APPENDIX 4D STATEMENT
(Listing rule 4.2A.3)

PRELIMINARY FINAL REPORT
for the half-year ended 31 December 2018

Results for announcement to the market

		31 December 2018 $'000[1]	31 December 2017 $'000 [1]	% change to prior year	
1.	**Revenues from ordinary activities**	74,301	85,131	down	12.7%
2.	**Profit / (Loss) from ordinary activities after tax attributable to members**	(10,279)	141,174	down	n.m.

(1) Revenues from ordinary activities reflect continuing operations. The prior period comparative amount has been restated to exclude discontinued operations.

Dividend information

3. Total dividend per ordinary share

No dividends were proposed for the interim periods ending 31 December 2018 and 31 December 2017.

4. Record date for determining entitlements to the final dividend

Not applicable

5. Net tangible asset per security	**31 December 2018**	**31 December 2017**
	$'000	**$'000**
Net Tangible Assets	41,505	90,118
	Number of shares	**Number of shares**
Total number of ordinary shares of the Company	69,527,235[2]	69,527,235[2]
Net tangible asset backing per ordinary security	59.7 cents	129.62 cents

(2) Total shares as at 31 December 2018 and as at 31 December 2017 reflects the effect of the 100 to 1 share consolidation that took place on 8 December 2017.

6. Details of entities over which control has been lost

On 15 December 2017, the Group transferred control of Slater & Gordon (UK) 1 Limited and its subsidiaries to its Senior Lenders, as part of a Scheme of Arrangement with its Senior Lenders.

	31 December 2018 $'000	**15 December 2017 $'000**
7. Loss after tax of entities over which control has been lost	-	(48,830) [3]

(3) In addition, a net gain after tax from disposal of discontinued operations of $211,199 has been recognised in Profit / (Loss) from ordinary activities after tax attributable to members

This information should be read in conjunction with 2018 Annual Report and any public announcements made in the period by Slater and Gordon Limited in accordance with continuous disclosure requirements of the *Corporations Act 2001* and Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Director's report and the condensed consolidated financial report for the half-year ended 31 December 2018.

This report is based on the condensed consolidated financial report which has been independently reviewed by Ernst and Young. The Independent Review Report provided by Ernst and Young is included in the condensed consolidated financial report for the half-year ended 31 December 2018.

James MacKenzie

Chair

John Somerville

Managing Director and Chief Executive Officer

Melbourne

26 February 2019

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

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

TABLE OF CONTENTS

Directors' Report

The Directors of Slater and Gordon Limited present their report, together with the condensed consolidated half-year financial report consisting of Slater and Gordon Limited ("the Company") and its controlled entities (jointly referred to as "the Group"), for the half-year ended 31 December 2018 and the review report thereon.

Directors

The directors in office at any time during the half year ended 31 December 2018 and up to the date of signing this report are:

- James MacKenzie – Chair
- Merrick Howes
- Michael Neilson (appointed 25 September 2018)
- Elana Rubin
- John Somerville (appointed 25 September 2018)
- Hayden Stephens (ceased 25 September 2018)
- Nils Stoesser
- Jacqui Walters

Review of Operations

The Group ended the half-year to 31 December 2018 with:

- total revenue and other income from continuing operations of $75.1m (31 December 2017: $85.3m);
- a net loss from continuing operations after tax of $9.2m (31 December 2017: $20.0m); and
- operating cash inflows generated from continuing operations of $1.0m (31 December 2017: ($0.4m)).

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 thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Group is an entity to which the Legislative Instrument applies.

Signed in accordance with a resolution of the Directors.

James MacKenzie	John Somerville
Chair	Managing Director and Chief Executive Officer

Melbourne

26 February 2019

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's Independence Declaration to the Directors of Slater and Gordon Limited

As lead auditor for the review of Slater and Gordon Limited and Controlled Entities for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Slater and Gordon Limited and the entities it controlled during the financial period.

Ernst & Young

Christopher George
Partner
Melbourne
26 February 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2018

	Note	31 Dec 2018[1] $'000	Restated[2] 31 Dec 2017 $'000
Continuing Operations			
Revenue			
Fee revenue		81,103	88,209
Net movement in work in progress		(6,802)	(3,078)
Revenue from contracts with customers	3	**74,301**	**85,131**
Other income		842	215
Total revenue and other income		**75,143**	**85,346**
Less expenses			
Salaries and employee benefit expense		48,215	52,816
Share based payment expense to former owners		-	682
Rental expense		4,417	8,003
Advertising, marketing and new business development		4,669	6,240
Administration and office expense		9,791	12,410
Consultant fees		3,600	4,841
Finance costs		6,079	11,938
Bad and doubtful debts		276	5,799
Depreciation and amortisation expense	4	2,273	1,813
Other expenses		3,998	2,192
Total expenses		**83,318**	**106,734**
(Loss) from continuing operations before income tax		**(8,175)**	**(21,388)**
Income tax (benefit) / expense		1,025	(1,410)
(Loss) for the half-year from continuing operations after income tax		**(9,200)**	**(19,978)**
Discontinued Operations			
Pre-tax (loss) / gain from discontinued operations	7	545	(48,951)
Income tax expense / (benefit) from discontinued operations	7	1,505	1,092
Net (loss) / gain from disposal of discontinued operations	7	(119)	196,144
Income tax (benefit) on disposal of discontinued operations	7	-	(15,055)
Profit / (loss) from discontinued operations after income tax		**(1,079)**	**161,156**
Profit / (loss) for the half-year after income tax		**(10,279)**	**141,178**
Profit / (loss) for the half-year attributed to:			
Owners of the Company		(10,279)	141,174
Non-controlling interests		-	4
		(10,279)	**141,178**

[1] The Group has initially applied AASB 9 at 1 July 2018. It has taken advantage of the exemption in paragraph 7.2.15 of AASB 9 from restating prior periods in respect of AASB 9's classification and measurement (including impairment) requirements. Refer to note 1(c).

