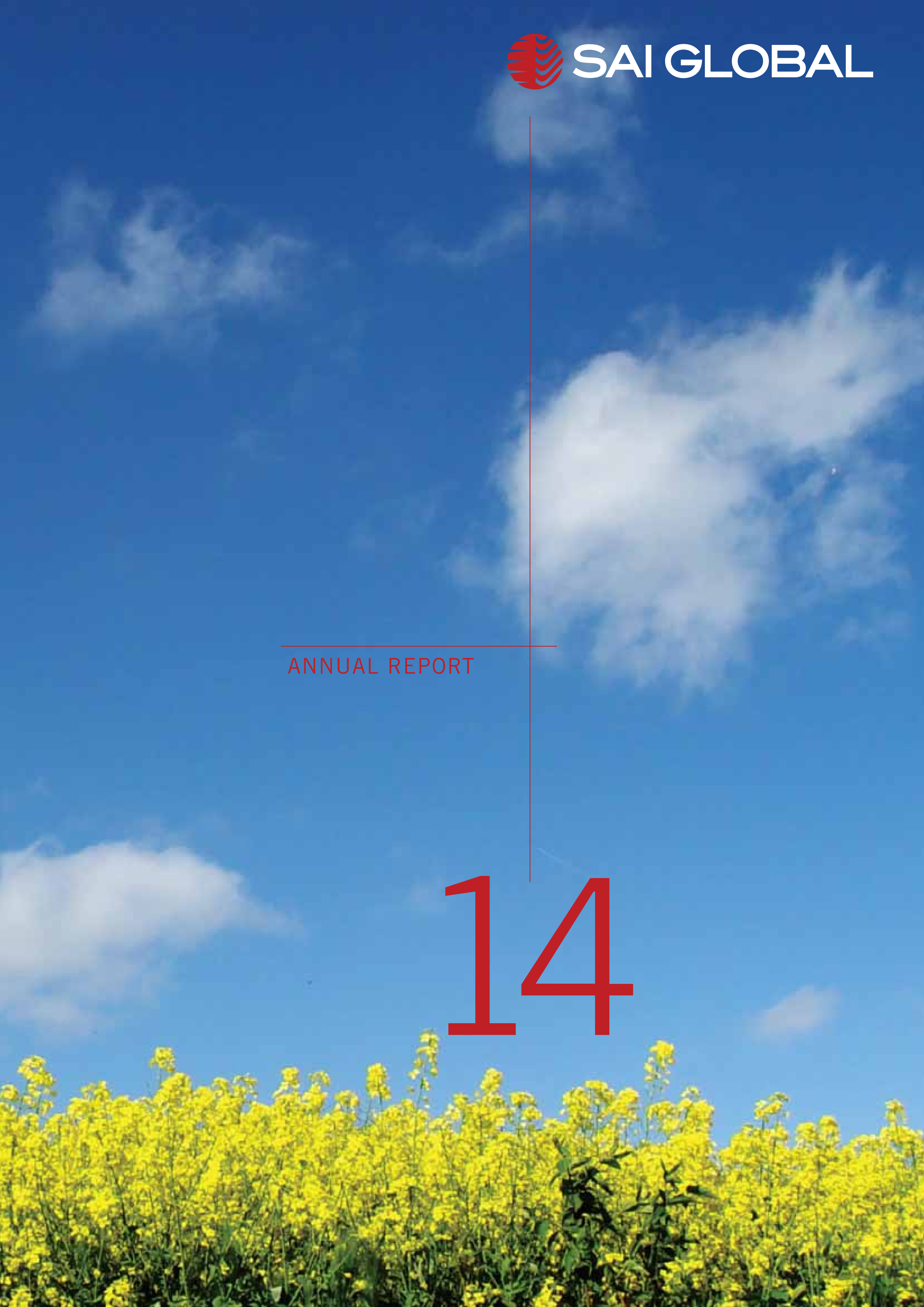


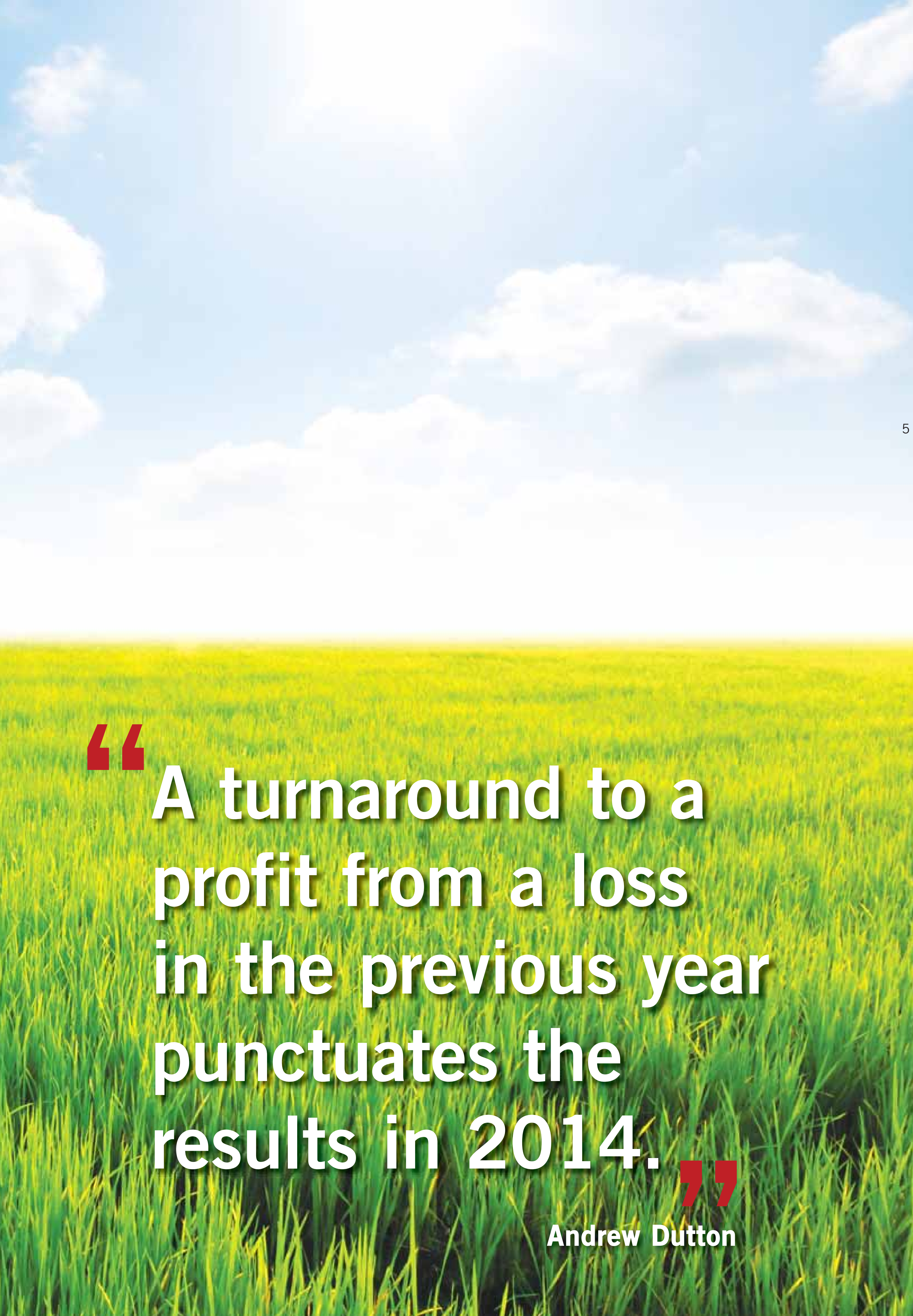
SAI GLOBAL

ANNUAL REPORT 14

SAI GLOBAL applies information worldwide to help you **manage risk, achieve compliance** and **drive business improvement**. We provide access to **technical and business information** together with **regulatory newsfeeds, compliance** solutions, business improvement **training** and independent **verification** and **certification** services.

SAI GLOBAL

SAI Global Limited ABN 67 050 611 642



> “A turnaround to a profit from a loss in the previous year punctuates the results in 2014.”

Andrew Dutton

Andrew Dutton
Executive Chairman

2014 EXECUTIVE CHAIRMAN'S REPORT

Financial Performance

A turnaround in net profit after tax to a profit of $35M from a loss in the previous year of $43M punctuates the results in 2014. Excluding one-off significant items the Company's underlying net profit increased 6.3% to $45M.

SAI has continued to grow revenue in FY14, achieving growth in sales revenue from $478.6M to $527.7M, an increase of 10.3%. Revenue growth in constant currency terms was 5.4%.

Overheads increased by 19.8%, which included $13.8M of significant charges which are outlined in detail in the Directors' Report. On an underlying basis, overheads increased 13.1%. The main drivers of this increase relate to the earning of Short-Term Incentives by executives and staff on the achievement of targets set by the Board at the beginning of the financial year, and steps taken to improve IT governance processes in accordance with recommendations from a review undertaken by Capgemini. The investment in IT governance processes is a precursor to a leaner and more efficient IT capability across the Company.

