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# SLATER & GORDON LIMITED
# ABN 93 097 297 400

## HALF-YEAR INFORMATION
## FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

**This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2014.**

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*Rule 4.2A.3*

# Appendix 4D

**Half-Year Report for the six months to 31 December 2014**

Name of entity: SLATER & GORDON LIMITED

ABN or equivalent company reference: 93 097 297 400

## 1. Reporting period

Report for the half year ended: 31 December 2014

Previous corresponding periods: Financial year ended 30 June 2014
Half-year ended 31 December 2013

## 2. Results for announcement to the market

| | | | | **$'000** |
|---|---|---|---|---|
| Revenues from ordinary activities *(item 2.1)* | up | 37.6% | to | $245,334 |
| Profit (loss) from ordinary activities after tax attributable to members (*item 2.2*) | up | 46.8% | to | $33,730 |
| Net profit (loss) for the period attributable to members *(item 2.3)* | up | 46.8% | to | $33,730 |

| **Dividends** *(item 2.4)* | Amount per security | Franked amount per security |
|---|---|---|
| Interim dividend partially franked (40%) at 30% tax rate declared on 10 February 2015 and to be paid on 23 April 2015 | 3.50¢ | 1.40¢ |
| Final dividend (fully franked at 30% tax rate) paid on 24 October 2014 | 5.00¢ | 5.00¢ |
| Previous corresponding period | 3.00¢ | 3.00¢ |
| Record date for determining entitlements to the dividend *(item 2.5)* | | 12 March 2015 |

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*:

Please refer to the ASX/Media Release dated 10 February 2015 for other information necessary to enable the figures to be understood.

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## 3. Net tangible assets per security *(item 3)*

| | Current period | Previous corresponding period |
|---|---|---|
| Net tangible asset backing per ordinary security (cents) | 156.01¢ | 124.28¢ |
| | **31 December 2014 Number of shares** | **31 December 2013 Number of shares** |
| Total number of ordinary shares of the Company | 208,695,621 | 202,481,656 |
| | **$'000** | **$'000** |
| Net Tangible Assets | 325,584 | 251,650 |

## 4. Details of entities over which control has been gained or lost during the period: *(item 4)*

Details of business combinations completed during the period are:

| Date of Gain of Control | Entity | Nature of transaction |
|---|---|---|
| 31 July 2014 | Fiocco Lawyers | Acquisition of business operations and assets |
| 5 September 2014 | Biddle Lawyers | Acquisition of business operations and assets |
| 5 September 2014 | Flint Bishop LLP | Acquisition of the personal injuries business operations and assets |
| 12 September 2014 | Cox West Lawyers | Acquisition of business operations and assets |
| 1 November 2014 | All States Legal Co Pty Ltd (T/A Nowicki Carbone) | Acquisition of legal entity |
| 1 November 2014 | Schultz Toomey O'Brien Pty Ltd | Acquisition of legal entity |
| 28 November 2014 | Bannister Law Pty Ltd | Acquisition of legal entity |

## 5. Dividends *(item 5)*

| | Date of payment | Total amount of dividend $A'000 |
|---|---|---|
| Interim dividend year ending 30 June 2015 | 23 April 2015 | $7,304 |
| Final dividend year ended 30 June 2014 | 24 October 2014 | $10,279 |

**Amount per security**

| | | Amount per security | Franked amount per security at 30% tax | Amount per security of foreign sourced dividend |
|---|---|---|---|---|
| **Total dividend:** | Current year (interim) | 3.50¢ | 1.40¢ | Nil¢ |
| | Previous year (interim) | 3.00¢ | 3.00¢ | Nil¢ |

**Total dividend on all securities**

| | Current period $A'000 | Previous corresponding Period - $A'000 |
|---|---|---|
| Ordinary shares | $7,304 | $6,074 |
| **Total** | **$7,304** | **$6,074** |

**6. Details of dividend or distribution reinvestment plans in operation are described below** *(item 6)*:

The entity has in place a dividend reinvestment plan which eligible shareholders may elect to take all or part of future dividends in the form of cash or shares in accordance with the plan rules. Shares are provided under the plan free of brokerage and other transaction costs based on the volume weighted average price of the shares during the dividend pricing period. The dividend pricing period in respect of the dividend reinvestment plan commences on 17 March 2015 and ends on 15 April 2015.

Applications or notices to participate or withdraw from the dividend reinvestment plan received after 5.00pm (Melbourne time) on 13 March 2015 will not be effective for the interim dividend in respect of the current financial year but will be effective for future dividends.

| | |
|---|---|
| The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan | 13 March 2015 |

**7. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached).**

**8. Independent review of the financial report** *(item 9)*

*The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.*



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# SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
# ABN 93 097 297 400

# FINANCIAL REPORT
# FOR THE HALF-YEAR ENDED
# 31 DECEMBER 2014

**This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2014**

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# DIRECTORS' REPORT

The directors present their report together with the condensed consolidated financial report consisting of Slater & Gordon Limited ("the Company") and its controlled entities (collectively referred to as "the Group"), for the half-year ended 31 December 2014 and independent auditor's report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

**Directors' names**

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

John Skippen – Chair
Andrew Grech – Group Managing Director
Ian Court
Ken Fowlie
Erica Lane
Rhonda O'Donnell

All directors have been in office since the start of the financial period to the date of this report.

**Review of operations**

The Group continued to deliver strong financial results in the six months to 31 December 2014. The Group ended the financial period with total revenue of $245.3 million (2013: $178.3 million) and net profit after tax of $33.7 million (2013: $23.0 million). The cash profile continues to be strong with cash flow from operations of $26.5 million (2013: $21.0 million), representing 78.6% (2013: 91.5%) of net profit after tax.

