SHINE CORPORATE LTD
AND CONTROLLED ENTITIES

ABN: 93 162 817 905

Financial report for the half-year ended
31 December 2017

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Financial Report for the half-year ended 31 December 2017

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SHINE CORPORATE LTD
DIRECTORS' REPORT

Your Directors present their report, together with the consolidated interim financial report of the Group, being Shine Corporate Ltd ("the Company") and its controlled entities (collectively known as "the Group") for the half year ended 31 December 2017.

DIRECTORS

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

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

REVIEW AND RESULTS OF OPERATIONS

Revenue

Consolidated sales revenue and other income for the half year was $88,231,000 (31 December 2016: $73,955,000), representing an increase of 19.3%. A significant contributor to the result was the continued work performed on various class actions during the period, including the Johnson & Johnson Mesh class action which commenced trial. See Note 5 to the financial statements for full details.

Expenses

Total expenses increased by $5,326,000 (7.5%) from $70,760,000 to $76,086,000. The prior period comparative included the impairment of goodwill of $5,000,000 within the Energy and Resources practice. Excluding this non-recurring cost, on a like-for-like basis expenses have increased $10,326,000 (15.7%).

Employee benefits expense increased by $4,680,000 (11.5%) from $40,656,000 to $45,336,000. The main drivers of the increase were investment in the Nerve Solutions Group capability during the Engine Room deployment and additional legal staff required for management of case load.

Marketing expenses increased by $966,000 (19.7%) from $4,894,000 to $5,860,000 while IT and Computer expenses increased by $1,132,000 (37.7%) from $3,005,000 to $4,137,000. This key expenditure on marketing and innovation was flagged in the FY2018 outlook within the presentation lodged with the ASX on 19 October 2017.

Depreciation and amortisation increased by $1,924,000 (250.5%) from $768,000 to $2,692,000 due to the commencement of amortisation of both the intangible Non-contractual Client Relationships and the Engine Room Transformation Project.

Results - Net Profit after Income Tax

The consolidated net profit after income tax from continuing operations for the half year was $7,826,000 (31 December 2016: $3,917,000).

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

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

		31-Dec-17		31-Dec-16
		$000s		**$000s**
Net profit after income tax		**7,826**		**3,917**
Add back:				
Financing costs	1,649		1,324	
Depreciation and amortisation	2,692		768	
Goodwill impairment	-	4,341	5,000	7,092
Subtract:				
Income Tax expense/(benefit)	4,319		(722)	
Interest revenue	(9)	4,310	(95)	(817)
EBITDAI *		**16,477**		**10,192**

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

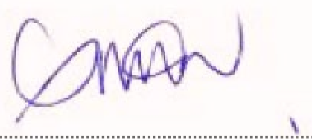
Dividends

The Board of Directors declared an interim fully franked dividend of 1.0 cents per share on 28 February 2018 (H1 FY2017: 0.6 cents per share unfranked).

AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.



Simon Morrison

Managing Director

Dated: 28 February 2018

Building a better
working world

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

As lead auditor for the review of Shine Corporate Ltd for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

Mike Reid
Partner
28 February 2018

SHINE CORPORATE LTD
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Consolidated Group	
For the six months ended		**31 December 2017**	**31 December 2016**
	Note	**$000s**	**$000s**
Continuing operations			
Revenue	5	88,231	73,955
Less Expenses:			
Employee benefits expense		(45,336)	(40,656)
Depreciation and amortisation expense		(2,692)	(768)
Finance costs		(1,649)	(1,324)
Other expenses	6	(26,409)	(24,821)
Impairment of Goodwill		-	(5,000)
Share of net profit of associates and joint venture entities		-	1,809
Profit before income tax from continuing operations		12,145	3,195
Income tax (expense)/benefit	7	(4,319)	722
Net profit for the period from continuing operations		7,826	3,917
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		(260)	12
Total comprehensive income for the period		7,566	3,929
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Group:		**¢**	**¢**
Basic earnings per share in cents		4.52	2.26
Diluted earnings per share in cents		4.52	2.26

The accompanying notes form part of these financial statements.

