



LAW CENTRAL CO LTD

(ACN 091 824 225)

2005 ANNUAL REPORT

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CHAIRMAN and MANAGING DIRECTOR'S ADDRESS

Dear Shareholder,

2005 – The year Law Central became profitable

Thank you for your support over the past year. 2005 saw your company become a profitable enterprise. This is the result of careful planning and the ongoing development over previous years. We thank you for your patience and belief during the earlier development stages.

We believe that the key to improving upon current profitability is to maintain stable costs and continue sales growth. Development of new documents and services to satisfy the needs of our current members, and the seeking of new market segments are to be the main drivers behind this growth.

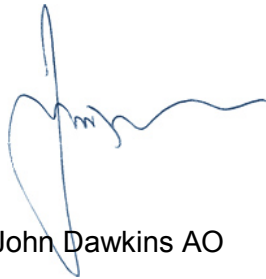
As part of our sales growth strategy, in 2005, particular emphasis was placed on fulfilling the needs of corporate structures. This included developing the large range of minutes, resolutions and forms required in the day to day running of a company. Documents to set up new companies and to replace the constitution add to this portfolio. As development in this area continues, Law Central expects more repeat business to eventuate as Law Central is increasingly seen as a one stop shop for all corporate and documentation needs.

Your company is always looking to form strategic alliances with companies that have large customer bases. Firstly, these strategic alliances add to the value and recognition of Law Central as a corporate entity. Secondly, access to ready made customer bases provides revenue streams that are independent of Law Central's marketing activities.

In addition to leveraging off of our partners' client bases, your Directors placed much importance upon building Law Central's own membership base. Currently Law Central has over 15,000 registered members. This is more than double the membership level from 2004. This membership base continues to grow as the marketing activities of your company continue.

We would like to thank Shareholders for their continued support and interest. We particularly thank those who have utilised Law Central for their own business needs and provided feedback. Your involvement and feedback has been invaluable in developing the site and nurturing the markets for Law Central.

We look forward to increasing profits to an even higher level for the following financial year.



Hon John Dawkins AO
Chairman
4 October 2005

Brett Davies
Managing Director
4 October 2005

COMPANY OVERVIEW

The Company

Commencing March 2000, Law Central Co Ltd was established to provide an easier way of accessing legal resources. It was conceived that Law Central would establish an Internet point of presence (www.lawcentral.com.au) for the provision of information on various areas of the law, and precedents for legal and other documents. Today, members of the Law Central web-site are able to generate their own documents with an ease and speed that was previously unheard of.

Whilst Law Central currently focuses on the domestic Australian market, there is potential to expand internationally. With this future expansion in mind, LawCentral has reserved a number of non-Australian Internet domain names:

- www.wizarddocs.com
- www.wizardoc.com
- www.wizarddoc.com
- www.wizardocs.com

The concept of "Wizard" allows us to penetrate international markets with our core strength of document generation, without limiting us to the legal industry.

Your Board anticipates that Law Central will eventually have multiple web-sites utilising the same WizardDocs document generation technology, running simultaneously in order to capture different market demographic and geographic segments.

The Business Concept

Law Central can best be described as an on-line publisher. Documents and software of various natures (including legal) are available from the site for users to customise and download. In addition to providing the documents themselves, Law Central also provides information about the various documents including information about the laws and the factors surrounding them. The template documents and logic flow necessary to generate the documents are designed by independent lawyers or relevant qualified specialist in conjunction with Law Central programmers.

Law Central is a strong supporter of the legal, accounting and financial advisory professions. Law Central is not a legal, accounting or financial advisory practice and does not provide any legal, financial or professional advice. Whenever appropriate, Law Central directs members and visitors to the site seeking professional advice to a suitably qualified practitioner.

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

Not Legal Advice

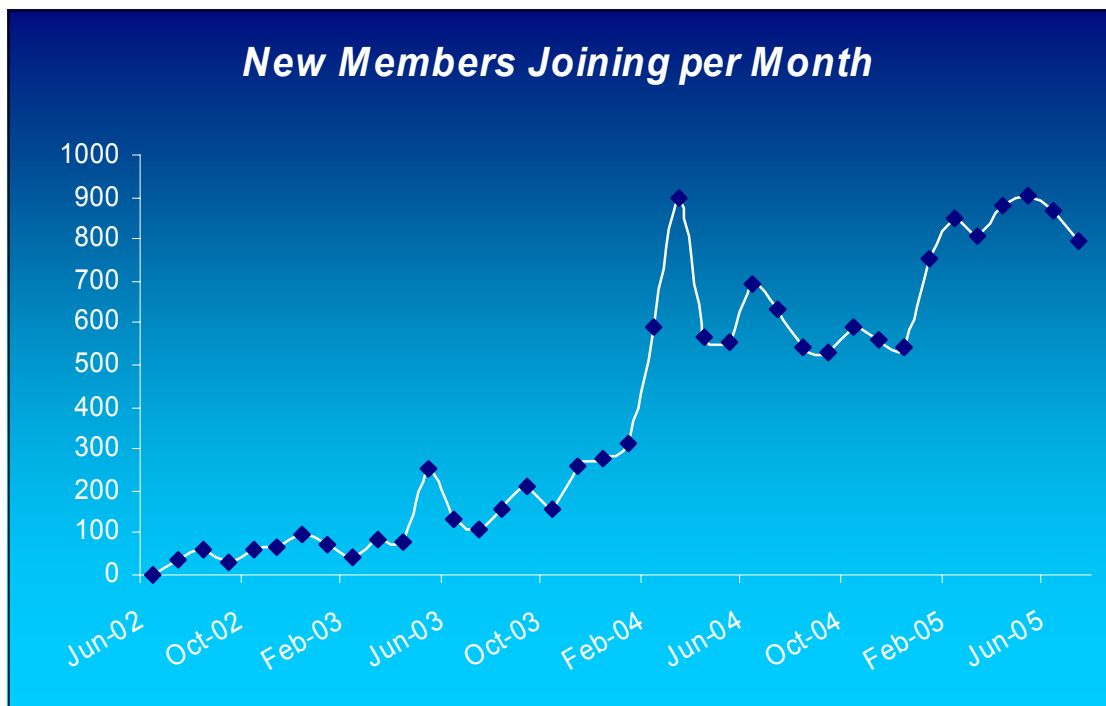
Law Central does not provide legal advice, or otherwise act as a legal practitioner. The business of Law Central is limited to the provision of information about the law and the provision of precedent legal and other documents. The web-site provides links or contact details for qualified legal practitioners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

