



# **LAW CENTRAL CO LTD**

**2002 ANNUAL REPORT**

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## **CHAIRMAN'S ADDRESS**

Dear Shareholder,

Thank you for your support over the past year. This year has seen extensive development of both the Law Central web site and the technologies that make the online document generation possible. I am glad to report that this effort culminated with Law Central going live to the public on 1 July 2002.

As at 1 July 2002, Law Central now trades and has generated income from the web site.

Market conditions for a listing of Law Central Co Ltd have not been favourable. The board and Management have felt that any attempts to list over the last financial year would not have realised the full potential of Law Central. The focus of the company at present is to build a strong record of revenue and the marketability of the Law Central concept.

During this year, progress was made in 3 key areas. Site aesthetics, a new behind the scenes interface for Lawyers to fast track the addition of their legal documents to the Law Central document pool and payment gateway and member account functions.

I would like to thank the shareholders who have worked with the development team to test and comment on the Law Central Site. Your assistance has been invaluable in fine tuning the site for the open market.

I also take this opportunity to thank shareholders who have sought to develop strategic alliances between Law Central and institutions.

With the initial development stage of Law Central now finalised, Law Central can look forward to entering the market place as a competitive force. The next step for the Law Central development team is to add more documents to the web site.

Given the nature of the information technology industry, development of the Law Central web site and related web services, has the opportunity to continually improve. I believe

that we have laid the foundations for Law Central to start trading and grow to become the one stop shop for all legal documents.

A handwritten signature in black ink, appearing to read 'John Dawkins'. The signature is stylized, with a large, sweeping initial 'J' on the left and a series of connected loops and lines extending to the right.

Hon John Dawkins AO  
Chairman

# **COMPANY OVERVIEW**

## **The Company**

Law Central was incorporated on 1 March 2000 and has been established to develop an Internet point of presence ([www.lawcentral.com.au](http://www.lawcentral.com.au)) for the provision of information on various areas of the law, and precedents for legal and other documents. Members of the Law Central web site can purchase these documents. It is the intention of Law Central to make the legal and other precedent documents easily accessible to the general public and professional groups such as Advisers, Accountants and Lawyers.

Law Central is not a legal practice or law firm and does not and will not provide any legal advice.

## **The Business Concept**

Law Central operates the Law Central Web site [www.LawCentral.com.au](http://www.LawCentral.com.au). Law Central also owns a number of other domain names such as [www.wizardocs.com](http://www.wizardocs.com) and [www.cafedocs.com](http://www.cafedocs.com). Law Central is an Internet portal designed to provide easy access to a range of precedent legal and other documents to the public, as well as information about various areas of the law. Income will be earned from sales of the precedent documents.

The Law Central Web site has been designed to provide its services in a secure, yet user-friendly web site environment.

## **Not Legal Advice**

Law Central will not be providing legal advice, or otherwise act as a legal practitioner. The proposed business of Law Central is limited to the provision of information about the law and the provision of precedent legal and other documents. The web site provides links or contact details for qualified legal practitioners where the web site user seeks further information or specific legal advice.

The Directors have obtained an independent legal opinion that indicates the current proposed activities of Law Central can be conducted without breaching relevant existing laws in Western Australia. Any decision to expand the scope of proposed services is subject to independent legal opinion prior to implementation.

## **Target Market**

The community itself is Law Central's target market. Accountants and Advisers can now assist their clients by pointing them to Law Central for information and documents. Law Central aims at forming alliances with Law and Accounting Firms and Financial Advisory groups to work together to bring better value to clients. Law Central is establishing a network of Accountants, Advisors and Lawyers to facilitate this.

Alternatively, the community, on its own, is free to learn and experiment with the law and purchase documents needed at a competitive price and in private, or be able to contact a specialist lawyer by searching from our Find-a-Lawyer database.

Remoteness, privacy, time, travel and cost are expected to be motivators for consumers to use Law Central.

## **Management and Directors**

We have developed an excellent Board of Directors. However to conserve our limited funds, the Board continues to not seek remuneration from Law Central. Instead, your Directors have placed their faith in the future viability and profitability of Law Central by taking equity positions in the company. Executive Director Brett Davies also has not sought any salary or payment for his time.

