

**SLATER & GORDON LIMITED**  
**ABN 93 097 297 400**

**HALF-YEAR INFORMATION**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**  
**PROVIDED TO THE ASX UNDER LISTING RULE 4.2A**

**This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2012.**

# Appendix 4D

## Half-Year Report for the six months to 31 December 2012

Name of entity. SLATER & GORDON LIMITED

ABN or equivalent company reference: 93 097 297 400

### 1. Reporting period

Report for the half year ended: 31 December 2012

Previous corresponding periods: Half-year ended 31 December 2011 and full-year ended 30 June 2012

### 2. Results for announcement to the market

			\$'000
Revenues from ordinary activities ( <i>item 2.1</i> )	up	46.5%	to \$145,688
Profit (loss) from ordinary activities after tax attributable to members ( <i>item 2.2</i> )	up	61.3%	to \$19,081
Net profit (loss) for the period attributable to members ( <i>item 2.3</i> )	up	61.3%	to \$19,081
<b>Dividends (<i>item 2.4</i>)</b>		<b>Amount per security</b>	<b>Franked amount per security</b>
Interim dividend (fully franked at 30% tax rate) declared on 27 February 2013 and to be paid on 26 April 2013		2.75¢	2.75¢
Final dividend (fully franked at 30% tax rate) paid on 26 October 2012		3.5¢	3.5¢
Previous corresponding period		2.5¢	2.5¢
Record date for determining entitlements to the dividend ( <i>item 2.5</i> )		20 March 2013	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood ( <i>item 2.6</i> ):			
Please refer to the ASX/Media Release dated 27 February 2013 for other information necessary to enable the figures to be understood.			

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

	<b>Current period</b>	<b>Previous corresponding period</b>
Net tangible asset backing per ordinary security (cents)	88.74¢	94.28¢
	<b>31 December 2012 Number of shares</b>	<b>31 December 2011 Number of shares</b>
Total number of ordinary shares of the Company	170,537,215	151,732,093
	<b>\$'000</b>	<b>\$'000</b>
Net Tangible Assets	151,336	143,049

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

Details of business combinations completed during the period are:

<b>Date</b>	<b>Entity</b>	<b>Nature of transaction</b>
9 August 2012	Hilliard & Associates ("Hilliards")	Acquisition of business operations and assets

**5. Dividends (item 5)**

	<b>Date of payment</b>	<b>Total amount of dividend \$A'000</b>
Interim dividend year ended 30 June 2013	26 April 2013	\$4,690
Final dividend year ended 30 June 2012	26 October 2012	\$5,966

**Amount per security**

	<b>Amount per security</b>	<b>Franked amount per security at 30% tax</b>	<b>Amount per security of foreign sourced dividend</b>
<b>Total dividend:</b> Current year (interim)	2.75¢	2.75¢	Nil¢
Previous year (interim)	2.5¢	2.5¢	Nil¢

**Total dividend on all securities**

	<b>Current period</b>	<b>Previous corresponding Period - \$A'000</b>
	<b>\$A'000</b>	
Ordinary shares	\$4,690	\$3,793
<b>Total</b>	<b>\$4,690</b>	<b>\$3,793</b>

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

The entity introduced a dividend reinvestment plan on 27 February 2013. Eligible shareholders may elect to take all or part of future dividends in the form of cash or shares in accordance with the plan rules. Shares are provided under the plan free of brokerage and other transaction costs. Applications or notices to participate or withdraw from the dividend reinvestment plan received after 5.00pm (Melbourne time) on 20 March 2013 will not be effective for the interim dividend in respect of the current financial year but will be effective for future dividends.

