Continuing to deliver

Slater & Gordon Limited
Annual Report 2013

Slater & Gordon
Lawyers

Contents

Result Summary[1]	2013 $million	2012 $million	Change $million	Change %
Revenue	297.6	217.7	79.9	36.7
Normalised Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)[2]	72.9	57.6	15.3	26.6
Net Profit After Tax (NPAT)	41.9	25.0	16.9	67.6
Basic EPS (cents)	24.2	16.2	8.0	49.4
Basic Normalised EPS (cents)	24.4	21.7	2.7	12.4
Diluted Normalised EPS (cents)	23.8	21.0	2.8	13.3
Total Dividend per share (cents)	6.6	6.0	0.6	10.0

1. All $ are Australian dollars unless stated otherwise.
2. Normalised data is adjusted for the $10.5m write down of the Vioxx class action in FY12 and acquisition costs.

This report has been prepared with reference to the International Integrated Reporting Council's (IIRC) guidance on integrated reporting. Slater & Gordon is a member of the IIRC pilot program.

Front cover features Slater & Gordon Melbourne staff.

You can review our report online at www.slatergordon.com.au/investors

Our year in brief

Financial Highlights

Revenue
up by 36.7% to

$297.6m

Normalised EPS growth

12.4%

Full year dividend

6.6 cents

per share

Cash flow from operations

78%

of NPAT

Business Highlights

8% revenue growth from Australian Personal Injuries (PI) practice

Successful integration of UK business delivering $70.5m revenue and 20.5% EBITDA margin

$65m equity raising to pursue further growth in the UK

Launch of the "Slater & Gordon – not a problem" Australian advertising campaign delivered 10.7% increase in total new client enquiries

Slater & Gordon at a glance

Who we are

Slater & Gordon is the leading consumer law firm in Australia with a growing presence in the United Kingdom (UK) consumer legal services market. We employ 1,200 people in 70 locations across Australia and 480 people in 12 locations in the UK.

Our Mission

To give everyday people easier access to world class legal services.

Our Clients

Our clients are people throughout Australia and the UK who are in need of a broad range of personal legal services. They want lawyers who are accessible and able to provide expert advice on their legal matters affordably. Our clients come to us for individual legal needs, as well as group actions. They come from all backgrounds and socio-economic circumstances.

Employees

1,680+

Shareholders

2,200+

Locations

80+

Our brands

Slater & Gordon Lawyers

TRILBY MISSO

Conveyancing Works Solicitors
A Slater & Gordon Company

The remarkable effect of claimsdirect

Our Services

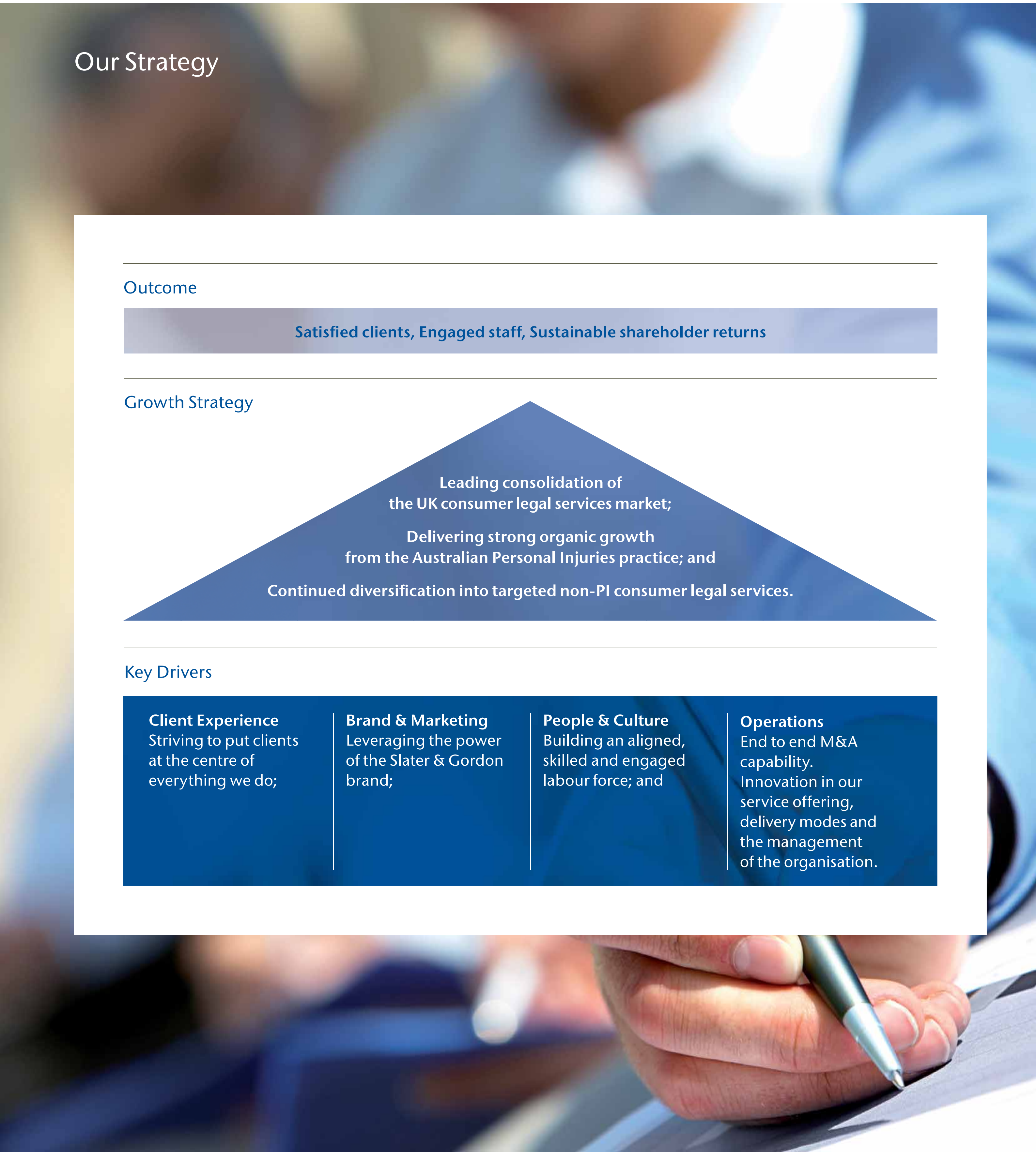
- **Personal Injury (PI) Practice**
  Provides specialist legal services in a range of personal injury areas including motor vehicle accidents, workers compensation and civil liability.
- **Non-PI Legal Services**
  Non-PI Legal Services is made up of Personal Legal Services (PLS) and Business & Specialised Litigation Services (B&SLS).

  PLS comprises family law, conveyancing, wills, estate planning and probate practices and was established to meet the demands of clients for a broader range of consumer legal services.

  B&SLS includes commercial, estate, employment and professional negligence litigation, class or group actions and criminal defence work. Our firm is well known for its experience in running complex and large scale class actions.

Our Values

- We aim to satisfy the legal needs of our clients professionally, affordably and conveniently.
- We deliver what we promise.
- We encourage our people to develop and apply their knowledge, take calculated risks and we reward them fairly.
- We insist on honesty and respect at all times in all situations.
- We value specialisation and innovation and we are not afraid of change.
- We strive for the highest standard of environmental, social and governance performance.



Our Strategy

Outcome

Satisfied clients, Engaged staff, Sustainable shareholder returns

Growth Strategy

Leading consolidation of the UK consumer legal services market;

Delivering strong organic growth from the Australian Personal Injuries practice; and

Continued diversification into targeted non-PI consumer legal services.

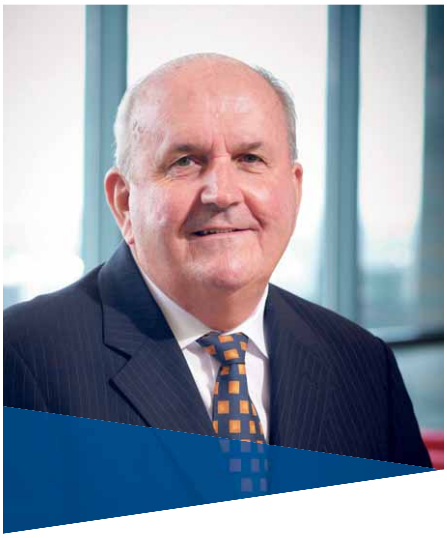
Key Drivers

Client Experience
Striving to put clients at the centre of everything we do;

Brand & Marketing
Leveraging the power of the Slater & Gordon brand;

People & Culture
Building an aligned, skilled and engaged labour force; and

Operations
End to end M&A capability.
Innovation in our service offering, delivery modes and the management of the organisation.



Chair's Report

> *We have continued to deliver a strong financial performance with solid increases in revenue and earnings.*

Dear Shareholder

I am pleased to present the Slater & Gordon Limited (Slater & Gordon) annual report for the 2013 financial year.

We have continued to deliver a strong financial performance with solid increases in revenue and earnings. Total group revenue was up 37% to A$298 million and Net Profit After Tax (NPAT) increased 68% to A$42 million. The cash flow from operations was at 78% of NPAT, in line with market guidance. The final dividend was 3.85 cents per share fully franked. The total dividend was 6.6 cents per share fully franked, an increase of 10% on the prior year.

These results highlight the quality of Slater & Gordon as an investment choice, particularly in a challenging global economic environment. Our core PI business is not leveraged to the economic cycle and we have maintained a strong earnings growth outlook.

The highlight of the financial year was the acceleration of our expansion into the United Kingdom (UK) consumer legal services market and the successful $65 million equity raising to support this activity.

The UK market is a key component of our growth strategy and we remain confident that Slater & Gordon is well positioned to lead the consolidation of the UK PI litigation market and create a leading consumer law firm presence.

The growth of the firm, particularly in the UK, has led to some key changes in our organisational structure at a senior management level. Ken Fowlie has been appointed Head of Australia from 1 July 2013 and is now responsible for the overall performance of the Australian business. As a legal practitioner with over 17 years experience at Slater & Gordon, and qualifications in economics and business management, Ken contributes skills in litigation, legal practice management, risk management, financial analysis and financial reporting. These changes will allow Andrew Grech to concentrate on the expanding geographic world in which the company operates.

Another FY13 highlight was the continued strong performance of the Australian PI practice, despite increased regulation and competition in this practice area. In Australia the major competitive advantage Slater & Gordon has is its scale and brand strength and this will facilitate continued growth in both our PI practice and our non-PI legal services.

The class action practice had a very successful year with the settlement of several high profile cases including the Sigma, Nufarm and GPT shareholder class actions. We continue to carefully invest in targeted project litigation while simultaneously supporting it with specialised litigation work funded by clients and external parties.

None of these achievements would have been possible without the dedication and commitment of our people. I would like to acknowledge Andrew Grech and his management team for their energy and leadership throughout the year, as well as our employees across Australia and the UK for their commitment to our clients which is critical to our success. In our 2013 employee engagement survey we received a 66% positive engagement score, comparing favourably against the legal industry average and reflecting our investment in our people.

In March 2013 Rhonda O'Donnell was appointed to the Board as a Non-Executive Director. Rhonda is a welcome addition to our team bringing with her extensive Information Technology and international business experience.

I am confident we have the strategy and management team in place to continue to create returns for our shareholders and on behalf of the Board of Directors I would like to thank you for your ongoing support of Slater & Gordon.

Yours sincerely,

John Skippen
Chairman

Managing Director's Report

Dear Shareholder

I am pleased to report that Slater & Gordon continued to deliver strong financial results in FY13.

Since listing in 2007 we have executed a clear growth strategy and continued to deliver solid financial returns to our shareholders. Continuing to deliver what we promise – to our clients, our investors and our people – is a fundamental component of our strategic plan and a key value of our firm.

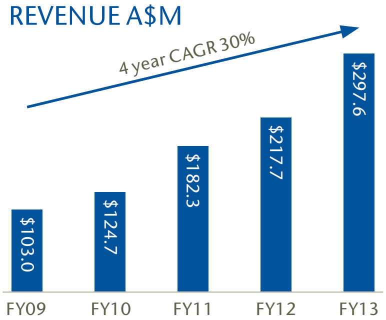
This year we have accepted instructions from more than 65,000 new clients across Australia and the United Kingdom (UK). We have helped more people navigate their way through a legal problem than at any time in our history. Understanding client needs and implementing operating systems that deliver personal legal services of the highest quality, affordably, is the key driver of all activity at Slater & Gordon.

The results reflect solid progress against our strategic priorities:

- Delivering strong organic growth from the Australian personal injuries (PI) business;
- Diversification into targeted non-PI consumer legal services; and
- Continued expansion into the UK consumer legal services market.

> *We have a strong earnings growth outlook, a well positioned balance sheet and the management team in place to ensure we continue to deliver consistent growth in FY14 and beyond.*

REVENUE A$M



CAGR: Compound annual growth rate.

Delivering strong organic growth from Australian PI

The Australian PI practice delivered an 8.0% organic revenue increase on FY12. New client enquiry growth was 8.5% for the year, due largely to the success of the Australian advertising campaign launched in July 2012.

Slater & Gordon remains the clear market leader in Australian PI litigation despite increased competition and regulatory change. We believe our top quality people, national scale, brand and case management systems will facilitate achievement of ongoing revenue growth.

Diversification into targeted non-PI consumer legal services

We continue to make solid progress in building our Personal Legal Services business in Australia, meeting the demands of our clients for a broader range of consumer legal services.

The conveyancing practice is building scale with the national roll out of our Queensland conveyancing model during the year.

Our Family Law practice is now one of the largest in the nation and we believe we will be able to build substantial and profitable market share in this area over the next few years.

We are also making good progress in establishing new dedicated practice groups in non-PI litigation, which strikes a chord with our existing client base in areas such as criminal law, employment law, estate litigation and professional negligence.

Managing Director's Report cont.

These areas provide good channels for ongoing organic growth in highly fragmented markets. We believe that over time we can develop the critical mass needed to improve the client experience, create more efficient case-management processes and thereby improve profitability.

Our Business and Specialised Litigation Services group provides a great development platform for these emerging specialist groups and has also had a strong year of performance with favourable settlements being achieved in a number of shareholder class actions.

Expansion into the UK market

Building scale in the UK consumer legal services market is a key component of our growth strategy and we are pleased with the progress made to date.

During the year, integration of UK firm Russell Jones & Walker, acquired in April 2012, was completed and the business is performing well, achieving 10% revenue growth and a 20.5% EBITDA margin.

Investment in a presence in the UK has provided an exciting platform for future growth and in May 2013 we successfully raised $65 million in equity to accelerate our UK expansion program. The equity raising, which was strongly supported by existing and new institutional investors, has positioned us to take advantage of the opportunities presented by changes in the UK legal services landscape. Acquisition of key UK firms is underway and our focus on the successful integration of these businesses will help us to achieve the scale necessary to operate effectively in the large UK market.

Our increased UK exposure obviously brings with it increased currency risk but I am confident our strong board governance and our external advisors along with the experienced stewardship of our CFO Wayne Brown, provide us with the skills needed to manage the risk.

Key Drivers

Central to successfully delivering our strategic priorities is continued nourishment of our brand, client relationships and our people.

In July 2012 a major new advertising campaign was launched in Australia with the aim of achieving both greater penetration and re-positioning of our brand as a provider of a full range of consumer legal services. Total brand awareness has risen to 75% Australia wide, an increase of 20% since the research was last conducted in 2011.

We have continued to look at ways we can further improve client service with the focus during FY13 being on customer satisfaction and process improvements. Implementation of a new enquiry management system is complete and showing pleasing results.

During the year we restructured the senior management team and made a number of key appointments throughout the organisation. Ken Fowlie officially took over the reins of our Australian business on 1 July 2013 with a strong and experienced team around him including Hayden Stephens who has taken up the new role as CEO of our Australian PI practice. The UK operations continue to be headed up by Neil Kinsella, and Cath Evans, who relocated to the UK in December 2012 to take up the role of COO of our UK practice, after 20 years with the company in Australia. These changes ensure we maintain focus on the performance of the underlying business as we further diversify Slater & Gordon into other markets and services.

There are a number of important and exciting brand, client and people-focused projects planned for roll-out in FY14 and I will keep you informed throughout the year.

Summary

In summary, this year's results show solid progress against our strategic priorities.

The new financial year will be an exciting and very busy one as we accelerate our UK expansion and continue our transformation from Australia's leading consumer law firm to a global consumer legal services business.

We continue to focus on improving operating cash flow performance by diversifying the business mix, using external disbursement funding in the personal injuries practice and litigation funding in the class action practice.

We have a strong earnings growth outlook, a well positioned balance sheet and the management team in place to ensure we continue to deliver consistent growth in FY14 and beyond.

I would like to thank our clients for allowing us to work on their matters, our staff for their hard work and commitment and our shareholders for their continued support.

Yours sincerely,

Andrew Grech
Managing Director

Business Review

Australian Operations

Personal Injury (PI) Practice

Overview

The Australian Personal Injury (PI) practice provides specialist legal services to claimants in a range of areas including motor vehicle accidents, workers compensation and civil liability law. Most of this work is performed on a No Win – No Fee™ basis where legal fees are paid on the successful conclusion of a client's matter. Slater & Gordon, along with its separately branded Queensland personal injuries business Trilby Misso Lawyers, is the market leader in personal injury litigation in Australia.

FY13 Highlights

- Strong revenue growth of 8.0% despite increased competition and regulatory change
- New client enquiry growth of 8.5% due largely to successful advertising campaign and
- Increased use of third party disbursement funding improving cash flow.

FY14 Priorities

- Continued investment in brand, business development and client experience to drive market share gains
- Efficient network management and
- Case management systems and other business-improvement initiatives.

Non-PI Legal Services

Overview

Non-PI Legal Services is made up of Personal Legal Services (PLS) and Business & Specialised Litigation Services (B&SLS). PLS comprises family law, conveyancing, wills, estate planning and probate practices. Work is predominantly performed on a fixed-fee basis.

B&SLS includes commercial, estate, employment and professional negligence litigation, class or group actions and criminal defence work. Slater & Gordon is well known for its experience in running complex and large scale class actions and continues to focus on client and third party-funded work as well as targeted consumer litigation to build a more predictable revenue stream in B&SLS.

FY13 Highlights

- PLS completed client matters up 37% on prior year
- Family Law, Conveyancing, Wills, Estate Planning & Probate practices established nationally
- Successful settlements achieved in the Nufarm, Sigma and GPT class actions as well as commencement of the settlement process in the Thalidomide litigation and
- Expansion of service offerings (estate litigation, professional negligence and criminal defence).

FY14 Priorities

- Ongoing investment in PLS platform, systems and people to secure a scalable infrastructure and grow market share
- Investing in brand and marketing activity to attract non-PI clients and increase service line awareness
- Re-building the pipeline of funded class action matters and
- Accelerating the development of the specialist practice areas most relevant to the needs of everyday people outside personal injury claims.

UK Operations

Overview

Slater & Gordon entered the UK market in 2012 with the acquisition of prominent UK law firm Russell Jones & Walker (RJW). RJW had a large personal injury litigation practice and growing employment and family law practices. The acquisition included RJW's Claims Direct brand, which had historically operated as a marketing co-operative for a number of law firms, and is a well-recognised direct to consumer brand in PI litigation in the UK. Expansion into the UK market further enhanced the Group's geographic and practice area diversification and provided an exciting platform for future growth.

FY13 Highlights

- UK business performed strongly delivering revenue of A$70.5 million and a margin of 20.5%
- Successful re-branding to Slater & Gordon completed
- Key appointments and secondments from Australia to support the UK senior management team and
- Acquisition activity to drive further UK expansion with further potential acquisitions identified.

FY14 Priorities

- Successful acquisition and integration of firms to build depth of talent and business base in the UK
- Roll out of a direct marketing campaign to build awareness of the Slater & Gordon brand and
- Successful transfer of knowledge and skills from the Australian business.

Business Review cont.

Slater & Gordon Group Activities

Client Experience

Overview

The Client Experience team is responsible for ensuring that all people who contact Slater & Gordon have a positive experience so that clients and prospective clients are motivated to retain the firm as their preferred legal provider. The team is responsible for all facets of client experience beginning with initial engagement and also manages the Slater & Gordon contact centre, New Client Services ("NCS") in Australia and the UK.

FY13 Highlights

- The introduction of a new booking and enquiry system in Australia which delivered a reduction in average call times, enhanced caller satisfaction and improved data integrity
- Roll out of 'Positive First Response' service training method to all Australian NCS contact centre staff and
- Improved screening processes to significantly increase client capture rates in the UK.

FY14 Priorities

- Introduction of a new "Client @ Centre" program, beginning in Australia, which aims to create a consistent world-class experience at each point of client interaction with the firm starting with further improvement to client intake processes
- Ongoing process improvements in the UK including the roll out of digital document completion and
- Ongoing development of client-responsive pricing options and exploration of alternative delivery mechanisms for legal services.

Brand & Marketing

Overview

Slater & Gordon is one of Australia's best known brands and is actively growing its brand recognition within the UK. The Slater & Gordon Group consists of 4 brands across the business; Slater & Gordon (Australia & UK), Claims Direct (UK), Trilby Misso Lawyers (TML) & Conveyancing Works (QLD).

FY13 Highlights

- Launch of the 'Not A Problem' national advertising campaign in Australia in July 2012. This campaign successfully achieved even greater market penetration and enquiry generation within Australia, with a 20% lift in brand recognition from 2011 levels
- Marketing of conveyancing services to support the roll out of the Conveyancing Works platform beyond Queensland
- Development of new TML creative, ready for launch in FY14 and
- Development of a UK brand campaign ready for launch in FY14.

FY14 Priorities

- Building and maintaining an effective media presence in all Australian markets and categories
- Lifting awareness of the Slater & Gordon brand in the UK, drawing lessons from the Australian business and
- Lift awareness of non-PI service lines in Australia.