The Australian business completed the acquisitions of Nowicki Carbone, a specialist personal injuries practice based in Victoria, and Schultz Toomey O'Brien, a consumer law firm in Queensland, on 31 October 2014, which continue to reinforce the growth of the Group as the industry leader in consumer law in Australia.

The legislation in South Australia changed with effect from 1 July 2014 to allow for Incorporated Legal Practices to operate in South Australia. As a consequence, the Adelaide practice was transferred from Andrew Grech trading as Slater & Gordon Lawyers to the Company for the value of the practice's net assets on 30 September 2014. The net asset value was fully offset by amounts owed to the Company from the service and license agreement.

During the financial period, the United Kingdom ("UK") business took time to consolidate the acquisitions completed during the course of FY14 into the existing operations, in preparation for the transition to one Practice Management System and Case Management System in the second half of FY15 and consolidation of the three operating locations in Manchester into one office in March 2015. The UK business ended the financial period with total revenue of $117.6 million (2013: $61.5 million) and net profit after tax of $18.5 million (2013: $7.3 million).

The Group negotiated an increase of $50.0 million in the total facility limit on its multi-currency financing facility during the financial period to take the total limit to $265.0 million.

The Group introduced in the financial period a broad-based 'share save' offer to all employees and a new Employee Equity Incentive Plan ("EIP") which was approved by shareholders at the 2014 Annual General Meeting ("AGM"). Subsequent to the AGM, offers were made to all employees in Australia and the United Kingdom to take up A$500 or GBP£375 of equity respectively, with the Company matching the allocation on a 1 for 1 basis. Offers were taken up by around 800 employees across the organisation, representing approximately 40% of eligible employees.

Under the terms of the EIP, performance rights offers were extended to executives in October 2014 and December 2014. All executives across the Group have accepted the offers. Overall, 496,000 performance rights have been issued to executives throughout the Group, including a shareholder approved allocation of 56,000 performance rights (combined) to executive directors. Performance rights vest based on a three year service condition and the financial performance of the Australian, UK or Group operations (depending on the executive role) over the three financial years FY15 to FY17. Performance measures include total shareholder return and earnings measures.

The EIP replaces the existing Employee Ownership Plan ("EOP"), without prejudice to the rights of current participants in the EOP. Vesting of equity interests under the EOP continues based on performance in FY15 and the repayment of loans associated with the EOP will continue throughout FY15 to FY18.

In December 2014 the Company made an advance of GBP£12.1m (A$23.1m) to Quindell Plc ("Quindell") to enter into an exclusivity arrangement in respect of discussions relating to a possible disposal of operating assets of the Quindell Group. As part of these arrangements, the Company is also completing due diligence on a portfolio of personal injury litigation case files with rights to take a transfer of files. Discussions in relation to the operating assets may or may not



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result in an offer to acquire those assets being made and any such offer if made may be accepted or rejected by Quindell.

**Significant changes in the state of affairs**
Other than the above mentioned acquisitions in the six months to 31 December 2014 (refer to Note 8), there have been no significant changes in the state of affairs of the Group that require disclosure in this report.

**Subsequent events**
The Group has announced its intention to purchase the consumer law practices of Walker Smith Way and Leo Abse & Cohen both based in Wales with indicative completion dates of 30 April 2015 and 31 May 2015 respectively.

**Auditor's independence declaration**
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is provided with this report.

**Rounding of amounts**
The amounts contained in the directors' report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Group under ASIC Class Order 98/0100. The Group is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

John Skippen
Chair

Andrew Grech
Group Managing Director

Date: 10 February 2015

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PITCHER PARTNERS

**SLATER & GORDON LIMITED AND CONTROLLED ENTITIES**
**ABN 93 097 297 400**

**AUDITOR'S INDEPENDENCE DECLARATION**
**TO THE DIRECTORS OF SLATER & GORDON LIMITED AND CONTROLLED ENTITIES**

In relation to the independent auditor's review for the half-year ended 31 December 2014, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

A R FITZPATRICK
Partner

PITCHER PARTNERS
Melbourne

10 February 2015

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**SLATER & GORDON LIMITED AND CONTROLLED ENTITIES**
**ABN 93 097 297 400**

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

| | Note | Half-Year 31 Dec 2014 $'000 | Half-Year 31 Dec 2013 $'000 |
|---|---|---|---|
| **Revenue** | | | |
| Fee revenue | | 243,364 | 176,584 |
| Other income | | 1,970 | 1,737 |
| | | **245,334** | **178,321** |
| **Less: Expenses** | | | |
| Salaries and employee benefits expense | | (121,389) | (89,707) |
| Rental expense | | (13,586) | (8,017) |
| Advertising and marketing expense | | (18,213) | (15,741) |
| Administration and office expenses | | (20,415) | (14,585) |
| Consultant fees | | (2,829) | (1,760) |
| Finance costs | | (4,257) | (3,770) |
| Bad and doubtful debts | | (2,609) | (2,163) |
| Depreciation and amortisation expense | | (4,400) | (3,638) |
| Costs associated with acquisitions | | (1,552) | (2,203) |
| Other expenses | | (8,680) | (4,411) |
| | | **(197,930)** | **(145,995)** |
| **Profit before income tax expense** | | **47,404** | **32,326** |
| Income tax expense | | (13,674) | (9,353) |
| **Profit for the half-year** | | **33,730** | **22,973** |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit and loss:** | | | |
| Exchange differences on translation of foreign operations, net of tax | | 7,157 | 8,442 |
| Changes in fair value of cash flow hedges, net of tax | | (712) | 44 |
| **Total items that may be reclassified subsequently to profit or loss** | | **6,445** | **8,486** |
| **Other comprehensive income for the half-year, net of tax** | | **6,445** | **8,486** |
| **Total comprehensive income for the half-year** | | **40,175** | **31,459** |
| **Profit for the year attributed to:** | | | |
| Owners of the Company | | 33,659 | 22,937 |
| Non-controlling interests | | 71 | 36 |
| | | **33,730** | **22,973** |
| **Total comprehensive income for the half-year attributed to:** | | | |
| Owners of the Company | | 40,089 | 31,415 |
| Non-controlling interests | | 86 | 44 |
| | | **40,175** | **31,459** |
| Basic earnings per share (cents) | 6 | 16.5 cents | 11.5 cents |
| Diluted earnings per share (cents) | 6 | 16.3 cents | 11.3 cents |

The accompanying notes form an integral part of these financial statements.