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

20 March 2013

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

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

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

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

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2012**

**This half-year financial report is to be read in  
conjunction with the financial report for the  
year ended 30 June 2012**

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## DIRECTORS' REPORT

The directors present their report together with the condensed consolidated financial report consisting of Slater & Gordon Limited ("the Company") and its controlled entities (collectively referred to as "the Group"), for the half-year ended 31 December 2012 and independent review report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

### Directors' names

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

John Skippen – Chair  
Andrew Grech – Managing Director  
Ian Court  
Ken Fowlie  
Erica Lane

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

### Review of operations

The consolidated profit of the Group for the half-year after providing for income tax amounted to \$19,081,000. This compares to \$11,830,000 for the half-year ending 31 December 2011.

### Significant changes in the state of affairs

There are no significant changes in the state of affairs of the Group that require disclosure in this report.

### Subsequent events

There are no subsequent events that require disclosure in this report.

### Auditor's independence declaration

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

### Rounding of amounts

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

Signed in accordance with a resolution of the directors.



John Skippen  
Chair

Date: 27 February 2013



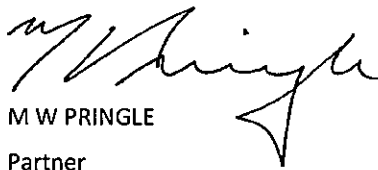
Andrew Grech  
Managing Director

## AUDITOR'S INDEPENDENCE DECLARATION

### To the Directors of Slater & Gordon Limited

In relation to the independent review for the half-year ended 31 December 2012, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001.
- (ii) No contraventions of any applicable code of professional conduct.



M W PRINGLE

Partner

27 February 2013



PITCHER PARTNERS

Melbourne



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

		Half-Year	
	Note	2012	2011
		\$'000	\$'000
<b>Revenue</b>			
Fee revenue		143,468	97,064
Other revenue		2,220	2,400
		<b>145,688</b>	<b>99,464</b>
<b>Less: Expenses</b>			
Salaries and employee benefits expense		(72,002)	(50,617)
Rent expense		(6,936)	(5,594)
Advertising and marketing expense		(12,623)	(6,673)
Administration and office expenses		(12,659)	(9,018)
Consultant fees		(1,240)	(911)
Finance costs		(4,082)	(3,134)
Bad and doubtful debts		(2,034)	(1,377)
Depreciation and amortisation expense		(2,504)	(1,624)
Costs associated with acquisitions		(70)	(688)
Other expenses		(4,069)	(3,000)
		<b>(118,219)</b>	<b>(82,636)</b>
<b>Profit before income tax expense</b>		<b>27,469</b>	<b>16,828</b>
Income tax expense		(8,388)	(4,998)
<b>Profit for the half-year attributable to members</b>		<b>19,081</b>	<b>11,830</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit and loss:</b>			
Foreign currency translation differences – foreign operations		413	-
Net movement in the fair value of cash flow hedges		(32)	(416)
<b>Other comprehensive income for the year, net of tax</b>		<b>381</b>	<b>(416)</b>
<b>Total comprehensive income for the half-year attributable to members</b>		<b>19,462</b>	<b>11,414</b>
<b>Profit for the year attributed to:</b>			
Owners of the Company		19,064	11,830
Non-controlling interests		17	-
		<b>19,081</b>	<b>11,830</b>
<b>Total comprehensive income for the year attributed to:</b>			
Owners of the Company		19,445	11,414
Non-controlling interests		17	-
		<b>19,462</b>	<b>11,414</b>
Basic earnings per share (cents)	6	11.3 cents	7.9 cents
Diluted earnings per share (cents)	6	11.0 cents	7.6 cents