People & Culture

Overview

The Human Resources (HR) Group has responsibility for HR strategy and leadership including remuneration and recognition; learning and development; performance and career development; leadership; health; safety and wellbeing, and employee relations.

FY13 Highlights

- Launch of revitalised remuneration and reward strategy 'Rewarding You Fairly' in Australia
- Introduction of Group wide employee recognition program ('The Chair Awards') enabling all employees to be acknowledged for exemplifying the firm's values in key categories
- Senior management re-structure to create greater strategic space and improved alignment between management in the UK and Australia, whilst maintaining operational focus
- Recognised for our UK Management Development Program, winning Best Internal Programme (low budget) at the Legal Education and Training Group Awards in June 2013 and
- Winning 'Best Newcomer' in the UK National Council of Work Experience Awards for our undergraduate work placement program.

FY14 Priorities

- Ongoing investment in the drivers of staff engagement grounded in our culture and values
- Scoping and implementation of initiatives to create a connected, agile, learning organisation
- Roll out of a new Talent Management System, across all Slater & Gordon entities in Australia and the UK and
- Successful people integration as part of our UK acquisition program.

Ken Fowlie
Head of Australia

Hayden Stephens
CEO PI Australia

We have laid a strong foundation in FY13 on which we expect to build in Australia by continuing to deliver consistent organic revenue and earnings growth in both our PI practice and Non-PI Legal Services.

Ken Fowlie
Head of Australia

Neil Kinsella
Head of UK

Cath Evans
Chief Operating Officer UK

We now have the team in place to confidently execute our UK acquisition strategy whilst continuing to effectively operate the existing UK business

Neil Kinsella
Head of UK

Delivering on our social responsibility

We strive for the highest standards of social and environmental performance. It's one of our key business values. This means that we are continually looking to contribute outside our core business through the provision of pro bono legal services, philanthropic grants, fundraising and staff volunteering activities. We are also continually working to lessen our impact on the environment.

Pro bono legal services

Overview

During FY13 Slater & Gordon again performed a large amount of pro bono work, assisting individuals facing disadvantage and community groups working towards social equity.

FY13 Highlights

- Assisting Youth Junction Incorporated with licencing agreements
- Staff volunteering at local community legal centres
- Preparing wills and powers of attorney as part of our ongoing relationship with the Red Cross and New South Wales Cancer Council
- Providing business advisory services to the Association for Children with a Disability and
- Assisting the Law Institute of Victoria with their submission to the Victorian Parliamentary Inquiry into the Handling of Child Abuse by Religious and Other Organisations.

FY14 Priorities

- Increase and diversify the level of pro bono work performed across the business and
- Strengthen staff engagement in pro bono activities.

Delivering through financial support

Overview

We again assisted many causes closely aligned to our communities and our work through the provision of philanthropic grants and fundraising activities.

FY13 Highlights

- The Slater & Gordon Asbestos Research Fund provided grants of more than $118,000 for research into chemo sensitivity of malignant pleural mesothelioma and for a clinical trial for lung cancer patients
- Nine Vojakovic Fellowships grants were awarded to medical practitioners working with people who have an asbestos-related disease
- The Slater & Gordon Community Fund, which collects funds donated by our firm and staff, provided more than $44,000 for projects in Australia
- UK staff raised over $15,000 for corporate charity partners and
- The Tracey McGuckin Fund was established in honour of one of our solicitors. This fund will provide a Bursary Award in the form of financial support, mentoring and work experience for a student from a disadvantaged background.

FY14 Priorities

- Increase staff participation in Slater & Gordon staff giving programs
- Align the provision of grants and sponsorship with key areas of priorities and
- Increase work with organisations through a shared values framework.

Community participation

Overview

We have continued our strong commitment to giving back to the community by supporting staff in their volunteering and fundraising activities.

FY13 Highlights

- Hundreds of staff members across Australia and the UK volunteered their time to raise money for causes that support our clients and for other causes close to their hearts
- A record number of Slater & Gordon staff participated in the Mother's Day Classic fun run and walk to raise money for breast cancer research, an event that we have supported for many years
- We expanded our involvement with the 'Literacy Buddies' program run by Ardoch Youth Foundation, to include staff in Victoria and Queensland
- Staff in the UK supported fundraisers such as the Poppy Appeal, London Legal Walk, and assisted in raising money for the British Legion.

FY14 Priorities

- Increase the number of staff volunteering hours
- Continue to support organisations aligned to our clients, stakeholders and staff and
- Increase work with organisations through a shared values framework.

Addressing our impacts on the environment

Overview

Initiatives have been undertaken in both our Australian and UK operations in FY13 to minimise our impact on the environment. Despite the fact that we are a service industry, we recognise that we still have an impact on the environment and improvements in this area can lead to reduced costs and better staff behaviours.

FY13 Highlights

- Board member Ian Court was appointed 'sustainability champion' with responsibility for overseeing environmental-management protocols
- A national working group was formed in Australia to measure and reduce the firm's carbon footprint
- The firm has contributed through its membership of the Australian Legal Sector Alliance, a group working collaboratively to promote sustainable practices across the legal industry and
- In the UK, the firm has increased its use of environmentally-friendly stationery products from just over 50% to almost 75%.

FY14 Priorities

- Continue to reduce overall electricity consumption and paper usage
- Implement waste minimisation strategies and
- Increase staff engagement in environmental initiatives.

Corporate Governance Statement.

The Board of the Company recognises that a genuine commitment to sound principles of corporate governance is fundamental to the sustainability of the Company and its performance.

Accessing Slater & Gordon's Corporate Governance Policies

The Board has adopted a number of corporate governance policies that are referred to throughout this Statement. These corporate governance policies are available on the Company's website.

Board Responsibility

The Board has the following responsibilities for the Slater & Gordon Group comprised of the Company and its wholly owned subsidiaries in Australia and the United Kingdom:

- reviewing and approving the strategic direction of the Group, management's implementation of strategy and the allocation of appropriate resources to achieve strategic objectives;
- selection, monitoring and evaluation of the Managing Director and overseeing and monitoring the performance and appointment of other senior management and officers;
- selecting future directors and assessing the Board and individual director performance;
- monitoring Group financial and business performance and financial reporting;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions;
- overseeing risk management policies, practice and performance;
- implementing high level policy framework and ratifying specific policies within that framework;
- overseeing compliance and governance policies and practices and ensuring the Group's business is conducted legally, ethically and responsibly; and
- reporting to shareholders.

The responsibilities of the Board are set out in further detail in the Directors' Protocol.

Board Composition

The Company's Constitution specifies a minimum of three directors (and must include at least one Legal Practitioner Director), or such other number as the directors may determine. The Board has supplemented this requirement in the Directors' Protocol which specifies that the Board shall comprise of at least five directors. As at 30 June 2013, the Board consists of six directors: four independent non-executive directors and two executive directors who are also legal practitioners. The Board has an independent Chair and a majority of independent directors.

The Nomination and Remuneration Committee of the Board ensures that the Board consists of an appropriate number of directors and that the Directors have an appropriate mix of skills and experience to meet the Board's responsibilities and objectives. The Nomination and Remuneration Committee reviews the Board's composition and succession planning on an annual basis and otherwise as Board vacancies arise.

A vacancy arose in March 2012 with the resignation of Chair, Anna Booth who was appointed Deputy President of Fair Work Australia. After an extensive search process, Rhonda O'Donnell joined the Board as an independent non-executive director in March 2013.

Through its processes for the selection and appointment of new directors, the Board has sought to achieve a balance of complementary skill-sets covering the following competencies identified as core to the business: legal practice, financial management, mergers & acquisitions, people management, information technology, marketing and consumer/retail business management. Board members have also been drawn from executive and non-executive roles in a range of industries including: government, health, industrial relations, financial services, legal, retail and education. Board selection and succession planning processes are targeted at maintaining this balance of skills and experience as well as seeking to recruit directors from diverse backgrounds.

The Board has adopted a target that 50% of the Directors are women. As at 30 June 2013 30% of directors and 50% of independent directors are women. The Nomination and Remuneration Committee reviews performance against this target annually.

A profile of each of the Directors and a table reporting Directors' attendance at Board meetings is provided in the Directors' Report.

Board Independence

Directors are considered to be independent if they are not a member of management and are free from any business or other relationship that could materially interfere with, or reasonably be seen to materially interfere with, the independent exercise of their judgment.

Directors are considered independent if they:

- Have not been employed in an executive capacity by S&G for the last 3 years;
- Do not have relationships as professional advisers or significant contracts with S&G (nor had any for the last 3 years) which resulted in a material payment or financial benefits being paid to them by the Company;
- Have not served on the Board for a period which could or could reasonably be perceived to materially interfere with his or her ability to act in the best interests of S&G;

- Are not a substantial shareholder of S&G or an associate or officer of a substantial shareholder of S&G; and
- Have no interest or relationship which might materially interfere with their ability to act in the best interests of S&G.

It is the Board's view its non-executive directors Ian Court, Erica Lane, John Skippen and Rhonda O'Donnell are independent and the Board currently consists of a majority of independent Directors.

The independence of Directors is assessed at each Board meeting. Directors are required to disclose the full extent and nature of their interests as and when they change and to comply with the constraints on their participation and voting in relation to matters in which they may have an interest in accordance with the *Corporations Act* and the Directors' Protocol.

The Board has also adopted a number of additional measures to ensure that independent judgment is achieved and maintained in its decision-making processes, including:

- the Chair is an independent Director;
- the Chair of each Board Committee is an independent director;
- the Audit, Compliance and Risk Management Committee and the Nomination and Remuneration Committee are composed of independent directors only;
- Directors are entitled to seek independent professional advice at the Company's expense with prior notification to the Chair; and
- Directors having a conflict of interest must absent themselves from discussion on a matter unless the Board decides otherwise.

Chair of the Board

Mr John Skippen is the Chair and is an independent director. The Chair is selected by the Board from the non-executive Directors.

Board Committees

The Board uses the following Committees to support it in matters which require more intensive review. Each Committee has a written Charter, approved by the Board, defining its duties, reporting procedures and authority. Committees report back to the Board at each Board meeting. Copies of the Committee Charters are available on the Company's website.

1. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has delegated responsibility from the Board to undertake the following functions for the Group:

- evaluating the performance of the Board and the Directors against agreed performance standards;
- developing the selection and appointment process for directors and recommending the appointment or removal of directors;
- making recommendations on Board composition and succession planning;
- developing induction and continuing education programs for directors;
- recommending the structure and quantum of director remuneration and senior executive remuneration and ensuring that there is a separate structure for non-executive and executive remuneration;
- reviewing the performance of senior executives and ensuring that performance review and remuneration policies link performance to remuneration within the Company;

Board Tenure

Directors have served the following terms on the Board of Slater & Gordon Ltd:

Director	Independent	Date of appointment	Term
Andrew Grech	No	June 2001	12 years
Ken Fowlie	No	July 2003	10 years
Ian Court	Yes	March 2007	6 years
Erica Lane	Yes	December 2008	4 years
John Skippen	Yes	May 2010	3 years
Rhonda O'Donnell	Yes	March 2013	Less than 1 year

Corporate Governance Statement cont.

- making recommendations on succession planning for senior executives and resourcing the achievement of the Strategic Plan;
- reviewing and making recommendations on the Company's recruitment, development, retention and remuneration policies;
- overseeing the implementation of the Employee Ownership Plan (EOP);
- reviewing and making recommendations on other forms of employee incentives;
- making recommendations on superannuation arrangements; and
- reviewing and making recommendations on the Company's Diversity Policy and reporting to the Board under that policy on the proportion of women on the Board, in senior executive positions and across the whole Company.

The current members of the Nomination and Remuneration Committee are Erica Lane (independent Director-Chair) and John Skippen (independent Director). Rhonda O'Donnell was appointed as a member of this Committee on 1 July 2013.

Given the relatively small size of the Board, the Board considers that a committee of two independent directors was sufficient to discharge the responsibilities delegated to the committee and to achieve the efficiencies of delegation during FY13. However, the committee will commence FY14 with a membership of three independent directors as a reflection of the growing business. Executive Director and Head of Australia Ken Fowlie and the General Manager, Human Resources for each of Australia and the UK routinely attend meetings of the Committee to report directly to the committee. No executive is involved in committee or Board decisions on their own remuneration package. A profile of the members of the Nomination and Remuneration Committee and a table reporting attendance at the Committee's meetings is provided in the Directors' Report.

2. Audit, Compliance and Risk Management Committee

The Audit, Compliance and Risk Management Committee provides assistance to the Board in fulfilling its responsibilities in relation to the Group's:

- legal compliance;
- implementation of management systems required for a legal practice;
- financial reporting;
- internal control structure and internal audit function;
- external audit functions;
- trust accounting audit functions;
- risk management; and
- treasury management.

In discharging its role, the committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

The Audit, Compliance and Risk Management committee is comprised of four independent, non-executive Directors: Ian Court (Chair), Erica Lane, John Skippen and Rhonda O'Donnell. The Executive directors, Chief Financial Officer and Company Secretary also routinely attend committee meetings. A profile of the members of the committee and a table reporting attendance at the committee's meetings is provided in the Directors' Report.

Removal and Rotation of Directors

The Company's Constitution specifies that one third of the Board, excluding the Managing Director, must retire from office and stand for re-election at each Annual General Meeting. Further, each director, excluding the Managing Director, must stand for re-election at least every three years. Directors may be appointed by the Board during the year. Directors appointed by the Board are required to submit themselves for re-election at the next Annual General Meeting.

Review of Board Performance

The Board reviews its overall performance and the performance of the Board Committees annually. The objective of the evaluation is to contribute to the ongoing development of the Board, the committees, individual directors and the overall corporate governance framework.

In FY13, the Board undertook a self-evaluation process. The Chair, John Skippen interviewed each of the Directors to obtain feedback on board performance and provided a report to the Board in February 2013. Overall directors were satisfied that the Board is functioning effectively.

In early 2013, each of the Board committees conducted an annual performance evaluation based on a questionnaire developed internally. Results were reported by the Committee Chairs to meetings early in 2013, providing an opportunity for reflection as the Committee planned its program for the 2013 calendar year.

Performance evaluation for the Board and Board committees will continue to be conducted annually, using a combination of internally and externally facilitated review as deemed appropriate by the Chair to meet the Board's commitment to high standards of corporate governance.

Review of Key Management Personnel Performance

Key management personnel participate in the annual performance review process which applies to all Slater & Gordon employees. This process involves the establishment of performance objectives and measurements on an annual basis and review of achievement of the same. The process also involves assessment of remuneration tied to the Company achieving its stated financial and other goals. The Nomination and Remuneration Committee reviews the performance evaluation process and remuneration of the key management personnel of the Group and reports to the Board.

The performance of the Managing Director is reviewed annually by the Board. The Managing Director is assessed on achievement of the Group strategic plan applicable to the year in review. The remuneration of the Managing Director is also reviewed annually and is tied to the Company achieving its financial goals. Further details regarding executive and non executive remuneration are provided in the Remuneration Report.

During the reporting period, an annual performance review of key management personnel and the Managing Director was conducted in accordance with the performance review process described above.

Remuneration

Executive remuneration is made up of a balance between fixed and performance based pay. The Board, through the Nomination and Remuneration committee applies the following principles in reviewing executive remuneration (including that of the executive directors and other key management personnel):

- Fixed remuneration is based on what is considered by the Board to be reasonable and fair compensation taking into account the core performance requirements of the role and business and market conditions;
- Performance based remuneration is linked to clear performance targets that are a balance of individual and company performance targets linked to achievement of the Strategic Plan;
- Equity based remuneration is considered for key management personnel under the Employee Ownership Plan. Allocations of shares vest and convert to ordinary shares over a 3 year vesting period and full capital rights are achieved over a 6 year period upon the repayment of loans provided by the Company to fund the initial issue. New allocations and vesting and conversion to ordinary shares of existing allocations is linked to performance targets. Targets are linked to individual and practice area contribution to the achievement of the Strategic Plan. Directors and key management personnel are also prohibited under an internal policy from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.
- Executives are not provided with any contractual termination payments other than reasonable notice periods for termination, recognising seniority and length of tenure.

Non-executive Director remuneration is based on fixed director fees and superannuation contributions. Non-executive Directors are paid additional fees for chairing committees and membership of a second committee. Non-executive Directors do not receive any equity based remuneration, any other performance based remuneration or retirement benefits other than superannuation.

More detail is provided in the Remuneration Report.

Succession Planning

The Board plans succession of its own members and the Managing Director in conjunction with the Nomination and Remuneration Committee. The Nomination and Remuneration committee and Managing Director are responsible for the succession planning of other key management personnel. Succession planning for the Managing Director and senior executives was reviewed during the reporting period as part of the organisational planning for the Strategic Plan reviewed at the Board Retreat in March 2013.

Relationship with Management

Ultimate responsibility for the management and control of the Company is vested in the Directors, who may then delegate their powers to management.

Broadly, the Board reserves to itself the following decisions:

- appointment of the Managing Director and approval of the appointments of key management personnel reporting to the Managing Director;
- appointment of Directors and Board composition;
- approval of strategy and budget for the Group;
- approval of material capital expenditure and acquisitions;
- approval of documents (including the publication of reports and statements to shareholders) that are required by the Company Constitution or by law; and
- approval of governance, compliance, risk management, remuneration and diversity policies.

Beyond the matters identified above, the Board delegates to the Managing Director all authority to achieve the corporate objectives as set out in the Strategic Plan. In exercising this delegated authority, the Managing Director is bound, like all employees at Slater & Gordon, by the Code of Conduct which demands professionalism and integrity in conduct and decision-making.

The functions and authority delegated by the Board to management are set out in the Senior Executives Protocol published on the Company's website.

Independent Advice

Directors and Board Committee members have the right to seek independent professional advice in connection with their duties and responsibilities, at the Company's expense. Prior notification to the Chair is required. Directors also have access to any employees, Company advisers, records and information they may require to carry out their duties.

Corporate Governance Statement cont.

Conflicts of Interest

Directors are required to disclose to the Board any matters in which they may have a personal interest or a potential conflict of interest with the Company.

All Directors have entered into written undertakings to supply the Company with all information necessary for the Company to disclose details of directors' interests in the Company's securities in accordance with the Listing Rules of the ASX. Directors are regularly reminded of their responsibilities.

Auditor

The Company's Auditor is appointed by the Board and based upon a recommendation from the Audit, Compliance and Risk Management Committee. The committee monitors and reviews the activities of the Company's Auditors, including scope and quality of the audit and independence of the Auditor. The Company's Auditor, Pitcher Partners ("PP") has committed to assist the Audit, Compliance and Risk Management Committee to review the quality of its work and its independence. To this end:

- PP provides a half-yearly declaration of independence for review by the Audit, Compliance and Risk Management Committee.
- the PP independence letter outlines the services to be performed. This enables the Audit, Compliance and Risk Management Committee to provide written approval for non-audit services to the Board.
- the Audit, Compliance and Risk Management Committee obtains details from management annually on how management has satisfied itself that significant assignments have been undertaken by the best provider.
- the Audit, Compliance and Risk Management Committee regularly reports to the Board on these matters.

In accordance with the *Corporations Act 2001* the audit signing partner will rotate after no more than five years.

The external Auditor attends and will be available at the Annual General Meeting to answer questions, relevant to the conduct of the audit and preparation of the Audit Report and received in writing by the Company five days prior to the meeting.

Share Trading Policies

In addition to restrictions prescribed in the Corporations Law, the Company has share trading policies which:

- prohibit Directors from trading at any time in the Company's securities without first notifying the Chair and Company Secretary;
- prohibit Directors and key management personnel from trading in the Company's securities within closed and prohibited periods and only permit trade within the following windows:
  - within the 6 week periods commencing 24 hours after the Company has released its half year and full year results.
  - within the period commencing 24 hours after the Company lodges its annual report with the ASX through to one month after the Company's AGM.

A copy of the Share Trading Policy is available on the Company's website.

Continuous Disclosure

The Company has established a written policy designed to ensure compliance with the ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance. The Continuous Disclosure Policy is published on the Company's website.

Shareholder Communication

The Company is committed to providing effective communication to its shareholders. The Company publishes presentations by the Managing Director to institutional investors and market analysts, contemporaneously with the scheduled presentation through the ASX Company Announcements Platform and on the Company website. These presentations to institutional investors and market analysts are routinely held immediately after the release of the Company's half and full year financial results and at various other opportunities throughout the year. The Company's Shareholder Communication Policy is available on the Company's website.

Ethical Standards and Social Responsibility

Both Directors and employees are expected to adhere to the Company's Code of Conduct. The Code of Conduct is published on the Company's website. This sets out the standards of ethical behaviour required. The Board has also endorsed the Company's Policies covering equal employment opportunity, discrimination, harassment, confidentiality, privacy and occupational health and safety. These Policies are aimed at ensuring the maintenance of standards of honesty, integrity and fair dealing.

Whistle blowing

Under the Company's Whistleblower Policy employees are actively encouraged to bring any problems to the attention of management or Human Resources. This includes activities or behaviour that may not be in accordance with the Company's Code of Conduct, financial reporting Policies, Insider Trading Policy, other Company policies, or other regulatory requirements.

Diversity

The Board has adopted the following measurable objectives for achieving gender diversity and reports against these targets for FY13 as follows:

Category	Target	Performance 30 June 2013
% women on the Board	50%	33%
% women on the Australian Executive (key management personnel decision-making group in Australia)	40%	46%
% women on the UK Executive	40%	40%
% women employees	Nil target set	76%

Further details of diversity objectives and initiatives are set out under the Diversity Policy available on the Company website.

Board Education

The Board is committed to ensuring new Directors are adequately educated on the Company's operations. New Directors are provided with an induction program.