SHINE CORPORATE LIMITED
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated Group 31 December 2017 $000s	30 June 2017 $000s
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		28,877	14,188
Trade and other receivables		13,701	15,458
Income tax receivable		176	153
Work in progress	9	135,809	123,705
Unbilled disbursements	9	37,146	32,007
Other current assets		1,736	1,973
TOTAL CURRENT ASSETS		217,445	187,484
NON-CURRENT ASSETS			
Trade and other receivables		3,023	3,588
Work in progress	9	111,801	102,629
Unbilled disbursements	9	38,562	32,169
Property, plant and equipment		7,981	8,067
Intangible assets	10	49,338	48,997
TOTAL NON-CURRENT ASSETS		210,705	195,450
TOTAL ASSETS		428,150	382,934
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		14,714	16,682
Unbilled disbursements creditors	11	53,016	32,102
Short term borrowings	12	19,226	3,288
Other current financial liabilities		230	3,286
Provisions		6,821	6,381
TOTAL CURRENT LIABILITIES		94,007	61,739
NON-CURRENT LIABILITIES			
Long term borrowings	12	53,133	48,741
Other non-current financial liabilities		49	55
Deferred tax liabilities		69,566	65,259
Provisions		2,814	2,662
TOTAL NON-CURRENT LIABILITIES		125,562	116,717
TOTAL LIABILITIES		219,569	178,456
NET ASSETS		208,581	204,478
EQUITY			
Issued capital	13	53,150	53,150
Retained earnings		155,766	151,403
Reserves		(335)	(75)
TOTAL EQUITY		208,581	204,478

The accompanying notes form part of these financial statements.

SHINE CORPORATE LTD
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December	Note	Issued capital $000s	Retained Earnings $000s	Foreign Exchange Reserves $000s	Total $000s
Consolidated Group					
Balance at 1 July 2016		53,150	136,616	-	189,766
Comprehensive income					
Profit for the period		-	3,917	-	3,917
Other comprehensive income		-	-	12	12
Total comprehensive income for the period		-	3,917	12	3,929
Transactions with owners, in their capacity as owners, and other transfers					
Dividends recognised for the period	8	-	(4,329)	-	(4,329)
Total transactions with owners and other transfers		-	(4,329)	-	(4,329)
Balance at 31 December 2016		53,150	136,204	12	189,366
Balance at 1 July 2017		53,150	151,403	(75)	204,478
Comprehensive income					
Profit for the period		-	7,826	-	7,826
Other comprehensive income		-	-	(260)	(260)
Total comprehensive income for the period		-	7,826	(260)	7,566
Transactions with owners, in their capacity as owners, and other transfers					
Dividends recognised for the period	8	-	(3,463)	-	(3,463)
Total transactions with owners and other transfers		-	(3,463)	-	(3,463)
Balance at 31 December 2017		53,150	155,766	(335)	208,581

The accompanying notes form part of these financial statements.

SHINE CORPORATE LTD
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended	Note	Consolidated Group 31 December 2017 $000s	 31 December 2016 $000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		74,837	84,293
Payments to suppliers and employees		(68,350)	(79,081)
Interest received		117	183
Finance costs		(1,702)	(1,211)
Income tax (paid)/received		(23)	123
Net cash provided by operating activities		4,879	4,307
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,119)	(798)
Proceeds on sale of property, plant and equipment		40	-
Payments for acquisition of businesses and purchase of files, including earnouts and deferred consideration		(3,743)	(14,788)
Costs associated with acquisition of businesses		-	(126)
(Loans advanced)/repaid to or from related parties		(51)	46
Purchase of other intangible assets		(2,480)	(2,229)
Net cash used in investing activities		(7,353)	(17,895)
CASH FLOWS FROM FINANCING ACTIVITIES			
Costs of raising equity		-	-
Net proceeds from borrowings		17,985	16,778
Dividends paid	8	(3,463)	(4,329)
Financed asset lease drawdowns net of repayments		2,679	943
Net cash provided by financing activities		17,201	13,392
Net increase/(decrease) in cash held		14,727	(196)
Cash and cash equivalents at beginning of financial year		14,188	12,115
Effect of exchange rates on cash holdings in foreign currencies		(38)	-
Cash and cash equivalents at end of financial year		28,877	11,919

The accompanying notes form part of these financial statements.