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**SLATER & GORDON LIMITED AND CONTROLLED ENTITIES**
**ABN 93 097 297 400**

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

| | Note | 31 Dec 2014 $'000 | 30 Jun 2014 $'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 5 | 15,918 | 25,270 |
| Receivables | | 262,373 | 229,368 |
| Work in progress | | 561,861 | 470,609 |
| Other financial assets | | 23,075 | - |
| Current tax assets | | 417 | - |
| Other current assets | | 10,931 | 12,403 |
| **Total current assets** | | **874,575** | **737,650** |
| **Non-current assets** | | | |
| Work in progress | | 882 | 2,730 |
| Plant and equipment | | 18,900 | 12,964 |
| Land and buildings | | 254 | - |
| Intangible assets | 7 | 145,817 | 130,190 |
| Other non-current assets | | 10,985 | 11,844 |
| **Total non-current assets** | | **176,838** | **157,728** |
| **Total assets** | | **1,051,413** | **895,378** |
| **Current liabilities** | | | |
| Payables | | 229,053 | 194,850 |
| Short-term borrowings | | 29,846 | 9,467 |
| Current tax liabilities | | - | 1,960 |
| Other current liabilities | | 10,791 | 10,103 |
| Provisions | | 19,049 | 16,468 |
| **Total current liabilities** | | **288,739** | **232,848** |
| **Non-current liabilities** | | | |
| Payables | | 23,893 | 19,187 |
| Long-term borrowings | | 148,011 | 116,864 |
| Deferred tax liabilities | | 112,202 | 97,619 |
| Derivative financial instruments | | 1,941 | 1,020 |
| Provisions | | 5,226 | 4,760 |
| **Total non-current liabilities** | | **291,273** | **239,450** |
| **Total liabilities** | | **580,012** | **472,298** |
| **Net assets** | | **471,401** | **423,080** |
| **Equity** | | | |
| Contributed equity | 4 | 251,983 | 233,638 |
| Reserves | | 15,600 | 9,090 |
| Retained profits | | 203,519 | 180,139 |
| **Total equity attributable to equity holders in the Company** | | **471,102** | **422,867** |
| Non-controlling interest | | 299 | 213 |
| **Total equity** | | **471,401** | **423,080** |

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**SLATER & GORDON LIMITED AND CONTROLLED ENTITIES**
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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

| | Note | Contributed Equity | Retained Earnings | Cash Flow Hedging Reserve | Translation Reserve | Performance Rights Reserve | Total | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| | | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance as at 1 July 2014** | | **233,638** | **180,139** | **(781)** | **9,871** | **-** | **422,867** | **213** | **423,080** |
| Net profit after tax for the period | | - | 33,659 | - | - | - | 33,659 | 71 | 33,730 |
| Total other comprehensive income for the half-year | | - | - | (712) | 7,142 | - | 6,430 | 15 | 6,445 |
| **Total comprehensive income for the half-year** | | **-** | **33,659** | **(712)** | **7,142** | **-** | **40,089** | **86** | **40,175** |
| **Transactions with owners in their capacity as equity holders** | | | | | | | | | |
| Ordinary and VCR shares issued (net) | | 18,438 | - | - | - | - | 18,438 | - | 18,438 |
| Dividends paid | 3 | - | (10,279) | - | - | - | (10,279) | - | (10,279) |
| Costs of equity issued | | (93) | - | - | - | - | (93) | - | (93) |
| Equity-settled share-based payments | | - | - | - | - | 80 | 80 | - | 80 |
| **Total transactions with owners in their capacity as equity holders** | | **18,345** | **(10,279)** | **-** | **-** | **80** | **8,146** | **-** | **8,146** |
| **Balance as at 31 December 2014** | | **251,983** | **203,519** | **(1,493)** | **17,013** | **80** | **471,102** | **299** | **471,401** |

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**SLATER & GORDON LIMITED AND CONTROLLED ENTITIES**
**ABN 93 097 297 400**

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | Note | Contributed Equity | Retained Earnings | Cash Flow Hedging Reserve | Translation Reserve | Performance Rights Reserve | Total | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| | | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance as at 1 July 2013** | | **212,373** | **132,963** | **(473)** | **4,183** | **-** | **349,046** | **161** | **349,207** |
| Net profit after tax for the period | | - | 22,937 | - | - | - | 22,937 | 36 | 22,973 |
| Total other comprehensive income for the half-year | | - | - | 44 | 8,434 | - | 8,478 | 8 | 8,486 |
| **Total comprehensive income for the half-year** | | **-** | **22,937** | **44** | **8,434** | **-** | **31,415** | **44** | **31,459** |
| **Transactions with owners in their capacity as equity holders** | | | | | | | | | |
| Ordinary and VCR shares issued (net) | | 13,174 | - | - | - | - | 13,174 | - | 13,174 |
| Dividends paid | 3 | - | (7,655) | - | - | - | (7,655) | - | (7,655) |
| Costs of equity issued | | (91) | - | - | - | - | (91) | - | (91) |
| Equity contribution by non-controlling interest | | - | - | - | - | - | - | 94 | 94 |
| **Total transactions with owners in their capacity as equity holders** | | **13,083** | **(7,655)** | **-** | **-** | **-** | **5,428** | **94** | **5,522** |
| **Balance as at 31 December 2013** | | **225,456** | **148,245** | **(429)** | **12,617** | **-** | **385,889** | **299** | **386,188** |