Under the Director's continuing education policy, directors are expected to continuously update and develop their knowledge and skills in relation to the industry context, financial management and corporate governance and are encouraged to undertake up to 10 hours of continuing professional development at the Company's expense, with the prior approval of the Chair. An annual internal continuing professional development program is run by the Company to assist Directors to meet their educational requirements. In FY13 a session was run for directors regarding work-in-progress valuation methodology for the business planning purposes and acquisitions. Topics are selected each year from areas covering corporate governance, compliance and business & industry knowledge.

Risk Management

The Company has established a process for the identification and management of material business risks. Under the Risk Management Framework responsibility is allocated to the Board, the Audit, Compliance and Risk Management Committee, the Managing Director and the broader management team to monitor the key business risks and implement agreed risk management controls and strategies.

The reporting and review under this framework is as follows:

- The Board requires the Managing Director to report annually to the Board on the implementation of risk management controls and strategies;
- The Audit, Compliance and Risk Management Committee reviews the Company's risk profile quarterly, checks that management is effectively implementing the agreed controls and strategies and recommends any changes or issues warranting further action to the Board; and
- The Board considers the material business risks faced by the Company annually as part of the review of the Strategic Plan at the Board retreat.

By the processes outlined above, the Board satisfies itself that management has developed and implemented a sound system of risk management and internal control.

The Managing Director has reported to the Board on the effectiveness of the Company's management of its material business risks during the period 1 July 2012 to 30 June 2013. The Board has also received assurance from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with s295A of the Corporations Act (which states that the financial records have been appropriately maintained, the financial statements comply with the accounting standards and that the financial statements provide a true and fair view of the financial performance of the Company) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Corporate Governance Statement cont.

ASX Corporate Governance Council Recommendations

A table setting out the Company's compliance with the ASX Corporate Governance Council Best Practice Recommendations is set out below:

	ASX Principle	Compliance / Comment
Principle 1	**Lay solid foundations for management and oversight**	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Complies
1.2	Companies should disclose the process of evaluating the performance of senior executives.	Complies
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Complies
Principle 2	**Structure to the board to add value**	
2.1	A majority of the board should be independent directors.	Complies
2.2	The Chair should be an independent director.	Complies
2.3	The roles of Chair and executive officer should not be exercised by the same individual.	Complies
2.4	The Board should establish a nomination committee.	Complies
2.5	Companies should disclose the process for evaluating the performance of the Board, its Committees and individual directors.	Complies
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Complies
Principle 3	**Promote ethical and responsible decision-making**	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: 3.1.1 the practices necessary to maintain confidence in the Company's integrity. 3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. 3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	 Complies Complies Complies
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Complies
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Complies
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Complies
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Complies
Principle 4	**Safeguard integrity in financial reporting**	
4.1	The Board should establish an audit committee.	Complies
4.2	The audit committee should be structured so that it: – consists only of non-executive directors – consists of a majority of independent directors – is chaired by an independent chair who is not chair of the board – has at least three members	Complies
4.3	The audit committee should have a formal charter.	Complies
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Complies

	ASX Principle	Compliance / Comment
Principle 5	**Make timely and balanced disclosure**	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Complies
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Complies
Principle 6	**Respect the rights of shareholders**	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Complies
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Complies
Principle 7	**Recognise and manage risk**	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Complies
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Complies
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Complies
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Complies
Principle 8	**Remunerate fairly and responsibly**	
8.1	The Board should establish a remuneration committee.	Complies
8.2	The remuneration committee should be structured so that it: – consists of a majority of independent directors; – is chaired by an independent chair; – has at least 3 members.	Partly complies. During FY13 the committee consisted of 2 independent directors, one of whom was also committee Chair. The Board considers that this was appropriate in FY13 given the size of the board to achieve the efficiency of the delegation to the committee. However, with the appointment of a further independent director during 2013, the committee has taken the opportunity to increase membership to 3 independent directors from 1 July 2013 in recognition of the continued growth in the business.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Complies
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Complies

Board of Directors and Company Secretary

John Skippen [1]

ACA

Chair, Non-executive Director

John has over 30 years experience as a chartered accountant and was the former Finance Director of Harvey Norman Holdings Ltd. John has also served as a Director of Briscoe Group Limited (NZ) (2004–2011) and Mint Wireless Limited (2007–2008).

On 16 March 2012 John was appointed Chair of the board following the resignation of Anna Booth.

John is currently a Non Executive Director of Flexigroup Limited (appointed November 2006), Super Retail Group Ltd (appointed September 2008) and Emerging Leaders Investment Ltd (appointed October 2010).

John is Chair of the Board and a member of the Audit, Compliance and Risk Management committee and the Nomination and Remuneration Committee. John brings to the Board extensive financial, public company and retail experience and skills in financial management, general management and strategy.

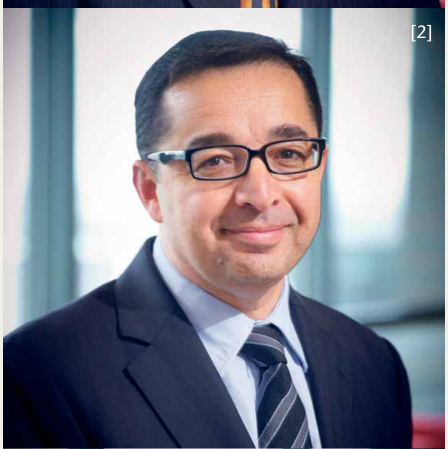
Andrew Grech [2]

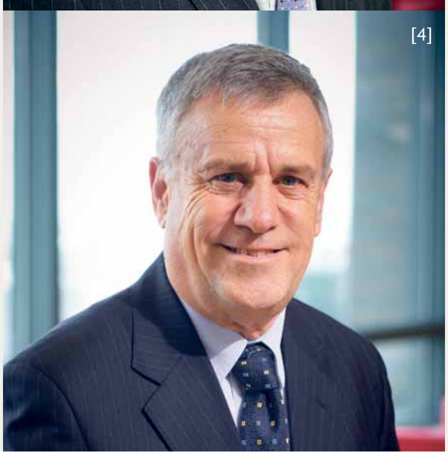
LLB MAICD

Managing Director

Andrew joined Slater & Gordon in 1994 and has worked as a lawyer in most areas of its litigation practice. Since 2000 Slater & Gordon has enjoyed substantial growth, expanding from six locations to a network of 70 locations across Australia and 11 locations in the United Kingdom. Andrew has been at the forefront of the successful acquisition and integration of more than 30 law firms including Russell Jones & Walker in the United Kingdom, since the listing of Slater & Gordon on the ASX.

Andrew served as the founding chair of the Youth Junction Inc., a not for profit youth charity operating in Sunshine, Victoria and remains a member of its voluntary board. Andrew is also a member of the Advisory Committee of the McCabe Centre for Law & Cancer, a member of the Advisory Council of the Melbourne Law School (University of Melbourne) and is a member of the Australian Government's International Legal Services Advisory Council.





Ken Fowlie [3]

LLB BCom MSc (LBS) MAICD

Executive Director

Ken has extensive litigation experience particularly in claims for sufferers of asbestos-related illness (including acting for the ACTU and asbestos support groups in negotiations with James Hardie) and large, multi-party group and representative actions.

Ken took a lead role in establishing Slater & Gordon's presence in New South Wales. Until December 2009, Ken managed the significant growth of Slater & Gordon's NSW team, the majority of whom joined the Group through the acquisition of smaller firms.

Until 30 June 2011, as General Manager of the Commercial and Project Litigation practice, Ken had stewardship of the Group's portfolio of high profile project litigation cases. During 2012 Ken was on a leave of absence from his management role to complete further study. Ken continued to serve on the Board during this time.

Ken returned to a senior management role within the firm in January 2013 assuming responsibility for management services functions and the non-personal injury practices.

From 1 July 2013, Ken assumed overall responsibility for the firm's Australian operations as 'Head of Australia'.

Ken brings to the Board a unique operational perspective in several of the Group's key strategic areas. As a legal practitioner with over 17 years' experience and qualifications and a strong interest in economics and business management, Ken contributes skills in legal practice, legal practice management, risk management, financial analysis and financial reporting.

Ian Court [4]

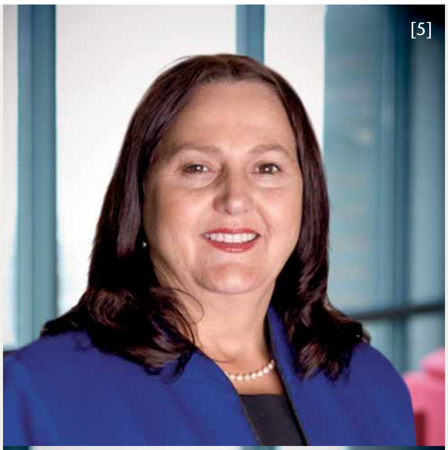
FAICD

Non-executive Director

Ian has extensive experience as a senior executive and non-executive director in a diverse range of companies and industry sectors. He is currently a non-executive director with AssetCo Management Pty Ltd (chair of the Projects Committee) and its related Infrastructure PPP companies, SSSR Holdings Pty Ltd, Praeco Pty Ltd and Western Liberty Group Holdings Pty Ltd. He is a non-executive director and chair of ACTU Member Connect Pty Ltd, chair of the Industry Funds Management Investor Advisory Board and chair of the International Advisory Committee for the IFM Global Infrastructure Fund.

Prior non-executive positions held include companies in the financial services, unlisted infrastructure, private equity and property sectors including, Victorian Funds Management Corporation, Epic Energy Holdings Pty Ltd, Pacific Hydro Pty Ltd, Federal Airports Corporation, Utilities of Australia Pty Ltd, Bennelong Funds Management Pty Ltd, Ecogen Holdings Pty Ltd, Australian Venture Capital Association Ltd, Australian Prime Property Funds Custodian Pty Ltd and deputy Chair of ISPT Pty Ltd. Ian was also inaugural president of the Australian Institute of Superannuation Trustees (AIST). Prior executive positions include CEO of Development Australia Funds Management Ltd (1998–2004) and Executive Chair of Cbus (1992–1998). Earlier in his career Ian was a senior industrial officer with the ACTU (1982–1992).

Ian is the Chair of the Audit, Compliance and Risk Management committee. Ian brings to the Board expertise and skills in finance, financial markets, business strategy, human resources, risk management and corporate governance.



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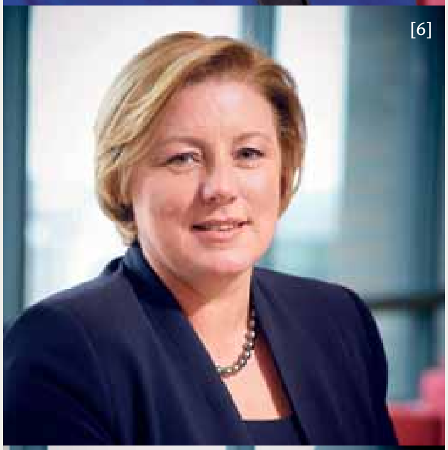

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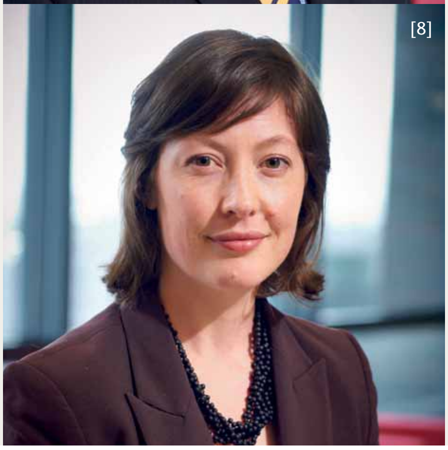

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Rhonda O'Donnell [5]

M App Sc, MBA (Melbourne)

Non-executive Director

Rhonda has extensive experience in international and local industries including telecommunications, information technology, education, government and utilities. Rhonda has been a successful executive and board member in both the private and public sectors.

Rhonda held the positions of Chairman and President of Novell Asia Pacific, a global provider of Information Technology. She was responsible for the management of Novell's entire Asia Pacific operation encompassing 13 markets with more than 800 employees and an extensive partner network. She was a member of Novell's worldwide management committee which provides strategic planning and direction for the Company's global operations.

Rhonda was the architect behind Novell's global strategy to capitalise on Linux and open source technology in emerging markets and successfully led Novell's expansion into China and India. Novell became the leading supplier of Linux in China during the first half of 2005.

Rhonda's recent and current industry achievements and experience include:

- Awarded the Victorian Telstra Business Woman of the Year in 1999.
- Under her leadership, (as Managing Director), Global Customer Solutions won Victorian Call Centre of the year in 1999 and Australian Call Centre of the Year in 1999.
- Chair eServices Government and Industry Working Party – The Hon Gordon Rich – Phillips MLC Minister for Technology.
- The Founding Chairman of the Victorian Women in ICT network.
- Chairman of the Victorian Government Purchasing Board.

Prior to joining Novell Rhonda was Managing Director of IT consulting firm Cambridge Technology Partners, which was acquired by Novell in 2001. Previously she was Managing Director of Global Customer Solutions (GCS), a subsidiary of TXU (now TRU), one of the world's largest energy utilities.

Board of Directors and Company Secretary cont.

Erica Lane [6]

B App Sc, Grad Dip Comp, MBA (Melbourne), MBA (Chicago), MAICD

Non-executive Director

Erica joined the Board of Slater & Gordon Lawyers in 2008. She chairs the Nomination and Remuneration Committee and is a member of the Audit, Compliance and Risk Management Committee.

Erica is a successful non-executive director with experience in international and local industries. Since 2000, she has held various appointments in funds management, professional services and healthcare spanning both listed and non-listed environments and public and private sectors.

Erica has served as a non-executive director and chaired various committees for Victorian Funds Management Corporation, Eastern Health and the Ilhan Food Allergy Foundation.

She has deep and varied commercial expertise with a strong bias towards strategy, financial performance and change management in complex environments.

In addition to Board appointments, Erica consults extensively in the public and private sectors at CEO and Board level on a range of strategic and business performance issues.

Previously, Erica was a senior executive with ANZ Bank initially as Head of Group Performance Management in Finance, then General Manager of Insurance & Trustees. Prior to this, she was a senior executive with the global strategy consulting firm, Booz Allen & Hamilton. In the early 90's, Erica studied and worked in the USA in investment banking, after an early business career with Unisys in IT development and Arthur Andersen in business consulting.

Prior to her business career, Erica practised as a medical microbiologist and immunologist in public and private healthcare. Following the diagnosis of her daughter, Erica founded AnaphylaxiSTOP, a philanthropic organisation which supports medical research into life threatening food allergies.

Erica has an MBA from the University of Chicago with specialisations in Finance and Public Policy. She also has an MBA from the University of Melbourne where she was awarded the Murdoch Fellowship in 1992.

Other qualifications include a Post Graduate Diploma in Computing and Bachelor of Medical Science with specialisations in microbiology and immunology.

She was a Finalist in the Telstra Business Women's Awards in 1997 for her work in the Insurance industry.

Erica is a Member of the Australia Institute of Company Directors.

Wayne Brown [7]

BCom (Hons), M Int Bus (Melbourne), CA MAICD

Chief Financial Officer and Joint Company Secretary

Wayne commenced as Chief Financial Officer and Company Secretary of Slater & Gordon in 2004. Prior to joining Slater & Gordon, Wayne was the financial controller of Grand Hotel Group (an ASX listed property trust) and prior to that, Wayne worked at Arthur Andersen for ten years where he specialised in corporate recovery, insolvency and restructuring. Wayne contributes skills in corporate governance, financial management, analysis and reporting.

Kirsten Morrison [8]

BA/LLB (Hons)

General Counsel and Joint Company Secretary

Kirsten commenced as a commercial litigator with Slater & Gordon in 2006 and then as General Counsel and Company Secretary in 2008. Prior to joining Slater & Gordon, Kirsten was a lawyer at Allens Arthur Robinson and completed an Associateship to the Hon. Justice Hargrave in the Victorian Supreme Court. Kirsten contributes skills in corporate governance and risk management.

Financial Statements

For the year ended 30 June 2013

Contents

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

DIRECTORS' REPORT

The directors present their report, together with the financial report of the consolidated entity consisting of Slater & Gordon Limited ("the Company") and its controlled entities (jointly referred to as "the Group"), for the financial year ended 30 June 2013 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards ("IFRS").

Directors

The directors in office at any time during the financial year and up to the date of this report are:

- John Skippen – appointed Acting Chair on 16 March 2012 and Chair on 23 August 2012
- Andrew Grech – Managing Director
- Ian Court
- Ken Fowlie
- Erica Lane
- Rhonda O'Donnell – appointed 7 March 2013

Details of the skills, experience, expertise and special responsibilities of each director are set out in a subsequent section of this report.

Principal activities

The principal activity of the Group during the financial year was the operation of legal practices in Australia and the United Kingdom ("UK").

Results

The profit after income tax of the Group was $41.9 million (2012: $25.0 million).

Review of operations

The Group continued to deliver strong financial results in the year ending 30 June 2013, at the same time making solid progress against key strategic priorities in particular the expansion of its UK operations.

The Group ended the year with total revenue of $297.6 million (2012: $217.7 million) and net profit after tax of $41.9 million (2012: $25.0 million). The full year dividend was up 10% over the prior year to 6.6 cents per share fully franked (2012: 6.0 cents). The cash profile of the Group improved during the current year with cash flow from operations of $32.7 million, representing 78% of net profit after tax.

The expansion into the UK continued to progress well with the UK delivering $70.5 million in revenue for the year ended 30 June 2013. The successful equity raising during the current year has set the stage for funding long term growth in the UK market.

The year ended 30 June 2014 is expected to be a busy year as the Group integrates new businesses in the UK whilst continuing to grow the Australian business.

Significant changes in the state of affairs

On 7 May 2013, the Company announced a capital raising, which raised $66.7 million to fund the accelerated UK expansion, to strengthen the Company's balance sheet and fund the next stage of its growth in the UK personal legal services market, including three acquisitions which were subject to Term sheets as at the date of the capital raising.

The capital raising consisted of:

- A fully underwritten Share Placement to sophisticated and professional investors ("Placement") for a total value of $58.9 million; and
- A non-underwritten Share Purchase Plan ("SPP") to existing, eligible Shareholders of approximately $5 million at $2.55 per share which closed on 12 June 2013.

The Placement was fully underwritten and was completed on 8 May 2013, involving the issue of 23,113,186 ordinary shares at $2.55 per share to professional and sophisticated investors to raise $58,938,624. The funds were received on 13 May 2013.

The SPP which opened on 20 May 2013 and closed on 12 June 2013 raised the total sum of $7,741,000 with 3,035,357 ordinary shares being issued on 18 June 2013 at $2.55 per share.

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Events subsequent to reporting date

Subsequent to the reporting date, the Group has signed, for the total consideration of $24,360,000, agreements for the acquisition of, in the United Kingdom, the personal injury practice of Taylor Vinters, completion effective 16 August 2013, Goodmans, completion effective 30 August 2013, and in Australia, Gibson & Gibson, completion effective 1 August 2013.

The provisional value of the net assets assumed at the dates of acquisition are as follows:

Consideration:	**$'000**
Cash	12,027
Equity issued	3,133
Fair value of deferred consideration (cash)	9,200
Net present value of total consideration	24,360
Estimated fair value of net assets acquired	(15,824)
Goodwill on acquisition	**8,536**

The fair value of the assets and liabilities acquired have only been determined provisionally as valuations have not been finalised.

In addition to the above the Group has announced its intention to purchase the personal injury practice of Fentons Solicitors LLP, with an indicative completion date in October 2013.

Dividends paid, recommended and declared

The dividends paid and declared since the start of the financial year are as follows:

	2013 $'000	**2012 $'000**
Dividends on ordinary shares		
Interim franked dividend at the tax rate of 30% for 2013: 2.75 cents per share (2012: 2.5 cents per share)	4,681	3,793
Final franked dividend at the tax rate of 30% for 2012: 3.5 cents per share (2011: 3.3 cents per share)	5,966	4,993
	10,647	**8,786**

In addition to the above dividends, since the end of the financial year the directors have recommended the payment of a final ordinary dividend of $7,589,000 (3.85 cents per share) to be paid on 25 October 2013 out of retained earnings at 30 June 2013.

Dividend reinvestment plan

On 27 February 2013, the Company announced the introduction of a Dividend Reinvestment Plan (DRP) to allow eligible shareholders to reinvest their dividends in further Company shares. The DRP was active for the interim dividend declared for the financial year ending on 30 June 2013. Under the DRP 423,507 shares were issued for the interim dividend at $2.52 cents per share.

Share options

No options over unissued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

Indemnification and insurance of directors and officers

During or since the end of the financial year, the Group has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

A premium of $42,500 (2012: $33,000) for a twelve month period was incurred in respect of directors, officers and the Company Secretary of the Company against a liability brought upon such an officer.

Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the contract.

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Information on directors and company secretaries

The skills, experience, expertise and special responsibilities of each person who has been a director of the Company at any time during or since the end of the financial year is provided below, together with details of the company secretaries as at the year end.

