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Results presentation - H1 10

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First Half Year Highlights

- ▶ Strong cash flow performance
- ▶ Revenue up 16.4%
- ▶ Continued strong organic growth
- ▶ On track to complete 4 acquisitions in FY 10
- ▶ Closing Revenue / NPAT / EPS growth gap
- ▶ Fully franked interim dividend of 2.0c (up from 1.0c H1 09)

- ▶ **Maintaining strong acquisition pipeline**
- ▶ **Improvement in underlying margins in PI practices in NSW & Queensland**
- ▶ **Achieving scale in non PI practices**
- ▶ **Implementing systems and process measures in non PI practice to accelerate margin improvement trend**

Closing the Gap between Revenue and EPS growth

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	H1 10	H1 09	% change
Revenue	58,767	50,507	↑ 16.4%
EBITDA	14,850	12,763	↑ 16.4%
EBIT	14,179	12,457	↑ 13.8%
EBIT Margin	24.4%	24.9%	
NPAT	9,485	8,463	↑ 12.1%
EPS (Basic)	8.7	8.0	↑ 8.8%
EPS (Diluted)	8.1	7.5	↑ 8.0%
Interim Dividend	2.0	1.0	↑ 100.0%

Balance Sheet

► Strong platform for Growth

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- Continued focus in H2 10 on cash with new measures being implemented to continue improvement in cash performance and reduce disbursement funding over time.

	H1 10	H1 09
Debtor Days*	103	125
Paid Disbursement Days*	83	84
WIP Days (PI & Non PI)*	358	368
WIP Days (Self Funded Projects)	38	29
Debt / Equity Ratio	30.7%	26.8%
Interest Cover	15.5	17.3
Return on Equity	16.4%	16.2%

* Normalised for Kenyons acquisition complete in December 2009

See Annexure slide A for detail

▶ Recovery of FY09 deferred cash flows

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- ▶ Key measure of performance is Operating cash flow as a % of NPAT
- ▶ Management target of 70% - 80%

	Jun 08	H1 FY09	Jun '09	H1 FY10
NPAT	15,104	8,463	17,047	9,485
Cash Flow from Operations	11,563	1,303	(772)	13,461
% Recovery	76.6%	15.4%	(4.5%)	141.9%

- ▶ H1 10 has seen recovery of deferred cash flows resulting from implementing new PMS in FY 09
- ▶ Still yet to recover significant disbursements from Self Funded Projects
- ▶ No significant cash requirement from Projects in 2H 10
- ▶ Continuing focus on improving cash performance.

See Annexure slide B for detail

▶ Personal injuries practice groups

Earnings margins have increased over past three years while integrating acquisitions

▶ Commercial & project litigation

Significant investment in Projects over past two years which are yet to complete. On track to build sustainable year on year EBIT margins in range of 15-20% excluding significant returns on self funded projects.

▶ Business & private clients

Increased >350% in revenue over past three years from low base. Still establishing scale and implementing systems and processes. Margin growth to follow scale.

▶ Family law

Doubled in revenue over past three years from low base. Significant opportunity exists to become nationally recognised provider of family law services, a highly fragmented national market of \$400M - \$500M in professional fees.

▶ Support services

Stepped increase over past year, now at a stage to support significantly larger business.

▶ Continued organic growth

- Personal injuries practice groups on track to deliver >10% organic growth in revenue
- Opened new greenfield office in Joondalup (WA) in January 2010
- Planned new sites in Frankston (Vic) and Wangaratta (Vic) in second half of FY2010

▶ Acquisitions to contribute in H2 FY2010

- Kenyons completed December 2009
- Adams Leyland due for completion April 2010
- Combined revenue impact of FY10 acquisitions \$5m in FY10 - weighted to H2
- Annualised impact >\$12m revenue

▶ Projects Litigation Portfolio beginning to mature

- Storm → Settlements commenced.
- Brooklands Green → Mediation scheduled for May 2010
- Vioxx → Awaiting judgment (trial completed June 2009)



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Annexure Slide A

Balance Sheet

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	H1 10	FY 09
Cash	3,100	29
Net Debtors	28,511	31,465
Net Disbursements	34,819	33,504
Work in Progress	111,013	99,230
Plant & Equipment	7,142	2,256
Intangible Assets	24,074	18,714
Ownership Plan Receivable	16,698	14,656
Other Assets	4,607	7,061
Total Assets	229,964	206,915
Payables	30,454	30,068
Debt	35,400	28,287
Tax Payable	904	-
Deferred Tax Liability	38,106	34,666
Provisions	9,654	8,490
Total Liabilities	114,518	101,511
Net Assets	115,446	105,404

Annexure Slide B

Cash Flow

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	H1 10	H1 09
EBITDA	14,850	12,763
Movement in WIP	(7,790)	(4,129)
Working Capital Movement	5,755	(4,030)
Gross Cash Flow	12,815	4,604
Net Interest Paid	(993)	(765)
Tax refund	1,639	(2,536)
Operating Cash Flows	13,461	1,303
Capital Expenditure	(1,677)	(1,518)
Payments of Acquired business	(9,289)	(7,243)
Investing Cash Flows	(10,966)	(8,761)
Dividends paid	(3,538)	(3,201)
Net proceeds from Borrowings	4,370	7,001
Other	1,685	(42)
Financing Cash Flows	2,517	3,578
Net increase (decrease) in Cash	5,012	(3,700)

Annexure Slide C

Continued Growth

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