

SLATER & GORDON LIMITED
ABN 93 097 297 400

APPENDIX 4E STATEMENT
PRELIMINARY FINAL REPORT
(The accounts are in the process of being audited)

(Listing rule 4.3A)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2012

	30 June 2012 \$'000	30 June 2011 \$'000	% change to prior year	
1. Revenues from ordinary activities (Listing rule 4.3A – item 2.1)	217,704	182,309	up	19.4%
2. Profit/(loss) from ordinary activities after tax attributable to members (Listing rule 4.3A – item 2.2)	24,983	27,908	down	10.5%
Profit/(loss) from ordinary activities after tax attributable to members (normalised for the Vioxx write off)	32,360	27,908	up	16.0%
3. Net profit/(loss) for the period attributable to members (Listing rule 4.3A – item 2.3)	24,983	27,908	down	10.5%
4. Total dividend per ordinary share (Listing rule 4.3A – item 2.4)				
Interim dividend (fully franked at 30% tax rate) paid 27 April 2012	2.5 cents	2.2 cents		
Final dividend (fully franked at 30% tax rate) declared on 24 August 2012 and to be paid on 27 October 2012	3.5 cents	3.3 cents		
Total dividend per ordinary share	6.0 cents	5.5 cents		
5 Record date for determining entitlements to the final dividend (Listing rule 4.3A – item 2.5)	26 September 2012			
6 A brief explanation of the figures reported above. (Listing rule 4.3A – item 2.6)				

The figures for the year ended 30 June 2012 are for the consolidated group, which includes Slater & Gordon Limited and its subsidiaries Trilby Misso Lawyers Limited ("TML"), Slater & Gordon Lawyers (NSW) Pty Ltd (formerly Keddies The Insurance Law Specialists Pty Limited) ("S&G NSW"), Conveyancing Works (Queensland) Pty Ltd ("CWQ") (acquired on 25 November 2011) and Slater & Gordon (UK) 1 Limited (acquired the legal practice of Russell Jones & Walker ("RJW") and subsidiaries on 30 April 2012). Comparative figures are for Slater & Gordon Limited, TML and S&G NSW only.

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2012
7. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 (Listing rule 4.3A – item 3)

	2012	2011
	\$'000	\$'000
Revenue		
Fee revenue	213,812	178,046
Other revenue	3,892	4,263
	217,704	182,309
Less: Expenses		
Salaries and employee benefit expenses	(110,112)	(88,007)
Rental expenses	(11,768)	(8,693)
Advertising and marketing expenses	(12,345)	(9,430)
Administration and office expenses	(19,293)	(14,355)
Consultant fees	(1,818)	(935)
Finance costs	(6,847)	(6,066)
Bad and doubtful debts	(8,172)	(3,967)
Depreciation and amortisation expenses	(3,684)	(2,743)
Costs associated with acquisitions	(1,414)	(1,444)
Other expenses	(5,757)	(5,126)
Profit before income tax expense	36,494	41,543
Income tax expense	(11,502)	(13,635)
Profit after tax	24,992	27,908
Other comprehensive income		
Foreign currency translation differences – foreign operations	(332)	-
Net movement in the fair value of cash flow hedges	(419)	86
Other comprehensive income for the year, net of tax	(751)	86
Total comprehensive income for the year	24,241	27,994
Profit for the year attributed to:		
Owners of the Company	24,983	27,908
Non-controlling interests	9	-
	24,992	27,908
Total comprehensive income for the year attributed to:		
Owners of the Company	24,232	27,994
Non-controlling interests	9	-
	24,241	27,994
Basic earnings per share	16.2 cents	19.1 cents
Diluted earnings per share	15.7 cents	18.3 cents

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2012
8. CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 (Listing rule 4.3A – item 4)