## **The Web Site**

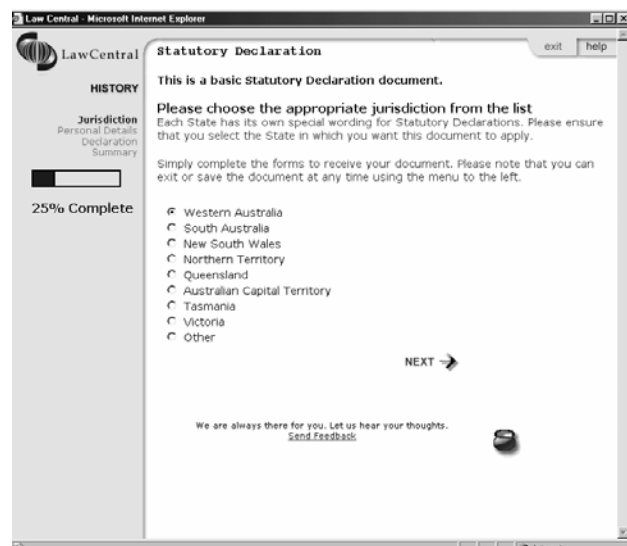
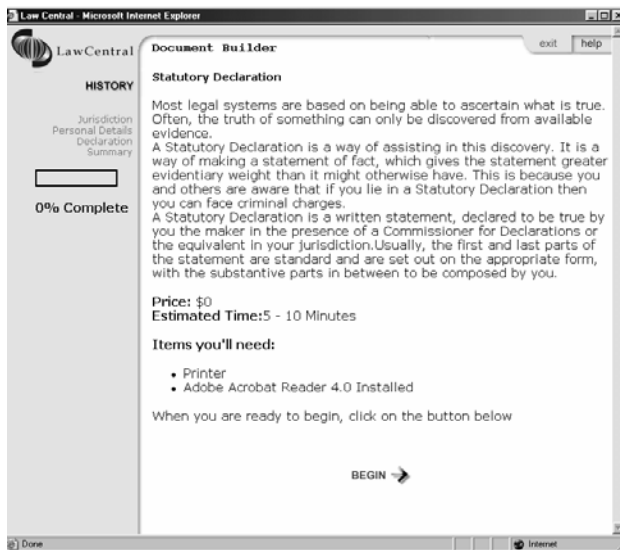
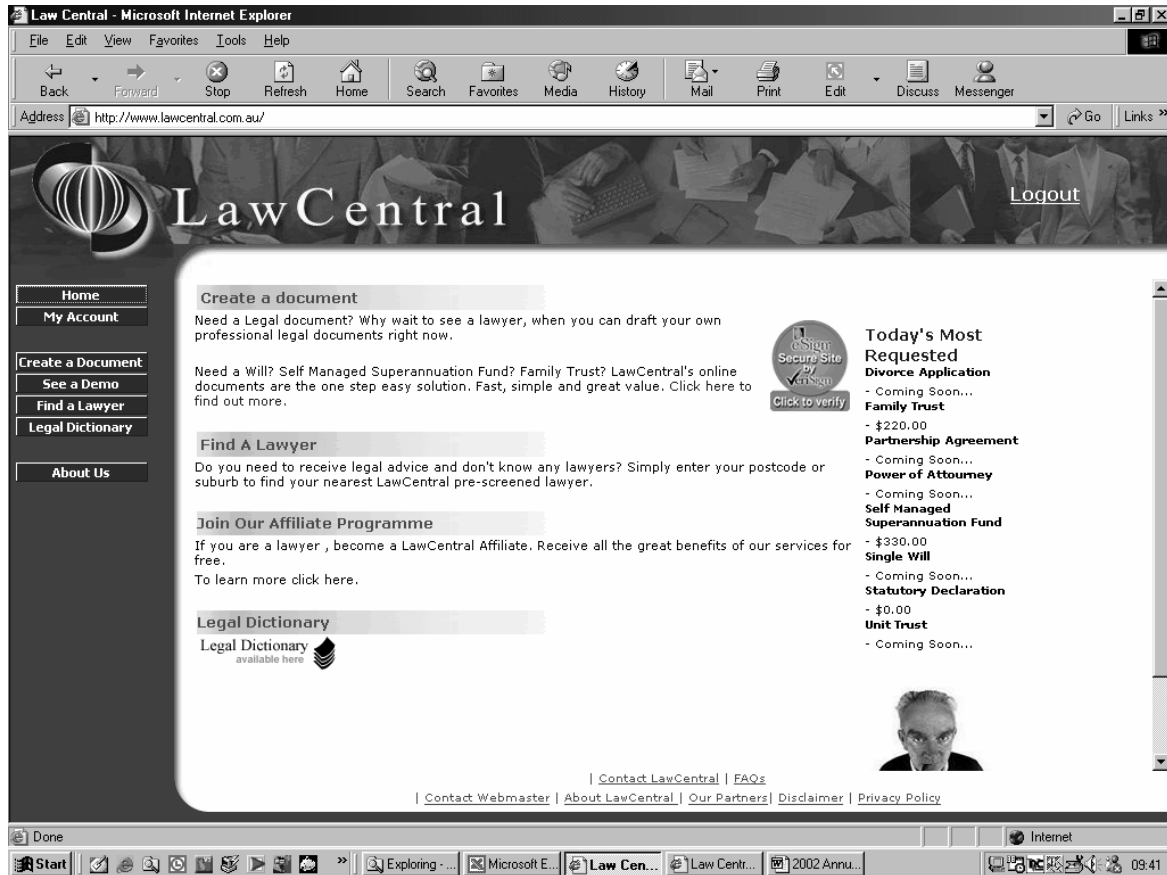
This year, development focused around 3 key elements of the site development process. Aesthetics, Lawyer interface and Accounts.