[2] The prior period comparative has been restated in accordance with the requirements of Australian Accounting Standards as a result of the discontinued operations.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the Half-Year Ended 31 December 2018

	Note	31 Dec 2018[1] $'000	Restated[2] 31 Dec 2017 $'000
Other comprehensive income / (loss), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss) on translation of discontinued operations		-	(10,414)
(Loss) / gain on changes in fair value of cash flow hedges		-	(250)
Total items that may be reclassified subsequently to profit or loss		**-**	**(10,664)**
Other comprehensive (loss) for the half-year, net of tax		**-**	**(10,664)**
Total comprehensive income / (loss) for the half-year, net of tax		**(10,279)**	**130,514**
Total comprehensive income / (loss) for the half-year attributed to:			
Owners of the Company		(10,279)	130,515
Non-controlling interests		-	(1)
		(10,279)	**130,514**
Total comprehensive income / (loss) for the half-year attributed to owners of the Company from:			
Continuing operations		(9,200)	(19,978)
Discontinued operations		(1,079)	150,493
		(10,279)	130,515
Earnings / (loss) per share from continuing operations:			
Basic (loss) per share	3(b)	(0.132)	(2.979)
Diluted (loss) per share	3(b)	(0.132)	(2.979)
Earnings / (loss) per share from discontinued operations:			
Basic earnings / (loss) per share	3(b)	(0.016)	24.028
Diluted earnings / (loss) per share	3(b)	(0.016)	24.028

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

[1] The Group has initially applied AASB 9 at 1 July 2018. It has taken advantage of the exemption in paragraph 7.2.15 of AASB 9 from restating prior periods in respect of AASB 9's classification and measurement (including impairment) requirements. Refer to note 1(c).
[2] The prior period comparative has been restated in accordance with the requirements of Australian Accounting Standards as a result of the discontinued operations.

Consolidated Statement of Financial Position

As at 31 December 2018

	Note	31 Dec 2018 $'000	30 Jun 2018 $'000
Current assets			
Cash and cash equivalents		16,228	18,778
Receivables	4(c)	60,246	74,897
Work in progress		101,641	110,764
Current tax assets		-	-
Other current assets		10,735	7,871
Assets held for sale		-	133
Total current assets		**188,850**	**212,443**
Non-current assets			
Property, plant and equipment	4(b)	7,259	9,372
Receivables	4(c)	18,741	19,018
Work in progress		109,661	115,029
Intangible assets	4(a)	1,108	797
Deferred tax assets		-	-
Other non-current assets		289	417
Total non-current assets		**137,058**	**144,633**
Total assets		**325,908**	**357,076**
Current liabilities			
Payables	4(c)	50,294	56,963
Short term borrowings	4(c)	12,992	11,798
Current tax liabilities		-	-
Provisions		16,759	21,285
Total current liabilities		**80,045**	**90,046**
Non-current liabilities			
Payables	4(c)	3,903	4,497
Long term borrowings	4(c)	143,871	143,321
Deferred tax liabilities		47,602	49,531
Derivative financial instruments		-	-
Provisions		7,874	6,386
Total non-current liabilities		**203,250**	**203,735**
Total liabilities		**283,295**	**293,781**
Net assets / (liabilities)		**42,613**	**63,295**
Equity			
Contributed equity	5(b)	1,348,840	1,348,581
Reserves		12,626	12,885
Accumulated losses		(1,318,853)	(1,298,171)
Total equity attributable to equity holders in the Company		**42,613**	**63,295**
Non-controlling interest		-	-
Total equity		**42,613**	**63,295**

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

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2018

31 December 2018	Note	Contributed Equity	Accumulated Losses	Cash Flow Hedging Reserve	Foreign Currency Translation Reserve	Share-based Payment Reserve	Total	Non-controlling Interest	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2018		**1,348,581**	**(1,298,171)**	**-**	**-**	**12,885**	**63,295**	**-**	**63,295**
Change in accounting policy	1(c)		(10,403)	-	-		(10,403)		(10,403)
Restated total equity at the beginning of the financial year		**1,348,581**	**(1,308,574)**	-	-	**12,885**	**52,892**		**52,892**
Net profit after tax for the half-year		-	-	-	-	-	-	-	-
Total other comprehensive income/(loss) for the half-year		-	(10,279)	-	-	-	(10,279)	-	(10,279)
Total comprehensive (loss)/income for the half-year		**-**	(10,279)	**-**	**-**	**-**	(10,279**)**	**-**	(10,279)
Transactions with owners in their capacity as owners									
Transfer from share based payments reserve		259	-	-	-	(259)	-	-	-
Recognition of share based payments expense to former owners		-	-	-	-	-	-	-	-
Reclassification to profit or loss on disposal of discontinued operation		-	-	-	-	-	-	-	-
Reclassification to profit or loss on extinguishment of debt		-	-	-	-	-	-	-	-
Costs of equity raising		-	-	-	-	-	-	-	-
Performance rights		-	-	-	-	-			
Total transactions with owners in their capacity as owners		**259**	-	**-**	**-**	**(259)**	-	**-**	-
Balance as at 31 December 2018		**1,348,840**	**(1,318,853)**	**-**	**-**	**12,626**	**42,613**	**-**	**42,613**