A number of initiatives were undertaken during the second-half of the year to improve operational efficiency and reduce the level of overheads across the Group. Benefits associated with these initiatives will flow through in FY15 and beyond.

EBITDA in 2014 reduced 7.3% to $93.3M due to the significant charges. Underlying EBITDA increased by 3.3% to $107.1M. The underlying EBITDA margin contracted slightly from 21.7% in FY13 to 20.3% in FY14, reflecting the growth in overheads and changing mix of contributions across the operating divisions.

Net cash inflows from operating activities were $80.5M, up from $72.4M in FY13. Net operating cash inflows before significant charges for the year were $88.8M, up 17.7% from $75.5M achieved in FY13.

The Information Services division achieved organic growth of 9.3%. The Property business grew revenue by 11.1%, driven by its mortgage settlement business. The Standards business also performed well achieving revenue growth of 9.6%. Both the Compliance Services and Assurance Services benefitted from the impact of the weaker Australian dollar posting revenue growth of 8.9% and 10.6% respectively.

Whilst operationally SAI has performed well in 2014, management and the Board of Directors believe more can be done and actions taken to streamline operations and unify the disparate operating units will result in long-term benefits for shareholders.

Dividend

The Board has resolved to pay a final dividend of 8.5 cents per share. As our company diversifies, with profits increasing from our overseas entities our Australian tax position allows for 3.8 cents per share to be franked. This equates to a 45% franking.

The final dividend takes the total dividends for the year to 15.5 cents up 3.3% compared to last year. The final dividend will be paid on 26 September 2014.

CEO Succession and Board Renewal

The Board welcomed two new members after the 2013 AGM. Mr David Spence and Ms Sylvia Falzon have added greatly to the collective strength of the Board and are very welcome additions.

Our CEO search resulted in the appointment of a CEO in late January, 2014. Disappointingly, the CEO was terminated by the Board in late May 2014. The Board requested that I assume the interim role of Executive Chairman. This was necessary as the Board received a conditional, non-binding offer to acquire the Company from Pacific Equity Partners at the same time as the removal of the CEO.

At the time of writing no resolution to the expression of interest process has occurred and I remain committed to serving the interests of the shareholders and employees in an interim role.

The 'Process'

After announcing to the market the details of the unsolicited, indicative, conditional and non-binding acquisition proposal from Pacific Equity Partners the Board received requests from interested parties across the world to also be given the opportunity to place an offer for the Company.

The Board retained Macquarie Capital Australia to act as advisor and create a process through which all genuine parties could participate in the bid process. The process enables the Board to protect the interests of shareholders and the assets of the SAI Global Company. Taxation advice is being provided through EY. Financial vendor due diligence is being provided through Deloitte. Legal advice is being provided by Gilbert and Tobin. I believe, the combined skills of this extended team, is serving the shareholders well.

Diversity

SAI Global is committed to diversity and strives to build a vibrant and inclusive workplace, reflective of the communities in which it operates. Equal opportunity is at the core of the Company's people strategy as the Board believes a diverse workforce is critical for SAI's business to attract and retain the most talented people. The Board is particularly committed to ensuring there is gender diversity in leadership positions, believing that it leads to different and more innovative thinking, more informed decision-making and ultimately better business outcomes.

Three years ago the Board set a target to increase the proportion of women in senior management roles, defined as direct reports to the Chief Executive Officer plus their direct reports, from 28% at the end of FY11 to between 35% and 40% by the end of FY16. I am pleased to report that the proportion is now 31%.

The Board also set a target of increasing the proportion of female Non-Executive Directors from 20% at the end of FY11 to 40% at the end of FY14. Whilst the target was not achieved, with the appointment of Sylvia Falzon in October 2013, I am pleased to report that the percentage has increased to 33% from 16.7% twelve months ago.

Looking across the whole organisation, 52.5% of the Company's total workforce was female at the end of FY14, up marginally from 52% twelve months ago.

In accordance with the requirements of the Workplace Gender Equality Act, SAI Global lodged its 2014 report with the WGE Agency. A copy of this report is available on our website.

IT Governance & Operational Efficiency

Following on from the IT review performed by Capgemini, there has been a focus over the year surrounding the recommendations. These changes have already imparted improved governance on IT both from a correct selection of technology projects and the successful execution and delivery of projects.

This process will ramp up this year with a concentration on the reduction of legacy systems, reviewing our overall business and technology architecture across the enterprise and ensuring the overall IT spend allows the organisation to increase the time to market for both core business systems and product development. This should have a positive impact by reducing the overall IT spend while still providing the increase in technology service our customers demand.