NOTE 1 CORPORATE INFORMATION

Shine Corporate Ltd (the Company or the parent) is a 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 six months ended 31 December 2017 were authorised for issue on 28 February 2018 in accordance with a resolution of the Directors of the company.

NOTE 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

Basis of Preparation

The interim consolidated financial statements for the six months ended 31 December 2017 have been prepared in accordance with AASB134 *Interim Financial Reporting* .

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2017.

Rounding

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

Changes in Accounting policies, Accounting standards and interpretations

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2017. The Group has not early adopted any new standards or interpretations.

AASB 15 "Revenue from Contracts with Customers" - transition update

As noted in the 30 June 2017 financial report, AASB15 "Revenue from Contracts with Customers" will be applicable to the Group from 1 July 2018. The Group has made substantial progress in assessing the impact of this new standard and is on target to finalise its assessment by 30 June 2018.

NOTE 3 SEASONALITY OF OPERATIONS

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

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

Types of products and services by segment:

(i) *Personal Injury*

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

(ii) *Emerging Practice Areas*

The Group has diversified to include emerging practice areas such as disability insurance and superannuation claims, professional negligence, social justice, class actions, first party insurance recovery claims, landowners' rights, family law, aviation, product liability and asbestos compensation. Subsidiaries within this area include part of Shine Lawyers, Emanate Legal Services, Best Wilson Buckley Family Law, Shine NZ Services and Risk Worldwide New Zealand.

NOTE 4 OPERATING SEGMENTS (Continued)

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**

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

31 December 2016	Personal Injury $000s	Emerging Practice Areas $000s	Unallocated items $000s	Total $000s
REVENUE				
External sales	54,492	18,896	-	73,388
Other revenue	-	-	567	567
Total segment revenue	54,492	18,896	567	73,955
RESULTS				
Segment profit/(loss) before tax	6,267	(288)	(2,784)	3,195

NOTE 4 OPERATING SEGMENTS (Continued)

(ii) **Segment assets**

	Unallocated items $000s	Personal Injury $000s	Emerging Practice Areas $000s	Total $000s
31 December 2017	3,058	283,017	142,075	428,150
30 June 2017	964	251,393	130,577	382,934

(iii) **Segment liabilities**

	Unallocated items $000s	Personal Injury $000s	Emerging Practice Areas $000s	Total $000s
31 December 2017	140,443	52,899	26,227	219,569
30 June 2017	105,891	46,105	26,460	178,456

Geographic information

	31 December 2017 $000s	31 December 2016 $000s
Revenue from external customers		
Australia	87,190	72,776
New Zealand	522	612
Total	87,712	73,388

The revenue above is based on the locations of the customers

	31 December 2017 $000s	30 June 2017 $000s
Non-current operating assets		
Australia	209,607	191,692
New Zealand	1,098	2,497
Total	210,705	194,189

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

NOTE 5 REVENUE

	Note	Consolidated Group 31 December 2017 $000s	Consolidated Group 31 December 2016 $000s
Sales revenue			
— Provision of services/professional fees		85,510	71,979
		85,510	71,979
— Sundry disbursements recovered		2,202	1,409
		87,712	73,388
Other revenue			
— Interest revenue		9	95
— Other revenue		510	472
		519	567
Total revenue		88,231	73,955

NOTE 6 OTHER EXPENSES

	Note	Consolidated Group 31 December 2017	Consolidated Group 31 December 2016
Other expenses		**$000s**	**$000s**
Premises expenses		5,856	5,107
Marketing expenses		5,860	4,894
HR expenses		1,687	2,328
IT and computer expenses		4,137	3,005
Printing, postage and stationery		1,348	1,380
Professional fees		2,843	2,556
Unrecovered matter related expenses		2,174	3,448
Motor vehicle and travel expenses		1,134	1,069
Bad & doubtful debts expenses		963	376
Sundry expenses		407	658
		26,409	24,821