31 December 2017	Note	Contributed Equity	Accumulated Losses	Cash Flow Hedging Reserve	Foreign Currency Translation Reserve	Share-based Payment Reserve	Total	Non-controlling Interest	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2017		**1,119,235**	**(1,411,897)**	**(598)**	**27,513**	**17,108**	**(248,639)**	**(177)**	**(248,816)**
Net profit after tax for the half-year		-	141,174	-	-	-	141,174	4	141,178
Total other comprehensive income/(loss) for the half-year		-	-	(250)	(10,409)	-	(10,659)	(5)	(10,664)
Total comprehensive (loss)/income for the half-year		**-**	**141,174**	**(250)**	**(10,409)**	**-**	**130,515**	**(1)**	**130,514**
Transactions with owners in their capacity as owners									
Issuance of shares under Senior Lender Scheme	5(b)	221,270	-	-	-	-	221,270	-	221,270
Transfer from share based payments reserve		259	-	-	-	(259)	-	-	-
Recognition of share based payments expense to former owners		-	-	-	-	3,220	3,220	-	3,220
Reclassification to profit or loss on disposal of discontinued operation		-	-	-	(17,104)	-	(17,104)	178	(16,926)
Reclassification to profit or loss on extinguishment of debt		-	-	848	-	-	848	-	848
Costs of equity raising		-	-	-	-	-	-	-	-
Performance rights		-	-	-	-	8	8	-	8
Total transactions with owners in their capacity as owners		**221,529**	**-**	**848**	**(17,104)**	**2,969**	**208,242**	**178**	**208,420**
Balance as at 31 December 2017		**1,340,764**	**(1,270,723)**	**-**	**-**	**20,077**	**90,118**	**-**	**90,118**

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2018

	Note	31 Dec 2018 $'000	Restated[3] 31 Dec 2017 $'000
Cash flow from operating activities			
Receipts from customers		95,118	113,690
Payments to suppliers and employees		(89,908)	(103,876)
Payments to former owners		-	(5,250)
Interest received		152	70
Borrowing costs		(4,349)	(2,130)
Income tax received/(paid)		-	(2,916)
Net cash (used in) / provided by operating activities of continuing operations		**1,013**	**(412)**
Net cash (used in) operating activities of discontinued operations		(1,511)	(31,089)
Total net cash (used in) operating activities		**(498)**	**(31,501)**
Cash flow from investing activities			
Payment for software development		(337)	-
Payment for plant and equipment		(1,126)	(913)
Cash balance transferred on disposal of businesses		-	(18,439)
Payment for acquisition of businesses – deferred consideration		-	(425)
Deposits for bank guarantees		450	-
Proceeds from disposal of business		424	-
Net cash flow (used in) investing activities of continuing operations		**(589)**	**(19,777)**
Net cash (used in) investing activities of discontinued operations		-	(3,168)
Total net cash (used in) investing activities		**(589)**	**(22,945)**
Cash flow from financing activities			
Loans/payments to related parties and employees		139	42
Proceeds from borrowings		5,605	25,000
Repayment of borrowings		(7,207)	(821)
Net cash provided / (used) by financing activities of continuing operations		**(1,463)**	**24,221**
Net cash provided / (used) by financing activities of discontinued operations		-	8,475
Total net cash provided / (used) by financing activities		**(1,463)**	**32,696**
Net decrease in cash held		(2,550)	(21,750)
Net foreign exchange differences		-	2,841
Cash at beginning of half-year		18,778	33,303
Cash at end of half-year		16,228	14,394

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

[3] The prior period comparative has been restated in accordance with the requirements of Australian Accounting Standards as a result of the discontinued operations.

Note 1: Basis of Preparation

This note sets out the accounting policies adopted by Slater and Gordon Limited (the “Company”) and its consolidated entities (the “Consolidated Entity” or the “Group”) in the preparation and presentation of the financial report. Where an accounting policy is specific to one note, the policy is described within the note to which it relates.

The financial report of Slater and Gordon Limited was authorised for issue in accordance with a resolution of the Directors on 25 February 2019.

The Group is a Company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

(a) Basis of Accounting

This half-year general purpose condensed financial report for the six months ended 31 December 2018 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The half-year financial report does not include all the information and disclosures required in the annual financial report and should be read in conjunction with the Group’s annual financial report as at 30 June 2018. The financial statements present reclassified comparative information where required for consistency with the current period presentation.

It is also recommended that the half-year financial report be considered with any public announcements made by the Company up to the date of this report in accordance with the continuous disclosure obligations of the Australian Securities Exchange listing rules.

This is the first set of the Group’s financial statements where AASB 9 has been applied. Changes to significant accounting policies are described in Note 1(c).

The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 and accordingly, amounts in the consolidated financial statements and Directors’ Report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Going Concern

The Directors continue to adopt the going concern basis in preparing the half-year financial report.

As at 31 December 2018, the Group’s total borrowings were $156.9m (30 June 2018: $155.1m). Of this, $13.0m is presented as current liabilities, being repayment of the disbursement funding facility due in the next 12 months. The remaining $143.9m of debt is non-current.

