

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 2013

	30 June 2013 \$'000	30 June 2012 \$'000	% change to prior year	
1. Revenues from ordinary activities (Listing rule 4.3A – item 2.1)	297,576	217,704	Up	36.69%
2. Profit from ordinary activities after tax attributable to members (Listing rule 4.3A – item 2.2)	41,875	24,983	Up	67.61%
3. Net profit/(loss) for the period attributable to members (Listing rule 4.3A – item 2.3)	41,875	24,983	Up	67.61%
4. Total dividend per ordinary share (Listing rule 4.3A – item 2.4)				
Interim dividend (fully franked at 30% tax rate) paid 26 April 2013	2.75 cents	2.50 cents		
Final dividend (fully franked at 30% tax rate) declared on 21 August 2013 and to be paid on 25 October 2013	3.85 cents	3.50 cents		
Total dividend per ordinary share	6.60 cents	6.00 cents		
5 Record date for determining entitlements to the final dividend (Listing rule 4.3A – item 2.5)	25 September 2013			
6 A brief explanation of the figures reported above. (Listing rule 4.3A – item 2.6)				

The figures for the year ended 30 June 2013 are for the consolidated group, which includes Slater & Gordon Limited and its subsidiaries Trilby Misso Lawyers Limited ("TML"), Slater & Gordon Lawyers (NSW) Pty Limited ("S&G NSW"), Conveyancing Works (Queensland) Pty Limited ("CWQ") and the UK subsidiaries, namely Slater & Gordon (UK) 1 Limited, Slater & Gordon (UK) LLP, New Claims Direct Limited, 4 Legal Limited and 4 Legal Solutions Limited.

The figures for the year ended 30 June 2012 are for the consolidated group, which includes Slater & Gordon Limited and its subsidiaries TML, S&G NSW and CWQ (subsequent to acquisition on 25 November 2011) and its UK subsidiaries (subsequent to acquisition on 30 April 2012).

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2013
7. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 (Listing rule 4.3A – item 3)

	2013	2012
	\$'000	\$'000
Revenue		
Fee revenue	292,696	213,812
Other revenue	4,880	3,892
	<u>297,576</u>	<u>217,704</u>
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	(7,653)	(6,847)
Bad and doubtful debts	(4,511)	(8,172)
Depreciation and amortisation expenses	(4,973)	(3,684)
Costs associated with acquisitions	(282)	(1,414)
Other expenses	(8,194)	(5,757)
Profit before income tax expense	<u>61,364</u>	<u>36,494</u>
Income tax expense	(19,454)	(11,502)
Profit after tax	<u>41,910</u>	<u>24,992</u>
Other comprehensive income		
Foreign currency translation differences – foreign operations	5,064	(332)
Net movement in the fair value of cash flow hedges	191	(419)
Other comprehensive income for the year, net of tax	<u>5,255</u>	<u>(751)</u>
Total comprehensive income for the year	<u>47,165</u>	<u>24,241</u>
Profit for the year attributed to:		
Owners of the Company	41,875	24,983
Non-controlling interests	35	9
	<u>41,910</u>	<u>24,992</u>
Total comprehensive income for the year attributed to:		
Owners of the Company	47,126	24,232
Non-controlling interests	39	9
	<u>47,165</u>	<u>24,241</u>
Basic earnings per share	24.2 cents	16.2 cents
Diluted earnings per share	23.6 cents	15.7 cents

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2013
8. CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 (Listing rule 4.3A – item 4)

	2013	2012
	\$'000	\$'000
CURRENT ASSETS		
Cash and cash equivalents	20,007	4,373
Receivables	131,286	127,948
Work in progress	298,359	244,898
Current tax asset	-	395
Other current assets	9,548	7,435
TOTAL CURRENT ASSETS	459,200	385,049
NON-CURRENT ASSETS		
Plant and equipment	12,219	14,596
Work in progress	2,956	1,937
Intangible assets	114,017	108,412
Other non-current assets	16,108	15,426
TOTAL NON-CURRENT ASSETS	145,300	140,371
TOTAL ASSETS	604,500	525,420
CURRENT LIABILITIES		
Payables	91,910	81,326
Short term borrowings	20,103	12,484
Current tax liabilities	3,941	659
Provisions	13,818	12,031
TOTAL CURRENT LIABILITIES	129,772	106,500
NON-CURRENT LIABILITIES		
Payables	6,238	9,762
Long term borrowings	32,032	96,092
Deferred tax liabilities	82,894	66,444
Derivative financial instruments	656	948
Provisions	2,842	2,368
TOTAL NON-CURRENT LIABILITIES	124,662	175,614
TOTAL LIABILITIES	254,434	282,114
NET ASSETS	350,066	243,306
EQUITY		
Contributed equity	212,373	142,181
Reserves	4,255	(996)
Retained profits	133,278	102,050
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS IN THE COMPANY	349,906	243,235
Non-controlling interest	160	71
TOTAL EQUITY	350,066	243,306