NOTE 7 INCOME TAX EXPENSE

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

	Consolidated Group 31 December 2017	Consolidated Group 31 December 2016
	$000s	**$000s**
(a) The components of tax (expense)/benefit comprise:		
Current tax	-	-
Deferred tax	(4,019)	722
Under provision in respect of prior years	(300)	-
Income tax (expense)/benefit	(4,319)	722
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax benefit as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (31 December 2016: 30%)		
Consolidated group	(3,644)	(959)
Tax effect of:		
— non-allowable items	(28)	(21)
— Non-deductible amortisation	(326)	-
— Impairment charge	-	(1,500)
— recognised temporary differences - tax losses	-	3,107
— Earnout adjustments	(21)	95
— Underprovision in respect of prior years	(300)	-
Income tax (expense)/benefit attributable to entity	(4,319)	722
The applicable weighted average effective tax rates are as follows:	35.6%	(22.6%)

The total taxable losses available at 31 December 2017 are $34,972,000 (30 June 2017: $17,700,000) resulting in potential deferred tax asset of $10,492,000 (30 June 2017: $5,200,000). This has been recognised in full and is offset against deferred tax liabilities.

NOTE 8 DIVIDENDS PAID AND PROPOSED

	Consolidated Group	
	31 December 2017	31 December 2016
	$000s	$000s
(a) Distributions paid		
Final franked ordinary dividend for FY2017 of 2.00 cents per share (31 December 2016: final unfranked ordinary dividend for FY2016 of 2.50 cents per share)	3,463	4,329
	3,463	4,329

(b) Distributions proposed and not recognised as a liability

The Board of Directors has declared an interim fully franked dividend of 1.0 cents per share on 28 February 2018 (2016: 0.6 cents per share unfranked).

NOTE 9 WORK IN PROGRESS

	Consolidated Group	
	31 December 2017	30 June 2017
	$000s	$000s
CURRENT		
At net realisable value:		
Work in progress	176,022	161,648
Work in progress provision	(40,213)	(37,943)
	135,809	123,705
Unbilled disbursements	40,371	35,419
Unbilled disbursements provision	(3,225)	(3,412)
	37,146	32,007
	172,955	155,712
NON-CURRENT		
At net realisable value:		
Work in progress	130,502	120,366
Work in progress provision	(18,701)	(17,737)
	111,801	102,629
Unbilled disbursements	39,540	33,124
Unbilled disbursements provision	(978)	(955)
	38,562	32,169
	150,363	134,798

NOTE 10 INTANGIBLE ASSETS

	Consolidated Group	
	31 December 2017	30 June 2017
	$000s	$000s
Goodwill		
Cost	42,648	42,659
Accumulated impairment losses	(5,000)	(5,000)
Net carrying amount	37,648	37,659
Non-contractual Client Relationships		
Cost	3,262	3,262
Accumulated amortisation	(2,175)	(1,087)
Net carrying amount	1,087	2,175
Computer software		
Cost	522	522
Accumulated amortisation and impairment losses	(522)	(522)
Net carrying amount	-	-
Transformation project costs		
Cost	12,754	10,791
Accumulated amortisation and impairment losses	(2,503)	(2,095)
Net carrying amount	10,251	8,696
Erin Brockovich agreement		
Cost	1,130	1,130
Accumulated amortisation and impairment losses	(848)	(801)
Net carrying amount	282	329
Website development		
Cost	18	18
Accumulated amortisation and impairment losses	(17)	(15)
Net carrying amount	1	3
Trademarks, patents and intellectual property		
Cost	135	180
Accumulated amortisation and impairment losses	(66)	(45)
Net carrying amount	69	135
Total intangibles	49,338	48,997

NOTE 10 INTANGIBLE ASSETS (Continued)

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.

The Directors have modified the basis of how impairment testing is carried out when compared to 30 June 2017, based on how these groups of CGUs are monitored for internal management purposes and the synergies expected from the combining of such CGUs. 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, 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.