Furthermore, as at 31 December 2018, the Group has a positive net current asset balance of $108.8m and a positive overall net asset balance of $42.6m.

The Directors have assessed the forecast trading results and cash flows, taking into account reasonably possible changes in trading performance. These forecasts, which are based on best-estimate assumptions that are subject to influences and events outside of the control of the consolidated entity, indicate that the consolidated entity will continue to operate within the level and terms of its debt facilities.

(b) Significant Accounting Judgements, Estimates and Assumptions

In preparing these half-year financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of AASB 9, which are described in Note 1(c). Additional significant judgements are outlined in detail within the specific notes to which they relate.

(c) Foreign currency transactions and balances

Transactions in foreign currencies of entities are translated into the respective functional currency of each entity at the rate of exchange ruling at the date of transaction. Foreign currency monetary items that are outstanding at the reporting date are translated using spot rate at the end of the financial year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions and are not remeasured unless they are carried at fair value.

Note 1: Basis of Preparation (continued)

(d) Changes in significant accounting policies

The Group has early adopted AASB 15 *Revenue from Contracts with Customers* in the Group's financial statements for the year ended 30 June 2016.

The Group has initially adopted AASB 9 *Financial Instruments* from 1 July 2018. A number of other new amendments and interpretations are effective from 1 January 2018, but they do not have a material effect on the Group's financial statements.

The key impact arising from the adoption of the new standard is an increase in impairment losses recognised on financial assets (see below for further details).

AASB 9 *Financial Instruments*

The adoption of AASB 9 *Financial Instruments* from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in AASB 9(7.2.15) and (7.2.26), comparative figures have not been restated (for a description of the transition method, see 1(c)(iii) below).

The total impact on the Group's retained earnings as at 1 July 2018 is as follow:

	Impact of adopting AASB 9 on opening balance $'000
Closing retained earnings 30 June 2018 – AASB 139	**(1,298,171)**
Adjustment to retained earnings from adoption of AASB 9 on 1 July 2018	
Recognition of expected credit losses under AASB 9	(14,862)
Related tax	4,459
Total Adjustment	**(10,403)**
Restated total equity at the beginning of the financial year	**(1,308,574)**

(i) Classification and measurement of financial assets and financial liabilities

From 1 July 2018, the Group assesses which of its financial assets are within the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application.

All financial assets held by the Group are measured at amortised cost. The effect of adopting AASB 9 on the carrying amounts of financial assets at 1 July 2018 relates solely to the new impairment requirements, as described further in note (ii) below.

AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities. The adoption of AASB 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

(ii) Impairment of financial assets and contract assets

The Group has three types of assets that are subject to AASB 9's new expected credit loss model:

- Financial assets
  - Trade and other receivables
  - Unbilled disbursement assets ("Disbursements")
- Contract assets i.e. Work In Progress ("WIP")

The Group was required to revise its impairment methodology under AASB 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table above.

Note 1: Basis of Preparation (continued)

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

The expected credit loss consists of the following:

- Specific provision: recognised for financial and contract assets that exhibit certain characteristics and is based on management's judgement of the lifetime expected loss on overdue amounts ; and
- General provision: where a financial or contract asset is not covered by specific provision the Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, Disbursements and WIP. The WIP and Disbursements relate to unbilled work in progress and have substantially the same risk characteristics as the zero days past due trade receivables for the same types of contracts. Effective credit loss related to Disbursements and WIP are discounted at the Group's weighted average cost of capital ('WACC').

  Expected credit losses are calculated using three main parameters i.e. a probability of default (PD), a loss given default (LGD) and an exposure at default (EAD). These parameters are generally derived from internally developed statistical models combined with historical, current and forward looking information, including macro-economic data:

  - For accounting purposes, lifetime PD represent the expected point-in-time probability of a default, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk. Debtors that roll into a >90 days overdue category are assumed to have a PD of 100%;
  - The LGD represents expected loss conditional on default;
  - The EAD represents the expected exposure at default, taking into account the repayment of outstanding amounts from the balance sheet date to the default event.

  The use of forward looking information, including macro-economic forecasts, increases the degree of judgement required to assess how changes in these data points, will affect ECLs. The assumptions, including any forecasts of future economic conditions, are reviewed regularly.

The Group has determined that the application of AASB 9's impairment requirements at 1 July 2018 results in an additional impairment allowance as follows.

	$'000
Additional loss allowance at 1 July 2018 under AASB 9:	
Trade and other receivables	5,695
Disbursements	1,423
Work in progress	7,744
Cash and cash equivalents	-
Total additional loss allowance	**14,862**

(iii) Transition

The Group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of AASB 9 are recognised in retained earnings as at 1 July 2018. Accordingly, the information presented as at 30 June 2018 does not generally reflect the requirements of AASB 9, but rather those of AASB 139.