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**ABN 93 097 297 400**

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

| | Note | Half-Year | |
|---|---|---|---|
| | | 31 Dec 2014 | 31 Dec 2013 |
| | | $'000 | $'000 |
| **Cash flow from operating activities** | | | |
| Receipts from customers | | 261,186 | 199,619 |
| Payments to suppliers and employees | | (229,337) | (174,922) |
| Interest received | | 171 | 173 |
| Borrowing costs | | (3,191) | (2,300) |
| Income tax paid | | (2,306) | (1,544) |
| **Net cash provided by operating activities** | | **26,523** | **21,026** |
| **Cash flow from investing activities** | | | |
| Payments for plant and equipment | | (6,958) | (907) |
| Payments for software development | | (3,499) | (948) |
| Payments for acquisition of businesses – deferred consideration | | (7,713) | (6,223) |
| Payments for acquisition of businesses, net of cash in subsidiary | | (31,557) | (63,382) |
| Advance – secured | | (22,148) | - |
| Costs associated with acquisition | | (1,552) | (2,203) |
| **Net cash used in investing activities** | | **(73,427)** | **(73,663)** |
| **Cash flow from financing activities** | | | |
| Proceeds from non-controlling interests | | - | 94 |
| Costs of equity issued | | (123) | (94) |
| Proceeds from borrowings | | 81,794 | 75,883 |
| Repayment of borrowings | | (36,150) | (30,438) |
| Proceeds from related parties and employees | | 1,108 | 1,762 |
| Dividends paid | | (9,312) | (6,070) |
| **Net cash provided by financing activities** | | **37,317** | **41,137** |
| Net decrease in cash and cash equivalents | | (9,587) | (11,500) |
| Effect of exchange rate fluctuations on cash held | | 235 | 394 |
| Cash at beginning of the half-year | | 25,270 | 20,056 |
| **Cash at end of the half-year** | **5** | **15,918** | **8,950** |

The accompanying notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

## NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2014 and any public announcements made by the Company during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The half-year financial report was authorised for issue by the directors on 10 February 2015.

**(a) Basis of preparation of the half-year financial report**

This general purpose half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

**(b) Summary of the significant accounting policies**

The half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2014 and the corresponding half-year.

**(c) Rounding of amounts**

The Company is of a kind referred to in ASIC Class Order 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**(d) Accounting standards issued but not yet effective**

The following standard and interpretation have been issued at the reporting date but is not yet effective:

(i) AASB 15 *Revenue from Contracts with Customers* (effective on or after 1 Jan 2017)

A detailed assessment of the impact of the above is yet to be completed. The directors have decided not to early adopt AASB 15 at 31 December 2014.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### NOTE 2: SEGMENT INFORMATION

The Group has two operating segments, as described below, which are the Group's strategic business units. The strategic business units are managed separately. For each of the strategic business units, the Managing Director reviews internal management reports on a monthly basis. The following summary describes each of the Group's reportable segments:

- **Slater & Gordon Australia ("AUS")** - includes the parent company Slater & Gordon Limited and its subsidiaries in Australia. This segment conducts a range of legal services, within the geographical area of Australia. This segment also includes investments in the Group's other segment, and borrowings and capital raising activities to finance investment and operations of the combined Group.

- **Slater & Gordon UK ("UK")** – includes the Group's operations, conducting a range of legal services, in the United Kingdom.

| **December 2014** | **AUS** | **UK** | **Total** |
|---|---|---|---|
| | **$'000** | **$'000** | **$'000** |
| Total segment revenue | 131,009 | 117,647 | 248,656 |
| Inter-segment revenue | (3,322) | - | (3,322) |
| **Revenue from external customers** | **127,687** | **117,647** | **245,334** |
| **Earnings before interest, tax, depreciation and amortisation** | **28,424** | **26,989** | **55,413** |
| Interest revenue | 500 | 148 | 648 |
| Interest expense | (2,524) | (1,733) | (4,257) |
| Depreciation and amortisation | (2,640) | (1,760) | (4,400) |
| Income tax expense | (8,552) | (5,122) | (13,674) |
| **Net profit after income tax** | **15,208** | **18,522** | **33,730** |
| **Segment assets** | | | |
| **Total segment assets** | **689,927** | **491,130** | **1,181,057** |
| Inter-segment assets | (129,644) | - | (129,644) |
| **Total assets per the balance sheet** | **560,283** | **491,130** | **1,051,413** |
| **Segment liabilities** | | | |
| **Total segment liabilities** | **279,140** | **430,516** | **709,656** |
| Inter-segment liabilities | - | (129,644) | (129,644) |
| **Total liabilities per the balance sheet** | **279,140** | **300,872** | **580,012** |

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### NOTE 2: SEGMENT INFORMATION (Continued)

| December 2013 | AUS $'000 | UK $'000 | Total $'000 |
|---|---|---|---|
| Total segment revenue | 118,828 | 61,465 | 180,293 |
| Inter-segment revenue | (1,972) | - | (1,972) |
| **Revenue from external customers** | **116,856** | **61,465** | **178,321** |
| **Earnings before interest, tax, depreciation and amortisation** | **26,845** | **11,962** | **38,807** |
| Interest revenue | 862 | 65 | 927 |
| Interest expense | (2,516) | (1,254) | (3,770) |
| Depreciation and amortisation | (1,764) | (1,874) | (3,638) |
| Income tax expense | (7,770) | (1,583) | (9,353) |
| **Net profit after income tax** | **15,657** | **7,316** | **22,973** |
| **Segment assets** | | | |
| **Total segment assets** | **581,592** | **309,919** | **891,511** |
| Inter-segment assets | (116,426) | - | (116,426) |
| **Total assets per the balance sheet** | **465,166** | **309,919** | **775,085** |
| **Segment liabilities** | | | |
| **Total segment liabilities** | **215,982** | **289,341** | **505,323** |
| Inter-segment liabilities | - | (116,426) | (116,426) |
| **Total liabilities per the balance sheet** | **215,982** | **172,915** | **388,897** |

