

# Key Risks

See Section 7 for a description of risk factors which may impact on an investment in Slater & Gordon.

## CONFLICT OF DUTIES

- Lawyers have a primary duty to the courts and a secondary duty to their clients. These duties are paramount given the nature of the Company's business as an Incorporated Legal Practice. There could be circumstances in which the lawyers of Slater & Gordon are required to act in accordance with these duties and contrary to other corporate responsibilities and against the interests of Shareholders or the short-term profitability of the Company.

## GOVERNMENT ACTIONS AND LEGAL DEVELOPMENTS

- The Company's business operations could be adversely affected by changes in Commonwealth, State or Territory Government legislation, guidelines and regulations.
- Slater & Gordon is subject to regulation by the regulator of lawyers in the States and Territories in which it practises. The regulators' powers include the right, in certain circumstances, to disqualify lawyers from practice. Additionally, it is a requirement of the Legal Profession Acts that a person who is disqualified from practice as a lawyer may not have any financial interest in an Incorporated Legal Practice. There are certain safeguards built into the Constitution to assist Slater & Gordon to comply with this requirement. The Constitution is summarised in Section 8.2.

## REPUTATION RISK

- The reputation of the Company could be damaged if it does not meet client expectations or is involved in high profile, unsuccessful or unpopular legal proceedings.

## ACQUISITION RISK

- There is a risk that the Company will not be able fully to complete its acquisition program, or integrate acquired firms successfully.
- Competition from rival law firms may inhibit the acquisition program.

## GROWTH RISK

- Diversification of services may not attract clients to new areas of operation to the extent anticipated.
- Costs associated with growth may increase beyond current estimates.

## PERSONNEL

- Reliance on key personnel.
- Market for high quality lawyers is very competitive.
- Growth is reliant on retaining and attracting the best lawyers.

## CONTROL

- Ownership of a large proportion of the Shares in the Company is concentrated in the hands of the Vendor Shareholders, and there are restrictions that apply to the ability of the Vendor Shareholders and other Existing Shareholders to Dispose of their Shares. While there are exceptions to those restrictions in certain circumstances in the event of a takeover or scheme of arrangement, the concentration of ownership may reduce the likelihood of a takeover, and the restrictions may affect the ability of a prospective bidder to secure a pre-bid stake in the Company.