The accompanying notes form an integral part of these financial statements

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2012**

	Note	31 Dec 2012 \$'000	30 Jun 2012 \$'000
<b>Current assets</b>			
Cash and cash equivalents	5	1,429	4,373
Receivables		117,765	127,948
Work in progress		266,726	244,898
Current tax asset		-	395
Other current assets		8,063	7,435
<b>Total current assets</b>		<b>393,983</b>	<b>385,049</b>
<b>Non-current assets</b>			
Plant and equipment		13,314	14,596
Work in progress		1,953	1,937
Intangible assets	7	109,097	108,412
Other non-current assets		18,752	15,426
<b>Total non-current assets</b>		<b>143,116</b>	<b>140,371</b>
<b>Total assets</b>		<b>537,099</b>	<b>525,420</b>
<b>Current liabilities</b>			
Payables		77,147	81,326
Short-term borrowings		15,404	12,484
Current tax liabilities		7,263	659
Provisions		13,145	12,031
<b>Total current liabilities</b>		<b>112,959</b>	<b>106,500</b>
<b>Non-current liabilities</b>			
Payables		500	9,762
Long-term borrowings		91,678	96,092
Deferred tax liabilities		68,047	66,444
Derivative financial instruments		850	948
Provisions		2,632	2,368
<b>Total non-current liabilities</b>		<b>163,707</b>	<b>175,614</b>
<b>Total liabilities</b>		<b>276,666</b>	<b>282,114</b>
<b>Net assets</b>		<b>260,433</b>	<b>243,306</b>
<b>Equity</b>			
Contributed equity	4	145,776	142,181
Reserves		(615)	(996)
Retained profits		115,148	102,050
<b>Total equity attributable to equity holders in the Company</b>		<b>260,309</b>	<b>243,235</b>
Non-controlling interest		124	71
<b>Total equity</b>		<b>260,433</b>	<b>243,306</b>

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

Note	Contributed Equity	Retained Earnings	Hedging Reserve	Translation Reserve	Total	Non- controlling interest	Total Equity
<b>Balance as at 1 July 2012</b>	142,181	102,050	(664)	(332)	243,235	71	243,306
Net Profit after tax for the period	-	19,064	-	-	19,064	17	19,081
Total other comprehensive income for the half-year	-	-	(32)	413	381	-	381
<b>Total comprehensive income for the half-year</b>	-	19,064	(32)	413	19,445	17	19,462
<b>Transactions with owners in their capacity as equity holders</b>							
Ordinary and VCR shares issued (net)	3,605	-	-	-	3,605	-	3,605
Dividends paid	-	(5,966)	-	-	(5,966)	-	(5,966)
Costs of equity raising	(10)	-	-	-	(10)	-	(10)
Equity contribution by non-controlling interest	-	-	-	-	-	36	36
<b>Total transactions with owners in their capacity as equity holders</b>	3,595	(5,966)	-	-	(2,371)	36	(2,335)
<b>Balance as at 31 December 2012</b>	145,776	115,148	(696)	81	260,309	124	260,433

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Contributed Equity	Retained Earnings	Hedging Reserve	Translation Reserve	Total	Non- controlling interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2011</b>	<b>109,809</b>	<b>85,853</b>	<b>(245)</b>	<b>-</b>	<b>195,417</b>	<b>-</b>	<b>195,417</b>
Net Profit after tax for the period	-	11,830	-	-	11,830	-	11,830
Total other comprehensive income for the half-year	-	-	(416)	-	(416)	-	(416)
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>11,830</b>	<b>(416)</b>	<b>-</b>	<b>11,414</b>	<b>-</b>	<b>11,414</b>
<b>Transactions with owners in their capacity as equity holders</b>							
Ordinary and VCR shares issued (net)	3,863	-	-	-	3,863	-	3,863
Dividends paid	-	(4,993)	-	-	(4,993)	-	(4,993)
Costs of equity raising	(16)	-	-	-	(16)	-	(16)
<b>Total transactions with owners in their capacity as equity holders</b>	<b>3,847</b>	<b>(4,993)</b>	<b>-</b>	<b>-</b>	<b>(1,146)</b>	<b>-</b>	<b>(1,146)</b>
<b>Balance as at 31 December 2011</b>	<b>113,656</b>	<b>92,690</b>	<b>(661)</b>	<b>-</b>	<b>205,685</b>	<b>-</b>	<b>205,685</b>