	2012	2011
	\$'000	\$'000
CURRENT ASSETS		
Cash and cash equivalents	4,373	4,032
Receivables	127,948	95,404
Work in progress	246,206	179,606
Current tax asset	395	391
Other current assets	7,435	4,836
TOTAL CURRENT ASSETS	386,357	284,269
NON-CURRENT ASSETS		
Plant and equipment	14,596	9,419
Work in progress	1,937	7,045
Intangible assets	107,104	55,259
Other non-current assets	15,426	18,401
TOTAL NON-CURRENT ASSETS	139,063	90,124
TOTAL ASSETS	525,420	374,393
CURRENT LIABILITIES		
Payables	81,326	62,129
Short term borrowings	12,484	7,165
Current tax liabilities	659	-
Provisions	12,031	11,464
TOTAL CURRENT LIABILITIES	106,500	80,758
NON-CURRENT LIABILITIES		
Payables	9,762	5,765
Long term borrowings	96,092	40,554
Deferred tax liabilities	66,444	49,917
Derivative financial instruments	948	349
Provisions	2,368	1,633
TOTAL NON-CURRENT LIABILITIES	175,614	98,218
TOTAL LIABILITIES	282,114	178,976
NET ASSETS	243,306	195,417
EQUITY		
Contributed equity	142,181	109,809
Reserves	(996)	(245)
Retained profits	102,050	85,853
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS IN THE COMPANY	243,235	195,417
Non-controlling interest	71	-
TOTAL EQUITY	243,306	195,417

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2012
9. CONSOLIDATED STATEMENT OF CASH FLOWS
 (Listing rule 4.3A – item 5)

	2012	2011
	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	205,018	166,702
Payments to suppliers and employees	(184,836)	(140,633)
Interest received	357	500
Borrowing costs	(5,374)	(3,991)
Income tax (paid)/refunded	157	(2,539)
Net cash provided by operating activities	<u>15,322</u>	<u>20,039</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for software development	(778)	(1,026)
Payment for plant and equipment	(3,495)	(1,815)
Costs associated with acquisition of businesses	(1,414)	(1,677)
Payment for acquisitions of businesses – net of cash in subsidiaries	(45,619)	(59,839)
Payment for acquisitions of businesses – deferred consideration	<u>(19,077)</u>	<u>(2,032)</u>
Net cash used in investing activities	<u>(70,383)</u>	<u>(66,389)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	-	15,877
Proceeds from non-controlling interests	62	-
Costs of raising equity	(45)	(837)
Proceeds from related parties and employees	6,022	1,589
Proceeds of borrowings	89,711	34,491
Repayment of borrowings	(32,068)	(23,132)
Dividends paid	<u>(8,786)</u>	<u>(7,697)</u>
Net cash provided by financing activities	<u>54,896</u>	<u>20,291</u>
Net decrease in cash held	(165)	(26,059)
Effect of exchange rate fluctuations on cash held	81	-
Cash at beginning of financial year	<u>4,032</u>	<u>30,091</u>
Cash at end of financial year	<u><u>3,948</u></u>	<u><u>4,032</u></u>

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2012
NOTES TO THE FINANCIAL STATEMENTS
10. REVENUE

(Listing rule 4.3A – item 3)

	2012	2011
	\$'000	\$'000
Revenues from operations		
- rendering of services	213,812	178,046
- service and licence fee	655	800
- interest	1,350	1,824
- other revenue	1,887	1,639
Total Revenue	217,704	182,309

(a) Interest from

- Other persons	357	500
- VCR share loans	993	1,324
	1,350	1,824

11. EXPENSES

(Listing rule 4.3A – item 3)

Finance costs expense

- Interest on bank overdraft and loans	5,398	3,657
- Interest on deferred consideration relating to acquisitions	1,005	1,972
- Interest on obligations under hire purchases	444	437
Total finance costs expense	6,847	6,066

Depreciation and amortisation of non-current assets

- Plant and equipment	2,336	1,748
- Software development	844	587
- Client lists	504	408
Total depreciation of non-current assets	3,684	2,743

Bad and doubtful debts	3,738	3,967
Share based payments expense	987	1,131
Write off of work in progress and disbursements on Rolah McCabe proceedings	-	611
Write off of work in progress and disbursements on the Vioxx proceedings (includes bad and doubtful debts of \$4,434,000)	10,539	-

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2012
12. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

(Listing rule 4.3A – item 7)