The Directors have obtained an independent legal opinion that indicates the current activities of Law Central do not breach relevant existing laws in Western Australia. Any decision to expand the scope of offered services is subject to independent legal opinion prior to implementation.

Membership

The board is pleased with continued membership growth. Law Central currently has two levels of membership.

Normal Law Central membership is free and visitors to the site are required to join up in order to access many areas of the site including the *WizardDocs* document generation system. New members enter personal information, such as address and contact numbers as a part of the join up process, demonstrating confidence and genuine interest in the services of Law Central.



The second level of membership is the newly introduced Platinum Club membership. Platinum Members pay an annual or quarterly subscription fee and are given exclusive access to material prepared by experienced lawyers and other senior practitioners. Special offers, accounting tools and calculators also provide value-ads to the Platinum Club.



In addition to the registered members, Law Central has over 30,000 subscribers to the weekly Law Central Bulletin email. It is through these bulletins as well as marketing with the major search engines that users discover the Law Central web-site.

Marketing Programmes

Law Central Bulletin

The Law Central Bulletin is a weekly email that goes to all subscribers and registered members of Law Central. The Bulletin discusses recent legislative changes and commentary on current events that affect the accounting, legal and financial service sector. Feedback from our subscribers indicates that the Law Central Bulletin is a highly valued resource. The Bulletin is not a hard sell or blatant advertisement. For this reason, it has enormous appeal and popularity amongst our target market of Accountants, Advisers, Lawyers, Fund Managers, Dealer Groups and Real Estate Agents.

Reaching up to 40,000 professionals on a weekly basis, the Law Central Bulletin has proven to be a highly economical way of promoting the Law Central site.

Search Engine Marketing

For most Internet users, the first place to visit to find out about a particular area of law is a search engine (many web browsers such as Microsoft Internet Explorer use these for you automatically). The most popular of these search engines are Google, Yahoo and Sensis. The high level of information and traffic to the site, ensures that Law Central has a high listing on these search engines. In addition to this, Law Central also sponsors paid advertisements through the pay-per-click advertising programmes of the major search engines. This ensures that Law Central captures the attention of potential customers by targeting a specific message based on the phrase searched on.

“Pay per click” advertisements only appear when a user types certain keywords. This allows Law Central to monitor and fine tune the performance of this form of marketing in a way that traditional advertising methods do not allow. The additional benefit of “pay per click” advertising is that the user only needs to click on the advertisement to go directly to the relevant part of the Law Central site. The cost per click is normally between 10-20 cents. If the advertisement is not clicked, Law Central gets free exposure. Given that each 10 cent click may result in a sale worth hundreds of dollars, this form of low cost, targeted advertising has an excellent return on investment.

Affiliate Programmes

The Law Central Affiliate Club allows anyone to receive an advertising fee for promoting the Law Central website. This fee is measured by the performance of the affiliate’s advertising link. Affiliates only need to put a special link on their web-site to Law Central. This special link allows Law Central to track users coming through the link to see if they purchase a document. Joining the Affiliate Club is a fully automated process, ensuring that there are no barriers to potential affiliates.

The Affiliate Club is a win-win situation for all parties. The referrer earns a passive income, while Law Central gains exposure to people who otherwise might never have heard of the Law Central site.

Member Rewards

As part of the Member Rewards programme, Law Central members are entitled to many free manuals and guides when they purchase documents from Law Central. These guides give valuable information and tips on what to do next after they have their Law Central document.

Law Central Vouchers also play a large role in the Member Rewards programme. Law Central Vouchers offer members a discount off the normal price of selected Law Central documents. Included with your copy of this report is a complementary \$55 Law Central Voucher.

Client Relations and Security

Full Refund Policy

A large part of the fear in purchasing template based documents is in not knowing if the document is going to be suitable for you. Law Central combats this in two ways.

Firstly, most documents on the site include a sample. Members are able to download these samples prior to commencing the document building process. While this sample will not exactly match their final document, it does provide an indication of what the document will contain.

Secondly, Law Central offers a full refund on every document sold. If a member is not happy with any of our documents, we as a company would like to hear about it. This policy ensures that Law Central members have the peace of mind of knowing that if for any reason a document is not what they expected, they will receive a full refund.

Member Reminder Service

One of the features added to the Law Central service in the past year is the new document reminder service. As part of the document building process, members are able to stop mid-way through a document and return to it at a later date. The new reminder service sends an automated email to members a week and fortnight later to remind the member of their uncompleted document. This added service, has proven a profitable addition to the Law Central site.