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2013
9. CONSOLIDATED STATEMENT OF CASH FLOWS

(Listing rule 4.3A – item 5)

	2013	2012
	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	322,439	202,929
Payments to suppliers and employees	(283,344)	(182,110)
Interest received	281	357
Borrowing costs	(6,159)	(5,374)
Income tax (paid)/refunded	(537)	157
Net cash provided by operating activities	<u>32,680</u>	<u>15,959</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payments 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 acquisitions of businesses – net of cash in subsidiaries	(4,876)	(45,619)
Payment for acquisitions of businesses – deferred consideration	(11,309)	(19,077)
Net cash used in investing activities	<u>(18,778)</u>	<u>(70,383)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	66,680	-
Proceeds from non-controlling interests	50	62
Costs of raising equity	(2,066)	(45)
Proceeds from related parties and employees	4,337	6,008
Proceeds of borrowings	34,439	89,089
Repayment of borrowings	(91,835)	(32,068)
Dividends paid	(9,580)	(8,786)
Net cash provided by financing activities	<u>2,025</u>	<u>54,260</u>
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	<u>3,948</u>	<u>4,032</u>
Cash at end of financial year	<u>20,007</u>	<u>3,948</u>

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2013
NOTES TO THE FINANCIAL STATEMENTS
10. REVENUE

(Listing rule 4.3A – item 3)

	2013	2012
	\$'000	\$'000
Revenues from operations		
- rendering of services	292,696	213,812
- service and licence fee	1,128	840
- interest	1,386	1,350
- other revenue	2,366	1,702
Total Revenue	<u>297,576</u>	<u>217,704</u>

(a) Interest from

- Other persons	281	357
- VCR share loans	1,105	993
	<u>1,386</u>	<u>1,350</u>

11. EXPENSES

(Listing rule 4.3A – item 3)

Finance costs expense

- Interest on bank overdraft and loans	5,573	5,398
- Interest on deferred consideration relating to acquisitions	1,495	1,005
- Interest on obligations under hire purchases	585	444
Total finance costs expense	<u>7,653</u>	<u>6,847</u>

Depreciation and amortisation of non-current assets

- Plant and equipment	3,623	2,336
- Software development	919	848
- Client lists	431	500
Total depreciation of non-current assets	<u>4,973</u>	<u>3,684</u>

Bad and doubtful debts	4,511	3,738
Share based payments expense	1,377	987
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 2013
12. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

(Listing rule 4.3A – item 7)

	2013 \$'000	2012 \$'000
(a) Dividends paid during the year		
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	<u>10,647</u>	<u>8,786</u>

13. DETAILS OF DIVIDEND

(Listing rule 4.3A – item 7)

Date the dividend (distribution) is payable	25 October 2013
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 CHESS approved, or security holding balances established by 5.00pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	25 September 2013
Final dividend declared on	21 August 2013

14. DETAILS OF DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS

(Listing rule 4.3A – item 8)

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 25 September 2013 will not be effective for the final dividend in respect of the current financial year but will be effective for future dividends.

15. RECONCILIATION OF RETAINED PROFITS

(Listing rule 4.3A – item 6)

	2013 \$'000	2012 \$'000
Retained earnings	<u>133,278</u>	<u>102,050</u>
(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	(10,647)	(8,786)
Balance at end of year	<u>133,278</u>	<u>102,050</u>

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2013
16. NET TANGIBLE ASSETS PER SECURITY

(Listing rule 4.3A – item 9)

	2013	2012
	\$'000	\$'000
Net Tangible Assets	236,049	134,894
	Number of	Number of
	shares	shares
Total number of ordinary shares of the Company	197,109,265	168,536,445
Net tangible asset backing per ordinary security	\$1.20	\$0.80

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
9 August 2012	Hilliard & Associates	Acquisition of part of business operations and assets (not the legal entity)
25 January 2013	JSP Solicitors	Acquisition of the business operations and assets of the partnership
26 March 2013	Clark Toop & Taylor	Acquisition of the business operations and assets of the partnership
24 May 2013	Marrons Solicitors	Acquisition of the business operations and assets of the partnership

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 21 August 2013.