	2012 \$'000	2011 \$'000
(a) Dividends paid during the year		
Dividends on ordinary shares		
Interim franked dividend at the tax rate of 30% for 2012: 2.5 cents per share (2011 – 2.2 cents per share)	3,793	3,285
Final franked dividend at the tax rate of 30% for 2011: 3.3 cents per share (2010 – 3.0 cents per share)	4,993	4,412
Total Dividends paid during the year	<u>8,786</u>	<u>7,697</u>

13. DETAILS OF DIVIDEND

(Listing rule 4.3A – item 7)

Date the dividend (distribution) is payable	27 October 2012
Record date to determine entitlements to the dividend (distribution) (i.e. on the basis of proper instruments of transfers received by 5.00pm if securities are not CHES approved, or security holding balances established by 5.00pm or such later time permitted by SCH Business Rules if securities are CHES approved)	26 September 2012
Final dividend declared on	24 August 2012

14. DETAILS OF DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS

(Listing rule 4.3A – item 8)

Not applicable

15. RECONCILIATION OF RETAINED PROFITS

(Listing rule 4.3A – item 6)

	2012 \$'000	2011 \$'000
Retained earnings	<u>102,050</u>	<u>85,853</u>
(a) Retained earnings		
Balance at the beginning of year	85,853	65,642
Net profit attributable to ordinary equity holders	24,983	27,908
Total available for appropriation	110,836	93,550
Dividends paid	(8,786)	(7,697)
Balance at end of year	<u>102,050</u>	<u>85,853</u>

SLATER & GORDON LIMITED
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16. NET TANGIBLE ASSETS PER SECURITY

(Listing rule 4.3A – item 9)

	2012 \$'000	2011 \$'000
Net Tangible Assets	136,202	140,158
	Number of shares	Number of shares
Total number of ordinary shares of the Company	168,536,445	149,178,605
Net tangible asset backing per ordinary security	\$0.81	\$0.94

17. DETAILS OF ENTITIES OVER WHICH CONTROL GAINED OR LOST DURING THE PERIOD

(Listing rule 4.3A – item 10)

Details of legal practices acquired are:

Date	Entity	Nature of transaction
25 November 2011	Conveyancing Works (Queensland) Pty Ltd ("CWQ")	Acquisition of a 100% shareholding in the legal entity
15 December 2011	David Nagle Lawyers	Acquisition of part of business operations and assets (not the legal entity)
17 February 2012	Bussoletti Lawyers	Acquisition of part of business operations and assets (not the legal entity)
30 April 2012	Russell Jones & Walker ("RJW") and subsidiaries owned by the partnership	Acquisition of the business operations and assets of the partnership and 100% shareholding in the subsidiaries owned by the partnership

From the date of acquisition on 25 November 2011 to 30 June 2012, CWQ has contributed a loss (including costs incurred in relation to national expansion) of \$468,000 to the Group's net profit after tax from ordinary activities.

From the date of acquisition on 30 April 2012 to 30 June 2012, RJW has contributed a profit of \$792,000 to the Group's net profit after tax from ordinary activities.

18. DETAILS OF ASSOCIATES OR JOINT VENTURE ENTITIES

(Listing rule 4.3A – item 11)

Not applicable

19. SIGNIFICANT INFORMATION FOR THE INVESTOR TO MAKE AN INFORMED ASSESSMENT OF THE ENTITY'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION

(Listing rule 4.3A – item 12)

Refer to ASX/Media Release dated 24 August 2012.

20. ACCOUNTING STANDARDS USED BY FOREIGN ENTITIES

(Listing rule 4.3A – item 13)

International Financial Reporting Standards

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2012

21. COMMENTARY ON THE RESULT FOR THE PERIOD, DISCUSSION OF PERFORMANCE TRENDS AND FEATURES OF OPERATING PERFORMANCE
 (Listing rule 4.3A – item 14, item 14.3 and item 14.5)

Refer to ASX/Media Release dated 24 August 2012.

22. THE EARNINGS PER SECURITY AND THE NATURE OF ANY DILUTION ASPECTS
 (Listing rule 4.3A – item 14.1)

Earnings per security “EPS”	30 June 2012	30 June 2011
Basic EPS	16.2 cents	19.1 cents
Diluted EPS	15.7 cents	18.3 cents
		\$'000
Earnings used in calculating basic and diluted earnings per share	24,983	27,908
	Number of Shares '000	Number of Shares '000
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	154,014	145,744
Effect of dilutive securities:		
VCR Shares	4,991	6,575
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	159,005	152,319

VCR Shares

The Company operates an Employee Ownership Plan. The Plan allows employees to purchase VCR shares in the Company by way of an interest-free loan.