Security

One of the great fears of users of the internet is the security of credit card details, particularly in light of recent card security breaches in the United States. Law Central uses SSL certified 128 bit encryption for the transmission of credit card details to the credit card merchant facility to ensure customer security. Further, Law Central does not retain or record any card details on any of its servers. Also, Law Central offers the alternative of payment via cheque, money order or direct debit for those users that do not wish to use, or do not have a credit card.

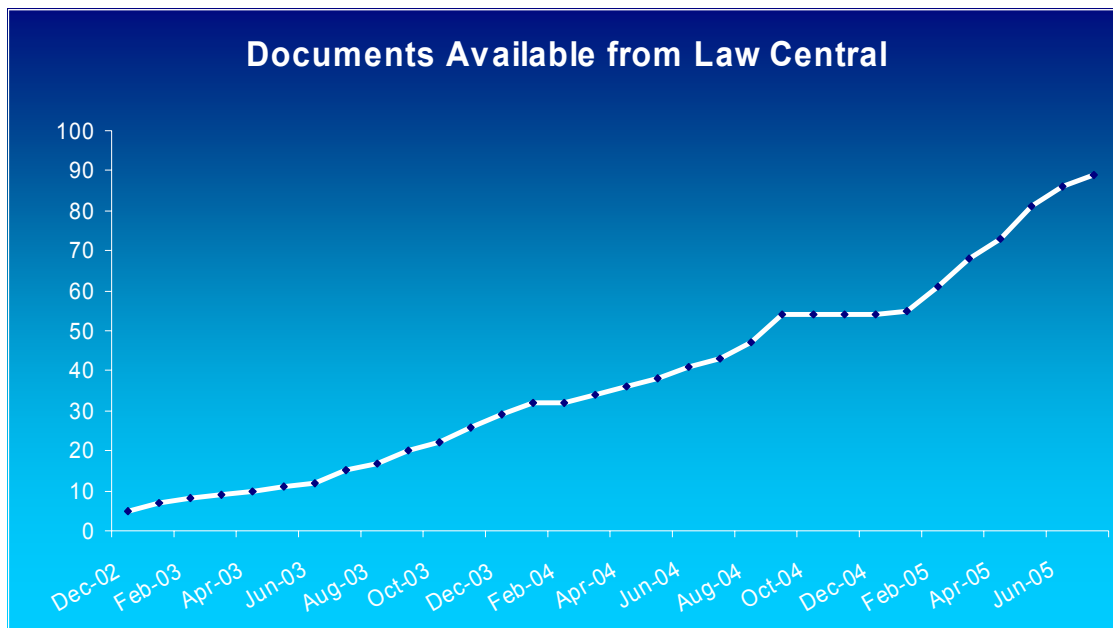
Awards

Law Central is proud to have been nominated and reach the finals in the WAITTA prize for best product. WAITTA is the peak information technology association in Western Australia. Its annual awards are recognised throughout the industry as a showcase of the best information technology contributions in the State. To have reached the finals of this award indicates the high degree of respect Law Central has achieved in the IT industry.

Development Projects

Document Development

In addition to seeking new members for Law Central, a high priority has been place upon retaining existing members. A key strategy in this is the provision of a broader range of documents. In essence, Law Central seeks to cater for all of our members' documentation needs. As part of the progression towards this goal, 43 new documents were made available from the Law Central range during the 2005 financial year. There are currently 89 different types of documents to choose from on the Law Central site.



The Law Central model of engaging lawyers from different firms to create and manage the legal documents on the site ensures that this growth of document portfolio will continue. Due to the advanced technology behind the development of these documents, Law Central is able to involve lawyers from the East Coast and as far away as India,

despite being headquartered in Perth. This ability is particularly important in planning for an expansion of Law Central internationally.

Non – Legal Documents

In addition to the legal documents, Law Central is branching out to include documents of a non-legal nature such as textbooks and software. Leveraging from our growing membership base, the Law Central site acts as the sales point for publishers of industry based textbooks and software resources. Rather than carry inventory, Law Central acts as a portal for orders passed directly to the publishers for distribution. In the cases of e-books, Law Central is able to generate and deliver the book instantly without requiring the involvement of the publisher. This is an additional service for Law Central members which has the added benefit of generating revenue for Law Central.