Notes to the Financial Statements

For the half-year ended 31 December 2018

	30 Jun 2018 $'000	AASB 9 Adjustments $'000	Restated 1 Jul 2018 $'000
Current assets			
Cash and cash equivalents	18,778		18,778
Receivables	74,897	(5,980)	68,917
Work in progress	110,764	(1,549)	109,215
Current tax assets	-		-
Other current assets	7,871		7,871
Assets held for sale	133		133
Total current assets	**212,443**	**(7,529)**	**204,914**
Non-current assets			
Property, plant and equipment	9,372		9,372
Receivables	19,018	(1,138)	17,880
Work in progress	115,029	(6,195)	108,834
Intangible assets	797		797
Deferred tax assets	-		-
Other non-current assets	417		417
Total non-current assets	**144,633**	**(7,333)**	**137,300**
Total assets	**357,076**	**(14,862)**	**342,214**
Current liabilities			
Payables	56,963		56,963
Short term borrowings	11,798		11,798
Current tax liabilities	-		-
Other current liabilities	-		-
Provisions	21,285		21,285
Total current liabilities	**90,046**	**-**	**90,046**
Non-current liabilities			
Payables	4,497		4,497
Long term borrowings	143,321		143,321
Deferred tax liabilities	49,531	(4,459)	45,072
Derivative financial instruments	-		-
Provisions	6,386		6,386
Total non-current liabilities	**203,735**	**(4,459)**	**199,276**
Total liabilities	**293,781**	**(4,459)**	**289,322**
Net assets / (liabilities)	**63,295**	**(10,403)**	**52,892**
Equity			
Contributed equity	1,348,581		1,348,581
Reserves	12,885		12,885
Accumulated losses	(1,298,171)	(10,403)	(1,308,574)
Total equity attributable to equity holders in the Company	**63,295**	**(10,403)**	**52,892**
Non-controlling interest	-		-
Total equity	**63,295**	**(10,403)**	**52,892**

Note 2: Segment Reporting

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.

Following the restructure of the Group in the previous financial year, the Group has one reportable segment, which provides legal services in Australia. Information provided to the chief operating decision maker for the purposes of making decisions about allocating resources to the segment and assessing its performance is consistent with amounts presented in the Consolidated Financial Statements. The Group's revenues and non-current assets are wholly based in Australia. The Group is not reliant on any single customer.

As the Group continues to implement its transformation strategy, it will re-evaluate the information provided to the chief operating decision maker, which may change the Group's operating segments going forward.

Note 3: Financial Performance

(a) Revenue from Contracts with Customers

Disaggregation of Revenue from Contracts with Customers

The Group's operations and main revenue streams are those described in the financial statements as at 30 June 2018. The Group derives revenue from the transfer of goods and services over time and at a point in time, in the major product lines of Personal Injury Law and Litigation and Emerging Services and the geographical regions of Australia.

Half - Year ended 31 December 2018	Personal Injury Law $'000	Litigation and Emerging Services $'000	Total $'000
Type of contract:			
Fixed price	-	354	354
Time and Materials	-	4,695	4,695
No Win – No Fee	65,829	3,423	69,252
Revenue from contracts with customers	**65,829**	**8,472**	**74,301**
Half - Year ended 31 December 2017 Restated			
Type of contract:			
Fixed price	-	585	585
Time and Materials	-	5,022	5,022
No Win – No Fee	80,259	(735)	79,524
Revenue from contracts with customers	**80,259**	**4,872**	**85,131**

The Group does not incur any high seasonality as considered by AASB 134 *Interim Financial Reporting*, meaning reported results are not seasonally impacted.

(b) Earnings per Share

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

	31 Dec 2018	Restated 31 Dec 2017
Loss used in calculating basic and diluted earnings per share from continuing operations ($'000)	(9,200)	(19,978)
Gain / (loss) used in calculating basic and diluted earnings per share from discontinued operations ($'000)	(1,079)	161,156
Weighted average number of ordinary shares used in calculating basic loss per share ('000's)	69,527	6,707
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share ('000's)	69,527	6,707

On 8 December 2017, the Company undertook a share consolidation of 1 ordinary share for every 100 on issue (refer Note 5(b)).

Notes to the Financial Statements

For the half-year ended 31 December 2018

Note 4: Assets and Liabilities

(a) Intangible Assets

The intangible assets balance as at 31 December 2018 is $1.1m (30 June 2018: $0.8m). The movement from 30 June 2018 includes additions of $0.4m (30 June 2018: $0.8m), offset by amortisation expense of $0.1m (30 June 2018: $1.3m).

There was no impairment loss recognised during the half year.

(b) Property, Plant and Equipment

The property, plant and equipment balance as at 31 December 2018 is $7.3m (30 June 2018: $9.4m). The movement from 30 June 2018 includes additions of $1.0m (30 June 2018: $4.4m), disposals of $1.0m (30 June 2018: $16.6m) and depreciation expense of $2.2m (30 June 2018: $5.5m).

There was no impairment loss recognised during the half year.

(c) Financial assets and financial liabilities

Set out below is an overview of financial assets and financial liabilities held by the Group as at 31 December 2018 and 30 June 2018. The carrying value of these financial assets and liabilities equal their fair value.