VCR shares are considered to be potentially ordinary shares and have been included in the determination of diluted earnings per share.

The VCR shares vest over a specified period of time. At the time of vesting, VCR shares convert into ordinary shares with disposal restrictions.

Basic and Diluted EPS

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.

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2012
23. RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS

(Listing rule 4.3A – item 14.2)

ISSUED, BUY BACK AND QUOTED SECURITIES AT END OF CURRENT PERIOD

		2012		2011	
		Shares	\$'000	Shares	\$'000
Ordinary shares fully paid	(a)	168,536,445	137,099	149,178,605	103,994
VCR shares	(b)	4,819,998	5,082	5,569,044	5,815
Balance at end of the year		173,356,443	142,181	154,747,649	109,809
(a) Movement in ordinary share capital					
Balance at the beginning of the year		149,178,605	103,994	112,040,776	51,612
<i>Shares issued as consideration for acquisitions:</i>					
- 13 August 2010		-	-	3,403,927	5,276
- 3 September 2010		-	-	912,714	1,450
- 11 January 2011		-	-	2,083,340	3,700
- 7 March 2011		-	-	117,944	183
- 30 June 2011		-	-	19,152	30
- 28 November 2011		424,442	764	-	-
- 1 May 2012		16,681,138	28,691	-	-
- 4 May 2012		187,500	338	-	-
		17,293,080	29,793	6,537,077	10,639
<i>Conversion of vested VCR shares to ordinary share</i>					
- 3 September 2010		-	-	2,560,834	3,683
- 12 January 2011		-	-	53,572	36
- 31 August 2011		2,129,046	3,389	-	-
		2,129,046	3,389	2,614,406	3,719
<i>Share capital issued by share placement:</i>					
- 1 July 2010		-	-	16,806,116	23,529
- 13 August 2010		-	-	10,336,741	14,471
		-	-	27,142,857	38,000
<i>Share capital issued under share purchase plan:</i>					
- 13 August 2010		-	-	1,004,204	1,406
<i>Employee share scheme buy-back:</i>					
- 31 May 2011		-	-	(160,715)	(102)
- 29 June 2012		(64,286)	(41)	-	-
		(64,286)	(41)	(160,715)	(102)
Less capital raising costs, net of tax		-	(36)	-	(1,280)
Balance at end of the year		168,536,445	137,099	149,178,605	103,994

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2012

	2012		2011	
	Shares	\$'000	Shares	\$'000
(b) Movement in VCR share capital				
Balance at the beginning of the year	5,569,044	5,815	8,232,022	7,050
<i>Conversion of vested VCR shares to ordinary shares:</i>				
- 3 September 2010	-	-	(2,560,834)	(3,683)
- 12 January 2011	-	-	(53,572)	(36)
- 31 August 2011	(2,129,046)	(3,389)	-	-
	(2,129,046)	(3,389)	(2,614,406)	(3,719)
<i>Share capital issued under Employee Ownership Plan:</i>				
- 22 February 2011	-	-	1,830,000	2,379
- 30 December 2011	2,390,000	2,679	-	-
	2,390,000	2,679	1,830,000	2,379
<i>Employee share scheme buy-back:</i>				
- 31 May 2011	-	-	(1,878,572)	(1,009)
- 29 June 2012	(1,010,000)	(1,001)	-	-
	(1,010,000)	(1,001)	(1,878,572)	(1,009)
Share based payments expense	-	987	-	1,131
Less capital raising costs, net of tax	-	(9)	-	(17)
Balance at end of the year	4,819,998	5,082	5,569,044	5,815
(c) Movement in unallotted share capital				
Balance at the beginning of the year	-	-	-	22,520
Transfer to ordinary share capital upon issue of shares on 1 July 2011	-	-	-	(23,529)
Capital raising costs transferred to ordinary share capital	-	-	-	1,009
Balance at end of the year	-	-	-	-