### **Aesthetics**

No matter how good the database design and coding which powers the site is, the users experience is dominated by what they see. Therefore, one of the chief goals of the web development team was to ensure the site is both attractive to the eye yet simple to navigate.

One of the greatest challenges of creating a visually stirring site is to maintain a low download time for the user. If a page takes too long to load, then the user will not enjoy the experience no matter how well the site is presented. Our developers have overcome

this hurdle through the use of design templates. These templates provide both a quick loading image and also provide a uniform theme to create branding of Law Central.

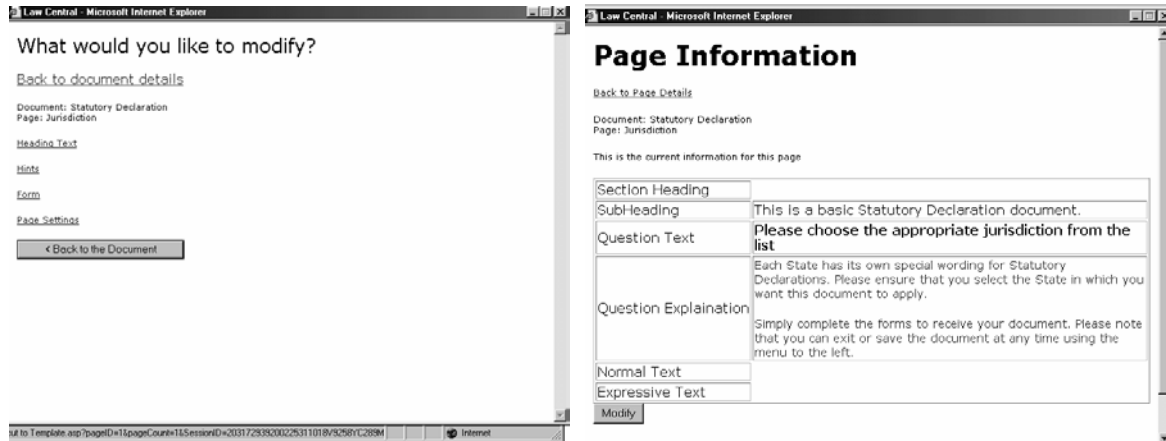


The use of templates also has the added benefit of reducing the time required to add new content to the site.

Templates also allow Law Central to rebadge a part of the site for our Strategic partners. This facility will allow us to use the *Wizardocs* document creation engine created by Law Central to make available certain documents to a specific group (eg Dealer Groups). This group can use their own corporate image at their own specified web address. This functionality enables us to make strong alliances with groups that have ready access to large numbers of clients.

## Lawyer Interface

A part of Law Central's business model has been to source precedent documents from Lawyers that are experts in their fields. This allows us to ensure that we are getting the best possible documents for our members. However, the issue arises – How do we get a Lawyer based on the other side of the country, who has little or no programming expertise to get their document online? Our solution was to develop *On-Line-Edit*. *On-Line-Edit* is an interface for the Lawyer to use. *On-Line-Edit* allows the Lawyer to establish the rules and relationships for each question the document needs answered. The Lawyer and Law Central programmer collaborate using *On-Line-Edit*, ensuring that each party is kept up to date with the progress being made.

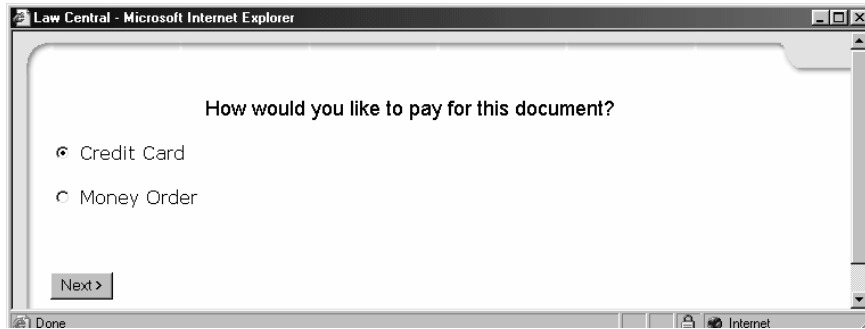


*On-Line-Edit* allows the Lawyer to work through each document 1 question at a time without being overwhelmed by technical jargon. This simplification afforded by *On-Line-Edit* enables Law Central to rapidly expand its document pool.

## Accounts

Before going live, the last aspect of the Law Central site that needed to be developed was the payment gateway. For technical reasons, including extensive testing of the *Wizardocs* document creation engine, this component needed to be the last activated.