John Skippen ACA Chair, Non-executive Director	John has over 30 years' experience as a chartered accountant and was the former Finance Director of Harvey Norman Holdings Ltd. John has also served as a Director of Briscoe Group Limited (NZ) (2004-2011) and Mint Wireless Limited (2007-2008). On 16 March 2012 John was appointed Chair of the board following the resignation of Anna Booth. John is currently a Non Executive Director of Flexigroup Limited (appointed November 2006), Super Retail Group Ltd (appointed September 2008) and Emerging Leaders Investment Ltd (appointed October 2010). John is Chair of the Board and a member of the Audit, Compliance and Risk Management Committee and the Nomination and Remuneration Committee. John brings to the Board extensive financial, public company and retail experience and skills in financial management, general management and strategy.
Andrew Grech LLB MAICD Managing Director	Andrew joined Slater & Gordon in 1994 and has worked as a lawyer in most areas of its litigation practice. Since 2000 Slater & Gordon has enjoyed substantial growth, expanding from six locations to a network of 70 locations across Australia and 11 locations in the United Kingdom. Andrew has been at the forefront of the successful acquisition and integration of more than 30 law firms including Russell Jones & Walker in the United Kingdom, since the listing of Slater & Gordon on the ASX. Andrew served as the founding chair of the Youth Junction Inc., a not for profit youth charity operating in Sunshine, Victoria and remains a member of its voluntary board. Andrew is also a member of the Advisory Committee of the McCabe Centre for Law & Cancer, a member of the Advisory Council of the Melbourne Law School (University of Melbourne) and is a member of the Australian Government's International Legal Services Advisory Council.

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Ken Fowlie
LLB BCom (NSW) MSc (with distinction) (LBS)
MAICD
Executive Director

Ken has extensive litigation experience particularly in claims for sufferers of asbestos related illness (including acting for the ACTU and asbestos support groups in negotiations with James Hardie) and large, multi-party group and representative actions.

Ken took a lead role in establishing Slater & Gordon's presence in New South Wales. Until December 2009, Ken managed the significant growth of Slater & Gordon's NSW team, the majority of whom joined the Group through the acquisition of smaller firms.

Until 30 June 2011, as General Manager of the Commercial and Project Litigation practice, Ken had stewardship of the Group's portfolio of high profile project litigation cases. During 2012 Ken was on a leave of absence from his management role to complete further study. Ken continued to serve on the Board during this time.

Ken returned to a senior management role within the firm in January 2013 assuming responsibility for management services functions and the non-personal injury practices.

From 1 July 2013, Ken assumed overall responsibility for the firm's Australian operations as 'Head of Australia'.

Ken brings to the Board a unique operational perspective in several of the Group's key strategic areas. As a legal practitioner with over 17 years' experience and qualifications and a strong interest in economics and business management, Ken contributes skills in legal practice, legal practice management, risk management, financial analysis and financial reporting.

Ian Court
FAICD
Non-executive Director

Ian has extensive experience as a senior executive and non-executive director in a diverse range of companies and industry sectors. He is currently a non-executive director with AssetCo Management Pty Ltd (chair of the Projects Committee) and its related Infrastructure PPP companies, SSSR Holdings Pty Ltd, Praeco Pty Ltd and Western Liberty Group Holdings Pty Ltd. He is a non-executive director and chair of ACTU Member Connect Pty Ltd, chair of the Industry Funds Management Investor Advisory Board and chair of the International Advisory Committee for the IFM Global Infrastructure Fund.

Prior non-executive positions held include companies in the financial services, unlisted infrastructure, private equity and property sectors including, Victorian Funds Management Corporation, Epic Energy Holdings Pty Ltd, Pacific Hydro Pty Ltd, Federal Airports Corporation, Utilities of Australia Pty Ltd, Bennelong Funds Management Pty Ltd, Ecogen Holdings Pty Ltd, Australian Venture Capital Association Ltd, Australian Prime Property Funds Custodian Pty Ltd and Deputy Chair of ISPT Pty Ltd. Ian was also inaugural president of the Australian Institute of Superannuation Trustees (AIST). Prior executive positions include CEO of Development Australia Funds Management Ltd (1998-2004) and Executive Chair of Cbus (1992-1998). Earlier in his career Ian was a senior industrial officer with the ACTU (1982-1992).

Ian is the Chair of the Audit, Compliance and Risk Management Committee. Ian brings to the Board expertise and skills in finance, financial markets, business strategy, human resources, risk management and corporate governance.

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Erica Lane
B App Sc, Grad Dip Comp, MBA (Melbourne), MBA (Chicago), MAICD
Non-executive Director

Erica joined the Board of the Company in 2008. She chairs the Nomination and Remuneration Committee and is a member of the Audit, Compliance and Risk Management Committee.

Erica is a successful non-executive director with experience in international and local industries. Since 2000, she has held various appointments in funds management, professional services and healthcare spanning both listed and non-listed environments and public and private sectors.

Erica has served as a non-executive director and chaired various committees for Victorian Funds Management Corporation, Eastern Health and the Ilhan Food Allergy Foundation.

She has deep and varied commercial expertise with a strong bias towards strategy, financial performance and change management in complex environments.

In addition to Board appointments, Erica consults extensively in the public and private sectors at the CEO and Board level on a range of strategic and business performance issues.

Previously, Erica was a senior executive with ANZ Bank initially as Head of Group Performance Management in Finance, then General Manager of Insurance & Trustees. Prior to this, she was a senior executive with the global strategy consulting firm, Booz Allen & Hamilton. In the early 90's, Erica studied and worked in the USA in investment banking, after an early business career with Unisys in IT development and Arthur Andersen in business consulting.

Prior to her business career, Erica practised as a medical microbiologist and immunologist in public and private healthcare. Following the diagnosis of her daughter, Erica founded AnaphylaxiSTOP, a philanthropic organisation which supports medical research into life threatening food allergies.

Erica has an MBA from the University of Chicago with specialisations in Finance and Public Policy. She also has an MBA from the University of Melbourne where she was awarded the Murdoch Fellowship in 1992.

Other qualifications include a Post Graduate Diploma in Computing and Bachelor of Medical Science with specialisations in microbiology and immunology.

She was a Finalist in the Telstra Business Women's Awards in 1997 for her work in the Insurance industry.

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Rhonda O'Donnell
M App Sc, MBA (Melbourne)
Non-executive Director

Rhonda joined the Board of the Company during 2013. She is also a member of the Audit, Compliance and Risk Management Committee.

Rhonda has extensive experience in international and local industries including telecommunications, information technology, education, government and utilities. Rhonda has been a successful executive and board member in both the private and public sectors.

Rhonda held the positions of Chairman and President of Novell Asia Pacific, a global provider of Information Technology. She was responsible for the management of Novell's entire Asia Pacific operation encompassing 13 markets with more than 800 employees and an extensive partner network. She was a member of Novell's worldwide management committee which provides strategic planning and direction for the Company's global operations.

Rhonda was the architect behind Novell's global strategy to capitalise on Linux and open source technology in emerging markets and successfully led Novell's expansion into China and India. Novell became the leading supplier of Linux in China during the first half of 2005.

Rhonda's recent and current industry achievements and experience include:

- Awarded the Victorian Telstra Business Woman of the Year in 1999.
- Under her leadership, (as Managing Director), Global Customer Solutions won Victorian Call Centre of the year in 1999 and Australian Call Centre of the Year in 1999.
- Chair eServices Government and Industry Working Party – The Hon Gordon Rich – Phillips MLC Minister for Technology.
- The Founding Chairman of the Victorian Women in ICT network.
- Chairman of the Victorian Government Purchasing Board.

Prior to joining Novell, Rhonda was Managing Director of IT consulting firm Cambridge Technology Partners, which was acquired by Novell in 2001. Previously she was Managing Director of Global Customer Solutions (GCS), a subsidiary of TXU (now TRU), one of the world's largest energy utilities.

Wayne Brown
BCom (Hons), M Int Bus (Melbourne), CA MAICD
Chief Financial Officer and Joint Company Secretary

Wayne commenced as Chief Financial Officer and Company Secretary of Slater & Gordon in 2004. Prior to joining Slater & Gordon, Wayne was the financial controller of Grand Hotel Group (an ASX listed property trust) and prior to that, Wayne worked at Arthur Andersen for ten years where he specialised in corporate recovery, insolvency and restructuring. Wayne contributes skills in corporate governance, financial management, analysis and reporting.

Kirsten Morrison
BA/LLB (Hons)
General Counsel and Joint Company Secretary

Kirsten commenced as a commercial litigator with Slater & Gordon in 2006 and then as General Counsel and Company Secretary in 2008. Prior to joining Slater & Gordon, Kirsten was a lawyer at Allens Arthur Robinson and completed an Associateship to the Hon. Justice Hargrave in the Victorian Supreme Court. Kirsten contributes skills in corporate governance and risk management.

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Directors' meetings

The number of meetings of the Board of Directors and of each Board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		Audit, Compliance & Risk Management Committee		Nomination & Remuneration Committee	
	Eligible to attend	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
A Grech	7	7	-	-	-	-
I Court	7	7	5	5	-	-
K Fowlie	7	6	-	-	-	-
E Lane	7	7	5	5	4	4
J Skippen	7	7	5	5	4	4
R O'Donnell	3	3	1	1	-	-

Directors' interests in shares

Directors' relevant interests in shares of the Company as at the date of this report are detailed below.

	Ordinary shares of the Company
A Grech	5,122,495
I Court	29,882
K Fowlie	5,096,221
E Lane	150,000
J Skippen	-
R O'Donnell	-

Directors' interests in contracts

Directors' interests in contracts are disclosed in Note 28 to the financial statements.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Non-audit services

Written approval for non-audit services is provided by resolution of the Audit, Compliance and Risk Management Committee and approval is notified to the Board of Directors. Non-audit services provided by Pitcher Partners, the auditors of the Group, during the year are detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2013 $'000	**2012 $'000**
Due diligence investigations		
- Pitcher Partners	28	170
- Related practices of Pitcher Partners	-	365
Total remuneration for due diligence investigations	**28**	**535**
IT review		
- Pitcher Partners	29	-
Total remuneration for IT review	**29**	**-**
Total remuneration for non-audit services	**57**	**535**

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REMUNERATION REPORT

The Remuneration Report outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report, Key Management Personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group, and includes the key executives of the Group.

For the purposes of this report, the term 'executive' encompasses the Chief Financial Officer, senior executives and senior employees of the Group.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors of the Company is responsible for reviewing and recommending remuneration arrangements for the Board and executive team.

The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality, high performing Board and executive team.

Remuneration philosophy

The performance of the Group depends on the quality and performance of its directors and executives. To prosper, the Group must attract, motivate, develop and retain highly skilled directors and executives. The remuneration philosophy of the Group is part of a broader strategy to attract and retain staff ensuring that the work of the Group reflects the values and aspirations of the people within it. The Group will continue to monitor the level of alignment between the values of the Group and its people.

The Group embodies the following principles in its remuneration framework:

- Provide fair and competitive rewards to attract high calibre executives (by providing a fixed remuneration compensation and offering specific short and longer term incentives to executives);
- Link executive rewards to the creation of sustainable shareholder value;
- Have a portion of executive remuneration 'at risk';
- Establish appropriate, demanding performance hurdles for variable executive remuneration; and
- Provide long term incentives and rewards for performance through the Employee Ownership Plan ("EOP").

Remuneration structure

In accordance with good corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders and other stakeholders.

Structure

The constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was an aggregate remuneration of $650,000.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. In determining the remuneration of non-executive directors, the Board considers the time commitment and nature of the contribution required by directors. Advice is obtained from external consultants independent of management and remuneration paid to non-executive directors of comparable companies is also taken into account when undertaking the annual review process.

During the year ended 30 June 2013, the remuneration of non-executive directors was set for the position of Chair of the Board at $150,000 and for a director at $85,000. An additional fee of $10,000 was paid for any director who acts as Chair of a Board sub-committee. An additional fee of $5,000 per subcommittee was paid for any director who acts as a member of a Board sub-committee. The payment of the additional fees for being the Chair or a member of a Board sub-committee is to reflect the additional time commitment required by the director. Non-executive directors receive no other form of remuneration, however reasonable expenses incurred in the course of their role are reimbursed.

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Executive remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- reward executives for Group, practice group and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Structure

It is the Board's policy that directors' fees are not paid to executive directors. The adequacy and form of remuneration of the Managing Director, and senior Group executives are reviewed by the Nomination and Remuneration Committee. The remuneration policy for these executives takes into account personal competence, experience and the achievement of key performance indicators ("KPI's"), including:

- financial KPI's including (but not limited to) achievement of budgets for profitability, working capital management; and
- non-financial KPI's including (but not limited to) practice and staff management and business development.

The Nomination and Remuneration Committee is responsible for ensuring that senior executive remuneration is reasonable in comparison with industry and other relevant measures including promoting the long term growth of shareholder value. The Managing Director, in conjunction with the Nomination and Remuneration Committee (where appropriate), annually reviews senior executives' KPI's for their ongoing adequacy and achievement.

The Managing Director, in liaison with other senior executives, is responsible for the level and components of remuneration paid to other senior Group executives and employees. Remuneration levels vary across the Group and have regard to geographical and local circumstances and the need to maintain attractive and competitive income levels.

Executive remuneration is made up from the following components:

- Base remuneration – this element reflects the scope of the role, level of skills and experience and is typically fixed;
- Performance based remuneration – this element comprises two components:
    - Short term incentives in the form of cash bonuses; and
    - Long term incentives in the form of the acquisition of equity in the Group through the Employee Ownership Plan.

Fixed remuneration

Objective

Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee, taking into account the performance of the Group, its divisions and practice groups, and individuals. This is then compared to relevant comparative remuneration in the market and internally and where appropriate, external advice on policies and practices. As noted above, the committee has access to external advice independent of management.

Structure

Executives are given the opportunity to receive their fixed base remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating an additional cost for the Group.

Variable remuneration – short term incentives ("STI")

Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

Cash bonuses to executives and senior employees are paid under predetermined bonus arrangements and are subject to a range of performance criteria. The bonus arrangement varies between executives depending upon their position and

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responsibilities. The criteria are predominantly weighted on the financial performance of practices and/or the Group. Discretionary components are assessed or approved by the Company's Nomination and Remuneration Committee.

Cash bonuses are paid as an incentive to align executives with the objectives of their respective practices. Performance measures are determined in advance and are specifically tailored to the executive's/senior employee's circumstances. Financial budgets are used to measure financial performance, whilst KPI's are used to target key areas identified by the directors and senior management for achieving practice group and/or the Group objectives.

Key Management Personnel ("KMP")

The performance of KMP is measured against criteria agreed with each executive and is based on a range of financial and non-financial performance measures. This performance is assessed annually by the Nomination and Remuneration Committee with regard to the desired and actual outcomes, taking into account the evolving nature of the business and the creation of shareholder wealth in the long term.

The Board may exercise its discretion in recommending changes to the Nomination and Remuneration Committee's assessment of the performance of the KMP.

The KMP who may be eligible to a cash performance bonus with a combined total of up to $350,000 (2012: $469,450) in respect of the year ended 30 June 2013 are Andrew Grech, Wayne Brown, Cath Evans, Neil Kinsella and Hayden Stephens.

KPI's for executives are based on above budget performance linked to the relevant measures including net fee, gross margin, EBITDA margin, cash flow (debtor and paid disbursement performance) for which the executive is accountable. In addition there are non-financial KPI's with set performance criteria linked to the development of staff that report to the relevant executive, development of technical skills and brand and business development. The achievement or non-achievement of these performance criteria will determine whether the bonus or components of the bonus have been met.

The estimated bonuses due to KMP for the year ended 30 June 2013 is $300,000 (2012: $292,250). The entitlement to these bonuses has been based on the assessment of the KMP achievement or otherwise of the performance criteria (KPI's) for the financial year.

KPI's that management are subject to include financial KPI's, such as achievement of budgets for profitability, working capital management and non-financial KPI's, such as practice and staff management and business development.

Variable remuneration – long term incentives ("LTI")

Objective

In the financial year ended 30 June 2007 (prior to listing on the ASX) the firm introduced the Employee Ownership Plan ("EOP") to provide an opportunity for senior employees to build a shareholding in the Company over time. The EOP serves as an incentive and reward for longer term performance and a retention strategy for key employees.

Structure

The Board has the authority to invite employees to participate in the EOP and subscribe for Vesting Convertible Redeemable Ordinary Shares ("VCR shares"). VCR shares are vesting, converting and redeemable shares in the capital of the Company. The EOP provides for the issue of VCR shares to participants in a number of tranches and for the Company to make a loan to participants equal to the total amount that is to be subscribed.

When making an offer to an employee to subscribe for VCR shares, the Board has the power to specify:

- the number of VCR shares which may be subscribed for by a particular employee;
- the issue price. The Board sets the issue price based on the previous 20 business day Volume Weighted Average Price ("VWAP") prior to the date of the issue;
- the number of tranches into which the VCR shares will be divided and the vesting date for each tranche;
- the period for which an absolute restriction on disposal will apply (this period may not exceed 3 years from vesting);
- any conditions to be placed on vesting (achievement of pre determined KPI's which are relevant to the employee and are aligned to the performance measures set in the STI's refer above);
- any events which would result in the forfeiture of the VCR shares; and
- the period for which the Company will be able to buy back or require the forfeiture of the converted shares.

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The EOP provides for a full recourse interest free loan from the Company to the employee to facilitate the employee's subscription for VCR shares. The loan is secured by the VCR shares or the converted VCR shares. The offer made by the Board must specify the date by which the loan must be repaid (refer to Note 26).

The vesting conditions for VCR shares are based on the KPI's set and approved by the Board for the relevant senior employee in respect of their area(s) of responsibility. The KPI's will include financial and non-financial KPI's and are aligned to the performance measures set in the STI's (refer above).

The EOP provides for senior managers to be offered from one to several allocations of VCR shares over their career with the Group. Individuals can therefore build a substantial stake in the Company over time.

If the participant ceases employment with the Group, their vested and unvested VCR shares can be forfeited or bought back by the Company and set off against any outstanding loan. The participant may be deemed liable for any shortfall between the value of the shares forfeited or bought back by the Company and the loan amount.

At the cessation of the period of the restriction (three years maximum) following vesting and conversion of a VCR share, each participant is required to enter into a binding commitment with the Company in respect of their converted VCR shares. Under the binding commitment the participants in the EOP will be under the following restrictions:

- They will be required to maintain a minimum level of shareholding for as long as they remain an employee of the Group. The minimum holding is calculated based on the lower of 5 times the employee's annual salary and 20% of the aggregate VCR shares issued to that employee which have vested and converted to shares.
- If they cease to be employed by the Group, they may forfeit or be required to dispose of some or all of their vested and unvested VCR shares upon such termination. The ramifications of a departure from employment are linked to the circumstances surrounding that departure.

The KMP who have shares under the EOP (refer to Note 25) subject to performance criteria in respect of the year ended 30 June 2013 is the Chief Financial Officer, Wayne Brown.

Employment contracts

Executive Directors

Mr Andrew Grech, the Managing Director, is employed under a rolling contract. The current employment contract commenced on 1 July 2006. Under the terms of the present contract:

- Mr Grech receives fixed remuneration of $460,526 per annum (inclusive of superannuation);
- Mr Grech is also eligible to receive a bonus of up to $125,000 for the year ended 30 June 2013, inclusive of superannuation (2012: $104,450), at the discretion of the board, based on the achievement of certain key performance indicators. The key performance indicators are consistent with the Company's approved business plan and are aligned to delivering sustainable value to shareholders. The indicators cover operational and financial results and the successful implementation of strategic and people development initiatives. A cash bonus of $75,000 was paid during the year ending 30 June 2013 in respect to the year ended 30 June 2012. For the year ended 30 June 2013 a cash bonus of $112,500 has been provisionally determined. Key performance indicators include financial and non-financial KPI's and are aligned to the performance measures set in the STI's (refer above);

Mr Ken Fowlie, an executive director and Head of Australia, is employed under a rolling contract. The current employment contract commenced on 1 July 2006. Under the terms of the present contract:

- Mr Fowlie receives fixed remuneration of $350,000 per annum (inclusive of superannuation);
- Mr Fowlie is not eligible to receive a bonus for the year ended 30 June 2013 (2012: $nil).

In addition, both executive directors are bound by the following terms and conditions in their employment contracts:

- The director may resign from their position and thus terminate their employment contract by giving three months written notice;
- The Company may terminate their employment agreement by providing three months written notice or providing payment in lieu of the notice period (based on the fixed component of the director's remuneration);
- The Company may terminate their employment contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the director is only entitled to that portion of remuneration that is fixed, and only up to the date of termination;
- Their employment agreement contains a restraint of trade provision which applies for a period of 12 months (or, in the case of a direct competitor of the Company, 24 months);

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- The performance of the director is reviewed annually by the Nomination and Remuneration Committee and/or the Board. The director is assessed on achievement of the Group's goals and budgets applicable to the year in review. The Committee also reviews the remuneration of the director on an annual basis. The findings are reported to, and approved by, the Board.

Other executives (standard contracts)

- All executives have rolling contracts.
- The Group may terminate the executive's employment agreement by providing one to three months written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration).
- Any executive who is an EOP Participant is subject to consequences which flow from the cessation of their employment as discussed above (see "Variable remuneration – Long term incentives").
- Any executive who is a Vendor Shareholder is subject to the consequences which flow from the cessation of their employment as a term of the shareholders agreement which has been entered into by the seven Vendor Shareholders.
- The Group may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.
- The employment agreement contains a restraint of trade provision which applies for a period of 12 months (or, in the case of a direct competitor of the Company, 24 months).

Relationship of Remuneration to Company Performance

Review of the Group's operations during the financial year, its financial position and business strategies and prospects for the future financial years are set out in the directors' report below.

The performance of the group and remuneration paid to KMP over the last 4 years is summarised in the following table.