SLATER & GORDON LIMITED

YEAR ENDED 30 JUNE 2012

24. SEGMENT RESULTS

(Listing rule 4.3A – item 14.4)

The group has three 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 Slater & Gordon Lawyers (NSW) Pty Limited and Conveyancing Works (Qld) Pty Limited (subsequent to acquisition on 25 November 2011). This segment conducts a range of legal services, within the geographical area of Australia (including personal injury law in Queensland). This segment also includes investments in the Group's other segments, and borrowings and capital raising activities to finance investment and operations of the combined Group.
- **Trilby Misso Lawyers ("TML")** – includes the subsidiary company Trilby Misso Lawyers Limited which conducts legal services in the field of personal injury law within the geographical area of Queensland.
- **Slater & Gordon UK ("UK")** – includes the Group's operations in the United Kingdom subsequent to acquisition of RJW and its related entities on 30 April 2012.

2012	Australia		United Kingdom	Total
	S&G	TML	UK (2 months)	
	\$'000	\$'000	\$'000	\$'000
Total segment revenue	171,269	35,752	11,480	218,501
Inter-segment revenue	(797)	-	-	(797)
Revenue from external customers	170,472	35,752	11,480	217,704
EBITDA	32,529	11,770	1,376	45,675
Interest revenue	1,098	249	3	1,350
Interest expense	(6,244)	(360)	(243)	(6,847)
Depreciation and amortisation	(2,445)	(895)	(344)	(3,684)
Total profit before income tax	24,938	10,764	792	36,494
Total segment assets	449,124	79,477	115,555	644,156
Investment in subsidiaries (inter-segment)	(84,559)	-	-	(84,559)
Inter-segment assets	(22,697)	(11,480)	-	(34,177)
Total assets per the balance sheet	341,868	67,997	115,555	525,420
Segment liabilities				
Total segment liabilities	190,125	16,696	109,470	316,291
Inter-segment liabilities	(11,480)	-	(22,697)	(34,177)
Total liabilities per the balance sheet	178,645	16,696	86,773	282,114

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2011	Australia S&G \$'000	TML (11 months) \$'000	Total \$'000
Total segment revenue	151,746	32,213	183,959
Inter-segment revenue	(1,650)	-	(1,650)
Revenue from external customers	150,096	32,213	182,309
EBITDA	37,578	10,950	48,528
Interest revenue	1,593	231	1,824
Interest expense	(6,053)	(13)	(6,066)
Depreciation and amortisation	(2,036)	(707)	(2,743)
Total profit before income tax	31,082	10,461	41,543
Total segment assets	352,962	71,677	424,639
Investment in subsidiaries (inter-segment)	(48,757)	-	(48,757)
Inter-segment assets	(1,489)	-	(1,489)
Total assets per the balance sheet	302,716	71,677	374,393
Segment liabilities			
Total segment liabilities	165,687	14,778	180,465
Inter-segment liabilities	-	(1,489)	(1,489)
Total liabilities per the balance sheet	165,687	13,289	178,976

25. SUBSEQUENT EVENTS
(Listing rule 4.3A – item 12)

Not Applicable

26. ANY OTHER FACTORS WHICH HAVE AFFECTED THE RESULTS IN THE PERIOD WHICH ARE LIKELY TO AFFECT RESULTS IN THE FUTURE, INCLUDING THOSE WHERE THE EFFECT COULD NOT BE QUANTIFIED
(Listing rule 4.3A – item 14.6)

Refer to ASX/Media Release dated 24 August 2012.

27. COMPLIANCE STATEMENT
(Listing rule 4.3A – item 15)

- (i) The financial report is in the process of being audited and is not likely to be subject to audit dispute or qualification.

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2012

The entity has a formally constituted audit committee.

Sign here:  Date: 24 August 2012

Print name:

Andrew Grech
Managing Director

28. ANNUAL MEETING

The annual meeting will be held as follows:

Place:

Slater & Gordon
Level 12
485 La Trobe Street
Melbourne VIC 3000

Date: 25 October 2012

Time: 2.30pm

Approximate date the annual report will be available 23 September 2012