Meeting New Technology Demands

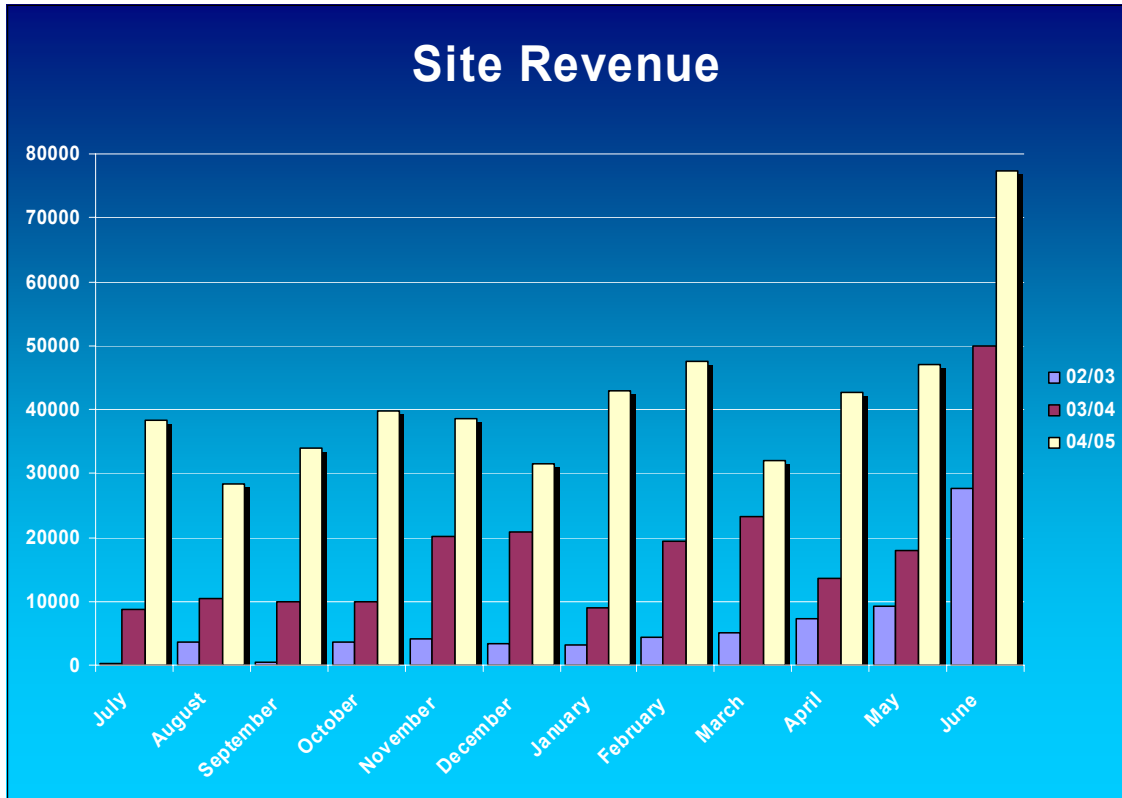
Due to the success of the Law Central website, the IT hardware infrastructure behind Law Central is being gradually upgraded to accommodate growing demand. This includes hosting the Law Central servers out of a specialised environment for Web Servers. This new environment features improved security, controlled and monitored cooling and power supplies and greater bandwidth to the internet.

Customised Document Provision

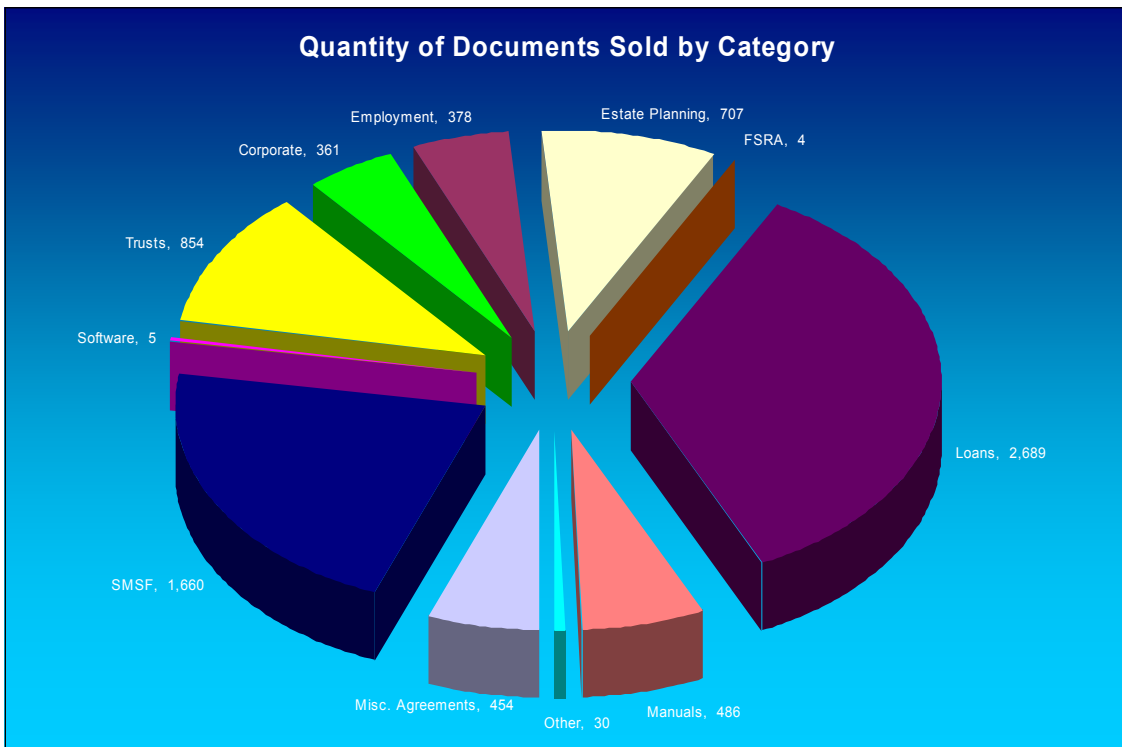
As well as providing documents to members, Law Central has contracted specifically with individual organisations for the provision of exclusive documents. Locked off from the general public, these documents are designed for the sole use of companies that want to take advantage of the *WizardDocs* document generation engine for their own internal documents. Whilst these projects take some time to implement, they guarantee Law Central exclusive access to the user and offer a continuous revenue stream independent of Law Central's other marketing activities.

