

6 August 2015

## Market Update

### Release of Quindell plc Accounts

Slater and Gordon Limited ("Slater and Gordon") notes Quindell plc's ("Quindell") release of its statutory financial report for the period ending December 2014, including a restatement of its historical financial accounts for the period ending December 2013.

Consistent with Slater and Gordon's due diligence on the business assets it acquired and which it now describes as the Professional Services Division ("PSD"), Quindell's FY 2014 and FY 2013 statutory accounts incorporate significant revenue and expense adjustments most notably relating to noise induced hearing loss cases. Additionally Quindell has moved revenue recognition to a point typically just before cash receipt. Quindell has also elected to make a range of other adjustments to its accounts. This affects the ability to meaningfully reconcile the impact of these various changes on the PSD.

It is critical to separate issues associated with Quindell's historical statutory accounts from Slater and Gordon's assessment of the PSD's value and go forward performance. Quindell's accounting policies were not relied on by Slater and Gordon in its due diligence of the PSD, which was undertaken with the assistance of Ernst & Young LLP. Slater and Gordon's assessment of the PSD, including its historical financial performance, was based on a fundamental, bottom-up analysis including the review of 8,000 case files by 70 lawyers. The PSD is now focused on the higher velocity, cash generative fast track road traffic accident segment rather than growth in cash consumptive hearing loss claims.

The publication of these statutory accounts does not alter Slater and Gordon's view of the PSD, nor the economic benefits Slater and Gordon expects the business to generate.

### Quindell plc Investigations

Slater and Gordon also notes the announcements overnight of investigations being undertaken by various bodies reportedly in relation to Quindell plc's past business and accounting practices. As Slater and Gordon has previously stated, given the acquisition of the PSD was structured as an acquisition of the PSD entities rather than an acquisition of the common stock of Quindell Plc, Slater and Gordon is confident that it has no liability in relation to those ongoing investigations into Quindell by various authorities.

### ASIC Queries

Slater and Gordon's engagement with ASIC is ongoing and is progressing in a timely manner. EY Australia is continuing to assist the Company in relation to its responses to ASIC's queries.

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