	2010 $'000	2011 $'000	2012 $'000	2013 $'000	4yr Growth %
Company Performance					
Revenue	124,730	182,309	217,704	297,576	138.6%
Profit before tax	28,854	41,543	36,494	61,364	112.7%
Profit after tax	19,800	27,908	24,992	41,910	111.7%
Basic earnings per share (cents)	17.9	19.1	16.2	24.2	35.2%
Diluted earnings per share (cents)	16.7	18.3	15.7	23.6	41.3%
Dividends per share - paid during financial year (cents)	5.3	5.2	5.8	6.3	18.9%
Total dividends paid during financial year	5,778	7,697	8,786	10,647	84.3%
Share price at 30 June (cents)	1.53	2.30	1.85	2.78	81.7%
Remuneration paid to Key Management Personnel					
Base salary package	1,475	1,404	1,180	1,493	1.2%
Short term incentive	68	249	95	150	120.6%
Long term incentive	46	86	71	62	34.7%
Total	1,589	1,739	1,346	1,705	7.3%
Total as a % Profit before tax	8.0%	6.2%	5.4%	4.1%	(48.8%)

Given that there has been significant change in the definition and composition of "Key Management Personnel" over the 4 years presented above, the KMP have been defined as the Board (including the Managing Director) plus the Chief Financial Officer in order to have a comparable base line.

Since 2010, earnings per share have increased by 35.2% and the share price has increased by 81.7%.

During the same period, total remuneration paid to specific KMP has grown by 7.3%, whilst base salary has increased by 1.2%.

Remuneration as a percentage of Profit before tax has reduced by 48.8%.

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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The names and positions of each person who held the position of director at any time during the financial year is provided above.

Further details regarding components of KMP remuneration are detailed below.

Directors' remuneration:

2013	Short term			Post employment	Other long term benefits[5]	Equity	Other benefits	Total	Total performance related			Total performance related %		
	Salary/ Fees [3]	Cash Bonus[4]	Non-monetary	Super					Cash Bonus	Non-Monetary	Share based payments	Cash Bonus	Non-Monetary	Share based payments
	$	$	$	$	$	$	$	$	$	$	$	%	%	%
A Grech[1]	422,230	112,500	9,056	33,380	21,337	-	-	598,503	112,500	-	-	18.8%	-	-
I Court	85,066	-	-	10,372	-	-	-	95,438	-	-	-	-	-	-
K Fowlie[1]	240,059	-[6]	-	19,069	5,078	-	-	264,206	-	-	-	-	-	-
E Lane	92,234	-	-	8,301	-	-	-	100,535	-	-	-	-	-	-
J Skippen	139,120	-	-	12,521	-	-	-	151,641	-	-	-	-	-	-
R O'Donnell[2]	26,094	-	-	2,348	-	-	-	28,442	-	-	-	-	-	-
	1,004,803	112,500	9,056	85,991	26,415	-	-	1,238,765	112,500	-	-	9.1%	-	-
2012														
A Booth[7]	82,188	-	-	7,397	-	-	-	89,585	-	-	-	-	-	-
A Grech[1]	372,797	75,000[8]	8,786	20,930	10,604	-	-	488,117	75,000[8]	-	-	15.3%	-	-
I Court	48,050	-	-	24,150	-	-	-	72,200	-	-	-	-	-	-
K Fowlie[1]	165,669	-[6]	-	15,775	3,892	-	-	185,336	-[6]	-	-	-	-	-
E Lane	62,849	-	-	16,852	-	-	-	79,701	-	-	-	-	-	-
J Skippen	59,358	-	-	5,342	-	-	-	64,700	-	-	-	-	-	-
	790,911	75,000	8,786	90,446	14,496	-	-	979,639	75,000	-	-	7.7%	-	-

(1) These are also executives and would be included for the purposes of the Executives' Remuneration.
(2) R O'Donnell was appointed as a director on 7 March 2013.
(3) Salary/Fees includes salaries paid/payable and movements in annual leave provision.
(4) Cash bonuses represent the accrual for bonuses in respect of the relevant financial year. These amounts are expected to be paid in the subsequent financial year.
(5) Other long term benefits represent the net present value of long service leave earned for the year of service.
(6) K Fowlie is not eligible to receive a bonus.
(7) A Booth resigned as a director on 16 March 2012.
(8) A Grech was entitled to a bonus of $75,000 in respect to the 2012 financial year which was paid during the 2013 financial year.

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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Executives' remuneration:

2013		Short term			Post employment	Other long term benefits[3]	Share based payments	Other benefits	Total	Total performance related			Total performance related %		
	Position	Salary / Fees [1]	Cash Bonus [2]	Non-monetary	Super					Cash Bonus	Non-Monetary	Share based payments	Cash Bonus	Non-Monetary	Share based payments
		$	$	$	$	$	$	$	$	$	$	$	%	%	%
W Brown	Chief Financial Officer	312,546	37,500	19,582	15,863	18,446	20,898	40,666[4]	465,501	37,500	-	20,898	8.1%	-	4.5%
H Stephens	Chief Executive Officer - PI	357,245	50,000	14,558	16,470	5,778	-	-	444,051	50,000	-	-	11.3%	-	-
N Kinsella	Head of UK	382,025	-	-	-	-	-	-	382,025	-	-	-	-	-	-
C Evans	Chief Operating Officer - UK	396,764	100,000	-	16,470	2,964	-	195,897[5]	712,095	100,000	-	-	14.0%	-	-
		1,448,580	187,500	34,140	48,803	27,188	20,898	236,563	2,003,672	187,500	-	20,898	9.4%	-	1.0%
2012															
W Brown	Chief Financial Officer	232,113	20,000	19,501	15,775	7,290	18,675	52,226[4]	365,580	20,000	-	18,675	5.5%	-	5.1%
C Evans	General Manager – Client Experience	371,654	37,250	8,653	28,944	8,378	-	-	454,879	37,250	-	-	8.2%	-	-
J Gregory	General Manager – Personal Injuries Victoria	291,615	100,000	8,653	15,775	14,094	32,832	89,696[4]	552,665	100,000	-	32,832	18.1%	-	5.9%
J Higgins	General Manager – Commercial & Project Litigation	282,310	60,000	-	15,775	9,910	10,612	107,893[4]	486,500	60,000	-	10,612	12.3%	-	2.2%
H Stephens	General Manager – Personal Injuries North	334,639	-	-	15,775	6,711	-	80,000	437,125	-	-	-	-	-	-
		1,512,331	217,250	36,807	92,044	46,383	62,119	329,815	2,296,749	217,250	-	62,119	9.5%	-	2.7%

(1) Salary/Fees include salaries paid/payable and movements in annual leave provision.
(2) Cash bonuses represent the accrual for bonuses in respect of the relevant financial year. These amounts are expected to be paid in the subsequent financial year.
(3) Other long term benefits represent the net present value of long service leave earned for the year of service.
(4) Includes notional benefit on interest-free VCR share loan calculated at a commercial interest rate.
(5) Includes living away from home allowance.

With effect from 1 July 2012 and due to a consolidation of reporting accountabilities,

- Janine Gregory and James Higgins ceased to meet the definition of "Key Management Personnel" and
- Neil Kinsella meets the definition of "Key Management Personnel"

There are no other non-director executives.

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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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 Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

John Skippen
Chair

Andrew Grech
Managing Director

Melbourne
17 September 2013

PITCHER PARTNERS

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES

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

In relation to the independent audit for the year ended 30 June 2013, 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.

M W PRINGLE
Partner

17 September 2013

PITCHER PARTNERS
Melbourne

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Revenue			
Fee revenue	**4**	292,696	213,812
Other revenue	**4**	4,880	3,892
Total revenue		**297,576**	**217,704**
Less Expenses			
Salaries and employee benefit expenses		(145,132)	(110,112)
Rental expenses		(14,095)	(11,768)
Advertising and marketing expenses		(23,775)	(12,345)
Administration and office expenses		(25,017)	(19,293)
Consultant fees		(2,580)	(1,818)
Finance costs	**5**	(7,653)	(6,847)
Bad and doubtful debts	**5**	(4,511)	(8,172)
Depreciation and amortisation expenses	**5**	(4,973)	(3,684)
Costs associated with acquisitions		(282)	(1,414)
Other expenses		(8,194)	(5,757)
Profit before income tax expense		**61,364**	**36,494**
Income tax expense	**6**	(19,454)	(11,502)
Profit for the year		**41,910**	**24,992**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	**19(b)**	4,519	(332)
Changes in fair value of cash flow hedges, net of tax	**19(a)**	191	(419)
Total items that may be reclassified subsequently to profit or loss		**4,710**	**(751)**
Other comprehensive income for the year, net of tax		**4,710**	**(751)**
Total comprehensive income for the year		**46,620**	**24,241**
Profit for the year attributed to:			
Owners of the Company	**20(a)**	41,875	24,983
Non-controlling interests	**21(a)**	35	9
		41,910	**24,992**
Total comprehensive income for the year attributed to:			
Owners of the Company		46,581	24,232
Non-controlling interests		39	9
		46,620	**24,241**
Basic earnings per share (cents)	**24**	24.2 cents	16.2 cents
Diluted earnings per share (cents)	**24**	23.6 cents	15.7 cents

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Current assets			
Cash and cash equivalents	**8**	20,007	4,373
Receivables	**9**	131,286	127,948
Work in progress	**10**	298,978	244,898
Current tax asset	**6**	-	395
Other current assets	**11**	9,548	7,435
Total current assets		**459,819**	**385,049**
Non-current assets			
Plant and equipment	**12**	12,219	14,596
Work in progress	**10**	2,337	1,937
Intangible assets	**13**	108,296	102,691
Other non-current assets	**14**	16,108	15,426
Total non-current assets		**138,960**	**134,650**
Total assets		**598,779**	**519,699**
Current liabilities			
Payables	**15**	91,910	81,326
Short term borrowings	**16**	20,103	12,484
Current tax liabilities	**6**	3,941	659
Provisions	**17**	13,818	12,031
Total current liabilities		**129,772**	**106,500**
Non-current liabilities			
Payables	**15**	6,238	9,762
Long term borrowings	**16**	32,032	96,092
Deferred tax liabilities	**6**	77,718	60,723
Derivative financial instruments		656	948
Provisions	**17**	2,842	2,368
Total non-current liabilities		**119,486**	**169,893**
Total liabilities		**249,258**	**276,393**
Net assets		**349,521**	**243,306**
Equity			
Contributed equity	**18**	212,373	142,181
Reserves	**19**	3,710	(996)
Retained profits	**20**	133,278	102,050
Total equity attributable to equity holders in the Company		**349,361**	**243,235**
Non-controlling interest	**21**	160	71
Total equity		**349,521**	**243,306**

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

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

2013:	Note	Contributed Equity	Retained Earnings	Hedging Reserve	Translation Reserve	Total	Non-controlling interest	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 30 June 2012		**142,181**	**102,050**	**(664)**	**(332)**	**243,235**	**71**	**243,306**
Net Profit after tax for the year		-	41,875	-	-	41,875	35	41,910
Total other comprehensive income for the year	**19,21(a)**	-	-	191	4,515	4,706	4	4,710
Total comprehensive income for the year		**-**	**41,875**	**191**	**4,515**	**46,581**	**39**	**46,620**
Transactions with owners in their capacity as owners								
Ordinary and VCR shares issued (net)	**18,21(a)**	72,253	-	-	-	72,253	50	72,303
Share buy-back	**18**	(615)	-	-	-	(615)	-	(615)
Dividends paid	**7**	**-**	(10,647)	-	-	(10,647)	-	(10,647)
Costs of equity raising	**18**	(1,446)	-	-	-	(1,446)	-	(1,446)
Total transactions with owners in their capacity as owners		**70,192**	**(10,647)**	**-**	**-**	**59,545**	**50**	**59,595**
Balance as at 30 June 2013		**212,373**	**133,278**	**(473)**	**4,183**	**349,361**	**160**	**349,521**

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

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

2012:	Note	Contributed Equity $'000	Retained Earnings $'000	Hedging Reserve $'000	Translation Reserve $'000	Total $'000	Non-controlling interest $'000	Total Equity $'000
Balance as at 30 June 2011		**109,809**	**85,853**	**(245)**	**-**	**195,417**	**-**	**195,417**
Net Profit after tax for the year		-	24,983	-	-	24,983	9	24,992
Total other comprehensive income for the year	**19**	-	-	(419)	(332)	(751)	-	(751)
Total comprehensive income for the year		**-**	**24,983**	**(419)**	**(332)**	**24,232**	**9**	**24,241**
Transactions with owners in their capacity as owners								
Ordinary and VCR shares issued (net)	**18**	33,459	-	-	-	33,459	-	33,459
Share buy-back	**18**	(1,042)	-	-	-	(1,042)	-	(1,042)
Dividends paid	**7**	-	(8,786)	-	-	(8,786)	-	(8,786)
Costs of equity raising	**18**	(45)	-	-	-	(45)	-	(45)
Acquisition of a controlled entity with non-controlling interests	**21(a)**	-	-	-	-	-	62	62
Total transactions with owners in their capacity as owners		**32,372**	**(8,786)**	**-**	**-**	**23,586**	**62**	**23,648**
Balance as at 30 June 2012		**142,181**	**102,050**	**(664)**	**(332)**	**243,235**	**71**	**243,306**

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

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Cash flow from operating activities			
Receipts from customers		322,439	202,929
Payments to suppliers and employees		(283,345)	(182,110)
Interest received	**4(a)**	281	357
Borrowing costs		(6,158)	(5,374)
Income tax (paid)/refunded	**6**	(537)	157
Net cash provided by operating activities	**22(b)**	**32,680**	**15,959**
Cash flow from investing activities			
Payment for software development		(1,253)	(778)
Payment for plant and equipment		(1,058)	(3,495)
Costs associated with acquisition of businesses		(282)	(1,414)
Payment for acquisition of businesses, net of cash in subsidiaries		(4,876)	(45,619)
Payment for acquisition of businesses - deferred consideration		(11,309)	(19,077)
Net cash used in investing activities		**(18,778)**	**(70,383)**
Cash flow from financing activities			
Proceeds from share issue	**18**	66,680	-
Proceeds from non-controlling interests	**21(a)**	50	62
Costs of raising equity		(2,066)	(45)
Proceeds from related parties and employees		4,337	6,008
Proceeds from borrowings		34,439	89,089
Repayment of borrowings		(91,835)	(32,068)
Dividends paid		(9,580)	(8,786)
Net cash provided by financing activities		**2,025**	**54,260**
Net increase/(decrease) in cash held		15,927	(164)
Effect of exchange rate fluctuations on cash held		132	80
Cash at beginning of financial year		3,948	4,032
Cash at end of financial year	**22(a)**	**20,007**	**3,948**

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

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: BASIS OF PREPARATION

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

The financial report covers Slater & Gordon Limited ("the Company") which is a company limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of the Company as at and for the year ended 30 June 2013 comprise the Company and its controlled entities referred to in Note 29, together referred to as ("the Group") and individually as ("Group Entities"). The financial report was authorised for issue by the directors as at the date of the Directors' Report.

The following is a summary of material accounting policies adopted by the Group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with IFRS

Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards ("IFRS").

Historical cost convention

The 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) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent has the power to control the financial and operating policies so as to obtain benefits from its activities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are fully consolidated from the date on which control is established. They are de-consolidated from the date that control ceases.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve with equity attributable to owners of the Company.

(c) Segment reporting

Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that is internally provided to the Managing Director, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Managing Director include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: BASIS OF PREPARATION (Continued)

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within finance costs except when they are deferred in equity as qualifying net investment hedges. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Group companies

The results and financial position of foreign subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement and statement of comprehensive income item are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated at the dates of the transactions), and;
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: BASIS OF PREPARATION (Continued)

(e) Revenue recognition

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services for project litigation

Where there is an enforceable contractual agreement and the outcome can be reliably measured:

- control of a right to be compensated for the services has been attained and the stage of completion can be reliably measured. Stage of completion is measured by reference to the time incurred to date as a percentage of the expected time for an outcome to be rendered in the case.

Where there is not an enforceable contractual agreement or the outcome cannot be reliably measured:

- revenue is recognised to the extent of costs incurred and only if the client is under obligation to pay the costs as part of the enforceable contractual agreement.

Interest revenue

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

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

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

(f) Income tax

Current income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements, and for unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit/loss.

Deferred tax liabilities and assets are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Current and deferred tax balances attributable to amounts recognised directly in equity, are also recognised directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Tax consolidation

The Company and its Australian domiciled subsidiaries have formed a tax consolidated group under the tax consolidation legislation. Trilby Misso Lawyers Limited ("TML"), Conveyancing Works (Qld) Pty Limited ("CWQ") and Slater & Gordon Lawyers NSW Pty Limited ("S&G NSW") formed part of the consolidated tax group throughout the financial year. As a consequence, the Company and its controlled entities which comprise the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Slater & Gordon Limited.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: BASIS OF PREPARATION (Continued)

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and short-term deposits with an original maturity of three months or less. Bank overdrafts are shown within short-term borrowings in current liabilities on the Consolidated Statement of Financial Position. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding banking overdrafts.

(h) Disbursements

Disbursements represent costs incurred during the course of a matter that are recovered from clients. A provision for non-recoverable disbursements is recognised to the extent that recovery of the outstanding receivable balance is considered less than likely. The provision is established based on the Group's history of amounts not recovered over the previous four years.

(i) Work in progress

Work in progress is carried at either cost or it may include profit recognised to date based on the value of work completed. The following are the methodologies adopted for each practice area in determining the value of work in progress:

Time recording valuation

For estate, probate, industrial law, commercial law and funded project litigation matters, time records and historical levels of fees billed are used in determining the value of work completed.

Value pricing and fixed fee valuation

Work in progress for practice areas, other than project litigation matters, that do not calculate the fees due by a client solely by reference to time records is recognised using the percentage of completion method when the stage of completion can be reasonably determined, and the fee per file and probability of success can be reliably estimated, making allowance for the “No Win, No Fee” conditional fee arrangements, under which the Personal Injury practice operates.

Project litigation

Work in progress on project litigation is recognised on self funded project litigation matters for which a favourable outcome is considered probable. For such projects, work in progress is initially valued at costs incurred less a discount for the likely recovery of those costs. Cost includes both variable and fixed costs directly related to cases and those that can be attributed to case activity and that can be allocated to specific projects on a reasonable basis. Where a project litigation matter has reached partial or full settlement and an enforceable agreement to recover the professional fees exists, work in progress is valued at the settled fee amount and discounted for percentage file completion, and the probability of the full fee being collected. Project litigation matters that are not expected to be realised within twelve months are classified as non current.

(j) Plant and equipment

Plant and equipment is measured at cost less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets’ employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amounts of all fixed assets are depreciated over their estimated useful lives, commencing from the time the asset is held ready for use.

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: BASIS OF PREPARATION (Continued)

The depreciation rates used for each class of assets are:

Class of fixed asset	*Depreciation rates*	*Depreciation method*
Plant and equipment	2.50 – 66.67%	Straight Line and Diminishing Value
Low value asset pool	18.75 – 37.50%	Diminishing Value

An asset's residual value and useful life is reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Consolidated Statement of Comprehensive Income.

(k) Leases

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease.

(l) Intangibles

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entity at the date of acquisition.

Goodwill is not amortised, but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Software development costs

Software development costs are carried at cost less accumulated amortisation and accumulated impairment losses. These assets have been assessed as having a finite useful life and once operating in the Group are amortised over the useful life of 7-8 years.

Trademarks

The fair value of trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trademark being owned.

The trademarks are not amortised, but tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Trademarks are carried at fair value at the date they are acquired less accumulated impairment losses.

Customer relationships

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. They are assessed as having a finite useful life and are amortised over their useful life of three years.

(m) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested at least annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

For the purposes of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: BASIS OF PREPARATION (Continued)

(n) Acquisition of assets

All assets acquired, including plant and equipment and intangibles, other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided.

(o) Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, and ancillary costs incurred in connection with the arrangement of borrowings.

(p) Provisions

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

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Consolidated Statement of Comprehensive Income net of any reimbursement.

(q) Employee benefits

Service benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance sheet date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These estimated future cash flows have been discounted using market yields, at the reporting date, on government bonds with matching terms to maturity.

Share-based payment transactions

The Group operates an Employee Ownership Plan ("EOP"). The EOP allows employees to purchase Vesting Convertible Redeemable ("VCR") shares in the Company by way of an interest-free loan. The loan has been recorded as a financial instrument as described in policy (s) below:

- The VCR shares vest over a specified period of time. At the time of vesting, VCR shares convert into ordinary shares with disposal restrictions. The terms and conditions of these shares are further described at Note 26.
- The value of the benefit received by an employee from issue of the VCR shares is assessed as the difference between the value of the VCR shares at the date of issue and the present value of the amount payable by the employee for purchase of the VCR shares. In accordance with AASB 2 Share Based Payment, the benefit is expensed on a proportional basis over the period from issue date to the date on which the employee becomes unconditionally entitled to the full benefit of ownership of the shares.

(r) Solicitor liability claims

Provision is made for the potential future cost of claims brought against the Group by former clients. The provision is determined by including the estimated maximum amount payable by the Group under its Professional Indemnity Insurance Policy on all claims notified by its insurer.

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: BASIS OF PREPARATION (Continued)

(s) Financial instruments

Loans and receivables

VCR share loans receivable are non-interest bearing, non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The loans are initially recognised based on fair value and are subsequently stated at amortised cost using the effective interest rate method. Refer to Note 26 for further details.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Non-interest bearing financial liabilities for deferred cash consideration on the acquisition of acquired firms is measured at amortised cost using the effective interest rate method. The implied interest expense is recognised in profit and loss.

Derivative financial instruments

The Group designates certain derivatives as either:

- hedges of fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedges)

The Group currently has cash flow hedges only, relating to interest rate risk management. At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions are documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flow hedged items, are also documented.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Consolidated Statement of Comprehensive Income, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Comprehensive Income.

Amounts accumulated in the hedge reserve in equity are transferred to the Consolidated Statement of Comprehensive Income in the periods when the hedged item will affect profit and loss.

The Group currently has cash flow hedges only, relating to interest rate risk management. It is the Group's policy to hedge a portion of its exposure in order to minimise the impact of an adverse change in interest rates that the Group is subject to.