Growth and turning the corner

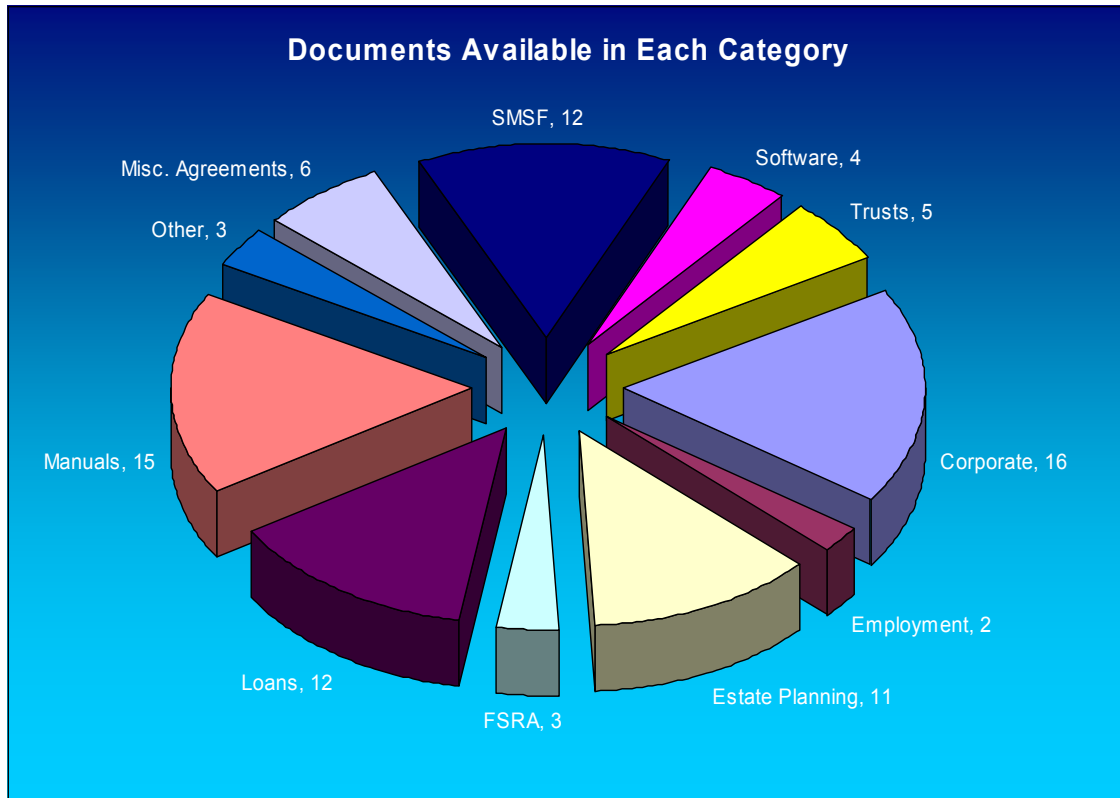
As an outcome of both the expanded document range and the marketing efforts, document sales have risen considerably over the previous year's performance. Sales generated revenue has increased from \$213,218 in 2004 to nearly \$500,000 in 2005. This brings Law Central from a loss position to a profitable enterprise. Continuing sales growth and stable costs indicate that your company has turned the corner and has solid foundations from which to move forward.



Certainly, the large document range brought about by Law Central's document development programme has contributed greatly to this increase in sales.

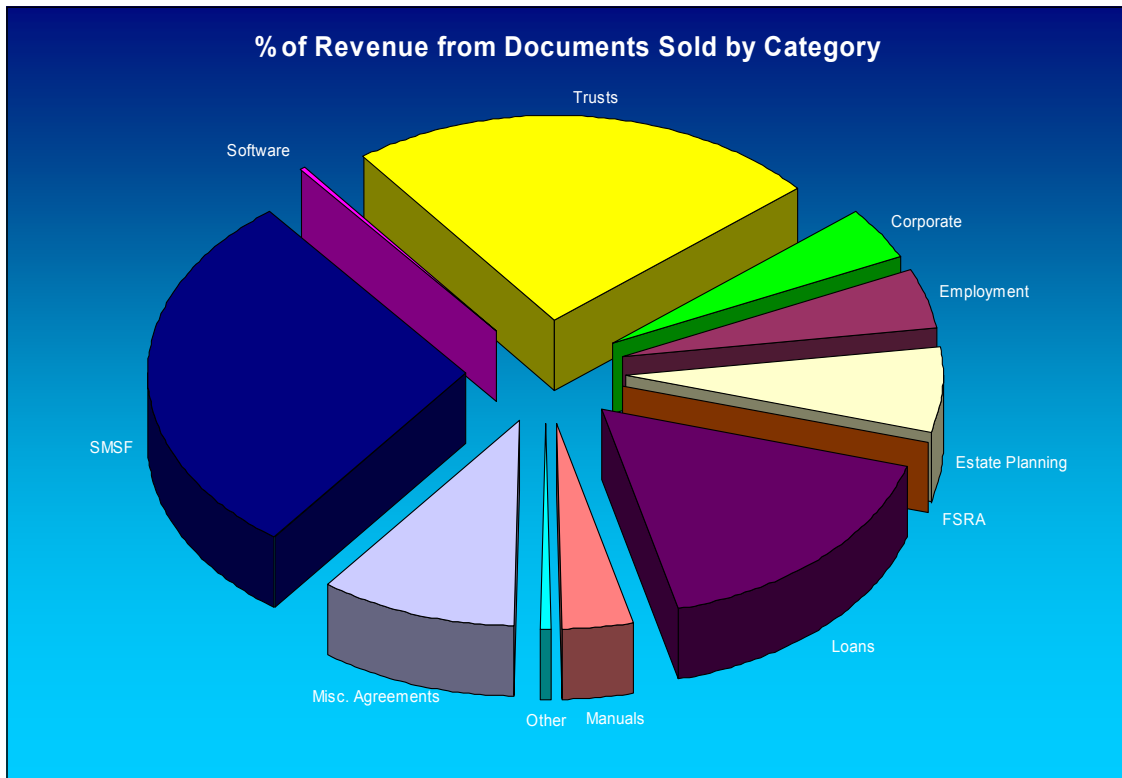


The strong bias in sales towards trusts, self managed super funds and loan documents is due in part to the range of documents in these categories, but mainly to the needs of Law Central's current target market of professional advisers. Future document developments will be geared towards leveraging from the custom of these target markets and on developing new target groups.