### NOTE 3: DIVIDENDS

| | Half-Year 2014 $'000 | 2013 $'000 |
|---|---|---|
| **(a) Dividends paid during the half-year** | | |
| Dividends on ordinary shares | | |
| Final fully franked dividend at the tax rate of 30% for the year ending 30 June 2014: 5.00 cents per share (2013: 3.85 cents per share) | 10,279 | 7,655 |
| Total dividends paid during the half-year | **10,279** | **7,655** |
| **(b) Dividends proposed and not recognised as a liability** | | |
| Dividends on ordinary shares | | |
| Interim dividend partially franked (40%) at the tax rate of 30% for the half-year ending 31 December 2014: 3.50 cents per share (2013: 3.00 cents per share, fully franked) | 7,304 | 6,074 |



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

## NOTE 4: CONTRIBUTED EQUITY

| | Half-Year | | | |
|---|---|---|---|---|
| | 2014 | | 2013 | |
| | Shares | $'000 | Shares | $'000 |
| Ordinary shares fully paid | 208,695,621 | 251,669 | 202,481,656 | 222,938 |
| VCR shares | 873,334 | 314 | 2,991,001 | 2,518 |
| **Total issued capital** | **209,568,955** | **251,983** | **205,472,657** | **225,456** |
| | | | | |
| **a) Movement in ordinary share capital** | | | | |
| | | | | |
| **Balance at the beginning of the period 1 July** | **204,338,625** | **231,103** | **196,809,265** | **206,506** |
| | | | | |
| *Shares issued as consideration for acquisitions:* | | | | |
| - 31 October 2013 | - | - | 2,911,498 | 10,058 |
| - 2 December 2013 | - | - | 211,835 | 870 |
| - 17 September 2014 | 9,966 | 54 | - | - |
| - 14 November 2014 | 2,885,333 | 16,900 | - | - |
| | **2,895,299** | **16,954** | **3,123,333** | **10,928** |
| | | | | |
| *Conversion of vested VCR shares to ordinary share capital:* | | | | |
| - 26 September 2013 | - | - | 2,037,333 | 3,851 |
| - 2 December 2013 | - | - | 83,000 | 157 |
| - 15 September 2014 | 1,235,333 | 2,332 | - | - |
| | **1,235,333** | **2,332** | **2,120,333** | **4,008** |
| | | | | |
| *Shares issued under the Equity Incentive Plan:* | | | | |
| - 7 November 2014 | 65,688 | 406 | - | - |
| | | | | |
| *Share capital issued under dividend reinvestment plan:* | | | | |
| - 14 November 2013 | - | - | 428,725 | 1,587 |
| - 24 October 2014 | 160,676 | 967 | - | - |
| | **160,676** | **967** | **428,725** | **1,587** |
| | | | | |
| Less capital raising costs, net of tax | - | (93) | - | (91) |
| | | | | |
| **Balance at the end of the period 31 December** | **208,695,621** | **251,669** | **202,481,656** | **222,938** |
| | | | | |
| **b) Movement in VCR share capital** | | | | |
| | | | | |
| **Balance at the beginning of the period 1 July** | **2,629,333** | **2,535** | **5,111,334** | **5,867** |
| | | | | |
| *Conversion of vested VCR shares to ordinary shares:* | | | | |
| - 26 September 2013 | - | - | (2,037,333) | (3,851) |
| - 2 December 2013 | - | - | (83,000) | (157) |
| - 15 September 2014 | (1,235,333) | (2,332) | - | - |
| | **(1,235,333)** | **(2,332)** | **(2,120,333)** | **(4,008)** |
| | | | | |
| *Employee share scheme buy-back:* | | | | |
| - 31 December 2014 | (520,666) | (161) | - | - |
| | | | | |
| Share based payments expense | - | 272 | - | 659 |
| | | | | |
| **Balance at the end of the period 31 December** | **873,334** | **314** | **2,991,001** | **2,518** |



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### NOTE 4: CONTRIBUTED EQUITY (Continued)

**Ordinary shares**

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At 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.

**Vesting Convertible Redeemable ("VCR") shares**

Please refer to Note 27 of the financial report for the year ended 30 June 2014 for detailed discussion on the rights attached to VCR shares.

### NOTE 5: CASH FLOW INFORMATION

| | Half-Year 2014 | 2013 |
|---|---|---|
| **Reconciliation of cash** | **$'000** | **$'000** |
| For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts. | | |
| Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows: | | |
| Cash on hand | 15,918 | 8,950 |
| | **15,918** | **8,950** |

### NOTE 6: EARNINGS PER SHARE

| | | |
|---|---|---|
| The following reflects the income and share data used in the calculations of basic and diluted earnings per share | | |
| Net profit after tax | 33,730 | 22,937 |
| Earnings used in calculating basic and diluted earnings per share | **33,730** | **22,937** |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 204,768 | 199,005 |
| **Effect of dilutive securities:** | | |
| VCR shares | 1,743 | 4,030 |
| Performance rights | 120 | - |
| Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share | **206,631** | **203,035** |

**VCR shares**

VCR Shares are shares which may convert to ordinary shares if related performance hurdles are achieved and have therefore been included in the determination of diluted earnings per share. For further details on the terms of VCR shares please refer to Note 27 of the financial report for the year ended 30 June 2014.