	Personal Injury CGUs	Emerging Practice Areas CGUs				
Goodwill		Shine EPA	Land Access	Family Law	Loss Adjustment	Total
	$000s	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
30 June 2017	16,646	2,716	12,920	5,130	247	37,659
31 December 2017	16,646	21,013				37,659

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**
Pre-tax Discount rate used	12.7%	13.3%
Key revenue and cost assumptions are consistent with those for the year ended 30 June 2017.		
Headroom ie. value-in-use exceeding carrying value	$37,967,000	$29,897,000
Each of the following changes independently would result in headroom decreasing to nil:		
Reduction in revenue growth rate	0.9%	1.5%
Reduction in terminal value growth rate	2.4%	5.2%
Increase in pre-tax discount rate (Weighted Average Cost of Capital)	1.5%	2.7%

NOTE 11 DISBURSEMENT FUNDING

31 December 2017	Limit	Balance drawn	Unused limit available
	$000s	$000s	$000s
Wingate client disbursement funding facility	10,482	5,255	5,227
Assess Medical Group funding facility	24,000	19,071	4,929
Essic disbursement funding	1,086	1,086	-
Short term disbursement funding facility	12,500	12,500	-
	48,068	37,912	10,156

30 June 2017	Limit	Balance drawn	Unused limit available
	$000s	$000s	$000s
Wingate client disbursement funding facility	11,546	5,309	6,237
Assess Medical Group funding facility	24,000	10,488	13,512
Essic disbursement funding	1,086	1,086	-
	36,632	16,883	19,749

Wingate Asset Finance

The Group has an agreement with Wingate Group ("Wingate") 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 Wingate for the value of any loan to an unsuccessful client, including any accrued interest and fees. The total value of all disbursement loans at 31 December 2017 is $5,255,000 (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 Wingate 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 $2,773,000 has been utilised at 31 December 2017 (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.

Assess Medical Group

In May 2017, the Group entered into a Deferred Settlement Agreement with Assess Medical Group 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 Wingate agreement, the funding facility is directly with the Group and therefore the Group has the liability to repay any amounts funded. However, the disbursements and funding fees are repaid by the client where the client is successful.

The total drawdown on the disbursement funding facility at 31 December 2017 is $19,071,000 inclusive of GST (30 June 2017: $10,488,000 inclusive of GST) which represents the Group's maximum potential exposure. The amount is recorded within disbursement creditors and an offsetting amount is recorded in unbilled disbursements. A provision is recognised against unbilled disbursements to reflect the value of unrecoverable disbursements and funding fees where not expected to be recovered from clients.

Short term disbursement funding facility

In December 2017, Shine Corporate and Shine Lawyers entered into a short term disbursement funding facility with a private third party. This facility has been fully drawn to $12,500,000. The facility has been drawn to fund disbursements during the transition from Wingate to other disbursement funding providers. The facility is to be repaid no later than six months from the date of draw down.

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.

Essic Pty Ltd

The Group entered into an agreement in June 2017 with Essic Pty Ltd 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.

NOTE 12 BORROWINGS

	Consolidated Group	
	31 December 2017	30 June 2017
	$000s	$000s
CURRENT		
Secured liabilities		
Bank loans	16,150	1,279
Lease liability	2,004	915
Hire purchase liability	1,072	1,094
Total current borrowings	19,226	3,288
NON-CURRENT		
Secured liabilities		
Bank loans	42,000	39,000
Lease liability	7,808	6,275
Hire purchase liability	3,325	3,466
Total non-current borrowings	53,133	48,741
Total borrowings	72,359	52,029

	Consolidated Group	
	31 December 2017	30 June 2017
	$000s	$000s
(a) **Total current and non-current secured liabilities:**		
Bank loan	58,150	40,279
Lease liability	9,812	7,190
Hire purchase liability	4,397	4,560
	72,359	52,029

(b) **Debt covenants**

The bank loans are secured by a fixed and floating charge over the assets of the Group. Covenants imposed by the bank require total bank debt not to exceed 50% of work in progress (net of provisions), and for the ratio of borrowings to EBITDA not to exceed 2.25. As at 31 December 2017 the Group is in compliance with all of its bank covenants.

NOTE 13 ISSUED CAPITAL

	Consolidated Group	
	31 December 2017	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

	Consolidated Group	
(a) **Ordinary Shares**	31 December 2017	30 June 2017
	No.	No.
At the beginning of the reporting period	173,161,812	173,161,812
At the end of the reporting period	173,161,812	173,161,812

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

NOTE 14 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 bank guarantee facility limit as at 31 December 2017 was $4,500,000 (30 June 2017: $4,000,000) of which $1,042,000 (30 June 2017: $29,000) was unused at the end of the reporting period.