An important part of the growth of Law Central is the price at which documents are sold. Law Central is not designed to be a bargain price warehouse of documents. Considerable effort goes into the development, testing and maintenance of all Law Central Documents. Users of the Law Central site must feel confident in the documents they purchase. Pricing policy is based upon the need to maintain and reflect the high degree of quality of all Law Central documents, while still passing on the savings generated by utilising the *WizardDocs* document creation technology.

One of the strongest aspects of the Law Central business model, is the low variable cost per document. This provides great flexibility in optimising the price of each document to provide the best long term benefit to LawCentral.



Future site features

The Board and management of Law Central are conscious of the need for visible evidence of innovation, particularly in the fast paced world of information technology. A new feature you can expect to see soon on the Law Central site is a document replication system. This system allows members to retrieve information they have entered from a previous document purchased to serve as a template for building a new document. We expect that this feature will work particularly well with documents such as Wills, making minor amendments quick and easy. The systems behind this feature will also enable Law Central to offer add-on documents such as Power of Attorneys, with much of the key information already filled out. Again, simplicity and ease of use will be great incentives for members to return to the site and make further purchases.

DIRECTORS' REPORT

Your directors present their report for Law Central Co Ltd for the financial year ended 30 June 2005.

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 operating profit of Law Central Co Ltd for the financial year amounted to \$135,774. No provision was made for Income Tax during this year, due to carried forward tax losses exceeding the 2005 year's operating result.

No significant changes in Law Central Co Ltd's state of affairs occurred during the financial year other than the net cost revenues of \$161,988 as detailed in the Statement of Cashflow.

The principal activities of Law Central Co Ltd during the financial year were the development of new documents to be made available to Law Central members, and the management of the www.lawcentral.com.au web-site for the provision 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.

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 2005.

As at 30 June 2005, the balance of fully paid shares issued to Law Central Co Ltd shareholders is 57,010,000.

No new shares were issued during the financial year ending 30 June 2005.

All options held by employees and directors and due to expire on or before 30 April 2007 have been extended to expire 11 November 2008.

As at 30 June 2005, the balance of options held by employees and directors, exercisable before 11 November 2008 at 20 cent per share is 24,700,000.

As at 30 June 2005, the balance of options held by employees and directors, exercisable before 11 November 2008 at 1 cent per share is 100,000.

No new options were issued during the financial year ending 30 June 2005.

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.

Management and Directors

The Law Central Board has continued not to be remunerated from Law Central for their services. Your Directors have equity positions in the company and place their faith in the future viability and profitability of Law Central. Managing Director and Chief Executive Officer, Brett Davies has not sought any salary or payment for his time.

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 Relations 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 Law and currently is completing 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. He is the chairperson of the Art Gallery of Western Australia Foundation.

Mr Davies lectures 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 in 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 programme. 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. Mr Styles is the regular IT columnist for The Law Council of Australia's *Law Management Journal*.

Hemal MODI B.Sc(Soft. Eng), DipIT, MCP

Systems Development Manager



Mr Modi is responsible for Law Central's IT operations involving project management, innovative technological development, maintenance and upgrade of Law Central systems.

Mr Modi holds a Bachelor of Science (Software Engineering) from Edith Cowan University. He also holds a Diploma in I.T. and Computing. Mr Modi is a Microsoft Certified Professional in desktop applications. Mr Modi is currently pursuing Bachelor of Science (Computer Science) Honours from Curtin University of Technology. He is also studying towards Microsoft Certified System Developer (MCSD .Net) certification.

Mr Modi was recently awarded the prestigious Early Career Award 2005 for professional excellence by Edith Cowan University in conjunction with Australian Computer Society and Apple Computers Australia. Mr Modi has also been awarded honorary membership by Golden Key International Honours Society for academic excellence.

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	
	Held while a director	Attended
The Hon John S Dawkins AO	5	5
Mr Brett K Davies	5	5
Mr Brett B Whitford	5	2
Mr Graeme K Philipson	5	5

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

Brett K Davies
Managing Director
4 October 2005

AUDITORS INDEPENDENT DECLARATION

Auditors Independent Declaration

Under Section 307C of the *Corporations Act 2001*

To the Directors of Law Central Co Ltd.

I declare that, to the best of my knowledge, during the year ending 30 June 2005 there have been:

1. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

Dated 29 August 2005

Keith Thomas Jackson, CPA
Partner

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

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
Revenue			
Interest Revenue	2	3,870	4,013
Revenue from Operating Activities		495,816	213,218
		499,686	217,231
Expense			
Employee benefits expense		(200,995)	(152,700)
Other expenses from ordinary activities		(123,364)	(100,612)
Total expenses from ordinary activities excluding depreciation		(324,359)	(293,503)
Depreciation and amortisation expenses	3	(39,553)	(33,198)
		(363,912)	(326,701)
Profit/(loss) from ordinary activities before income tax expense		135,774	(109,470)
Income tax expense	4	-	-
Profit/(loss) from ordinary activities after income tax expense		135,774	(109,470)
Net profit/(loss) attributable to members of Law Central Co Ltd		135,774	(109,470)