**Performance rights**

The Group introduced the Equity Incentive Plan ("EIP") in October 2014, which replaces the existing Employee Ownership Plan ("EOP") without prejudice to the rights of current participants in the EOP. Under the terms of the EIP, performance rights offers were extended to executives in October and December 2014. All offers were accepted and 496,000 performance rights have been issued at the Group level, including a shareholder approved allocation of 56,000 performance rights (combined) to executive directors. The performance rights vest based on a three year service condition and the financial performance of the Australian, UK or Group operations (depending on the executive role) over the three financial years FY15 to FY17. Performance measures include total shareholder return and earnings measures. Each performance right grants the holder one ordinary share if vested, hence they have been included in the calculation of diluted earnings per share.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### NOTE 7: INTANGIBLE ASSETS

| | 31 Dec 2014 $'000 | 30 Jun 2014 $'000 |
|---|---|---|
| **(a) Goodwill** | | |
| Opening net carrying amount | 116,108 | 93,504 |
| Additions in respect of current period acquisitions | 5,457 | 19,670 |
| Adjustments in respect of prior period acquisitions | 2,649 | - |
| Exchange differences | 3,266 | 2,934 |
| Closing net carrying amount | 127,480 | 116,108 |
| **(b) Software development** | | |
| Opening net carrying amount | 5,105 | 4,714 |
| Additions | 3,645 | 1,495 |
| Additions in respect of current period acquisitions | - | 25 |
| Re-classified from plant and equipment | 1,852 | - |
| Disposals | (60) | - |
| Exchange differences | 31 | 12 |
| Amortisation expense | (643) | (1,141) |
| Closing net carrying amount | 9,930 | 5,105 |
| **(c) Trademarks** | | |
| Opening net carrying amount | 8,977 | 10,020 |
| Additions in respect of current period acquisitions | 57 | - |
| Adjustments in respect of prior period acquisitions | 1,110 | - |
| Exchange differences | 173 | 361 |
| Amortisation expense | (1,910) | (1,404) |
| Closing net carrying amount | 8,407 | 8,977 |
| **(d) Customer relationships** | | |
| Opening net carrying amount | | |
| Amortisation expense | - | 58 |
| Closing net carrying amount | - | (58) |
| | - | - |
| **Total net carrying amount of intangible assets** | **145,817** | **130,190** |

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

## NOTE 8: BUSINESS COMBINATIONS

**Current period:**

***Acquisition of business – All States Legal Co Pty Ltd trading as Nowicki Carbone***

On 31 October 2014, the Group acquired the business of Nowicki Carbone, a personal injuries law firm based in Melbourne, Victoria.

The strategic rationale for this business acquisition is:

- to further expand our personal injuries practice;
- synergies expected to be achieved as a result of combining the acquired business with the rest of the Group; and
- to reaffirm our position as the leading law firm brand in the Australian consumer legal services market.

The provisional value of the assets and liabilities assumed at the date of acquisition are as follows:

| **Consideration** | |
|---|---|
| Cash | 10,000 |
| Equity issued (2,542,372 shares at $5.90 per share) | 15,000 |
| Fair value of deferred consideration (cash) | 17,067 |
| **Net present value of total consideration** | 42,067 |

| **Net assets acquired** | **Fair Value** |
|---|---|
| Assets | |
| - Cash and cash equivalents | |
| - Trade and other receivables | 4,574 |
| - Work in progress | 40,715 |
| - Plant and equipment | 993 |
| - Intangible assets | 57 |
| - Deferred taxation | 734 |
| - Other assets | 246 |
| Total assets acquired | 47,319 |
| | |
| Liabilities | |
| - Bank overdraft | (151) |
| - Payables | (4,438) |
| - Provisions | (511) |
| - Borrowings | (319) |
| Total liabilities acquired | (5,419) |
| Net assets acquired | 41,900 |
| **Goodwill on acquisition** | **167** |

2,542,372 shares were issued as part of the consideration. The issue price of $5.90 is based on the volume weighted average price of ordinary shares on the 90 business days immediately preceding the completion date.

Since the acquisition date, Nowicki Carbone has contributed profit after tax of $1,996,000 in the period ended 31 December 2014, which is included in the consolidated profit. It is not practical to disclose the revenue and profit after tax of the combined entity as if the acquisition took place on 1 July 2014, as the Group does not have access to audited financial information to reliably determine the revenue and profit after tax of the acquired business from 1 July 2014 to the date of acquisition.

Acquisition-related costs for this acquisition amounting to $215,000 have been excluded from the total consideration and have been recognised as an expense in the period ended 31 December 2014, within the 'costs associated with acquisitions' line item in the Statement of Comprehensive Income.

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## NOTE 8: BUSINESS COMBINATIONS (Continued)

***Acquisition of other businesses in Australia***

During the half-year ended 31 December 2014, the Group acquired the following businesses in Australia:

| *Acquisition Date* | *Business* | *Location* | *Business Type* |
|---|---|---|---|
| 31 July 2014 | Fiocco Lawyers | Perth, WA | Personal Injuries and Consumer Legal Services |
| 5 September 2014 | Biddle Lawyers | Victoria Point, QLD | Consumer Legal Services |
| 12 September 2014 | Cox West Lawyers | Penrith, NSW | Personal Injuries and Consumer Legal Services |
| 31 October 2014 | Schultz Toomey O'Brien | Sunshine Coast, QLD | Personal Injuries and Consumer Legal Services |
| 28 November 2014 | Bannister Law | Sydney, NSW | Personal Injuries |

The strategic rationale for these business acquisitions is:

- to further expand our personal injuries and legal services practice;
- synergies expected to be achieved as a result of combining the acquired businesses with the rest of the Group; and
- to reaffirm our position as the leading law firm brand in the Australian consumer legal services market.