Contingent liabilities

The Group had entered into an agreement with Essic Pty Ltd during FY2016 to sell $1,084,000 of its deferred debtors within the Best Wilson Buckley Family Law 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. The Group's maximum exposure under this indemnity is the discounted value of the uncollected debts of $461,000 (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 31 December 2017 is $220,000 (30 June 2017: $334,000).

Quinn Emanuel Class Action

On 27 September 2017, Shine Corporate Ltd notified the ASX that it has received a statement of claim filed by Quinn Emanuel in relation to a class action on behalf of the shareholders for alleged breaches, including breaches of the Corporations Act 2001. The group of shareholders on whose behalf the claim is brought are defined, in part, as persons who acquired an interest in ordinary shares in the Company on the Australian Securities Exchange at some time during the period commencing 27 August 2014 and concluding on 29 January 2016. The claim seeks compensation and damages of an unspecified amount, interest and costs.

At 31 December 2017 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 15 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 8.

NOTE 16 RELATED PARTY TRANSACTIONS

Related Parties

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

i. **Key Management Personnel:**
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

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

(b) Transactions with related parties:
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Consolidated Group	
	31 December 2017	**31 December 2016**
	$	**$**
i. **Other related parties (entities controlled or significantly influenced by related parties Morrison and Roche)**		
Purchase of goods, rents and services from related parties	655,184	454,302
Sales of goods, rents and services to related parties	528,833	399,342
Interest received from related parties	92,629	51,541

	Consolidated Group	
	31 December 2017	**30 June 2017**
	$	**$**
ii. **Loans to other related parties (entities controlled or significantly influenced by related parties Morrison and Roche)**		
Beginning of the period	2,172,876	1,282,451
Net loans advanced	50,760	890,425
End of the period	2,223,636	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 half year period $165,000 was paid in consultancy fees to Stephen Roche (31 December 2016: $175,000).

NOTE 17 FAIR VALUE MEASUREMENTS

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	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	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) Valuation techniques

The fair value of the contingent consideration in the business combinations is determined by performance forecasts which are used to estimate future cash flows. These cash flows are discounted back to a present fair value amount using the applicable discount rate.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

	31 December 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements	**$000s**	**$000s**	**$000s**	**$000s**
Liabilities				
Contingent consideration	-	-	-	-
Total liabilities recognised at fair value	-	-	-	-

	30 June 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements	**$000s**	**$000s**	**$000s**	**$000s**
Liabilities				
Contingent consideration	-	-	-	-
Total liabilities recognised at fair value	-	-	-	-

(c) Reconciliation of recurring Level 3 fair value measurements

	Consolidated Group	
	31 December 2017	**30 June 2017**
	$000s	**$000s**
Balance at the beginning of the period	-	5,753
Additions	-	-
Interest - discount unwind	-	55
Gains recognised in profit or loss (other revenue)	-	(1,882)
Settlements of earnouts	-	(3,926)
Balance at the end of the period	-	-

NOTE 18 COMPANY DETAILS

The registered office of the Group is:

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

SHINE CORPORATE LTD
DIRECTORS' DECLARATION

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

In the opinion of the Directors:

(a) the financial statements and notes of Shine Corporate Ltd for the half year ended 31 December 2017 are in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and

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

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

On behalf of the Board

Simon Morrison
Managing Director

Dated this 28th day of February 2018

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
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Independent review report to the members of Shine Corporate Ltd

Conclusion

We have reviewed the accompanying half-year financial report of Shine Corporate Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the interim consolidated statement of financial position as at 31 December 2017, the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including

(a) giving a true or fair view of the consolidated position of the Group as at 31 December 2017, and of its consolidated financial performance for the half-year ended on that date; and

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the *Corporations Act 2001*.As the auditor of Shine Corporate Ltd and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Ernst & Young

Mike Reid
Partner
EY Brisbane
28 February 2018

SHINE CORPORATE LTD
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 28 February 2018:

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

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

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

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

   Code: SHJ

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

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

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

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

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

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