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	5	226,271	64,283
Receivables	7	80,286	55,041
TOTAL NON CURRENT ASSETS		<u>306,557</u>	<u>119,324</u>
NON-CURRENT ASSETS			
Property, plant & equipment	8	25,391	45,890
TOTAL NON-CURRENT ASSETS		<u>25,391</u>	<u>45,890</u>
TOTAL ASSETS		<u><u>331,948</u></u>	<u><u>165,214</u></u>
CURRENT LIABILITIES			
Payables	9	54,059	26,330
Provisions	10	14,578	13,976
Other liabilities	11	15,288	12,659
TOTAL CURRENT LIABILITIES		<u>83,925</u>	<u>52,965</u>
TOTAL LIABILITIES		<u>83,925</u>	<u>52,965</u>
NET ASSETS		<u><u>248,023</u></u>	<u><u>112,249</u></u>
EQUITY			
Contributed equity	12	904,801	904,801
Retained profits	13	(656,778)	(792,552)
TOTAL EQUITY		<u><u>248,023</u></u>	<u><u>112,249</u></u>

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
Cash flows From Operating Activities:			
Receipts from customers		495,152	209,906
Payments to suppliers and employees		(337,034)	(306,700)
Interest received		3,870	4,013
Interest and other costs of finance paid		-	
Income tax paid		-	
Net Cash provided by (used in) operating activities	6 (b)	161,988	(92,781)
Net increase (decrease) in cash		161,988	(92,781)
Cash at the beginning of the financial period		64,283	157,064
Cash at the end of the financial period	6 (a)	226,271	64,283

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005

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 supply of a service is recognised upon performance of the service for 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) Plant & Equipment

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 at the amount receivable as they are due for settlement no more than 30 days from the date of recognition.

(e) Depreciation of Property, Plant and Equipment

All tangible new items were depreciated at the rate of 25% on the prime cost method or, where appropriate, charged as an expense. Intangible software development costs were depreciated at the rate of 33% on the prime cost method.

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

Class Of Fixed Asset	Depreciation Rate on Cost
- Plant & Equipment	25%
- Software Development Costs	33%

(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

Wages and salaries, annual leave and sick leave

The liability for employee benefits for wages and salaries, annual leave and sick leave represent present obligations resulting from employees' services up to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates expected to be paid when the liabilities are settled. Liabilities for wages and salaries and sick leave are recognised in current payables. Liabilities for annual leave are recognised in the current provision for employee benefits.

Long Service Leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured at the amounts expected to be paid when the liabilities are settled. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Superannuation

Superannuation, is recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(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.

(j) Rounding

Rounding is to the nearest whole dollar

(k) International Financial Reporting Standards

The company has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS).

The Company has allocated internal resources to conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As the Company has a 30 June year end, priority has been given to considering the preparation of an operating balance sheet in accordance with AABS equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the company prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. At this stage, the company has not been able to reliably quantify the impacts on the financial report on the key areas below where accounting policies will change and may have an impact on the financial report.

Classification of Financial Instruments

Classification into five categories will be required. Currently, the financial statements are not required to be classified. There is not expected to be any change in the overall asset value.

Impairment of Assets

Under IAS 36 the recoverable amount of an asset is determined as the greater of net selling price and value in use which may result in a difference, which at this time is dependent on the future operations and can not be assessed.

Income Taxes

A balance sheet approach is to be adopted and temporary differences established instead of permanent and timing differences. It is not expected that this will result in a material impact.



Note 2 REVENUES	2005	2004
	\$	\$
Revenue from operating activities:		
Site Provision Revenue	489,595	213,218
Advertising Revenue	6,221	
	<u>495,816</u>	<u>213,218</u>
Revenue from non-operating activities:		
Interest	3,870	4,013
	<u>3,870</u>	<u>4,013</u>
Total revenue	<u><u>499,686</u></u>	<u><u>217,231</u></u>

Note 3 OPERATING PROFIT	2005	2004
	\$	\$
(a) Charging as an expense		
Property, plant and equipment	21,949	16,112
Software Development	17,605	17,086
Total depreciation	<u>39,554</u>	<u>33,198</u>
Rent of premises	41,088	33,503
Auditor's Remuneration	3,190	3,728

Note 4 INCOME TAX

The company has prior year tax losses which are in excess of the year's operating profit. Subsequently, no provision for income tax has been included in these financial reports. No provision for future tax benefits have been included in this report.

Note 5 CASH ASSETS	2005	2004
	\$	\$
Cash on hand	176,271	14,283
Short term money market deposits	50,000	50,000
	<u>226,271</u>	<u>64,283</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.



Note	6 Reconciliation of cash	2005	2004
		\$	\$
(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 at bank	176,271	14,283
	Short term money market deposits	50,000	50,000
	Balance per Statement of Cash flows	<u>226,271</u>	<u>64,283</u>
(b)	Reconciliation of cash flow from operations with operating profit/(loss) after income tax		
	Operating profit/(loss) after Income Tax	135,774	(109,470)
	Non-cash flows in operating profit		
	Depreciation	39,553	33,198
	Changes in assets and liabilities		
	(Increase)/decrease in trade & term debtors	(25,246)	(24,634)
	(Increase)/decrease in prepayments	-	-
	Increase/(decrease) in provisions	10,902	17,818
	Increase/(decrease) in trade creditors and accruals	20,060	(5,758)
	Cash Flows from operations	<u>181,043</u>	<u>(88,846)</u>
	Changes in assets and liabilities		
	Equipment	(19,054)	(3,935)
	Reconciled Cash Movement	<u>161,989</u>	<u>(92,781)</u>
Note	7 RECEIVABLES	2005	2004
	CURRENT	\$	\$
	Trade debtors	80,286	55,041
	Total Current Receivables	<u>80,286</u>	<u>55,041</u>
Note	8 PROPERTY, PLANT & EQUIPMENT	2005	2004
	PLANT AND EQUIPMENT	\$	\$
	At cost	136,751	117,697
	Less Accumulated Depreciation	(111,360)	(71,807)
	Total Plant and Equipment	<u>25,391</u>	<u>45,890</u>