(t) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office ("ATO"), and is therefore recognised as part of the asset's cost or as part of the expense item. Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Consolidated Statement of Financial Position.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: BASIS OF PREPARATION (Continued)

(u) Earnings per share

Basic earnings per share ("EPS") is calculated as net profit attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated as net profit attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

(v) Rounding 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 to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(w) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(x) New accounting standards and interpretations

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective and are detailed below. New accounting standards which may have an impact on the financial statements of the Group are detailed below:

- AASB 9 Financial Instruments
- AASB 10 Consolidated Financial Statements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

The directors' assessment of the impact of these standards and interpretations is set out below:

(i) AASB 9 *Financial Instruments,* AASB 2009‑11 *Amendments to Australian Accounting Standards arising from AASB 9,* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9* and *Transition Disclosure* (effective for financial years commencing on or after 1 January 2015)

AASB 9 *Financial Instruments* improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard may change the classification and measurement of financial assets however the directors have determined it will not have a material impact on the consolidated entity.

The consolidated entity does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the consolidated entity's accounting for financial liabilities.

The directors have decided not to early adopt AASB 9 at 30 June 2013.

(ii) AASB 10 *Consolidated Financial Statements* (effective for financial years commencing on or after 1 January 2013)

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation – Special Purpose Entities.* The standard fundamentally changes the way control is defined for the purpose of identifying those entities to be included in the consolidated financial statements. It focuses on the need to have power over the investee, rights or exposure to variable returns and ability to use the power to affect the amount of its returns.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: BASIS OF PREPARATION (Continued)

The directors have performed a detailed analysis of the new requirements and have determined AASB 10 will result in the inclusion of Andrew Grech T/A Slater & Gordon Limited into the consolidated group for the year ending 30 June 2014. If this entity had been included in the consolidated group as at 30 June 2013, the consolidated net profit after tax would have been $41,887,000 and the consolidated net assets would have been $350,117,000.

The directors have decided not to early adopt AASB 10 at 30 June 2013.

(iii) AASB 12 *Disclosure of Interests in Other Entities* (effective for financial years commencing on or after 1 January 2013)

AASB 12 sets new minimum disclosure requirements for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard will affect the type of information disclosed in relation to the consolidated entity's investments as the new standard requires extensive new disclosures regarding the nature of risk associated with the entity's interest in other entities and the effect of those interests on its financial position, financial performance and cash flows.

The directors have decided not to early adopt AASB 12 at 30 June 2013.

(iv) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective for financial years commencing on or after 1 January 2013)

AASB 13 introduces a fair value framework for all fair value measurements in the full suite of accounting standards. This standard explains how to measure fair value and aims to enhance fair value disclosures. The consolidated entity is currently assessing which, if any, of its current measurement techniques will have to change as a result of the new standard. It is not yet possible to provide a reliable estimate of the impact of these new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

The directors have decided not to early adopt AASB 13 at 30 June 2013.

(v) AASB 119 *Employee Benefits* (effective for financial years commencing on or after 1 January 2013)

AASB 119 introduces the requirement for an entity to recognise termination benefits when it can no longer withdraw that offer. The directors have determined this will not have a material impact on the consolidated entity.

The directors have decided not to early adopt AASB 119 at 30 June 2013.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes certain estimates and assumptions concerning the future, which by definition, will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(a) Estimated impairment of goodwill and indefinite life intangibles

Goodwill and indefinite life intangibles are allocated to cash generating units ("CGU's") according to applicable business operations. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. Refer to Note 13 for further detail.

(b) Income taxes

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Group 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) Work in progress

The following estimates and judgements are applied in valuing work in progress:

Time recording valuation

An estimate is made of the recoverability of time recorded on a file.

Value pricing and fixed fee valuation

An estimate is made of fees to be earned on a file with reference to internal and external (where available) historical and forecast fee levels. An estimate of the percentage of completion and probability of success is made with reference to internal and external (where available) information and experience, and having regard to where a file is in its life cycle.

Project Litigation

An estimate is made as to the likely recovery of costs incurred as at the reporting date in respect of each project.

(d) Financial instruments at fair value

The Group measures its interest rate swaps at fair value. These fair values are based on level 2 fair value measurements, as defined in the fair value hierarchy in AASB 7, with reference to market data which can be used to estimate future cash flows and discount them to present value. Management's aim is to use and source this data consistently from period to period. Whilst management believes the assumptions used are appropriate, a change of assumptions would impact the fair value calculations.

(e) Determination and fair value of intangibles in a business combination

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method (MEEM) whilst the fair value of trademarks acquired in a business combination is based on a relief from royalties approach. These methods require estimates by management of future income streams, applicable royalty rates and discount rates.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3: SEGMENT REPORTING

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 ("S&G")** - includes the parent company Slater & Gordon Limited and its subsidiaries Trilby Misso Lawyers Limited, Slater & Gordon Lawyers (NSW) Pty Limited and Conveyancing Works (Qld) Pty Limited. 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. There is limited recharge of ongoing management support to the other segment in the Group.

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

Segment assets are allocated to countries based on where the assets are located. During the year ending 30 June 2013 the Group changed the structure of its internal organisation causing the composition of its reporting segments to change. Corresponding items of segment information have been restated for the year ended 30 June 2012.

2013	**Australia**	**United Kingdom**	**Total**
	$'000	**$'000**	**$'000**
Total segment revenue	228,116	70,528	298,644
Inter-segment revenue	(1,068)	-	(1,068)
Revenue from external customers	**227,048**	**70,528**	**297,576**
Earnings before interest tax depreciation and amortisation	**58,150**	**14,454**	**72,604**
Interest revenue	1,356	30	1,386
Interest expense	(5,595)	(2,058)	(7,653)
Depreciation and amortisation	(3,344)	(1,629)	(4,973)
Net profit before income tax	**50,567**	**10,797**	**61,364**
Total segment assets	**528,775**	**131,985**	**660,760**
Inter-segment assets	(61,981)	-	(61,981)
Total assets per the balance sheet	**466,794**	**131,985**	**598,779**
Segment liabilities			
Total segment liabilities	**191,209**	**120,030**	**311,239**
Inter-segment liabilities	-	(61,981)	(61,981)
Total liabilities per the balance sheet	**191,209**	**58,049**	**249,258**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013
NOTE 3: SEGMENT REPORTING (Continued)

2012	**Australia**	**United Kingdom**	**Total**
	$'000	**$'000**	**$'000**
Total segment revenue	207,021	11,480	218,501
Inter-segment revenue	(797)	-	(797)
Revenue from external customers	**206,224**	**11,480**	**217,704**
Earnings before interest tax depreciation and amortisation	**44,299**	**1,376**	**45,675**
Interest revenue	1,347	3	1,350
Interest expense	(6,604)	(243)	(6,847)
Depreciation and amortisation	(3,340)	(344)	(3,684)
Net profit before income tax	**35,702**	**792**	**36,494**
Items included in segment net profit			
Write off of work in progress and disbursements on the Vioxx Proceedings	10,539	-	10,539
Total segment assets	**432,562**	**109,834**	**542,396**
Inter-segment assets	(22,697)	-	(22,697)
Total assets per the balance sheet	**409,865**	**109,834**	**519,699**
Segment liabilities			
Total segment liabilities	**195,341**	**103,749**	**299,090**
Inter-segment liabilities	-	(22,697)	(22,697)
Total liabilities per the balance sheet	**195,341**	**81,052**	**276,393**

SLATER & GORDON LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 4: REVENUE

	Note	2013 $'000	2012 $'000
Fee revenue			
Rendering of services		292,696	213,812
Other revenue			
Service and licence fee	**28**	1,128	840
Interest	**4(a)**	1,386	1,350
Other		2,366	1,702
		4,880	3,892
(a) Interest from			
Other persons		281	357
VCR share loans to employees		1,105	993
		1,386	1,350

NOTE 5: PROFIT FROM CONTINUING ACTIVITIES

	2013 $'000	2012 $'000
Finance costs expense		
Interest on bank overdraft and loans	5,573	5,398
Interest on deferred consideration payable to vendors on acquisitions	1,495	1,005
Interest on obligations under hire purchases	585	444
	7,653	6,847
Depreciation and amortisation of non-current assets		
Plant and equipment	3,623	2,336
Software development	919	848
Client lists	431	500
	4,973	3,684
Bad and doubtful debts	4,511	3,738
Share based payments expense	1,377	987
Write off work in progress and disbursements on the Vioxx Proceedings (includes bad and doubtful debts expense of $4,434,000)	-	10,539

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 6: INCOME TAX

	Note	2013	2012
		$'000	$'000
Income tax expense			
Current tax		3,189	500
Deferred tax		16,354	11,019
Adjustment for current tax of prior periods		(89)	(17)
		19,454	11,502
Income tax recognised in other comprehensive income			
Deferred tax (credit)/charge arising on cash flow hedges		(105)	180
Deferred tax charge arising on foreign exchange gain		964	-
		859	180
Income tax recognised directly in equity			
Deferred tax charge recognised directly in equity		620	19
		620	19
Deferred income tax expense included in income tax			
Decrease/(increase) in deferred tax assets		842	(5,033)
Deferred income tax relating to items charged to other comprehensive income		(105)	180
Deferred income tax relating to items charged directly to equity		620	19
Increase in deferred tax liabilities		16,153	15,839
Recoup prior year tax losses and over/under on prior year		89	-
Exchange differences		(294)	107
Net deferred taxes arising from business combinations		(951)	(93)
		16,354	11,019
The prima facie tax payable on profit differs from the			
Total profit before income tax expense		61,364	36,494
At the statutory income tax rate of 30% (2012: 30%)		18,409	10,948
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:			
- other non-allowable items		620	439
Other assessable items		964	-
		19,993	11,387
Adjustments in respect to prior periods		55	(17)
Difference in overseas tax rate		(648)	(160)
Deferred tax assets not recognised		54	292
Income tax expense		19,454	11,502
Net current tax (liability)/asset:			
Balance at the beginning of the year		(264)	391
Current income tax expense		(3,189)	(500)
Tax paid/(refunded)		537	(157)
Adjustments in respect to prior periods		(916)	(5)
Exchange differences		(109)	7
Balance at the end of the year		(3,941)	(264)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 6: INCOME TAX (Continued)

	Note	2013	2012
		$'000	**$'000**
Deferred tax assets			
Provision for impairment		1,307	2,867
Employee benefits		4,987	4,524
Provision for legal costs		169	290
Accruals		2,332	2,099
Non-deducted business related costs		708	364
Fair value of cash flow hedges		179	285
Unbilled acquired WIP and disbursements		795	1,886
Unrendered WIP and disbursements not yet deducted		1,681	838
Plant and equipment		509	-
Other		286	36
Revenue losses carried forward		6,026	5,937
Goodwill		5,701	6,396
		24,680	25,522
Deferred tax liabilities			
Prepayments		(709)	(929)
Work in progress		(83,708)	(69,036)
Unrendered disbursements		(14,609)	(14,989)
Intangibles		(1,066)	(1,066)
Plant and equipment		-	(70)
Other		(2,306)	(155)
		(102,398)	(86,245)
Balance after set off of deferred tax assets and (liabilities)		**(77,718)**	**(60,723)**

NOTE 7: DIVIDENDS

Dividends paid during the year

	2013	2012
Dividends on ordinary shares		
Interim franked dividend at the tax rate of 30% for 2013: 2.75 cents per share (2012: 2.5 cents per share)	4,681	3,793
Final franked dividend at the tax rate of 30% for 2012: 3.5 cents per share (2011: 3.3 cents per share)	5,966	4,993
Total dividends paid during the year	10,647	8,786

	2013	2012
Dividends proposed and not recognised as a liability		
Dividends on ordinary shares		
Final franked dividend at the tax rate of 30% for the year ended 30 June 2013: 3.85 cents per share (2012: 3.5 cents per share)	7,589	5,898
Franking credit balance		
Balance of franking account at year-end adjusted for franking credits arising from payment of provision for income tax and after deducting franking credits to be used in payment of proposed dividends:	(623)	1,383
Impact on franking account of dividend recommended by the directors since the year end but not recognised as a liability at year end:	3,252	2,528

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 8: CASH AND CASH EQUIVALENTS

	Note	2013 $'000	2012 $'000
Cash at bank	**22(a)**	20,007	4,373

NOTE 9: RECEIVABLES

	Note	2013 $'000	2012 $'000
Current			
Trade debtors		75,291	77,121
Impairment of trade debtors		(5,939)	(4,794)
		69,352	72,327
Disbursements		65,698	63,407
Impairment of disbursements		(5,333)	(9,614)
		60,365	53,793
Receivable from associate - Andrew Grech trading as Slater & Gordon Lawyers in South Australia	**28**	1,495	1,611
Other receivables		74	217
		131,286	127,948
Impairment of receivables			
Balance at beginning of the year		(14,408)	(7,873)
Receivables written off as uncollectible		4,557	1,487
Provision for impairment recognised		(1,421)	(8,022)
Balance at end of the year		(11,272)	(14,408)

NOTE 10: WORK IN PROGRESS

	2013 $'000	2012 $'000
Current		
Non-personal injury	7,300	8,471
Personal injury	288,888	233,576
Project litigation	2,790	2,851
	298,978	244,898
Non-current		
Project litigation	2,337	1,937

At 30 June 2012 the Group had recognised $33,791,000 as the provisional fair value of work in progress (WIP) with respect to the acquisition of RJW and its subsidiaries in the UK. The transaction was completed on 30 April 2012. The necessary fair valuation of consideration and net assets acquired has been finalised as at 30 June 2013 resulting in a $1,308,000 decrease in the fair value of WIP recognised on this transaction to $32,483,000. Comparative Statement of Financial Position balances as at 30 June 2012 have been restated to reflect the finalisation of provisionally determined fair values of assets and liabilities acquired in relation to this acquisition.

NOTE 11: OTHER ASSETS

	2013 $'000	2012 $'000
Current		
Prepayments	6,872	6,895
Other current assets	2,676	540
	9,548	7,435

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 12: PLANT AND EQUIPMENT

	Note	2013 $'000	2012 $'000
Plant and equipment at cost		29,877	30,585
Less accumulated depreciation		(18,198)	(16,541)
	12(a)	11,679	14,044
Low value asset pool at cost		1,618	1,396
Less accumulated depreciation		(1,078)	(844)
	12(b)	540	552
Total plant and equipment		12,219	14,596

Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year

(a) Plant and equipment

	2013	2012
Balance at the beginning of the year	14,044	8,981
Additions	825	3,115
Additions through acquisition of entities	-	4,146
Exchange differences	188	(159)
Depreciation expense	(3,378)	(2,039)
Carrying amount at end of year	11,679	14,044

(b) Low value asset pool

	2013	2012
Balance at the beginning of the year	552	438
Additions	233	380
Additions through acquisition of entities	-	31
Depreciation expense	(245)	(297)
Carrying amount at end of year	540	552

NOTE 13: INTANGIBLE ASSETS

	Note	2013	2012
Goodwill – at cost		93,504	88,123
Accumulated impairment loss		-	-
Net carrying amount	13(a)	93,504	88,123
Software development – at cost		8,144	6,371
Accumulated amortisation		(3,430)	(1,995)
Net carrying amount	13(b)	4,714	4,376
Trademarks – at cost		10,020	9,703
Accumulated impairment loss		-	-
Net carrying amount	13(c)	10,020	9,703
Customer relationships – at cost		1,397	1,397
Accumulated amortisation		(1,339)	(908)
Net carrying amount	13(d)	58	489
Total intangible assets		108,296	102,691

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13: INTANGIBLE ASSETS (Continued)

Movements in carrying amount

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

	Note	2013 $'000	2012 $'000
(a) Goodwill			
Opening net book amount		88,123	44,280
Additions in respect to current period acquisitions	**30**	2,403	44,222
Exchange differences		2,978	(379)
Impairment expense – goodwill		-	-
Closing net book value		93,504	88,123
(b) Software development			
Opening net book amount		4,376	4,331
Additions		1,253	778
Addition in respect to current period acquisitions		-	115
Exchange differences		4	-
Amortisation expense		(919)	(848)
Closing net book value		4,714	4,376
(c) Trademarks			
Opening net book amount		9,703	5,659
Additions in respect to current period acquisitions		-	4,100
Exchange differences		317	(56)
Closing net book value		10,020	9,703
(d) Customer relationships			
Opening net book amount		489	989
Amortisation expense		(431)	(500)
Closing net book value		58	489

Goodwill and indefinite life intangibles acquired through business combinations have been allocated to individual cash generating units ("CGUs") for the purposes of impairment testing being the operations in the states of New South Wales, Queensland (excluding TML), Victoria, Tasmania, Western Australia, the Australian Capital Territory and the operations of TML. In addition, the operating segment of the UK is considered to be an individual CGU.

The recoverable amount of goodwill and indefinite life intangibles allocated to each of the CGUs has been determined based on a value in use calculation as required by AASB 136 Impairment of Assets. This uses financial budgets and cash flow projections approved by senior management covering a five year period.

The value in use is compared to the net carrying amount of the CGU. If the calculated value in use exceeds the net carrying amount, no impairment loss is recorded.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13: INTANGIBLE ASSETS (Continued)

	CGU							
	NSW	QLD	VIC	WA	ACT	TML	TAS	UK[1]
2013								
Goodwill recognised ($'000)	24,414	11,255	5,648	684	226	12,102	376	38,799
Indefinite life intangibles ($'000)	-	-	-	-	-	5,659	-	4,361

The assumptions used by management in determining the value in use for all CGU's include:

Growth in fees (real)	5.0%
Weighted average cost of capital (Australia)	10.2%
Weighted average cost of capital (UK)	9.4%
Terminal value growth rate (nominal)	3.0%

	NSW	QLD	VIC	WA	ACT	TML	TAS	UK[1]
2012								
Goodwill recognised ($'000)	24,414	11,255	4,824	684	226	12,102	-	34,618
Indefinite life intangibles ($'000)	-	-	-	-	-	5,659	-	4,044

The assumptions used by management in determining the value in use for all CGU's include:

Growth in fees (real)	5.0%
Weighted average cost of capital (Australia)	10.5%
Terminal value growth rate (nominal)	5.0%

A reasonable change in the assumptions would not result in an impairment of the goodwill or indefinite life intangibles.

[1] At 30 June 2012 the Group had recognised $43,075,000 as provisional goodwill with respect to the acquisition of RJW and its subsidiaries in the UK. The transaction was completed on 30 April 2012. The necessary fair valuation of consideration and net assets acquired has been finalised as at 30 June 2013 resulting in an $8,457,000 decrease in the goodwill recognised on this transaction to $34,618,000. Comparative Statement of Financial Position balances as at 30 June 2012 have been restated to reflect the finalisation of provisionally determined fair values of assets and liabilities acquired in relation to this acquisition.

NOTE 14: OTHER NON-CURRENT ASSETS

	Note	2013 $'000	2012 $'000
VCR loans to employees	**26**	16,108	15,426
		16,108	15,426

NOTE 15: PAYABLES

	2013 $'000	2012 $'000
Current		
Unsecured liabilities		
Trade creditors	4,072	3,467
Legal creditors and accruals	76,707	65,805
Vendor liabilities – acquisitions	11,131	12,054
	91,910	81,326
Non-current		
Unsecured liabilities		
Vendor liabilities – acquisitions	6,238	9,762

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16: BORROWINGS

	Note	2013	2012
Current		**$'000**	**$'000**
Secured			
Bank overdraft	**22(a)**	-	425
Cash advances	**31**	17,379	9,073
Hire purchase liability		2,724	2,986
		20,103	12,484
Non-current			
Secured			
Cash advances	**31**	26,885	89,361
Hire purchase liability		5,147	6,731
		32,032	96,092

(a) Terms and conditions relating to the above financial instruments:

The bank overdraft and cash advance facility are part of a syndicated facility provided by Westpac Banking Corporation ("Westpac") and National Australia Bank ("NAB"). They are secured by a fixed and floating charge over the assets and uncalled capital of the Company.

Interest on the bank overdraft is charged at BBSY plus an agreed margin.

(b) A portion of the bills of exchange are the subject of an interest rate swap to hedge the risk of an adverse interest rate movement Note 31 (iv).