	31 Dec 2018 $'000	30 Jun 2018 $'000
Financial Assets		
Trade Receivables & Other receivables	29,882	42,050
Disbursements	43,209	44,859
Third party disbursements	5,896	7,006
Total assets	**78,987**	**93,915**
Total current assets	**60,246**	**74,897**
Total non-current assets	**18,741**	**19,018**
Financial Liabilities		
Payables	46,229	52,092
Third party disbursement	7,968	9,368
Borrowings	156,863	155,119
Total liabilities	**211,060**	**216,579**
Total current liabilities	**63,286**	**68,761**
Total non-current liabilities	**147,774**	**147,818**

Note 5: Capital Structure and Financing

(a) Financing arrangements

Debt Facilities

At the reporting date, the Group had the following debt facilities:

a) Refinanced Super Senior Facility ($65.0m) with a termination date of 22 December 2020. The facility incurs fixed fees and a fixed interest rate, with interest not payable until the end of the term. There is no amortisation required over the life of this facility. The total undrawn amount of the facility is nil at 31 December 2018 (30 June 2018: nil).

b) Restated Syndicated Facility Agreement ($60.0m) with a termination date of 22 December 2022. Interest is not payable until the end of the term. There is no amortisation required over the life of this facility. The total undrawn amount of the facility is nil at 31 December 2018 (30 June 2018: nil).

   Payment of the deferred restructure fee relating to the previous restructure of the facility in May 2016, which comprised warrants and cash of $1.6m and GBP 5.3m, has been deferred and is due at the termination date.

c) Disbursement asset backed facility ($18.0m) secured against disbursement assets (security pool). Future receipts of the security pool must be applied in repayment of the facility when they are received, accordingly the amount classified as current is based on expected disbursement receipts. Any outstanding balance is fully repayable on 29 December 2020. Interest on the facility is payable annually in advance.

   In November 2018, the Group renegotiated the disbursement asset backed facility to provide a maximum additional facility of $15.0m. The additional facility is available until 30 June 2019 and is limited through the application of loan covenant requirements. The additional facility has not been utilised at 31 December 2018.

Note 5: Capital Structure and Financing (continued)

Watchstone Receivable

As partial consideration for the transfer of Slater and Gordon (UK) 1 Limited ("S&G UK") shares from the Company to Slater and Gordon UK Holdings Limited, the Company has recourse to the first $40.0m of any proceeds that S&G UK receives from successful settlement of the Watchstone-related claims (refer to Note 6(b)). These are required to be applied by the Company first to reduce the Super Senior Facility. This amount represents a contingent asset, and has not been recognised as a receivable as the inflow of economic benefits is not considered virtually certain. It has been disclosed as a contingent asset (refer Note 6(b) for details).

Security

The security that was provided over the Australian Operations in respect of secured facilities of the UK Operations was released in full on implementation of the Senior Lender Scheme in December 2017. No ongoing security has been provided by the Australian Group for UK debt. For details of other security provided to S&G UK by the Australian Operations, please refer Note 6.

Covenants position

The Group was in compliance with all financial banking covenants as at 31 December 2018.

Net Debt

As at 31 December 2018, the Group has fully drawn its Syndicated Facility Agreement and Super Senior Facility.

The Group has cash on hand of $16.2m (30 June 2018: $18.8m), offset by debt of $146.5m, deferred restructure and underwriting fees of $10.1m and insurance premium financing of $0.3m, resulting in net debt of $140.7m (30 June 2018: $136.3m). The Group's net debt position has increased since 30 June 2018 by $4.4m.

	Currency	Maturity	31 December 2018 $'000 Carrying amount	30 June 2018 $'000 Carrying amount
Super Senior Facility (1)	AUD	22 Dec 2020	71,255	67,836
Super Senior Facility (2)	AUD	24 Dec 2018	-	1,678
Underwriter fees	AUD	24 Dec 2018	-	1,600
Syndicated Facility Agreement (1)	AUD	22 Dec 2022	62,553	61,265
Deferred restructure fee (4)	AUD	22 Dec 2022	10,063	9,817
Finance lease liability	AUD	2 Jul 2018	-	1
Insurance premium financing	AUD	1 May 2019	333	-
Disbursement asset-backed facility (3)	AUD	29 Jun 2020	12,659	12,922
Total interest-bearing liabilities			**156,863**	**155,119**

(1) Includes capitalised interest costs as agreed with the lenders

(2) As at 30 June 2018 relates to accrued interest capitalised previously which has been paid in the current financial period.

(3) Prepaid interest of $1.6m has been recognised in Other current assets. .

(4) This balance is impacted by fluctuations in the GBP exchange rate.

Note 5: Capital Structure and Financing (continued)

(b) Contributed Equity

	31 Dec 2018 Shares	31 Dec 2018 $'000	30 Jun 2018 Shares	30 Jun 2018 $'000
Ordinary shares fully paid	69,527,325	1,348,840	69,527,235	1,348,581

Movement in Ordinary Share Capital	For the half-year ended			
	31 Dec 2018 Shares	31 Dec 2018 $'000	31 Dec 2017 Shares	31 Dec 2017 $'000
Balance at the beginning of the period	**69,527,235**	**1,348,581**	**347,245,601**	**1,119,235**
Issued during the year				
• Transfer from share-based payment reserve	-	259	-	259
• Consolidation of shares prior to Recapitalisation[(1)]	-	-	(343,769,240)	-
• Issuance of shares under Senior Lender Scheme			66,050,874	221,270
Balance at the end of the period	**69,527,235**	**1,348,840**	**69,527,235**	**1,340,764**

(1) On 8 December 2017, the Company undertook a share consolidation of 1 ordinary share for every 100 on issue.

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.

(c) Third Party Disbursement Funding

The Group has an agreement with third party disbursement funder, Equal Access Funding Proprietary Limited ('EAF'), who fund disbursements in respect of individual matters and are reimbursed out of any settlement proceeds on the matter. The Group has provided a financial guarantee to EAF for the repayment of clients' obligations in certain circumstances.