20. ACCOUNTING STANDARDS USED BY FOREIGN ENTITIES

(Listing rule 4.3A – item 13)

International Financial Reporting Standards

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 21 August 2013.

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2013
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 2013	30 June 2012
Basic EPS	24.2 cents	16.2 cents
Diluted EPS	23.6 cents	15.7 cents

	\$'000	\$'000
Earnings used in calculating basic and diluted earnings per share	41,875	24,983

	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	172,799	154,014

Effect of dilutive securities:

VCR Shares	4,599	4,991
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Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	177,398	159,005
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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 2013
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

		2013		2012	
		Shares	\$'000	Shares	\$'000
Ordinary shares fully paid	(a)	197,109,265	207,013	168,536,445	137,099
VCR shares	(b)	5,336,334	5,360	4,819,998	5,082
Balance at end of the year		202,445,599	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
<i>Shares issued as consideration for acquisitions:</i>					
- 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
<i>Conversion of vested VCR shares to ordinary share</i>					
- 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
<i>Share capital issued by share placement:</i>					
- 13 May 2013		23,113,186	58,939	-	-
- 18 June 2013		3,035,357	7,741	-	-
		26,148,543	66,680	-	-
<i>Share capital issued under reinvestment plan:</i>					
- 29 April 2013		423,507	1,067	-	-
		423,507	1,067	-	-
<i>Employee share scheme buy-back:</i>					
- 29 June 2012		-	-	(64,286)	(41)
				(64,286)	(41)
Less capital raising costs, net of tax		-	(1,439)	-	(36)
Balance at end of the year		197,109,265	207,013	168,536,445	137,099

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2013

	2013		2012	
	Shares	\$'000	Shares	\$'000
(b) Movement in VCR share capital				
Balance at the beginning of the year	4,819,998	5,082	5,569,044	5,815
<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)	-	-
	(1,908,664)	(3,431)	(2,129,046)	(3,389)
<i>Share capital issued under Employee Ownership Plan:</i>				
- 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
<i>Employee share scheme buy-back:</i>				
- 29 June 2012	-	-	(1,010,000)	(1,001)
	-	-	(1,010,000)	(1,001)
Share based payments expense	-	758	-	987
Less capital raising costs, net of tax	-	(7)	-	(9)
Balance at end of the year	5,336,334	5,360	4,819,998	5,082

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2013
24. SEGMENT RESULTS

(Listing rule 4.3A – item 14.4)

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. 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 investment 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.

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 S&G \$'000	United Kingdom UK \$'000	Total \$'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
EBITDA	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)
Total profit before income tax	50,567	10,797	61,364
Total segment assets	528,775	137,706	666,041
Inter-segment assets	(61,981)	-	(61,981)
Total assets per the balance sheet	466,794	137,706	604,500
Segment liabilities			
Total segment liabilities	191,209	125,206	316,415
Inter-segment liabilities	-	(61,981)	(61,981)
Total liabilities per the balance sheet	191,209	63,225	254,434

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2013

2012	Australia S&G \$'000	United Kingdom UK (2 months) \$'000	Total \$'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
EBITDA	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)
Total profit before income tax	35,702	792	36,494
Total segment assets	432,562	115,555	548,117
Inter-segment assets	(22,697)	-	(22,697)
Total assets per the balance sheet	409,865	115,555	525,420
Segment liabilities			
Total segment liabilities	195,341	109,470	304,811
Inter-segment liabilities	-	(22,697)	(22,697)
Total liabilities per the balance sheet	195,341	86,773	282,114

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

Subsequent to the reporting date, the group has signed, for total consideration of \$22,997,400, agreements for the acquisition of the following businesses:

- In the United Kingdom, the personal injury practice of Taylor Vinters, completion effective 16 August 2013 and Goodmans, completion effective 30 August 2013.
- In Australia, Gibson & Gibson, completion effective 1 August 2013.

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 late October 2013.

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 21 August 2013.

SLATER & GORDON LIMITED
YEAR ENDED 30 JUNE 2013

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.

The entity has a formally constituted audit committee.

Sign here:



Date:

21 August 2013

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: 24 October 2013

Time: 2.30pm

Approximate date the annual report will be available

22 September 2013