Currently we now have two methods of payment for members to purchase documents through Law Central - Credit card or money order (cheque).



The money order functionality enables the member to pay by cheque if unable to do so by credit card. Upon finalising their answers to the document questions and selecting to pay by money order, the member is emailed a tax invoice and instructions of how to pay the account. Once payment is received by Law Central, the document is released and available for download.

Credit card payments are made through our fully automated point of sale transaction gateway. Credit card numbers are instantly validated and approved before the document is released. For security reasons, Law Central does not store any credit card numbers on its servers. Law Central offers full 128 bit encryption on all credit card transactions to ensure our members security.

## **Future Expectations**

The past year has been a time of development for Law Central. We expected this and now look forward to reaping the rewards of such careful preparation. The Law Central web site was released to the public on 1 July 2002. The management of Law Central is now capitalising on the developed lawyer interface *On-Line-Edit* and is approaching law firms throughout Australia to invite them to place their own documents on Law Central.

To become a one-stop shop, we need to work hard at fostering our relationships with other law firms to obtain the legal document precedents. We also need to effectively capitalise on existing relationships to raise the market share of Law Central. This involves a great deal of effort from all of the Law Central team. The Board and Management have made the commitment to work hard to ensure these goals are achieved.

## **DIRECTORS' REPORT**

Your directors present their report for Law Central Co Ltd for the financial year ended 30 June 2002.

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

The Hon John S Dawkins

Mr Brett K Davies

Mr Brett B Whitford

Mr Graeme K Philipson

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

The loss of Law Central Co Ltd for the financial year amounted to \$247,850.

No significant changes in the Law Central Co Ltd's state of affairs occurred during the financial year other than the net cost expenses of \$327,633 as detailed in the Statement of Cashflow.

The principal activities of Law Central Co Ltd during the financial year were the development of the web site to facilitate the sale of legal and business documents.

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

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of Law Central Co Ltd, the results of those operations, or the state of affairs of Law Central Co Ltd in future financial years.

Likely developments in the operations of Law Central Co Ltd and the expected results of those operations in future financial years have not been included in this report as Law

Central Co Ltd is in development stage on which the future success of the business will be based.

Law Central Co Ltd's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

No Dividend is recommended for the year ended 30 June 2002.

The balance of fully paid shares issued to Law Central Co Ltd shareholders as at 30 June 2002 is 57,010,000.

The balance of options issued to Directors and executives exercisable before 30 June 2004 at 20 cents per share as at 30 June 2002 is 24,500,000.

1,500,000 new shares were issued during the financial year ending 30 June 2002. These Shares were issued to directors at an issue price of \$0.0001 per share. This issue was approved by special resolution at the 2001 AGM.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Law Central Co Ltd.

No remuneration has been given or paid, during or since the end of the financial year, for any directors of Law Central Co Ltd.

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 company was not party to any such proceedings during the year.

## **Directors' Profiles**

### **Hon John Sydney DAWKINS AO**

#### **Chairman of the Board**

Mr Dawkins has served as a Minister in the Hawke and Keating Federal Governments, in several portfolios including the Treasury. He left the Government in 1994 and for the next 18 months headed Australia's investment attraction programme.

He has consulted to several large Australian and overseas companies, The World Bank and the OECD. He is Chairman of Elders Rural Bank – a specialist provider of financial services to rural Australia, and a director of Government Relation Australia, and a Board member of Sealcorp Holdings, the owner of Asgard – Australia's leading Master Fund.

A graduate in Economics from The University of Western Australia, he has been awarded honorary doctorates from the University of South Australia and the Queensland University of Technology.

### **Brett Kenneth DAVIES FTIA, B Juris, LLB, LLM, BA(Hons), DipEd, MBA**

#### **Executive Director**

Mr Davies holds both a Masters of Business Administration and Masters of Laws and currently is completing part time his Doctorate at The University of Western Australia.

Mr Davies is a regular public speaker on the law. Mr Davies is the Deputy Convenor of The Law Society of WA Legal Management and Development Committee and sits on the Taxation Committee. He also sits on The Law Council of Australia sub Taxation Committee and chairs the Australian Legal Practice Management Committee. Mr Davies is a Councillor of the General Practice Section of the Law Council of Australia.

Mr Davies sits on a number of charities including Saint Bartholomew's House Inc, Sir Charles Gardner Hospital's Art Advisory Committee and the Art Gallery of Western Australia Foundation.

Mr Davies lectures part time in tax and Estate Planning at Curtin University (WA) and Western Sydney University. Mr Davies is also a partner at Brett Davies Lawyers.

**Brett WHITFORD FCSIA**

**Non-Executive Director**

Mr Whitford is Executive Director of Customer Service Institute of Australia.

Prior to establishing the CSIA Mr Whitford was Managing Director of Beaumont Publishing House (established in 1990) and has written five best selling business books that focus on technology, best practice and customer service.