In July 2018, the Group entered into an Exclusive Service Provider Deed with MAF Credit Pty Ltd ('MAF') to provide disbursement funding to clients. The funding facility is available for 30 months and can be extended for a further 18 months. The Group has provided a financial guarantee to MAF for the repayment of clients' obligations in certain circumstances.

Both disbursement funding facilities are presented in the statement of financial position within payables with a corresponding financial asset in receivables. An assessment of the financial asset has been performed in line with AASB 9 and a provision has been recognised against the asset.

The Group previously accounted for third party disbursement funding by recognising a provision. The accounting treatment has been changed as outlined above to align treatment to both facilities. The prior year comparative balances have been restated, resulting in an increase of both receivables and payables of $9.6m. The provision for third party disbursements of $2.4m has been reclassified from provisions to reduce third party disbursement asset.

Note 6: Unrecognised Items

(a) Guarantees

The Group has entered into lease rental guarantees and performance guarantees with a face value of $3.6m (30 June 2018: $3.9m).

Note 6: Unrecognised Items (continued)

(b) Contingent Asset – Claims against Watchstone plc (Watchstone – formerly Quindell plc)

As part of the consideration provided for the implementation of the Senior Lender Scheme, the Company was provided with a $40.0m receivable giving it recourse to the first $40m of the net proceeds that S&G UK receives from successful settlement of the claims against Watchstone (formerly Quindell plc). Such claims were brought by S&G UK against Watchstone arising from its acquisition of Watchstone's Professional Services Division in May 2015. On 29 November 2016, the Company obtained a positive merit based opinion of its claims from an independent barrister, in accordance with the provisions of the Share Sale Agreement ("SSA") between the Group and Watchstone. Having met this threshold requirement, under the SSA provisions, the escrow amount of £50.0m will not be released until such time as the claim made against Watchstone is resolved (through proceedings or settlement). The Group notified Watchstone of these claims on 19 September 2016, and on 13 June 2017, S&G UK filed and served a claim in the English High Court against Watchstone Group Plc for approximately £600.0m. The claim is based upon serious allegations against Watchstone and its then senior management, including fraudulent misrepresentation, concerning the purchase by the Company of Watchstone's Professional Services Division in 2015. Watchstone filed its defence on 12 October 2017.

Subsequent to this there have been no further significant developments in the claim proceedings, other than the exchange of further pleadings under the Court's rules and the undertaking of the discovery process. S&G UK's external lawyers have also commenced preparation of witness statements. A trial date has been set for October 2019.

(c) Contingent Liabilities – Class Action Proceedings

On 12 October 2016 legal proceedings were filed against the Company in the Federal Court of Australia ("Federal Court") by Mr Matthew Hall on behalf of an open class of the Company's shareholders (the "Hall proceeding"). The class action proceeding asserted that the Company engaged in misleading or deceptive conduct and breached its continuous disclosure obligations during the period from 30 March 2015 to 24 February 2016 and sought compensation or refund of investments, plus interest and costs. This class action proceeding was settled by agreement in July 2017 through a Federal Court mediation, subject to creditor, shareholder and Court approval of a shareholder claimant and senior lender scheme of arrangement.

On 20 June 2017, the Company announced that legal proceedings were filed against it by Babscay Pty Ltd (the "Babscay proceeding") on behalf of persons who acquired an interest in shares of the Company between 24 August 2012 and 19 November 2015. The statement of claim asserted that the Company's financial statements for the financial years ended 30 June 2013, 2014 and 2015 contained false or misleading statements. This claim was later amended to also include the Company's financial statements for the financial year ended 30 June 2012. The allegations focus on the way in which the Company recognised revenue and, in financial year 2015, accounted for acquisitions in accordance with Australian Accounting Standards.

On 14 December 2017 the Federal Court approved a scheme of arrangement between the Company and all shareholder claimants ("Shareholder Claimant Scheme"), including claimants in the Hall and Babscay proceedings. The Shareholder Claimant Scheme resolves and compromises all potential shareholder claims against the Company and its officers. The Shareholder Claimant Scheme became legally effective on 15 December 2017. Under the Scheme, shareholder claimants have released the Company and officers from any shareholder claims and the Scheme can be pleaded as a bar to any shareholder claim.

On 14 December 2017 the Federal Court also approved the settlement of the Hall proceeding and dismissed that proceeding. The Company's contribution to this settlement of $5.0m was recognised as a provision at 30 June 2017. The Hall proceeding settlement is implemented by the Shareholder Claimant Scheme. The Babscay proceeding has not yet been formally dismissed or discontinued, however the Shareholder Claimant Scheme releases the Company and its officers and bars the prosecution of that claim.

The Shareholder Claimant Scheme limits the ability of a shareholder claimant to bring proceedings against third parties and also provides for an indemnity from the shareholder claimants in favour of the Company and its directors and officer in the event that a shareholder claimant brings a permitted claim against a third party and that third party then brings a claim against the Company.

On 1 November 2017, class action legal proceedings were filed against the Company's former auditors, Pitcher Partners, by Babscay Pty Ltd (the "Babscay Pitcher proceeding"). On 23 February 2018, Pitcher Partners served a cross claim on the Company and certain former directors and officers.

On 31 July 2018, further class action legal proceedings were filed against the Company's former auditors, Pitcher Partners, by Mr Matthew Hall (the "Hall Pitcher proceedings"). On 26 October 2018 Pitcher Partners served a cross claim in the Hall Pitcher proceedings on the Company and certain former directors and officers.