The provisional value of the consolidated assets and liabilities assumed at the dates of acquisition are as follows:

| | |
|---|---|
| **Consideration** | |
| Cash | 19,414 |
| Equity issued (342,961 shares at $5.54 per share) | 1,900 |
| Fair value of deferred consideration (cash) | 5,340 |
| **Net present value of total consideration** | 26,654 |
| | |
| **Net assets acquired** | **Fair Value** |
| Assets | |
| - Cash and cash equivalents | 464 |
| - Trade and other receivables | 4,675 |
| - Work in progress | 18,169 |
| - Plant and equipment | 1,473 |
| - Deferred taxation | 540 |
| - Other assets | 493 |
| Total assets acquired | 25,814 |
| | |
| Liabilities | |
| - Bank overdraft | (47) |
| - Payables | (1,697) |
| - Provisions | (737) |
| - Borrowings | (1,694) |
| Total liabilities acquired | (4,175) |
| Net assets acquired | 21,639 |
| **Goodwill on acquisition** | **5,015** |

342,961 shares were issued as part of the consideration. The issue price of $5.54 is based on the volume weighted average price of ordinary shares on the 130 business days immediately preceding the completion date.

The profit and loss results of the acquired businesses are not set out. It is not practicable to disclose the profit and loss results of the acquired businesses as they have been integrated into the existing operations and reporting structure of the Group.

It is also not practical to disclose the revenue and profit after tax of the combined entities as if these acquisitions took place on 1 July 2014, as the Group does not have access to audited financial information to reliably determine the revenue and profit after tax of the acquired businesses from 1 July 2014 to the dates of acquisition.

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## NOTE 8: BUSINESS COMBINATIONS (Continued)

Acquisition-related costs for these acquisitions amounting to $192,000 have been excluded from the total consideration and have been recognised as an expense in the period ended 31 December 2014, within the 'costs associated with acquisitions' line item in the Statement of Comprehensive Income.

***Acquisition of business – Flint Bishop LLP***

On 5 September 2014, the Group acquired the business of Flint Bishop LLP, a personal injuries law firm based in Derby, UK, for a total consideration of GBP£1,923,000. Included in this amount is provisional goodwill of GBP£145,000.

***Acquisition of business – Pannone Solicitors LLP ("Pannones") and related entities***

On 14 February 2014, the Group acquired the Consumer Law business of Pannones, a consumer law firm based in Manchester, UK. On the same day the Group also acquired two related entities, Adroit Financial Planning Limited ("Adroit") and Pannone Trust Corporation Limited ("Pannone Trust"). Adroit Financial Planning Limited is a financial planning business. Pannone Trust Corporation Limited is a dormant company, initially incorporated to act as administrator of estates and other appointments having fiduciary responsibility associated with Adroit.

The strategic rationale for these business acquisitions is:

- diversification of earnings through expansion of geographic coverage; and
- to become a dominant law firm brand in the consumer legal services market in the UK.

The initial accounting for the acquisition had previously been provisionally determined. The Group and vendors of Pannones have also entered into a deed of variation subsequent to the initial transaction. The necessary fair valuation of consideration and net assets acquired have now been finalised and are reflected in the amounts detailed below. This resulted in a $2,649,000 increase in the goodwill recognised on this transaction.

The value of the assets and liabilities at the date of acquisition and converted using the acquisition date rate of exchange are as follows:

| **Consideration** | **$'000** |
|---|---|
| Cash | 37,589 |
| Equity issued (1,339,886 shares at $4.42 per share) | 6,303 |
| Equity to be issued | 5,749 |
| Fair value of deferred consideration (cash) | 7,622 |
| **Net present value of total consideration** | 57,263 |

| **Net assets acquired** | **Fair Value** |
|---|---|
| Assets | |
| - Cash and cash equivalents | 518 |
| - Trade and other receivables | 31,889 |
| - Work in progress | 41,773 |
| - Plant and equipment | 83 |
| - Intangible assets | 1,110 |
| - Other assets | 1,572 |
| Total assets acquired | 76,945 |
| | |
| Liabilities | |
| - Payables | (27,253) |
| - Provisions | (602) |
| Total liabilities acquired | (27,855) |
| Net assets acquired | 49,090 |
| **Goodwill on acquisition** | **8,173** |

There were 1,339,886 shares issued as part of the consideration. The issue price of $4.42 is based on the average of the volume weighted average price of ordinary shares on each of the 20 business days immediately preceding the completion date.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### NOTE 8: BUSINESS COMBINATIONS (Continued)

**Prior period:**

During the year ended 30 June 2014, the Group acquired the following businesses in addition to Pannones:

| *Acquisition Date* | *Company* |
|---|---|
| 1 August 2013 | Gibson & Gibson |
| 16 August 2013 | Taylor Vinters LLP |
| 30 August 2013 | Goodmans Law Limited |
| 27 September 2013 | Fentons Solicitors LLP |
| 29 November 2013 | John Pickering & Partners LLP |
| 4 December 2013 | Chadwick Lawrence LLP |

Details of the above business combinations have been disclosed in Note 31 of the annual financial report for the year ended 30 June 2014.

### NOTE 9: CONTINGENT LIABILITIES

***The changes in commitments and contingencies since 30 June 2014 are as follows:***

**Other commitments and contingencies**

As outlined in Note 24 to the financial statements as at 30 June 2014, the Group has agreements with third party disbursement funders, ASK Funding Limited and Equal Access Funding Proprietary Limited ("the existing Funders"), to provide financial guarantees to the funders with respect to disbursement funding borrowings to the Group's clients. The nature of this agreement is that the funders will fund disbursements in respect of individual matters and will be reimbursed out of any settlement proceeds on the matter. The Group has provided a financial guarantee for the repayment of the clients' obligations to the funders. Nowicki Carbone also had in place agreements with third party disbursement funders, Wingate Funding Limited and Quantum Funding Limited ("the assumed Funders") on similar terms to the existing Funders arrangements and these have been assumed by the Group from the date of the acquisition, 31 October 2014.