In 1999 Mr Whitford founded the certification company eTick, which was listed on the ASX in 2000.

A founding director of Web consultation and construction company, Virtual World D & D, he began advising organisations on Internet and eCommerce strategy 1995

Mr Whitford is a sought after international speaker and conference chair for a variety of customer service and technology related topics and regularly lectures at international conferences and provides business commentary on radio and television.

**Graeme PHILIPSON**

**Non-Executive Director**

Mr Philipson is an independent consultant, analyst and writer specialising in the IT industry. Over a 25 year career he has become one of Asia-Pacific's best known and most respected IT market researchers, speakers and journalists. In recent years he has concentrated on electronic commerce and enterprise applications issues and has become an advisor to and director of a number of companies operating in these areas. He is an editor of CCH's Australian Guide to eBusiness, now in its second edition.

In 1992 Mr Philipson was co-founder of Strategic Publishing Group (SPG) and its Strategic Research division. He was the founding editor of SPG's *MIS* (Managing Information Strategies) magazine, and originator of Strategic Research's unique user-based research program. SPG was acquired by leading Australian publishing house John Fairfax Holdings Ltd in December 1999.

Mr Philipson's previous research credits include: Asia-Pacific Demand Research Director for the Gartner Group (1997-98), Senior Associate with the Butler Group UK (1998-99), Senior Consultant to IDC Australia (1986-87) and Research Manager for the Yankee Group Australia (1983-84).

Mr Philipson writes a weekly opinion column on IT trends for *The Sydney Morning Herald* and *Melbourne Age*. His previous writing credits include: editor of *Computerworld Australia* (1988-89), columnist in the computer section of *The Australian* newspaper (the world's largest weekly computer supplement - 1993-97), Asia-Pacific correspondent for *Software* magazine of the USA (1991-95), and founding editor of the *Australian Apple Review* (1983). He has written over 1000 articles and columns on information technology for many publications around the world.

Mr Philipson is in demand as a speaker at user and vendor IT conferences and achieves high ratings for the depth of knowledge and the humour and wit he brings to the subject. In the last year he has spoken at over two dozen conferences in the Asia-Pacific region, including many keynote presentations.

## **Other Management Personnel**

**Jason STYLES CD, B.Com**

### **Chief Financial Officer**

Mr Styles is the Company Secretary.

Holding a Bachelor of Commerce (Curtin) Mr Styles joined Brett Davies Lawyers in January 1999 as Chief Financial Officer. Mr Styles has extensive experience in developing marketing strategies and finance and corporate management. Mr Styles ensures that the Law Society Quality Assurance Standard of Brett Davies Lawyers is upheld. Mr Styles also sits on the Law Society of WA's Quality Assurance Standard committee.

Brett Davies Lawyers has maintained a web site since May 1994. Up until the employment of a dedicated Web Master in 2000, Mr Styles was the law firm's web master of [www.taxlawyers.com.au](http://www.taxlawyers.com.au). Mr Styles is the regular IT columnist for The Law Council of Australia's *Law Management Journal*.

## Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of Law Central Co Ltd during the financial year are:

	Board Meetings	
	Attended	Held while a director
The Hon John S Dawkins AO	3	3
Mr Brett K Davies	3	3
Mr Brett B Whitford	2	3
Mr Graeme K Philipson	3	3

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

Brett K Davies  
Managing Director

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$	2001 \$
<b>Revenue</b>			
Interest Revenue	2	26,051	34,319
<b>Expense</b>			
Expense from ordinary activities excluding depreciation		(268,004)	(266,041)
Depreciation and amortisation expenses	3	(5,897)	(953)
<b>Net profit/(loss)</b>		(247,849)	(232,675)
<b>Net profit/(loss) attributable to members of Law Central Co Ltd</b>		(247,849)	(232,675)

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2002

	Note	2,002 \$	2001 \$
<b>CURRENT ASSETS</b>			
Cash assets	5	349,407	650,989
Receivables	7	<u>8,003</u>	<u>8,003</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u>357,410</u>	<u>658,992</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	8	<u>101,748</u>	<u>26,088</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>101,748</u>	<u>26,088</u>
<b>TOTAL ASSETS</b>		<u><u>459,158</u></u>	<u><u>685,080</u></u>
<b>CURRENT LIABILITIES</b>			
Payables	9	18,143	3,780
Provisions	10	4,600	-
Other liabilities	11	<u>12,138</u>	<u>9,324</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>34,881</u>	<u>13,104</u>
<b>TOTAL LIABILITIES</b>		<u>34,881</u>	<u>13,104</u>
<b>NET ASSETS</b>		<u><u>424,277</u></u>	<u><u>671,976</u></u>
<b>EQUITY</b>			
Contributed equity	12	904,801	904,651
Retained profits	13	<u>(480,524)</u>	<u>(232,675)</u>
Total parent entity interest		<u>424,277</u>	<u>671,976</u>
<b>TOTAL EQUITY</b>		<u><u>424,277</u></u>	<u><u>671,976</u></u>

