

25 June 2015

ASX Announcement

Media Reports in relation to Quindell plc

We note the announcement of the suspension of Quindell plc's shares from the AIM in the UK pending an investigation under the Financial Services and Markets Act 2000 in relation to public statements made by Quindell regarding its financial accounts for 2013 and 2014. This investigation relates to historical statements made by Quindell during 2013 and 2014.

Slater and Gordon reiterates that its due diligence investigations in relation to the acquisition of PSD were undertaken with the assistance of EY having regard to the underlying assets of the PSD and Slater and Gordon's own accounting policies. The primary difference between the accounting policies of Slater and Gordon and Quindell throughout its ownership of PSD relates to historical revenue recognition. As disclosed on page 21 of the Investor Presentation dated 30 March 2015, revenue recognised under Quindell accounting policies for PSD in CY2014 was restated under Slater and Gordon accounting policies from 645m to 368m (43%) at the time of acquisition.

While revenue recognised by Quindell in CY2013 and CY2014 had historically been audited by KPMG, Quindell announced that it had appointed PwC in December 2014 to review those accounting policies. As part of that review at the time of announcement of the sale of PSD to Slater and Gordon, Quindell confirmed that PwC had found that:

Although not finalised, PwC's review has identified that certain of the accounting policies historically adopted by the Company, in respect of recognising revenue and deferring case acquisition costs in a number of the Group's product areas, were largely acceptable but were at the aggressive end of acceptable practice. PwC has also identified that some policies are not appropriate, principally being the NIHL cases revenue and related balances which became significant during 2014. This was primarily due to the Group's lack of historical internal data relating to NIHL claims settlements, which is needed to support related revenue recognition and cost deferral.

Slater and Gordon has been aware of the concerns raised publicly in relation to the accounting policies of Quindell at all stages of its engagement with Quindell. Slater and Gordon remains confident in both its due diligence enquiries underpinned by asset level due diligence into 8,000 cases by 70 lawyers over six weeks and its accounting policies which reflect historical evidentiary experience of case file resolution in Australia and the UK. As the acquisition of PSD was structured as an acquisition of the PSD entities rather than its parent entities, Slater and Gordon is confident that it has no liability in relation to the ongoing investigations relating to Quindell.

ENDS