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Note	Half-Year	
		2012	2011
		\$'000	\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		167,956	95,271
Payments to suppliers and employees		(147,326)	(87,913)
Interest received		131	205
Borrowing costs		(3,275)	(2,775)
Income tax paid		-	(702)
Net cash provided by operating activities		<u>17,486</u>	<u>4,086</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		(539)	(2,887)
Payment for software development		(425)	(745)
Payment for acquisition of businesses – deferred consideration		(11,170)	(15,661)
Payment for acquisition of business, net of cash in subsidiary		(726)	(3,253)
Costs associated with acquisition		(70)	(688)
Net cash used in investing activities		<u>(12,930)</u>	<u>(23,234)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from non-controlling interests		36	-
Costs of raising equity		(10)	(16)
Proceeds from borrowings		19,208	28,992
Repayment of borrowings		(21,588)	(9,291)
Proceeds from related parties and employees		575	2,192
Proceeds from loans receivable		89	-
Dividends paid		(5,966)	(4,993)
Net cash provided by/(used in) financing activities		<u>(7,656)</u>	<u>16,884</u>
Net decrease in cash and cash equivalents		(3,100)	(2,264)
Effect of exchange rate fluctuations on cash held		7	-
Cash and cash equivalents at beginning of the half-year		<u>3,948</u>	<u>4,032</u>
Cash and cash equivalents at end of the half-year	5	<u>855</u>	<u>1,768</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED  
31 DECEMBER 2012

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

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

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2012 and any public announcements made by the Company during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The half-year financial report was authorised for issue by the directors on 27 February 2013.

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

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

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

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

The half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2012.

**(c) Rounding of amounts**

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

**(d) Restatement of comparative amounts**

Where necessary, comparative information has been reclassified to ensure consistency with current period disclosures.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31  
DECEMBER 2012**

**NOTE 2: SEGMENT INFORMATION**

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

- **Slater & Gordon ("S&G")** - includes the parent company Slater & Gordon Limited and its subsidiaries Slater & Gordon Lawyers NSW Pty Limited, Trilby Misso Lawyers 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. This segment also includes investments in the Group's other segments, and borrowings and capital raising activities to finance investments and operations of the combined Group. There is limited recharge of ongoing management support to other segments in the Group.
- **Slater & Gordon UK ("UK")** – includes the Group's operations, conducting a range of legal services, in the United Kingdom subsequent to acquisition of Russell Jones & Walker and its related entities on 30 April 2012.

Segment assets are allocated to countries based on where the assets are located. During the half-year ending 31 December 2012 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 half-year ending 31 December 2011.

<b>December 2012</b>	<b>Australia</b>	<b>United Kingdom</b>	<b>Total</b>
	<b>S&amp;G</b>	<b>UK</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Total segment revenue	111,361	34,327	145,688
Inter-segment revenue	-	-	-
<b>Revenue from external customers</b>	<b>111,361</b>	<b>34,327</b>	<b>145,688</b>
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>26,416</b>	<b>6,897</b>	<b>33,313</b>
Interest revenue	727	15	742
Interest expense	(2,873)	(1,209)	(4,082)
Depreciation and amortisation	(1,651)	(853)	(2,504)
<b>Net profit before income tax</b>	<b>22,619</b>	<b>4,850</b>	<b>27,469</b>
<b>Total segment assets</b>	<b>442,456</b>	<b>119,297</b>	<b>561,753</b>
Inter-segment assets	(24,654)	-	(24,654)
<b>Total assets per the balance sheet</b>	<b>417,802</b>	<b>119,297</b>	<b>537,099</b>
<b>Segment liabilities</b>			
<b>Total segment liabilities</b>	<b>192,051</b>	<b>109,269</b>	<b>301,320</b>
Inter-segment liabilities	-	(24,654)	(24,654)
<b>Total liabilities per the balance sheet</b>	<b>192,051</b>	<b>84,615</b>	<b>276,666</b>

