor's report thereon. We obtained the Annual prior to the date of this auditor's report.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 25 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Shine Corporate Ltd for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.



Responsibilities

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

Ernst & Young

Ernst & Young

Mike Reid Partner Brisbane

29 August 2018

SHAREHOLDER INFORMATION

The following information is current as at 8 August 2018.

HOLDING DISTRIBUTION

Category (size of holding)	Total Holders – Shares	Total Holders – Performance Rights
1 - 1,000	328	0
1,001 – 5,000	435	0
5,001 – 10,000	265	0
10,001 – 100,000	325	52
100,001 – and over	68	2
Total	1,421	54

UNMARKETABLE PARCELS

The number of shareholders holding less than a marketable parcel of shares is 198.

SUBSTANTIAL HOLDERS

Substantial Holder	Relevant Interests of Substantial Holder and Associates
Stephen Roche and associates	84,979,804
Simon Morrison and associates	84,979,804
FIL Limited and associates	17,109,888
Cadence Asset Management Entities	9,860,001

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

VOTING RIGHTS

Each Share entitles its holder to one vote on a poll. Each member present at a meeting in person or by proxy has one vote on a show of hands.

Performance Rights do not confer voting rights.

PERFORMANCE RIGHTS

A total of 2,002,921 Performance Rights have been issued under the LTIP to 54 holders.

NO CURRENT ON-MARKET BUY-BACK

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

VOLUNTARY ESCROW

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

TOP 20 HOLDERS OF SHARES

	Name	Number of Shares held	% of issued capital
1	Simon Morrison	42,339,902	24.45
1	Stephen Roche	42,339,902	24.45
2	HSBC Custody Nominees (Australia) Limited	24,847,450	14.35
3	JP Morgan Nominees Australia Limited	14,904,759	8.61
4	BNP Paribas Nominees Pty Ltd	5,072,245	2.93
5	Citicorp Nominees Pty Limited	4,179,708	2.41
6	BNP Paribas Noms Pty Ltd	3,557,537	2.05
7	Torrito Pty Ltd	3,100,000	1.79
8	Jodie Willey	1,512,957	0.87
9	Grant Zeller	1,010,000	0.58
10	NCH Pty Ltd	985,914	0.57
11	BNP Paribas Nominees Pty Ltd	873,037	0.50
12	CHSL Thompson Pty Ltd	775,190	0.45
13	Stuart Macleod	707,391	0.41
14	Binya Park Pty Ltd*	673,802	0.39
15	Stephen Francis Roche	673,802	0.39
15	Bigbul Pty Limited	665,000	0.38
16	National Nominees Limited	662,219	0.38
17	Roger Singh	636,807	0.37
18	Lara Schliebs	526,479	0.30
19	Paul Tedder	493,109	0.28
20	Bond Street Custodians Ltd	444,718	0.26
Total T	op 20 Holders	150,981,928	87.19

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

GLOSSARY

ASIC	Australian Securities & Investments Commission	
ASIC		
ASX	ASX Limited ACN 008 624 691 or the securities exchange operated by it	
Best Wilson Buckley	Best Wilson Buckley Family Law Pty Ltd ACN 139 493 039	
Board	The board of Directors of the Company	
Bradley Bayly	Bradley Bayly Holdings Pty Ltd ACN 162 817 905	
CFO	Chief Financial Officer	
Chairman	The chairman of the Company	
Company or Shine	Shine Corporate Ltd ACN 162 817 905	
Company website	www.shinecorporate.com.au	
Constitution	The constitution of the Company	
Corporations Act	Corporations Act 2001 (Cth)	
Director	A director of the Company	
EBIT	Earnings before interest and tax	
EBITDA	Earnings before interest, income tax, depreciation and amortisation	
Emanate	Emanate Legal Services Pty Ltd ACN 169 229 752	
Emerging Practice Area or EPA	Includes all practice areas other than personal injuries	
EPS	Earnings per share	
EY	Ernst & Young	
FY18, FY2018 or Financial Year	The financial year ended 30 June 2018	
Group	The Company and its Subsidiaries	
KMP	Key Management Personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise)	
Leadership Team	A management team which meets regularly to support the Managing Director on strategic and operational issues, including the Chief Financial Officer and the Company Secretary	
Listing Rules	The listing rules of ASX	
LTI	Long-Term Incentive	
LTIP	Long-Term Incentive Plan	
NPAT	Net profit after tax	
Performance Right	An unquoted performance right issued under the LTIP	
RTSR	Relative Total Shareholder Return	
Sciacca's	Sciacca's Lawyers Pty Ltd ACN 126 179 084	
Share	A fully paid ordinary share in the Company	
Shine Lawyers	Shine Lawyers Pty Ltd ACN 134 702 757 or the business conducted by it	
STI	Short-Term Incentive	
STIP	Short-Term Incentive Plan	
Subsidiaries	The wholly owned subsidiaries of the Company as set out in note 16 to the Financial Statements	
The Engine Room Project	The project for the redevelopment of the Group's enterprise legal management systems	
WIP	Work-in-progress, being the amount of time recorded and not yet invoiced and recovered in relation to a matter	

CORPORATE DIRECTORY

DIRECTORS

Tony Bellas, Independent Non-executive Chairman

Carolyn Barker AM, Independent Non-executive Director

Greg Moynihan, Independent Non-executive Director

Simon Morrison, Managing Director

CHIEF FINANCIAL OFFICER | COMPANY SECRETARY

Ravin Rai

GENERAL COUNSEL | COMPANY SECRETARY

Annette O'Hara

REGISTERED OFFICE PRINCIPAL ADMINISTRATIVE OFFICE

Level 13 160 Ann Street Brisbane QLD 4000

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

ASX LISTING

ASX Code - SHJ

COMPANY NUMBERS

ABN: 93 162 817 905 ACN: 162 817 905

AUDITORS

Ernst & Young 111 Eagle Street Brisbane QLD 4000 Phone: +61 7 3011 3333

Phone: +61 7 3011 3333 Fax: +61 7 3011 3100

BANKERS

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

SHARE REGISTRY

Link Market Services Limited Level 21, 10 Eagle Street Brisbane QLD 4000

Email: registrars@linkmarketservices.com.au

Phone: +61 1300 554 474 (toll free)