NOTE 17: PROVISIONS

	2013	2012
Current		
Employee benefits	13,333	11,546
Solicitor liability claims	485	485
	13,818	12,031
Non-current		
Employee benefits	2,842	2,368
(a) Aggregate employee benefits liability	16,175	13,914
(b) Number of employees at year end	1,727	1,648

NOTE 18: CONTRIBUTED EQUITY

	Note	2013 Shares	2013 $'000	2012 Shares	2012 $'000
Ordinary shares fully paid	**18(a)**	196,809,265	206,506	168,536,445	137,099
VCR shares	**18(b)**	5,111,334	5,867	4,819,998	5,082
Balance at end of the year		201,920,599	212,373	173,356,443	142,181
(a) Movement in ordinary share capital					
Balance at the beginning of the year		**168,536,445**	**137,099**	**149,178,605**	**103,994**
Shares issued as consideration for acquisitions:					
- 28 November 2011		-	-	424,442	764
- 1 May 2012		-	-	16,681,138	28,691
- 4 May 2012		-	-	187,500	338
- 29 November 2012		92,106	175	-	-
		92,106	175	17,293,080	29,793

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 18: CONTRIBUTED EQUITY (Continued)

	2013 Shares	2013 $'000	2012 Shares	2012 $'000
Conversion of vested VCR shares to ordinary share capital:				
- 31 August 2011	-	-	2,129,046	3,389
- 24 September 2012	1,908,664	3,431	-	-
	1,908,664	3,431	2,129,046	3,389
Share capital issued by share placement & SSP:				
- 13 May 2013	23,113,186	58,939	-	-
- 18 June 2013	3,035,357	7,741	-	-
	26,148,543	66,680	-	-
Share capital issued under dividend reinvestment plan:				
- 29 April 2013	423,507	1,067	-	-
	423,507	1,067	-	-
Employee share scheme buy-back:				
- 29 June 2012	-	-	(64,286)	(41)
- 27 June 2013	(300,000)	(507)	-	-
	(300,000)	(507)	(64,286)	(41)
Less capital raising costs, net of tax	-	(1,439)	-	(36)
Balance at end of the year	**196,809,265**	**206,506**	**168,536,445**	**137,099**

	2013 Shares	2013 $'000	2012 Shares	2012 $'000
(b) Movement in VCR share capital				
Balance at the beginning of the year	**4,819,998**	**5,082**	**5,569,044**	**5,815**
Conversion of vested VCR shares to ordinary shares:				
- 31 August 2011	-	-	(2,129,046)	(3,389)
- 24 September 2012	(1,908,664)	(3,431)	-	-
	(1,908,664)	(3,431)	(2,129,046)	(3,389)
Share capital issued under Employee Ownership Plan:				
- 30 December 2011	-	-	2,390,000	2,679
- 20 December 2012	2,294,998	2,797	-	-
- 25 February 2013	130,002	161	-	-
	2,425,000	2,958	2,390,000	2,679
Employee share scheme buy-back:				
- 29 June 2012	-	-	(1,010,000)	(1,001)
- 27 June 2013	(225,000)	(108)	-	-
	(225,000)	(108)	(1,010,000)	(1,001)
Share based payments expense	-	1,377	-	987
Equity adjustment for extension of repayment terms	-	(4)	-	-
Less capital raising costs, net of tax	-	(7)	-	(9)
Balance at end of the year	**5,111,334**	**5,867**	**4,819,998**	**5,082**

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.

VCR shares

Please refer to Note 26 for detailed discussion on the rights attached to VCR shares.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19: RESERVES

	Note	2013	2012
		$'000	$'000
Cash flow hedging	19(a)	(473)	(664)
Foreign currency translation	19(b)	4,183	(332)
		3,710	(996)

Movements in carrying amount
Movement in the carrying amounts for each class of reserve between the beginning and the end of the current financial year.

(a) Cash flow hedging

Balance at the beginning of the year	(664)	(245)
Gain/(loss) recognised on interest rate hedge, net of tax	191	(419)
Balance at the end of the year	(473)	(664)

(b) Foreign currency translation

Balance at the beginning of the year	(332)	-
Currency translation differences arising during the year	4,519	(332)
Non-controlling interest share in translation reserve	(4)	-
Balance at the end of the year	4,183	(332)

Nature and purpose of other reserves

Cash flow hedging

The cash flow hedging reserve represents the cumulative net change in the fair value of cash flow hedging instruments related to hedge transactions that have not yet occurred, net of tax.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

NOTE 20: RETAINED PROFITS

Retained earnings	20(a)	133,278	102,050

(a) Retained earnings

Balance at the beginning of year		102,050	85,853
Net profit attributable to ordinary equity holders		41,875	24,983
Total available for appropriation		143,925	110,836
Dividends paid	7	(10,647)	(8,786)
Balance at end of year		133,278	102,050

NOTE 21: NON-CONTROLLING INTERESTS

Interest in:

Share capital		112	-
Reserves		4	62
Retained earnings		44	9
Balance at end of year	21(a)	160	71

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 21: NON-CONTROLLING INTERESTS (Continued)

	Note	2013	2012
		$'000	$'000
(a) Non-controlling interests			
Balance at the beginning of the year		71	-
Capital contributions from non-controlling interests		50	62
Non-controlling interest share in net profit after tax		35	9
Non-controlling interest share in translation reserve		4	-
Balance at the end of the year		160	71

NOTE 22: CASH FLOW INFORMATION

(a) Reconciliation of cash

For the purposes of the Consolidated 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 two months and net of bank overdrafts.

Cash at the end of the financial year as shown in the Statement of Consolidated Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2013	2012
Cash on hand	**8**	20,007	4,373
Bank overdraft	**16**	-	(425)
		20,007	3,948

(b) Reconciliation of cash flow from operations with profit after income tax

	Note	2013	2012
Profit after income tax		41,910	24,992
Non-cash flows in profit from ordinary activities			
Notional interest on VCR share loans	**4**	(1,105)	(993)
Depreciation and amortisation	**5**	4,973	3,684
Share based payments expenses	**5**	1,377	987
Costs associated with acquisition		282	1,414
Notional interest on deferred consideration	**5**	1,495	1,005
Foreign exchange revaluation reserve		3,870	-
Changes in assets and liabilities			
Increase in receivables		(7,739)	(1,815)
Increase in other assets		(1,813)	(234)
Increase in work in progress		(42,149)	(26,078)
Increase/(decrease) in payables		11,851	(384)
(Decrease)/increase in income tax payable		(1,934)	482
Increase in deferred taxes		20,233	11,263
Increase in provisions		1,429	1,636
Cash flows from operations		32,680	15,959

NOTE 23: COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Non-cancellable operating leases (including rental of office space) contracted but not capitalised in the consolidated financial statements:

	2013	2012
Within one year	16,965	14,184
One year or later and not later than five years	37,981	37,871
Greater than five years	10,959	17,163
	65,905	69,218

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23: COMMITMENTS AND CONTINGENCIES (Continued)

	2013 $'000	2012 $'000
Bank guarantees in respect of rental properties and acquisitions	8,271	7,955

Other commitments and contingencies

The Group has entered into agreements with third party disbursement funders, ASK Funding Limited and Equal Access Funding Proprietary Limited ("the Funders") to provide financial guarantees to the Funders with respect to disbursement funding borrowings to the Group's clients. The nature of these agreements 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. The total amount funded by the Funders to the Group's clients at 30 June 2013 is $8,579,653 (2012: $6,700,697). The maximum exposure of the Group at 30 June 2013 is $8,579,653 (2012: $6,700,697) if the individual client matters are not recovered from any other party.

During the financial year to 30 June 2012, ASK Funding Limited ceased funding new work and commenced a run off of its book.

NOTE 24: EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share

	2013	2012
Net profit after tax attributable to ordinary equity holders	41,875	24,983
Adjustments	-	-
Earnings used in calculating basic and diluted earnings per share	41,875	24,983
Weighted average number of ordinary shares used in calculating basic earnings per share ('000's)	172,796	154,014
Effect of dilutive securities:		
VCR shares ('000's)	4,598	4,991
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share ('000's)	177,394	159,005

VCR shares

VCR shares are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. Refer to Note 26 for a detailed explanation of VCR shares.

NOTE 25: KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

Directors:

John Skippen	Director – Non-Executive – Appointed Acting Chair from 16 March 2012 and Chair from 23 August 2012
Andrew Grech	Managing Director
Ian Court	Director – Non-Executive
Ken Fowlie	Executive Director and Head of Australia
Erica Lane	Director – Non-Executive
Rhonda O'Donnell	Director – Non-Executive – Appointed 7 March 2013
Anna Booth	Resigned as Non-Executive Director and Chair on 16 March 2012

Executives:

Wayne Brown	Chief Financial Officer
Neil Kinsella	Head of UK
Cath Evans	Chief Operating Officer - UK
Hayden Stephens	Chief Executive Officer – Personal Injuries

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 25: KEY MANAGEMENT PERSONNEL (Continued)

With effect from 1 July 2012 and due to a consolidation of reporting accountabilities,

- Janine Gregory and James Higgins ceased to meet the definition of "Key Management Personnel" and
- Neil Kinsella meets the definition of "Key Management Personnel".

(b) Shareholdings of Key Management Personnel

Shares held in Slater & Gordon Limited (number)

Net movement in share capital 2013

Key Management Personnel[(a)]	Ordinary shares balance at beginning of year	Ordinary shares acquired	Ordinary shares disposed	Ordinary shares balance at end of year
Andrew Grech	8,116,613	5,882	(3,000,000)	5,122,495
Ian Court	44,000	5,882	(20,000)	29,882
Ken Fowlie	6,086,221	-	(990,000)	5,096,221
Erica Lane	150,000	-	-	150,000
John Skippen	-	-	-	-
Rhonda O'Donnell	-	-	-	-
Wayne Brown	496,000	51,960	(214,286)	333,674
Neil Kinsella	1,011,639	-	(5,300)	1,006,339
Cath Evans	6,050,476	-	(1,640,000)	4,410,476
Hayden Stephens	5,205,115	-	(500,000)	4,705,115
Total	**27,160,064**	**63,724**	**(6,369,586)**	**20,854,202**

Key Management Personnel[(a)]	VCR shares balance at beginning of year	VCR shares issued	VCR shares vested as Ordinary shares 30 December 2012	VCR shares balance at end of year
Wayne Brown	50,000	-	(50,000)	-
Total	**50,000**	**-**	**(50,000)**	**-**

Net movement in share capital 2012

Key Management Personnel[(a)]	Ordinary shares balance at beginning of year	Ordinary shares acquired	Ordinary shares disposed	Ordinary shares balance at end of year
Andrew Grech	8,022,356	94,257	-	8,116,613
Ian Court	35,000	9,000	-	44,000
Ken Fowlie	6,086,221	-	-	6,086,221
Erica Lane	150,000	-	-	150,000
John Skippen	-	-	-	-
Wayne Brown	386,477	109,523	-	496,000
Cath Evans	6,050,476	-	-	6,050,476
Janine Gregory	692,858	50,000	(100,000)	642,858
James Higgins	2,000,000	607,118	(1,930,646)	676,472
Hayden Stephens	5,205,115	-	-	5,205,115
Total	**28,628,503**	**869,898**	**(2,030,646)**	**27,467,755**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 25: KEY MANAGEMENT PERSONNEL (Continued)

Key Management Personnel[a]	VCR shares balance at beginning of year	VCR shares issued	VCR shares vested as Ordinary shares 30 December 2011	VCR shares balance at end of year
Wayne Brown	159,523	-	(109,523)	50,000
Janine Gregory	100,000	225,000	(50,000)	275,000
Total	**259,523**	**225,000**	**(159,523)**	**325,000**

[a] Includes Key Management Personnel and their related entities/parties

(c) Balances to Key Management Personnel ("KMP")

Details of aggregates of balances with KMP are as follows:

Negative amounts represent a payable of the Group to KMP. Positive amounts represent a receivable due to the Company by KMP.

	Balance at beginning of year $	Balance at end of year $	Number in Group
2013	478,428	478,428	1
2012	2,939,009	1,125,678	3

Details of KMP with balances above $100,000 in the reporting period are as follows:

30 June 2013	Balance at beginning of year	Balance at end of year	Highest balance during the year
Wayne Brown	478,428	478,428	478,428

30 June 2012	Balance at beginning of year	Balance at end of year	Highest balance during the year
Wayne Brown	614,428	478,428	614,428
Janine Gregory	1,055,250	647,250	1,055,250
James Higgins	1,269,331	-	1,269,331

Terms and Conditions of balances to Key Management Personnel:

The balance at the end of the year due to the Company by Wayne Brown is pursuant to the EOP. The terms and conditions of which are disclosed in Note 26. Notional interest of $40,666 (2012: $52,226) for Wayne Brown was not charged on this loan balance. In the prior year, notional interest of $89,696 for Janine Gregory and $107,893 for James Higgins was not charged on these loan balances.

(d) Compensation by Category	2013 $'000	2012 $'000
Short-term employment benefits	2,797	2,641
Post employment benefits	135	182
Other long term employment benefits	54	61
Share based payments	21	62
Other benefits	236	330
	3,243	3,276

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 26: EMPLOYEE OWNERSHIP PLAN ("EOP")

The EOP provides employees of the Group with an opportunity to participate in the ownership of the Company.

Invitation and Eligibility

The Board has the authority to invite employees to participate in the EOP and subscribe for VCR shares. VCR shares are vesting, converting, and redeemable shares in the capital of the Company.

Plan

The EOP provides for the issue of VCR shares to participants in a number of tranches and for the Company to make a loan to participants equal to the total amount that is to be subscribed.

When making an offer to an employee to subscribe for VCR shares, the Board has the power to specify:

- The number of VCR shares which may be subscribed for by a particular employee;
- The issue price. The Board sets the issue price at the fair value of a share as at the date of the issue;
- The number of tranches into which the VCR shares will be divided and the vesting date for each tranche;
- The period for which an absolute restriction on disposal will apply (this period may not exceed 3 years from vesting);
- Any conditions to be placed on vesting;
- Any events which would result in the forfeiture of the VCR shares; and
- The period for which the Company will be able to buy back or require the forfeiture of the converted shares.

The EOP provides for a full recourse loan from the Company to the employee to facilitate the employee's subscription for VCR shares. The loan is secured by the VCR shares or the converted VCR shares. The offer made by the Board must specify the date by which the loan must be repaid.

Vesting, redemptions and conversion

VCR shares do not carry rights to participate in issues by the Company or to receive any dividends paid by the Company and cannot be transferred or otherwise disposed of without the prior written consent of the Board. VCR shares will not confer a right to notices of general meetings, a right to attend or speak at general meetings, nor a right to vote at general meetings except as may be required by law.

Vesting conditions are set by the Board and relate to the performance of the participant and the performance of the Company. Cessation of employment with the Group results in the forfeiture of that participant's VCR shares. The Board has the power to specify other forfeiture events.

Where vesting conditions are not met or a forfeiture event occurs, the Company has the power to redeem the relevant tranche (or tranches) of VCR shares for an amount equal to the relevant proportion of the subscribed amount (this amount may be offset against any loan made to the participant).

If all vesting conditions are satisfied, and no forfeiture event has occurred, each tranche of VCR shares vests, and then automatically converts to ordinary shares on a one for one basis, on the relevant vesting date.

After conversion

After conversion the shares rank in all respects pari passu with all other shares on issue. However those shares will be subject to disposal restrictions.

If the participant ceases employment with the Group, their converted VCR shares can be forfeited or bought back by the Company and set off against any outstanding loan. The participant may be deemed liable for any shortfall between the value of the shares forfeited or brought back by the Company and the loan amount.

At the cessation of the Buyback Period, each participant is required to enter into a Binding Commitment with the Company in respect of their converted VCR shares. Under the Binding Commitment the participants in the EOP will be under the following restrictions:

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NOTE 26: EMPLOYEE OWNERSHIP PLAN ("EOP") (Continued)

They will be required to maintain a minimum level of shareholding for as long as they remain an employee of the Group. The minimum holding is calculated based on the lower of 5 times the:

- employee's annual salary and 20% of the aggregate VCR shares issued to that employee which have vested and been converted to ordinary shares.
- If they cease to be employed by the Group, they may forfeit or be required to dispose of some or all of their shares upon such termination. The ramifications of a departure from employment are linked to the circumstances surrounding that departure.

Transfer

VCR shares may not be transferred. During the Buyback Period, converted VCR shares may not be transferred; however, an exception applies for a takeover or scheme of arrangement relating to the Company that meets certain conditions set out in the EOP.

Profile of vesting, conversion and redemption of VCR shares to ordinary shares

The profile of the vesting of VCR shares into ordinary shares, conversion into ordinary shares (subject to disposal restrictions) or scheduled for redemption as VCR shares based on the shares issued under the EOP as at 30 June 2013:

	Vested ’000	1 year or less ’000	1 to 5 years ’000	More than 5 years ’000	Total ’000
VCR shares which have (or may) vest as ordinary shares	11,857	3,942	2,970	-	18,769
VCR shares which may convert to ordinary shares but are subject to disposal restrictions	6,079	1,668	11,086	-	18,833

Recognition in the Accounts

The VCR Share loan receivable is initially recognised at its fair value and is ascertained with reference to the effective interest method under AASB 139 Financial Instruments: Recognition and Measurement. The profit and loss impact is taken as the difference between the expected repayment period and the expected present value of the loan amount at the reporting date and is recognised as interest income.

The key assumptions used in the present value calculation are:

Date VCR shares issued	19 February 2008	17 November 2008	21 December 2009	22 February 2011	31 December 2011	20 December 2012 & 25 February 2013
Shares issued	2,625,000	3,721,427	2,880,000	1,830,000	2,390,000	2,425,000
Issue price	$1.75	$1.31	$1.63	$2.05	$1.79	$1.95
Effective interest rate	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Final repayment date	1 July 2011 to 1 July 2014	1 July 2012 to 1 July 2014	1 July 2013 to 1 July 2015	1 July 2014 to 1 July 2016	1 July 2015 to 1 July 2017	1 July 2016 to 1 July 2018

The interest income recognised on VCR Share loans to employees has been disclosed in Note 4.

The benefit provided to the employee is required to be recognised in the accounts under AASB2 Share-based Payments. The benefit is assessed as the difference between the fair value of the VCR shares at the issue date and the present value discounted over the vesting period. The benefit is expensed with reference to the effective interest rate method over the vesting period.

The share based payments expense has been disclosed in Note 5.

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NOTE 27: AUDITOR'S REMUNERATION

	2013 $'000	2012 $'000
Amounts received or due and receivable by Pitcher Partners:		
An audit of the financial report of the Group and review of statutory accounts	229	205
The half year review of the financial report of the Group	94	81
Other assurance services	17	-
Due diligence investigations	28	170
IT review	29	-
	397	456
Amounts received or due and receivable by network firms of Pitcher Partners:		
An audit of the financial report of the Group and review of statutory accounts	69	54
Due diligence investigations	-	365
	69	419
Total auditors remuneration	466	875

NOTE 28: RELATED PARTY DISCLOSURES

The following provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Transactions with Key Management Personnel ("KMP") of the entity or its parent and their personally-related entities

- As outlined in the replacement Prospectus ("the Prospectus") dated 13 April 2007 the South Australian practice is operated by Andrew Grech as a sole practitioner trading as Slater & Gordon Lawyers under a Service and Licence Agreement between Andrew Grech and the Company. In 2013 the Service and Licence Fee totalled $1,128,000 (2012: $840,000);

The shareholdings of related parties are disclosed in Note 25 and remuneration of KMP are disclosed in the Directors' Report.

Outstanding receivables, if any, between related parties are disclosed in Note 9. Outstanding payables, if any, are disclosed in Note 15.

NOTE 29: GROUP ENTITIES

	Country of incorporation	2013 Ownership Interest (%)	2012 Ownership Interest (%)
Controlled entities			
Trilby Misso Lawyers Limited	Australia	100	100
Slater & Gordon Lawyers NSW Pty Limited	Australia	100	100
Conveyancing Works (Qld) Pty Limited	Australia	100	100
Slater & Gordon (UK) 1 Limited	United Kingdom	100	100
New Claims Direct Limited	United Kingdom	100	100
4 Legal Limited	United Kingdom	100	100
4 Legal Solutions Limited	United Kingdom	100	100
Slater & Gordon (UK) LLP	United Kingdom	100	100

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 30: BUSINESS COMBINATIONS

2013

Acquisition of business – Hilliard & Associates ("Hilliards")

On 9 August 2012, the Group acquired the business of Hilliards, a personal injuries law firm based in Hobart, Tasmania, for a total consideration of $1,286,000. Included in this amount was goodwill of $376,000

Acquisition of businesses – JSP Solicitors and Marrons Solicitors ("JSP" and "Marrons")

On 25 January 2013 and 24 May 2013, the Group acquired the businesses of JSP and Marrons respectively, two personal injury law firms based in the UK, for a total consideration of GBP 2,320,000. Included in this amount was goodwill of GBP 726,000.

Acquisition of business – Clark Toop & Taylor ("CTT")

On 26 March 2013, the Group acquired CTT, a personal injuries law firm based in Melbourne, Victoria, for a total consideration of $8,500,000. Included in this amount was goodwill of $823,895.

2012

Finalisation of accounting for acquisition of legal practice - Russell Jones & Walker ("RJW")

On 30 April 2012, the Group entered into a partnership, Slater & Gordon (UK) LLP (of which the Group owns 100% of capital rights). This partnership acquired certain assets and liabilities of RJW, a leading provider of legal services in the UK. The Group also acquired RJW's subsidiary companies New Claims Direct Limited, 4 Legal Limited and 4 Legal Solutions Limited.

The strategic rationale for this business combination is to:

- deliver geographic expansion and diversification in a market 4 to 5 times that of Australia's with a similar legal jurisdiction;
- provide a new platform for growth beyond the current 2015 horizon with strong organic growth expected to continue;
- provide a first mover opportunity to Slater & Gordon under the recent UK legal regulatory change and to capitalise on the Company's experience as the world's first listed law firm; and
- enter the UK market via a well aligned, established and investment ready partner.

The initial accounting for the acquisition had been provisionally determined at the date of signing the 30 June 2012 financial statements. The necessary fair valuation of consideration and net assets acquired have now been finalised and are reflected in the amounts detailed below. This revaluation has resulted in a $8,457,000 decrease in the goodwill recognised on this transaction. Comparative Statement of Financial Position balances as at 30 June 2012 have been restated to reflect the finalisation of provisionally determined fair values of assets and liabilities acquired in relation to this acquisition.

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

	$'000
Consideration	
Cash	40,953
Equity issued (16,681,138 shares at $1.72 per share on 1 May 2012)	28,692
Fair value of deferred consideration (cash)	12,847
Net present value of total consideration	**82,492**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 30: BUSINESS COMBINATIONS (Continued)

Net assets acquired	**Fair Value**
Assets	
- Cash and cash equivalents	39
- Trade and other receivables	32,588
- Work in progress	32,483
- Plant and equipment	4,025
- Intangible assets	4,213
Total assets acquired	73,348
Liabilities	
- Payables	22,390
- Provisions	765
- Borrowings	2,698
Total liabilities acquired	25,853
Net assets acquired	47,495
Goodwill on acquisition	**34,997**

All goodwill arising in relation to this acquisition is tax deductible.