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2012**

**NOTE 2: SEGMENT INFORMATION (Continued)**

December 2011	Australia S&G \$'000	United Kingdom UK (0 months) \$'000	Total \$'000
Total segment revenue	99,464	-	99,464
Inter-segment revenue	-	-	-
<b>Revenue from external customers</b>	<b>99,464</b>	<b>-</b>	<b>99,464</b>
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>20,782</b>	<b>-</b>	<b>20,782</b>
Interest revenue	804	-	804
Interest expense	(3,134)	-	(3,134)
Depreciation and amortisation	(1,624)	-	(1,624)
<b>Net profit before income tax</b>	<b>16,828</b>	<b>-</b>	<b>16,828</b>
<b>Total segment assets</b>	<b>397,242</b>	<b>-</b>	<b>397,242</b>
Inter-segment assets	-	-	-
<b>Total assets per the balance sheet</b>	<b>397,242</b>	<b>-</b>	<b>397,242</b>
<b>Segment liabilities</b>			
<b>Total segment liabilities</b>	<b>191,557</b>	<b>-</b>	<b>191,557</b>
Inter-segment liabilities	-	-	-
<b>Total liabilities per the balance sheet</b>	<b>191,557</b>	<b>-</b>	<b>191,557</b>

**NOTE 3: DIVIDENDS**

	Half-Year	
	2012 \$'000	2011 \$'000
<b>(a) Dividends paid during the half-year</b>		
Dividends on ordinary shares		
Final fully franked dividend at the tax rate of 30% for the year ending 30 June 2012: 3.5 cents per share (2011: 3.3 cents per share)	5,966	4,993
<b>Total dividends paid during the half-year</b>	<b>5,966</b>	<b>4,993</b>
<b>(b) Dividends proposed and not recognised as a liability</b>		
Dividends on ordinary shares		
Interim fully franked dividend at the tax rate of 30% for the half-year ending 31 December 2012: 2.75 cents per share (2011 – 2.5 cents per share)	4,690	3,793



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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2012**

**NOTE 4: CONTRIBUTED EQUITY**

	Half-Year			
	2012		2011	
	Shares	\$'000	Shares	\$'000
Ordinary shares fully paid	170,537,215	140,705	151,732,093	108,141
VCR shares	5,206,332	5,071	5,829,998	5,515
<b>Total issued capital</b>	<b>175,743,547</b>	<b>145,776</b>	<b>157,562,091</b>	<b>113,656</b>

**a) Movement in ordinary share capital**

<b>Balance at the beginning of the period</b>	<b>168,536,445</b>	<b>137,099</b>	<b>149,178,605</b>	<b>103,994</b>
<i>Shares issued as consideration for acquisitions:</i>				
- 28 November 2011	-	-	424,442	764
- 29 November 2012	92,106	175	-	-
	<b>92,106</b>	<b>175</b>	<b>424,442</b>	<b>764</b>
<i>Conversion of vested VCR shares to ordinary share capital:</i>				
- 31 August 2011	-	-	2,129,046	3,389
- 24 September 2012	1,908,664	3,431	-	-
	<b>1,908,664</b>	<b>3,431</b>	<b>2,129,046</b>	<b>3,389</b>
Less capital raising costs, net of tax	-	-	-	(6)
<b>Balance at the end of the period</b>	<b>170,537,215</b>	<b>140,705</b>	<b>151,732,093</b>	<b>108,141</b>

**b) Movement in VCR share capital**

<b>Balance at the beginning of the period</b>	<b>4,819,998</b>	<b>5,082</b>	<b>5,569,044</b>	<b>5,815</b>
<i>Conversion of vested VCR shares to ordinary shares:</i>				
- 31 August 2011	-	-	(2,129,046)	(3,389)
- 24 September 2012	(1,908,664)	(3,431)	-	-
	<b>(1,908,664)</b>	<b>(3,431)</b>	<b>(2,129,046)</b>	<b>(3,389)</b>
<i>Issue of VCR shares during the period:</i>				
- 30 December 2011	-	-	2,390,000	2,461
- 20 December 2012	2,294,998	2,797	-	-
	<b>2,294,998</b>	<b>2,797</b>	<b>2,390,000</b>	<b>2,461</b>
Share based payments expense	-	633	-	638
Less capital raising costs, net of tax	-	(10)	-	(10)
<b>Balance at the end of the period</b>	<b>5,206,332</b>	<b>5,071</b>	<b>5,829,998</b>	<b>5,515</b>