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$	2001 \$
<b>Cash flows From Operating Activities:</b>			
Payments to suppliers and employees		(327,633)	(283,330)
Interest received		26,051	34,319
		<hr/>	<hr/>
Net Cash provided by (used in) operating activities	6 (b)	<hr/> <u>(301,582)</u>	<hr/> <u>(249,011)</u>
Net increase (decrease) in cash		(301,582)	(249,011)
Cash at the beginning of the financial period		<u>650,989</u>	<u>900,000</u>
Cash at the end of the financial period	6 (a)	<hr/> <u>349,407</u>	<hr/> <u>650,989</u>

# NOTES TO AND FORMING PART OF THE ACCOUNTS

## FOR THE YEAR ENDED 30 JUNE 2002

### **Note 1: Statement of Accounting Policies.**

The financial statements form a general purpose financial report prepared in accordance with the requirements of Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law. The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The concept of accrual accounting has been adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

#### **(a) Revenue Recognition**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon delivery of the service to the customer.

#### **(b) Income Tax**

The entity adopts the liability method of tax effect accounting whereby the income tax expense shown in the Statement of Financial Performance is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account either as a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefits.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### **(c) Acquisition of Assets**

The purchase method of accounting is used for all acquisitions of assets acquired. Cost is measured as the fair value of the assets as at the date of acquisition plus incidental costs directly attributable to the acquisition.

#### **(d) Receivables**

##### *Trade Debtors*

Trade debtors are recognised when the risks and rewards of ownership of the underlying sales transactions have passed to customers.

**(e) Depreciation of Property, Plant and Equipment**

Taken into account the fact that the company is not undertaking any real trading activity when assessing the depreciation rate to be applied. All tangible new items were depreciated at the rate of 10% on the prime cost method or, where appropriate, taken straight as an expense. Software development costs are not depreciated until the system is operating. No items were elected to be entered in the small value pool which attracts depreciation of 37.5% on the diminishing value method

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

Class Of Fixed Asset	Depreciation Rate
- Plant & Equipment	10.00%

**(f) Trade and Other Creditors**

These amounts represent unpaid liabilities for goods received by and services provided prior to the end of the financial year.

**(g) Employee Entitlements**

Provision is made for the entity's liability for employee entitlements arising from services rendered by employees to balance date. These benefits include wages and salaries, annual leave and long service leave. Sick leave is non-vesting and has not been provided for. The contributions made to superannuation funds are charged against profits when due.

**(h) Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, deposits at call and money market investments which are readily convertible into cash.

**(i) Financial Period**

The current financial period is 12 months.

	2,002	2001
	\$	\$
<b>Note 2 REVENUES</b>		
<b>Revenue from non-operating activities:</b>		
Interest	26,051	34,319
	<u>26,051</u>	<u>34,319</u>
Total revenue	<u>26,051</u>	<u>34,319</u>

**Note 3 OPERATING PROFIT**

**(a) Charging as an expense**

Depreciation of non-current assets		
- property, plant and equipment	5,897	953
Total depreciation	<u>5,897</u>	<u>953</u>
Rent	37,700	17,390
Auditor Remuneration	3,740	-

**Note 4 INCOME TAX**

During the development period, the company has incurred tax losses which approximate to the operating result. No future tax benefit has been included in these financial reports.

	2002	2001
	\$	\$
<b>Note 5 CASH ASSETS</b>		
Cash on hand	49,407	150,989
Short term money market deposits	300,000	500,000
	<u>349,407</u>	<u>650,989</u>

*The short term deposit is held by the Howard Mortgage Trust. Howard Mortgage Trust is an unlisted Investment Trust which invests primarily in Fixed Interest in Australia and offers a high level of capital security.*

	2002 \$	2001 \$
<b>Note 6 Reconciliation of cash</b>		
(a) Cash at the end of the financial period as shown in the Statement of Cash flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash deposits with banks	49,407	150,989
Short term money market deposits	<u>300,000</u>	<u>500,000</u>
Balance per Statement of Cash flows	<u><u>349,407</u></u>	<u><u>650,989</u></u>

**(b) Reconciliation of cash flow from operations with operating profit/(loss) after income tax**

Operating profit/(loss) after Income Tax	<u>(247,849)</u>	<u>(232,675)</u>
Cash Flows from operations	<u><u>(247,849)</u></u>	<u><u>(232,675)</u></u>
<b>Non cash flow form ordinary activities</b>		
Depreciation	5,897	953
<b>Changes in assets and liabilities</b>		
Equipment	(81,521)	(27,041)
<b>Increase in payables</b>	21,891	9,752
	<u>(301,582)</u>	<u>(249,011)</u>
	<b>2002</b> \$	<b>2001</b> \$