The Company intends to defend the cross claims brought by Pitcher Partners and to seek indemnity from the plaintiffs under the indemnity provided in the Shareholder Claimant Scheme.

On 26 November 2018, the former directors and officers filed an application seeking orders to strike out the cross claims bought against them by Pitcher Partners in both the Babscay Pitcher proceedings and the Hall Pitcher proceedings. That application was heard by the Court on 13 February 2019 but was adjourned until mid-March 2019.

Note 6: Unrecognised Items (continued)

(d) Guarantees for UK lease obligation

To effect the separation of the Group's UK operations and subsidiaries from its Australian operations under the Senior Lender Scheme, the Company and S&G UK entered into certain transitional arrangements that are governed by a business separation agreement ("BSA").

The transitional arrangements involve the parties to the BSA seeking to procure that the Company is released from parent guarantees and other forms of security and financial support that it has provided to the UK operations. Any potential material contingent liability relates to parent guarantees for UK leases for the major office premises used by the UK operations.

The BSA provides that S&G UK must use reasonable endeavors to have the parent guarantees released and that this must be completed within 18 months of the date of implementation of the Recapitalisation, being 15 December 2017 (or such longer period as agreed between the Company and S&G UK).

If, during the transition period, the UK operations default on the UK leases subject to the parent guarantees, and those parent guarantees have not yet been released, the Company may be liable for any unpaid amounts under those leases at the time of default. Any contingent liability has the potential to be material in the event that the UK operations were in default and the parent guarantees were called upon and the Company was unable to take steps that are typically commercially available to mitigate its loss, such as sub-leasing. At 31 December 2018, the aggregate unpaid amounts under these lease agreements for the remainder of the lease terms are $90,895,991 (GBP50,343,944), (30 June 2018: $87,762,000; GBP49,219,009).

It is not currently possible for the Company to estimate any liability or contingent liability under these guarantees as there would need to be an event of default by the UK operations to cause any liability. In addition, numerous factors would impact on the extent of any potential liability in that event, such as when the guarantee would be called and the amounts outstanding at that time, the Company's ability to take steps to mitigate loss, including subleasing the premises, and its capacity to negotiate with the third parties who have the right to call on those guarantees. Liability in respect of these guarantees will only arise if the UK operations default on their obligations under the leases and other material contracts subject to a parent guarantee, prior to an agreement being made to release that guarantee.

(e) Contingent liability – Solicitor liability

Entities within the Group are defendants from time to time in legal proceedings arising from the conduct of their business. There are contingent liabilities in respect of claims, potential claims and court proceedings against entities of the Group. Where appropriate, provisions have been made. The aggregate of potential liability in respect thereof cannot be accurately assessed.

Note 7: Discontinued operations

(a) Summary of financial performance of discontinued operations

This note shows the results of the discontinued operations. Discontinued results represent two major operations:

- Following the implementation of Senior Lender Scheme, effective 15 December 2017, Slater and Gordon separated from all UK operations and UK subsidiaries including S&G UK; and
- Downsize of General Law business, following the internal review on 7 February 2018.

For further information, refer to the Financial Statements for the year ended 30 June 2018.

	Total 31 Dec 2018 $'000	Total 15 Dec 2017 $'000
Revenue	799	168,623
Other income	-	2,957
Expenses	(254)	(220,531)
(Loss) of discontinued operation before income tax expense	**545**	**(48,951)**
Net gain / (loss) from disposal before income tax expense	**(119)**	**196,144**
Income tax expense:		
Income tax expense / (benefit) from discontinued operations	1,505	1,092
Income tax (benefit) on disposal of discontinued operations	-	(15,055)
Profit / (loss) from discontinued operations net of tax	**(1,079)**	**161,156**

Note 7: Discontinued operations (continued)

(b) Gain from discontinued operations

The gain arising on implementation of the Senior Lender Scheme including disposal of the UK operations is determined as follows.

	2017 $'000
Carrying value of net assets disposed	(324,162)
Derecognition of non-controlling interests	(178)
Consideration received	40,000
Fair value of equity instruments issued by SGL	(221,270)
Extinguishment of debt	693,864
Recycling of cash flow hedge reserve balance	(848)
Acceleration of UK share based payments expense to former owners	(1,662)
Transaction costs relating to scheme of arrangement	(6,704)
Reclassification of foreign currency translation reserve upon disposal	17,104
Income tax benefit	15,055
Net gain on implementation of the Senior Lender Scheme and disposal of the UK operations	**211,199**

Note 8: Subsequent Events

The Directors are not aware of any significant events since the end of the reporting period.

Slater and Gordon Limited
Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 4 to 19 are in accordance with the *Corporations Act 2001,* including:

(a). Complying with Australian Accounting Standard AASB *134 Interim Financial Reporting* and the Corporations Regulations 2001, and other mandatory professional reporting requirements; and

(b). Giving a true and fair view of the financial position of the consolidated entity as at 31 December 2018 and of its performance and cash flows for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Slater and 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.

James MacKenzie	John Somerville
Chair	Managing Director and Chief Executive Officer

Melbourne

26 February 2019

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent Auditor's Review Report to the Members of Slater and Gordon Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Slater and Gordon Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial 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 the Group, 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*.

Ernst & Young

Christopher George
Partner
Melbourne
26 February 2019