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2012**

**NOTE 4: CONTRIBUTED EQUITY (Continued)**

**Ordinary shares**

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**VCR shares**

Please refer to Note 26 of the financial report for the year ended 30 June 2012 for detailed discussion on the rights attached to VCR shares.

**NOTE 5: CASH FLOW INFORMATION**

	Half-Year	
	2012	2011
	\$'000	\$'000
<b>Reconciliation of cash</b>		
For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts.		
Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash on hand	1,429	1,943
Bank overdraft	(574)	(175)
	855	1,768

**NOTE 6: EARNINGS PER SHARE**

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

Net profit after tax	19,081	11,830
Earnings used in calculating basic and diluted earnings per share	19,081	11,830
Weighted average number of ordinary shares used in calculating basic earnings per share	169,575	150,674
<b>Effect of dilutive securities:</b>		
VCR Shares	3,936	4,163
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	173,511	154,837

**VCR Shares**

VCR Shares are shares which may convert to ordinary shares if related performance hurdles are achieved and have therefore been included in the determination of diluted earnings per share. For further details on the terms of VCR shares please refer to Note 26 of the financial report for the year ended 30 June 2012.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2012**

**NOTE 7: INTANGIBLE ASSETS**

	<b>31 Dec</b>	<b>30 June</b>
	<b>2012</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Goodwill</b>		
Opening net book value	97,888	44,280
Additions in respect to current period acquisitions	376	54,122
Exchange differences	523	(514)
Closing net book value	98,787	97,888
<b>(b) Software development</b>		
Opening net book value	4,376	4,331
Additions	425	778
Additions in respect to current period acquisitions	-	115
Amortisation expense	(444)	(848)
Exchange differences	2	-
Closing net book value	4,359	4,376
<b>(c) Trademarks</b>		
Opening net book value	5,659	5,659
Closing net book value	5,659	5,659
<b>(d) Customer relationships</b>		
Opening net book value	489	989
Amortisation expense	(197)	(500)
Closing net book value	292	489
<b>Total net book value of intangible assets</b>	<b>109,097</b>	<b>108,412</b>

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2012**

**NOTE 8: BUSINESS COMBINATIONS**

**2012:**

*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 total consideration of \$1,286,000. Included in this amount was goodwill of \$376,000.

*Provisional accounting for acquisition of 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 & 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.

At the time the 30 June 2012 financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of RJW. In particular, the fair values of the assets and liabilities disclosed have only been determined provisionally as valuations have not been finalised. During the six months ended 31 December 2012 the fair value of net assets acquired was revalued. This revaluation has resulted in a \$1,308,000 increase in the goodwill recognised on this transaction. Comparative Statement of Financial Position balances as at 30 June 2012 have been restated to reflect the revaluation of provisionally determined fair values of assets and liabilities acquired in relation to this acquisition.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2012**

**NOTE 8: BUSINESS COMBINATIONS (Continued)**

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

	<b>\$'000</b>
<b>Consideration</b>	
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
<b>Net present value of total consideration</b>	<u><u>82,492</u></u>
<b>Net assets acquired</b>	<b>Fair Value</b>
<b>Assets</b>	
- Cash and cash equivalents	39
- Trade and other receivables	32,587
- Work in progress	32,484
- Plant and equipment	4,025
- Intangible assets	114
<b>Total assets acquired</b>	<u><u>69,249</u></u>
<b>Liabilities</b>	
- Payables	22,390
- Provisions	765
- Borrowings	2,698
- Deferred tax liability	5,800
<b>Total liabilities acquired</b>	<u><u>31,653</u></u>
<b>Net assets acquired</b>	<u><u>37,596</u></u>
<b>Goodwill on acquisition</b>	<u><u>44,896</u></u>

A portion of 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.