**Note 7 RECEIVABLES CURRENT**

Trade debtors	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Other debtors	<u>8,003</u>	<u>8,003</u>
	<u>8,003</u>	<u>8,003</u>
Total Current Receivables	<u><u>8,003</u></u>	<u><u>8,003</u></u>
	<b>2002</b> \$	<b>2001</b> \$

**Note 8 PROPERTY, PLANT & EQUIPMENT**

**PLANT AND EQUIPMENT**

At cost	108,562	27,041
Less accumulated depreciation	<u>(6,814)</u>	<u>(953)</u>
	<u>101,748</u>	<u>26,088</u>
Total Owned Plant and Equipment	<u>101,748</u>	<u>26,088</u>
Total Plant and Equipment	<u>101,748</u>	<u>26,088</u>
Total Property, Plant and Equipment	<u><u>101,748</u></u>	<u><u>26,088</u></u>

Software Development costs of \$51,776 for the year are included in cost. No depreciation for the software development has been provided as the system is not yet operating.

	2002 \$	2001 \$
<b>Note 9 PAYABLES</b>		
<b>CURRENT</b>		
Unsecured liabilities:		
Trade creditors	16,880	3,780
Other creditors	1,263	
	<u>18,143</u>	<u>3,780</u>
	2002 \$	2001 \$
<b>Note 10 PROVISIONS</b>		
<b>CURRENT</b>		
Employee entitlements	4,600	
	<u>4,600</u>	-
<b>Aggregate Employee Entitlement Liability</b>	<u>4,600</u>	-
<b>Employee Numbers</b>		
Average number of employees during the financial year/period	5	
	<u>5</u>	
Number of employees at reporting date	7	
	<u>7</u>	
	2002 \$	2001 \$
<b>Note 11 OTHER LIABILITIES</b>		
<b>CURRENT</b>		
<b>Unsecured liabilities:</b>		
Amounts owing to:		
-PAYG & SGC Superannuation	16,261	13,439
Other	(4,123)	(4,115)
	<u>12,138</u>	<u>9,324</u>

Note	12 CONTRIBUTED EQUITY	2002		2001		
		Entity	Entity	Entity	Entity	
(a)	Share capital	Notes	Number of Shares	Number of Shares	\$	\$
	Ordinary shares					
	Fully paid	(b), (c)				
	At \$0.0001		48,010,000	46,510,000	4801	4,651
	At \$0.10		9,000,000	900,000	900000	900,000
			57,010,000	47,410,000	904,801	904,651
			<u>57,010,000</u>	<u>47,410,000</u>	<u>\$ 904,801.00</u>	<u>\$ 904,651.00</u>

**(b) Movements in ordinary share capital**

Details	Date	Number of shares	Issue price	\$
Opening balance	1/07/2001			
Promoters		46,510,000	0.0001	4,651
Seed Capital		9,000,000	0.10	900,000
Transactions				
Share issue to directors at AGM	23/10/2001	1,500,000	0.0001	150
				904,801
Less: transaction costs arising on share issues				
Closing balance	30/06/2002	<u>57,010,000</u>		<u>904,801</u>

**(c) Share Options**

Notes	2002 Number of Shares	2001 Number of Shares
Shares for \$0.20 before 30 June 2004	24,500,000	24,500,000

**(d) Terms and conditions**

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, Shares for the time being unissued shall be under the control of the Directors, and subject to the Law and these Articles, the Directors may at any time and from time to time issue such number of Shares, either as ordinary Shares or Shares of a named class or classes (being either an existing class or a new class) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, and whether as preference Shares that are or at the option of the Company are liable to be redeemed, as the Directors shall, in their absolute discretion, determine. The issue price of a Share shall be taken to be that nominal value thereof plus any premium at which it is issued or less any discount at which it is issued.

**(h) Share options**

Subject to section 254A(1) of the Law, the Directors may at any time and from time to time issue options in respect of unissued Shares on such terms and conditions as the Directors shall, in their absolute discretion, determine. If options are issued, the

	2002 \$	2001 \$
<b>Note 13 RESERVES AND RETAINED PROFITS</b>		
<b>Retained Profits/(Accumulated Losses)</b>		
Retained profits/(Accumulated losses) at the beginning of the financial year	(232,675)	
Net profit/(loss) attributable to members	(247,849)	(232,675)
Retained profits/(accumulated losses) at end of financial year	<u>(480,524)</u>	<u>(232,675)</u>

	2,002	2,001
	\$	\$
<b>Note 14 EQUITY</b>		
Total equity at the beginning of the financial year	671,976	904,651
Total changes in equity recognised in the Statement of Financial Performance	(247,849)	(232,675)
Contributions of equity, net of transaction costs	150	
Total equity at the end of the financial year	<u>424,277</u>	<u>671,976</u>

	2002	2001
	\$	\$
<b>Note 15 RELATED PARTY TRANSACTIONS</b>		
<b>Payables</b>		
Brett Davies is a director of Law Central Co Ltd. Brett Davies is also the proprietor of Brett Davies Lawyers and Trustee of the Davies Service Trust. These entities provided the following services during the year under normal commercial term and conditions:		
CURRENT		
Rent	37,700	17,390
Electricity reimbursement at cost	4,562	1,876
	<u>42,262</u>	<u>19,266</u>

**Note 16 ADDITIONAL DISCLOSURES**

Law Central Co Ltd is a Public Unlisted company incorporated in Australia and domiciled in the state of Western Australia.