Since 30 June 2014, the Group ended its arrangement with ASK Funding and settled all disbursements previously funded by ASK Funding and recognised them as part of the receivables balance at 31 December 2014. The total amount funded by the funders (existing and assumed) to the Group's clients at 31 December 2014 is $16,451,523 (30 June 2014: $12,881,278). The maximum exposure of the Group at 31 December 2014 is $16,451,523 (30 June 2014: $12,881,278) if the disbursements on client matters are not recovered from any other party.

### NOTE 10: SUBSEQUENT EVENTS

The Group has announced its intention to purchase the consumer law practices of Walker Smith Way and Leo Abse & Cohen both based in Wales with indicative completion dates of 30 April 2015 and 31 May 2015 respectively.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

## NOTE 11: FAIR VALUE MEASUREMENTS

### (a) Fair value hierarchy

Assets and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for the asset or liability that are not based on observable market data.

| **31 December 2014**<br>**Recurring Fair Value Measurements** | **Level 1**<br>**$'000** | **Level 2**<br>**$'000** | **Level 3**<br>**$'000** | **Total**<br>**$'000** |
|---|---|---|---|---|
| *Financial liabilities* | | | | |
| Derivative financial instruments – interest rate swaps | - | 1,941 | - | 1,941 |
| Contingent consideration | - | - | 17,962 | 17,962 |
| Total financial liabilities | - | 1,941 | 17,962 | 19,903 |

| **31 December 2013**<br>**Recurring Fair Value Measurements** | **Level 1**<br>**$'000** | **Level 2**<br>**$'000** | **Level 3**<br>**$'000** | **Total**<br>**$'000** |
|---|---|---|---|---|
| *Financial liabilities* | | | | |
| Derivative financial instruments – interest rate swaps | - | 600 | - | 600 |
| Contingent consideration | - | - | 11,019 | 11,019 |
| Total financial liabilities | - | 600 | 11,019 | 11,619 |

### (b) Valuation techniques and inputs used in level 2 and 3 fair value measurements

The fair value of the interest rate swaps is measured with reference to market data which can be used to estimate future cash flows. The key inputs into this valuation are the future cash flows and the discount rate used to present value the future cash flows.

The fair value of contingent consideration payable in a business combination is measured with reference to current fee and performance forecasts which can be used to estimate future cash flows. The key inputs into this valuation are the future cash flows and the discount rate used to present value the future cash flows.

### (c) Reconciliation of recurring level 3 fair value movements

| | **31 Dec 2014** | **30 Jun 2014** |
|---|---|---|
| **Contingent Consideration** | | |
| Opening balance | 13,208 | 7,976 |
| Acquisitions | 14,246 | 11,687 |
| Payments | (600) | (4,947) |
| Adjustment to contingent consideration | (9,491) | (2,668) |
| Interest | 344 | 1,119 |
| Exchange differences | 255 | 41 |
| Closing balance | 17,962 | 13,208 |

### (d) Sensitivity analysis for recurring level 3 fair value measurements

A reasonable movement in the unobservable inputs would not significantly impact the fair value of contingent consideration as at the reporting date.



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## DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 6 to 21 are in accordance with the *Corporations Act 2001*:

(a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

(b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2014 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Slater & Gordon Limited 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 directors.

John Skippen
Chair

Andrew Grech
Group Managing Director

Melbourne
Date: 10 February 2015

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**SLATER & GORDON LIMITED AND CONTROLLED ENTITIES**
**ABN 93 097 297 400**

**INDEPENDENT AUDITOR'S REVIEW REPORT**
**TO THE MEMBERS OF**
**SLATER & GORDON LIMTED**

We have reviewed the accompanying half-year financial report of Slater & Gordon Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

*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 control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Slater & Gordon Limited, 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*.

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**SLATER & GORDON LIMITED AND CONTROLLED ENTITIES**
**ABN 93 097 297 400**

**INDEPENDENT AUDITOR'S REVIEW REPORT**
**TO THE MEMBERS OF**
**SLATER & GORDON LIMTED**

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Slater & Gordon Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

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

A R FITZPATRICK
Partner

10 February 2015

PITCHER PARTNERS
Melbourne

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## Company Particulars

**Directors**
John Skippen, Chair
Andrew Grech, Group Managing Director
Ian Court
Ken Fowlie
Erica Lane
Rhonda O'Donnell

**Company Secretaries**
Wayne Brown
Kirsten Morrison

**Registered Office and Corporate Office**
Level 12
485 La Trobe Street
Melbourne Victoria 3000
Telephone: (03) 9602 6888
Facsimile: (03) 9600 0290

**Company Website**
www.slatergordon.com.au

**Company Numbers**
ACN 097 297 400
ABN 93 097 297 400

**Auditors**
Pitcher Partners
Level 19
15 William Street
Melbourne Victoria 3000

**Bankers**
Westpac Banking Corporation
150 Collins Street
Melbourne Victoria 3000

National Australia Bank
Level 30
500 Bourke Street
Melbourne Victoria 3000

**Solicitors**
Arnold Bloch Leibler
Level 21
333 Collins Street
Melbourne Victoria 3000

**Stock Exchange Listing**
Slater & Gordon Limited shares are listed on the Australian Stock Exchange. The Home Exchange is Melbourne.
ASX Code: SGH

**Share/Security Registers**
The Registrar
Computershare Investor Services Pty Ltd
Yarra Falls
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Abbotsford Victoria 3067

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