**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 value of GBP 2,352,000 (\$3,561,000) at the date of acquisition. Deferred consideration payments will also be adjusted if net transaction assets are above or below an agreed amount.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2012**

**NOTE 8: BUSINESS COMBINATIONS (Continued)**

**2011:**

*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 31 December 2011 financial statements. The fair valuation of consideration and net assets acquired has 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.

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

	<b>\$'000</b>
<b>Consideration</b>	
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
<b>Net present value of total consideration</b>	<u><u>7,930</u></u>
<b>Net assets acquired</b>	<b>Fair Value</b>
Assets	
- Trade and other receivables	226
- Work in progress	840
- Plant and equipment	151
- Deferred taxation	65
- Other	333
<b>Total assets acquired</b>	<u><u>1,615</u></u>
Liabilities	
- Short term borrowings	258
- Payables	832
- Provisions	227
<b>Total liabilities acquired</b>	<u><u>1,317</u></u>
<b>Net assets acquired</b>	<u><u>298</u></u>
<b>Goodwill on acquisition</b>	<u><u>7,632</u></u>

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.

From the acquisition date to 31 December 2011, CWQ contributed a loss after tax of \$122,000 which is included within consolidated profit. This profit contribution includes set up costs incurred in relation to the rollout of the business nationally.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2012**

**NOTE 8: BUSINESS COMBINATIONS (Continued)**

**Contingent Consideration**

The Group has agreed to pay additional 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. 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 31 December 2015. 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.

*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 total consideration of \$575,000. Included in this amount was goodwill of \$248,000.

**NOTE 9: CONTINGENT LIABILITIES**

*The changes in commitments and contingencies since 30 June 2012 are as follows:*

**Other commitments and contingencies**

As outlined in Note 23 to the financial statements as at 30 June 2012, the Group has 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 this agreement is that the funders will fund disbursements in respect of individual matters and will be reimbursed out of any settlement proceeds on the matter. The Group has provided a financial guarantee for the repayment of the clients' obligations to the funders. The total amount funded by the funders to the Group's clients at 31 December 2012 is \$5,762,768 (30 June 2012: \$6,700,697). The maximum exposure of the Group at 31 December 2012 is \$5,762,768 (30 June 2012: \$6,700,697) if the disbursements on 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 10: SUBSEQUENT EVENTS**

There are no subsequent events that require disclosure in this report.

## DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 6 to 19 are in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2012 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Slater & Gordon Limited will be able to pay its debts as and when they become due and payable.

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



John Skippen  
Chair



Andrew Grech  
Managing Director

Melbourne  
Date: 27 February 2013



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

INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
SLATER & GORDON LIMITED AND CONTROLLED ENTITIES

We have reviewed the accompanying half-year financial report of Slater and Gordon Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2012, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Slater and Gordon Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

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

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

INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
SLATER & GORDON LIMITED AND CONTROLLED ENTITIES

*Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



M W PRINGLE  
Partner

27 February 2013



PITCHER PARTNERS  
Melbourne

**SLATER & GORDON LIMITED**  
**ABN 93 097 297 400**

**Company Particulars**

**Directors**

John Skippen – Chair  
Andrew Grech – Managing Director  
Ian Court  
Ken Fowlie  
Erica Lane

**Auditors**

Pitcher Partners  
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15 William Street  
Melbourne Victoria 3000

**Share/Security Registers**

The Registrar  
Computershare Investor  
Services Pty Ltd  
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Abbotsford Victoria 3067

**Company Secretaries**

Wayne Brown  
Kirsten Morrison

**Bankers**

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Corporation  
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**Company Website**

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Company Numbers  
ACN 097 297 400  
ABN 93 097 294 400

**Solicitors**

Arnold Bloch Leibler  
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Melbourne Victoria 3000

**Stock Exchange Listing**

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