**Address of Registered office** *201 Adelaide Terrace  
Perth WA 6000*

**Principal place of business** *201 Adelaide Terrace  
Perth WA 6000*

**Note 17 EVENTS SUBSEQUENT TO REPORTING DATE**

Since the end of the reporting year, no events have occurred which may adversely affect the entity in the future.

**Note 18 ADDITIONAL DISCLOSURES**

**(a) Distribution of Equity Securities**

Analysis of numbers of equity security holders by size of holding:

	Ordinary Shares	
	Shares	Options
0 to 1,000		
1,001 to 5,000		
5,001 to 10,000		
10,001 to 100,000	5	
100,001 and above	20	4
	<u>25</u>	<u>4</u>

There were no holders of less than a marketable parcel of ordinary shares.

**(b) Equity Security Holders: Twenty largest quoted equity security holders**

The names of the twenty largest holders of equity securities are listed below:

<u>Name of Holder</u>	Ordinary Shares	
	Number Held	% of Issued Shares
1 <i>B Davies</i>	40,150,000	70.43%
2 <i>J Dawkins</i>	5,000,000	8.77%
3 <i>B Whitford</i>	1,000,000	1.75%
4 <i>C Wiggins</i>	1,000,000	1.75%
5 <i>P Ridley &amp; M Ridley</i>	1,000,000	1.75%
6 <i>R Harris</i>	1,000,000	1.75%
7 <i>G Philipson</i>	1,000,000	1.75%
8 <i>M Aim &amp; S Aim &amp; H Hitchcock &amp; L Wortlehook</i>	1,000,000	1.75%
9 <i>R J McGee</i>	1,000,000	1.75%
10 <i>PISA Superannuation Pty Ltd</i>	1,000,000	1.75%
11 <i>B Smith</i>	750,000	1.32%
12 <i>P Humble</i>	500,000	0.88%
13 <i>Barons Court Pty Ltd</i>	500,000	0.88%
14 <i>E Leggett</i>	300,000	0.53%
15 <i>C T Wynn</i>	250,000	0.44%
16 <i>T Hannagan &amp; J Hannagan</i>	250,000	0.44%
17 <i>S Pilkadaris</i>	250,000	0.44%
18 <i>E Koken</i>	250,000	0.44%
19 <i>Regust Pty Ltd</i>	250,000	0.44%
20 <i>P Mercovich &amp; C Mercovich</i>	150,000	0.26%
	<u>56,600,000</u>	<u>99.28%</u>

**Unquoted Equity Securities:**

	Number on issue	Number of holders
Options issued to directors	23,500,000.00	2.00
Options issued to other parties	1,000,000.00	2.00
	<u>24,500,000</u>	<u>4</u>

**(c) Substantial Holdings**

Substantial holders in the company are set out below:

	Ordinary Shares
<i>B Davies</i>	40,150,000
<i>J Dawkins</i>	5,000,000
<i>B Whitford</i>	1,000,000
<i>C Wiggins</i>	1,000,000
<i>P Ridley &amp; M Ridley</i>	1,000,000
<i>R Harris</i>	1,000,000

**(d) Voting Rights**

One vote is attached to each fully paid ordinary share.

# DIRECTORS' DECLARATION

The Directors of Law Central Co Ltd. declare that:

1. The financial statements and notes:
  - a. Comply with accounting standards and the Corporations Act 2001; and
  - b. Give a true and fair view of the financial position as at 30 June 2002 and performance for the 2002 financial year ended.
2. In the Directors' opinion there are reasonable grounds to believe that Law Central Co Ltd will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board by resolution of the Directors:

Brett K Davies Managing Director

# INDEPENDENT AUDIT REPORT

## Scope

We have audited the financial report of Law Co Ltd for the financial year ended 30 June 2002 as set out on pages 8 to 26. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Australian Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the Company's financial position, the results of its operations and its cash flows.

## Audit Opinion

In our opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of Law Central Co Ltd as at 30 June 2002, and the results of its operations and cash flows for the year then ended.

Jackson Greeve Certified Practising Accountants and Business Advisors
Keith Thomas Jackson Partner
29 Charles Street South Perth WA 6151

# NOTES