Note	9 PAYABLES	2005	2004
	CURRENT	\$	\$
	Unsecured liabilities:		
	Trade creditors	42,163	22,104
	Other creditors	11,896	4,226
		54,059	26,330
Note	10 PROVISIONS	2005	2004
	CURRENT	\$	\$
	Employee entitlements - leave	14,578	13,976
		14,578	13,976
	 Aggregate Employee Entitlement Liability	 14,578	 13,976
	 Employee Numbers		
	Average number of employees during the financial year	5	6
	 Number of employees at reporting date	 4	 4
Note	11 OTHER LIABILITIES	2005	2004
	CURRENT	\$	\$
	Unsecured liabilities:		
	Amounts owing to:		
	-PAYG & SGC Superannuation	6,084	7,006
	GST Liabilities	9,204	5,653



Note 12 CONTRIBUTED EQUITY

(a) Share capital

Notes	2005		2004	
	Number of Shares	Entity	Number of Shares	Entity
Ordinary shares Fully paid				
At \$0.0001	48,010,000		48,010,000	4801
At \$0.10	9,000,000		9,000,000	900,000
	<u>57,010,000</u>		<u>57,010,000</u>	<u>\$904,801</u>
				<u>\$904,801</u>

(b) Movements in ordinary share capital

There was no movement in ordinary share capital during the year ending 30 June 2005.

(c) Share Options

Notes	2005 Number of Share Options	2004 Number of Share Options
Shares for \$0.20 before 30 June 2004	-	24,500,000
Shares for \$0.20 before 30 June 2006	-	200,000.00
Shares for \$0.01 before 30 April 2007	-	100,000.00
Shares for \$0.20 before 11 November 2008	24,700,000.00	-
Shares for \$0.01 before 11 November 2008	100,000.00	-
Closing balance	<u>24,800,000.00</u>	<u>24,800,000.00</u>

(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.

(e) 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 Company shall comply with section 254B of the Law as to a register of the holders of options.

(f) Extension of Share options

During the year ending 30 June 2005, by resolution of the Board, all options held by employees and directors and due to expire on or before 30 April 2007 have been extended to expire 11 November 2008.



Note	13 RESERVES AND RETAINED PROFITS	2005	2004
	Retained Profits/(Accumulated Losses)	\$	\$
	Retained profits/(Accumulated losses) at the beginning of the financial year	(792,552)	(683,082)
	Net profit/(loss) attributable to members	135,774	(109,470)
	Retained profits/(accumulated losses) at end of financial year	<u>(656,778)</u>	<u>(792,552)</u>

Note	14 EQUITY	2005	2004
		\$	\$
	Total equity at the beginning of the financial year	112,249	221,719
	Total changes in equity recognised in the Statement of Financial Performance	135,774	(109,470)
	Contributions of equity, net of transaction costs	<u>-</u>	<u>-</u>
	Total equity at the end of the financial year	<u>248,023</u>	<u>112,249</u>

Note	15 RELATED PARTY TRANSACTIONS	2005	2004
	Payables	\$	\$
	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 terms and conditions:		
	CURRENT		
	Rent of Premises	34,800	31,900
	Provision of Precedent Documents	49,559	-
		<u>84,359</u>	<u>31,900</u>

Graeme Philipson is a Director of LawCentral Co Ltd. Graeme Philipson is also the proprietor of Philipson.info which provided the following services during the year under normal commercial terms and conditions:

Web interface and editing consultation	5,000	-
	<u>5,000</u>	<u>-</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	<i>201 Adelaide Terrace Perth WA 6000</i>
Principal place of business	<i>201 Adelaide Terrace Perth WA 6000</i>

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 REMUNERATION OF AUDITORS

	2005 \$	2004 \$
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing accounts	3,190	3,728
	<u>3,190</u>	<u>3,728</u>

Note 19 ADDITIONAL DISCLOSURES

(a) Distribution of Equity Securities

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

	Ordinary Shares	
	Shares	Options
0 to 10,000	1	
10,001 to 100,000	6	
100,001 to 500,000	15	
500,001 to 1,000,000	8	
1,000,001 and above	3	5
	<u>33</u>	<u>5</u>
Unquoted Equity Securities:	Number on issue	Number of holders
Options issued to directors	23,500,000	2
Options issued to other parties	1,300,000	3
	<u>24,800,000</u>	<u>5</u>

(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 2005 and performance for the 2005 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 4 October 2005

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF LAW CENTRAL CO LTD.

Scope

We have audited the financial report of Law Co Ltd for the financial year ended 30 June 2005 as set out on pages 15 to 35.

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 and performance as represented by the results of its operations and cash flows.

Audit Opinion

In our opinion, the financial report of Law Central Co Ltd is in accordance with:

1. the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - b. complying with Accounting Standards *in Australia* and the Corporations Regulations 2001 and

2. other mandatory professional reporting requirements.

Dated 29 August 2005

Keith Thomas Jackson, CPA
Partner
Jackson Greeve
Certified Practising Accountants
29 Charles Street
South Perth WA 6151

NOTES