The key items that gave rise to the goodwill above are:

- the existing business which will be used as a platform for geographic expansion and diversification in a market 4 to 5 times that of Australia's with a similar legal jurisdiction;
- the platform for growth beyond the current 2015 horizon with strong organic growth expected to continue.

Since the acquisition date, RJW contributed a profit after tax of $480,000 in year ended 30 June 2012, which is included within the consolidated profit. Had the combination been effected at 1 July 2011, net profit after tax for the consolidated entity would have been $31,513,000 and revenue would have been $278,064,000. The directors of the Group consider these numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Contingent Consideration

The Group has agreed to pay cash consideration of up to GBP 2,780,000 subject to an agreed aggregate revenue target being met during the year ending 30 June 2013. This payment represents a net present fair value of GBP 2,351,808 ($3,560,637) at the date of acquisition. Notional interest of GBP 222,953 has been recognised on this contingent consideration in the current year (2012: GBP 37,261). Deferred consideration payments totalling GBP 6,000,000 were paid during the current year.

Acquisition-related costs for this purchase amounting to $997,000 have been excluded from the total consideration and have been recognised as an expense in the period ended 30 June 2012, within the 'costs associated with acquisitions' line item in the Statement of Comprehensive Income.

Accounting for acquisition of subsidiary – Conveyancing Works (Queensland) Pty Ltd ("CWQ")

On 25 November 2011, the Company acquired a 100% shareholding in CWQ, the leading provider of conveyancing services in Queensland.

The strategic rationale for this business combination is to:

- continue to diversify outside the personal injury legal market;
- underpin strategic growth for the domestic conveyancing practice in Queensland; and
- provide a platform for further expansion of the conveyancing practice into New South Wales, Victoria and Western Australia.

The initial accounting for the acquisition had been provisionally determined at the date of signing the 30 June 2012 financial statements. The necessary fair valuation of consideration and net assets acquired have now been finalised and are reflected in the amounts detailed below. This revaluation has resulted in no increase or decrease in the goodwill recognised on this transaction.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 30: BUSINESS COMBINATIONS (Continued)

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

	$'000
Consideration	
Cash	2,679
Equity issued (424,442 shares at $1.80 per share on 28 November 2011)	764
Fair value of deferred contingent consideration (cash)	4,487
Net present value of total consideration	**7,930**
Net assets acquired	**Fair Value**
Assets	
- Trade and other receivables	226
- Work in progress	840
- Plant and equipment	151
- Deferred taxation	65
- Other	333
Total assets acquired	1,615
Liabilities	
- Short term borrowings	258
- Payables	832
- Provisions	227
Total liabilities acquired	1,317
Net assets acquired	298
Goodwill on acquisition	**7,632**

No goodwill arising in relation to this acquisition is tax deductible.

The key items that gave rise to the goodwill above are:

- the platform for further expansion of the conveyancing practice into New South Wales, Victoria and Western Australia; and
- the existing business to underpin strategic growth for the domestic Conveyancing practice in Queensland.

Since the acquisition date, CWQ contributed a loss after tax of $468,000 in year ended 30 June 2012, which is included within the consolidated profit. This profit contribution includes set up costs incurred in relation to the rollout of the business nationally. Had the combination been effected at 1 July 2011, net profit after tax for the consolidated entity would have been $24,895,000 and revenue would have been $222,078,000. The directors of the Group consider these numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Acquisition-related costs for this purchase amounting to $149,000 have been excluded from the total consideration and have been recognised as an expense in the period ended 30 June 2012, within the 'costs associated with acquisitions' line item in the Statement of Comprehensive Income.

Contingent Consideration

The Group had agreed to pay cash consideration of up to $1,500,000 subject to an agreed target EBIT excluding movement in WIP being met over calendar years 2012 and 2013. A review of the actual EBIT during this period resulted in an adjustment to the cash consideration payable to $1,313,918. $500,000 of this was paid during 2013 with the balance to be paid in two instalments during the 2014 financial year. The Group has also agreed to pay additional cash consideration for file growth in the Group's conveyancing business outside CWQ's current operations to 30 June 2016. The total of the contingent consideration is not to exceed $5,000,000. These payments represent a fair value of $3,957,000 at the date of acquisition. Notional interest of $426,955 has been recognised on this contingent consideration in the current year (2012: $278,445).

Acquisition of business – Bussoletti Lawyers

On 17 February 2012, the Group acquired the business of Bussoletti Lawyers, a personal injuries law firm based in Wollongong, New South Wales, for a total consideration of $1,887,000. Included in this amount was goodwill of $1,345,000.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 30: BUSINESS COMBINATIONS (Continued)

Acquisition of business – David Nagle

On 15 December 2011, the Group acquired the business of David Nagle Lawyers, a personal injuries law firm based in Wollongong, New South Wales, for a total consideration of $575,000. Included in this amount was goodwill of $248,000.

NOTE 31: FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks comprising:

(i) Credit risk
(ii) Liquidity risk
(iii) Fair values
(iv) Interest rate risk
(v) Foreign exchange risk

(i) Credit risk exposures

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main exposure to credit risk in the Group is represented by the receivables (debtors and disbursements) owing to the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance sheet date of recognised financial assets is the carrying amount of those assets, net of any provisions against those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

Concentrations of credit risk

The Group's real credit risk is associated with the management of work in progress, particularly when client matters are undertaken on a "no win no fee" basis. To mitigate this risk, the Group has strong screening processes for new client enquiries and then further review by experienced lawyers who are assigned to new client matters. The Group minimises the concentration of this credit risk by undertaking transactions with a large number of clients.

There is also credit risk associated with unrendered disbursements and trade receivables. Once client matters are billed, a significant portion of receivables related to the personal injuries business are considered low risk. This is because these receivables are collected directly from settlements paid by insurers into trust funds held on behalf of the Group's clients. As at 30 June 2013, approximately 77% of trade receivables relate to the personal injuries business.

For the non-personal injuries business, the Group is exposed to the credit risk associated with the client's ability to meet their obligations under the fee and retainer agreement. The Group minimises the concentration of this credit risk by undertaking transactions with a large number of clients.

Management of credit risk

The Group actively manages its credit risk by:

- Assessing the capability of a client to meet its obligations under the fee and retainer agreement;
- Periodically reviewing the reasons for bad debt write offs in order to improve the future decision making process;
- Maintaining an adequate provision against the future recovery of debtors and disbursements;
- Including in each practitioner's Key Performance Indicators ("KPI's") measurements in respect of both debtor levels, recovery and investment in disbursements;
- Providing ongoing training to staff in the management of their personal and practice group debtor portfolios; and
- Where necessary, pursuing the recovery of debts owed to the Group through external mercantile agents and the courts.

(ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 31: FINANCIAL RISK MANAGMENT (Continued)

Management of liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. Refer to the Statement of Cash Flows and Note 22: Cash Flow Information, for further information on the historical cash flows and the current borrowing facilities below.

The Group actively reviews its funding position to ensure the available facilities are adequate to meet its current and anticipated needs.

	2013 $'000	2012 $'000
Total banking facility		
Banking overdrafts	5,000	5,000
Cash advance facility	134,316	138,931
Other sundry facilities	10,210	10,210
Total credit facility	149,526	154,141
Amount utilised	(58,754)	(105,680)
Unused bank facility	90,772	48,461

Banking Overdrafts

Bank overdraft facilities are arranged with Westpac with the general terms and conditions being set and agreed to annually. The current facility is $5,000,000 (2012: $5,000,000). Interest rates are variable and subject to adjustment.

Cash Advance & Equipment Finance Facility

The Group has a syndicated bank facility originally in the amount of AUD $108,000,000 and GBP 39,000,000, with a maturity date of 27 April 2015, allocated as follows:

- an AUD $24,000,000 term loan facility and two revolving interest only facilities totalling AUD $58,000,000. These loans mature on 27 April 2015 and interest is charged on the loans at BBSY plus an agreed margin;
- a GBP 39,000,000 term loan facility. This loan matures on 27 April 2015 and interest is charged on the loan at LIBOR plus an agreed margin; and
- bilateral facilities totalling AUD $26,000,000.

The proceeds of this facility will be used to fund core debt, acquisition activities, working capital requirements, short term funding requirements, the leasing of equipment and any performance guarantees, as required.

Maturity analysis

The table below represents the undiscounted contractual settlement terms for financial instruments and management's expectation for settlement of undiscounted maturities.

	< 12 Months $'000	1-5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
2013				
Payables	92,667	6,878	99,545	98,148
Borrowings	20,145	33,471	53,616	52,135
Financial liability maturities	112,812	40,349	153,161	150,283
2012				
Payables	82,410	10,364	92,774	91,088
Borrowings	12,582	97,698	110,280	108,576
Financial liability maturities	94,992	108,062	203,054	199,664

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 31: FINANCIAL RISK MANAGMENT (Continued)

(iii) Fair values

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the Statement of Financial Position and Notes to the Financial Statements. The main exposure to fair value risk is contained in the balance of interest rate swaps.

Management of fair value risk in interest rate swaps

The Group measures its interest rate swaps at fair value. These fair values are based on level 2 fair value measurements, as defined in the fair value hierarchy in AASB 7, with reference to market data which can be used to estimate future cash flows and discount them to present value. Management's aim is to use and source this data consistently from period to period.

(iv) Interest rate risk

The Group's exposure to interest rate risks and the effective interest rates of non-derivative financial assets and financial liabilities, both recognised and unrecognised at the balance sheet date, are as follows:

Financial Instruments	Weighted average interest rate		Non interest bearing		Variable interest rate		Fixed interest rate		Total	
	2013	2012	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
(i) Financial assets										
Cash	0.67%	0.32%	-	-	20,007	4,373	-	-	20,007	4,373
Trade debtors			69,352	72,327	-	-	-	-	69,352	72,327
Disbursements			60,365	53,793	-	-	-	-	60,365	53,793
Receivables from related parties			1,495	1,611	-	-	-	-	1,495	1,611
Other receivables			74	217	-	-	-	-	74	217
VCR share loans receivable			16,108	15,426	-	-	-	-	16,108	15,426
Total financial assets			147,394	143,374	20,007	4,373	-	-	167,401	147,747
(ii) Financial liabilities										
Bank overdraft			-	-	-	425	-	-	-	425
Trade creditors			4,072	3,467	-	-	-	-	4,072	3,467
Legal creditors and accruals			76,707	65,805	-	-	-	-	76,707	65,805
Interest bearing vendor liabilities – acquisitions	4.00%	4.00%		-	-	-	1,628	2,859	1,628	2,859
Non-interest bearing vendor liabilities - acquisitions			15,741	18,957	-	-		-	15,741	18,957
Provisions			16,660	14,399	-	-		-	16,660	14,399
Hire purchase liability	7.34%	7.27%	-	-	-	-	7,871	9,717	7,871	9,717
Bills of exchange – fixed	3.02%	4.13%	-	-	-	-	36,572	27,683	36,572	27,683
Bills of exchange – variable	4.01%	4.41%	-	-	7,692	70,751	-	-	7,692	70,751
Total financial liabilities			113,180	102,628	7,692	71,176	46,071	40,259	166,943	214,063

Interest rate swaps

Interest rate swap transactions are entered into by the Group to exchange variable and fixed interest payment obligations to protect long-term borrowings from the risk of increasing interest rates. The Group uses swap contracts to maintain a designated proportion of fixed to floating debt.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 31: FINANCIAL RISK MANAGMENT (Continued)

The notional principal amounts of the swap contracts approximate 83% of the Group's outstanding borrowings on the cash advance facility (excluding the working capital facility) at 30 June 2013. The net interest payments or receipt settlements of the swap contracts are matched to the maturity of the cash advance they are hedging. The net settlement amounts are brought into account as an adjustment to interest expense. At the balance sheet date, the details of outstanding contracts, all of which are to receive floating/pay-fixed interest rate swaps, are as follows:

Maturity of notional amounts	**Effective average fixed interest rate payable**		**Notional principal value**	
	2013	**2012**	**2013**	**2012**
			$'000	**$'000**
2 to 5 years	3.02%	4.13%	36,572	27,683
			36,572	27,683

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

	Note	**2013**	**2012**
		$'000	**$'000**
Floating rate instruments			
Bank overdrafts	**16**	-	425
Unhedged cash advances/bills of exchange		7,692	70,751
		7,692	71,176

Interest rate swaps are measured at fair value with gains and losses taken to the cash flow hedge reserve until such time as the profit or loss associated with the hedged risk is recognised in the Consolidated Statement of Comprehensive Income. Given the matching of the hedge settlements with the payment of interest expense on the hedged borrowings, the balance in the reserve attributable to interest rate swaps is generally minimal.

Interest rate sensitivity

If interest rates were to increase/decrease by 100 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	2013	**2012**
	$'000	**$'000**
+/- 100 basis points		
Impact on profit after tax	-	-
Impact on equity	979	1,325

(v) Foreign exchange risk

The Group has no significant exposures to currency risk other than the translation of its foreign subsidiary S&G UK. Any impacts on the balances relating to S&G UK as a result of movements in the foreign exchange rate are recorded in other comprehensive income as a foreign currency translation reserve. Refer to Note 1(d).

The Group has no other significant exposures to currency risk.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 32: SUBSEQUENT EVENTS

Subsequent to the reporting date, the Group has signed, for the total consideration of $24,360,000, agreements for the acquisition of, in the United Kingdom, the personal injury practice of Taylor Vinters, completion effective 16 August 2013, Goodmans, completion effective 30 August 2013, and in Australia, Gibson & Gibson, completion effective 1 August 2013.

The provisional value of the net assets assumed at the dates of acquisition are as follows:

Consideration:	**$'000**
Cash	12,027
Equity issued	3,133
Fair value of deferred consideration (cash)	9,200
Net present value of total consideration	24,360
Estimated fair value of net assets acquired	(15,824)
Goodwill on acquisition	**8,536**

The fair value of the assets and liabilities acquired have only been determined provisionally as valuations have not been finalised.

In addition to the above the Group has announced its intention to purchase the personal injury practice of Fentons Solicitors LLP, with an indicative completion date in October 2013.

NOTE 33: DEED OF CROSS GUARANTEE

Slater & Gordon Limited, Trilby Misso Lawyers Limited and Slater & Gordon Lawyers NSW Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

A consolidated Statement of Comprehensive Income and Statement of Financial Position, comprising the Company and controlled entities subject to the deed, after eliminating all transactions between parties to the Deed of Cross Guarantee is set out as follows:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE: 33 DEED OF CROSS GUARANTEE (Continued)

	2013 $'000	2012 $'000
Statement of Comprehensive Income		
Revenue	219,235	202,967
Finance costs	(5,592)	(6,587)
Other expenses	(162,973)	(160,009)
Profit before income tax expense	**50,670**	**36,371**
Income tax expense	(15,913)	(11,391)
Profit for the period	**34,757**	**24,980**
Changes in fair value of cash flow hedges, net of tax	245	(419)
Total comprehensive income for the period	**35,002**	**24,561**
Statement of Financial Position		
Current assets		
Cash and cash equivalents	18,018	2,366
Receivables	158,999	121,055
Work in progress	253,484	210,423
Current tax asset	-	229
Other current assets	5,076	5,216
Total current assets	**435,577**	**339,289**
Non-current assets		
Plant and equipment	9,180	10,773
Work in progress	2,337	1,926
Intangible assets	57,323	56,320
Investment in subsidiary	7,678	13,554
Other non-current assets	16,109	15,426
Total non-current assets	**92,627**	**97,999**
Total assets	**528,204**	**437,288**
Current liabilities		
Payables	59,651	47,009
Short term borrowings	12,298	9,320
Current tax liabilities	2,507	-
Provisions	13,647	12,520
Total current liabilities	**88,103**	**68,849**
Non-current liabilities		
Payables	6,238	9,762
Long term borrowings	18,574	51,140
Deferred tax liabilities	73,795	60,734
Derivative financial instruments	598	948
Provisions	2,784	2,290
Total non-current liabilities	**101,989**	**124,874**
Total liabilities	**190,092**	**193,723**
Net assets	**338,112**	**243,565**
Equity		
Contributed equity	212,373	142,181
Reserves	(419)	(664)
Retained profits	126,158	102,048
Total equity	**338,112**	**243,565**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 34: PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2013 the parent entity of the Group was Slater & Gordon Limited.

	2013 $'000	2012 $'000
Results of parent entity		
Profit for the period	29,701	17,511
Other comprehensive income	245	(419)
Total comprehensive income for the period	29,946	17,092

There has been limited recharge by the parent entity of marketing and advertising, interest expense and associated management services to the subsidiary entities. Profit of the parent entity for the year ended 30 June 2012 includes the impact of the write off of work in progress and disbursements on the Vioxx proceedings totalling $10,539,000.

	2013 $'000	2012 $'000
Financial position for the parent entity at year end		
Current assets	366,814	252,643
Total assets	488,118	390,469
Current liabilities	82,963	56,043
Total liabilities	172,137	163,979
Total equity of the parent company comprising of		
Contributed equity	212,373	142,181
Reserves	(419)	(664)
Retained profits	104,027	84,973
Total Equity	315,981	226,490

Other commitments and contingencies

The Company has entered into agreements with third party disbursement funders, ASK Funding Limited and Equal Access Funding Pty Limited ("the Funders") to provide financial guarantees to the Funders with respect to disbursement funding borrowings to the Company's clients. The nature of these agreements 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 Company has provided a financial guarantee for the repayment of the clients' obligations to the Funders. The total amount funded by the Funders to the Company's clients at 30 June 2013 is $5,753,431 (2012: $1,504,670). The maximum exposure of the Company at 30 June 2013 is $5,753,431 (2012: $1,504,670) if the individual client matters are not recovered from any other party.

During the financial year to 30 June 2012, ASK Funding Limited ceased funding new work and commenced a run off of its book.

Operating lease commitments

Non-cancellable operating leases (including rental of office space) contracted but not capitalised in the consolidated financial statements:

Within one year	10,462	7,474
One year or later and not later than five years	28,167	25,050
Greater than five years	10,656	15,151
	49,285	47,675

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

SLATER & GORDON LIMITED

DIRECTORS DECLARATION

The directors declare that the financial statements and notes set out on pages 40 to 83 and the directors' report are in accordance with the Corporations Act 2001and:

(a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;

(b) As stated in Note 1, the financial statements also comply with International Financial Reporting Standards;

(c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2013 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the 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.
- the Company and the group entities identified in Note 29 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2013.

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

John Skippen	Andrew Grech
Chair	Managing Director

Melbourne
17 September 2013

PITCHER PARTNERS

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SLATER & GORDON LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Slater & Gordon Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of a 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 a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

PITCHER PARTNERS

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SLATER & GORDON LIMITED

Independence

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

Opinion

In our opinion:

(a) the financial report of Slater & Gordon Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to 37 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Slater & Gordon Limited and controlled entities for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

M W PRINGLE
Partner

PITCHER PARTNERS
Melbourne

17 September 2013

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

In accordance with the Australian Stock Exchange Limited Listing Rules, the Directors provide the following information as at 28 August 2013.

(a) Distribution of shareholders and option holders.

Holding		**Number of Ordinary Shareholders**
1	- 1,000	552
1,001	- 5,000	813
5,001	- 10,000	334
10,001	- 100,000	420
100,001	- Over	85
		2,204

There are 162 shareholders holding less than a marketable parcel (i.e. less than $500 per parcel of shares).

(b) Twenty largest shareholders

	Shareholder	**Number of Shares Held**	**% Held**
1	HSBC Custody Nominees (Australia) Limited	41,557,067	21.12
2	J P Morgan Nominees Australia Limited	28,316,870	14.39
3	National Nominees Limited	26,339,126	13.38
4	RBC Investor Services Australia Nominees Pty Limited	19,984,728	10.15
5	BNP Paribas Nominees Pty Ltd	14,912,595	7.58
6	Citicorp Nominees Pty Limited	7,936,130	4.03
7	Ken Fowlie	5,096,221	2.59
8	Andrew Grech	5,028,238	2.55
9	Hayden Stephens	4,705,115	2.39
10	Cath Evans	4,410,476	2.24
11	Australian Executor Trustees SA Limited	1,040,147	0.53
12	Edward Cooper	996,816	0.51
13	Alexander Whitehead	996,816	0.51
14	UBS Nominess Pty Ltd	944,058	0.48
15	Frog Hollow Super Pty Ltd (Frog Hollow Retmt Fund A/C)	933,204	0.47
16	Ian Fletcher	796,393	0.40
17	Amanda McAlister	796,393	0.40
18	Idameneo (No 79) Nominees Pty Limited	716,890	0.36
19	Brispot Nominees Pty Ltd (House Head Nominee No 1 A/C)	692,539	0.35
20	Mark Walter	648,740	0.33
		166,848,562	84.76

(c) Substantial shareholders

A substantial shareholder is one who has a relevant interest in 5 per cent or more of the total issued shares in the Company. Following are the substantial shareholders in the Company based on notifications provided to the Company under the Corporations Act 2001:

	Ordinary Shares	
Shareholder	**Number**	**% ***
National Australia Bank Limited and its Associated Companies	21,534,125	11.10%
Perpetual Limited and subsidiaries	19,873,068	10.08%
Mawer Investment Management Limited	17,370,052	9.96%

** Percentage of shares held based on total issued capital of the Company at the time a substantial shareholder notice was provided to the Company.*

(d) VCR shares

Total number of VCR shares on issue is 5,111,334 held by 95 employee shareholders.

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Corporate Directory

Directors

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

Company Secretaries

Wayne Brown
Kirsten Morrison

Registered office & Corporate Office

Level 12
485 La Trobe Street
Melbourne Victoria 3000
T: 03 9602 6888
F: 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
Level 7
360 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
425 Johnston Street
Abbotsford Victoria 3067

GPO Box 2975
Melbourne Victoria 3001

Telephone
Toll Free 1300 850 505 (Australia)
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