Our Employees

As we move into 2015 I can report that our employees remain focused on helping our customers and motivated and excited by the opportunities ahead. With the many disruptions we have seen during 2014 their response is a credit to the talents and professionalism of the people that make up SAI Global.

Outlook

Improved profitability is expected across each of SAI's operating divisions in FY15. SAI expects Information Services and Assurance Services to grow revenue and EBITDA at improved operating margins and Compliance Services to report an increase in EBITDA from flat revenue in FY15.

The drive to decrease cost and inefficient process and IT operations will continue apace. As expected, this will incur a level of significant item charges. These charges and costs will flow to enhanced benefits in the following years.

The Board and Management will continue to drive identified operational improvements while progressing the expressions of interest process with qualified parties.

Andrew Dutton, Executive Chairman

Geoff Richardson
Chief Financial Officer

FY14 **PERFORMANCE**

KEY FEATURES

> Revenue up 10.3% to $527.7M
> Underlying[1, 2] EBITDA up 3.3% to $107.1M
> Underlying[1, 2] net profit after tax up 6.3% to $45.0M
> Net operating cash inflows up 11.1% to $80.5M
> Full year dividend of 15.5 cents, partially franked
> Year end gearing ratio[3]: 34.4%, down from 38.1%

[1] Before significant charges of $13.8M before tax, $9.7M after tax

[2] The underlying basis is an unaudited non-IFRS measure that, in the opinion of the Directors, is useful in understanding and appraising the Company's underlying performance. The underlying basis excludes significant charges associated with acquiring and integrating new businesses, costs associated with any significant restructuring within the business, any impairment charges and any other specific items deemed to be significant on account of their nature or size.

The reconciliation between the statutory results and underlying results has not been audited or reviewed by the Company's auditor. However, the auditor has undertaken procedures to confirm that the information used and presented by the Directors in determining the underlying results is consistent with the Company's financial records and also applied on a comparatively consistent basis.

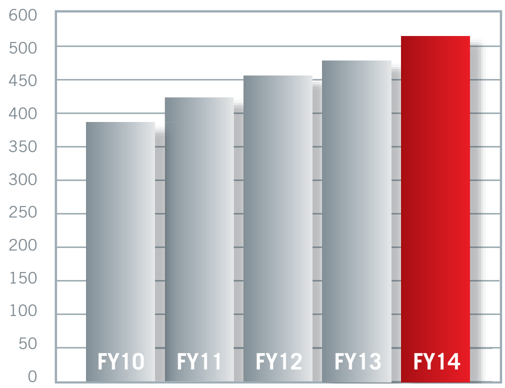
[3] Net debt divided by net debt plus equity

5 YEAR FINANCIAL SUMMARY

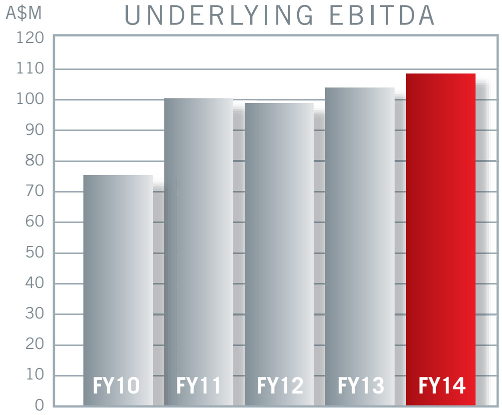
	2014 $'000s	2013 $'000s	2012 $'000s	2011 $'000s	2010 $'000s
Revenue[1]	**527,749**	478,601	451,677	427,115	392,228
EBITDA[2]	**93,349**	100,661	95,631	95,794	76,143
EBITDA margin	**17.7%**	21.0%	21.2%	22.4%	19.4%
Statutory net profit / (loss) after tax	**35,295**	(43,242)	42,384	44,806	33,725
Statutory earnings / (loss) per share	**16.8**	(20.9)	20.9	23.1	21.5
Underlying[3] NPAT	**45,018**	42,355	44,651	48,014	33,725
Underlying[3] earnings per share	**21.4**	20.5	22.0	24.7	21.5
Net operating cash inflows	**80,459**	72,392	58,354	54,634	51,496
Total assets	**785,243**	777,506	785,872	695,675	524,451
Net debt	**181,064**	207,958	210,125	169,367	145,885

[1] Excludes interest income
[2] Earnings before interest, tax, depreciation and amortisation
[3] Excludes significant charges

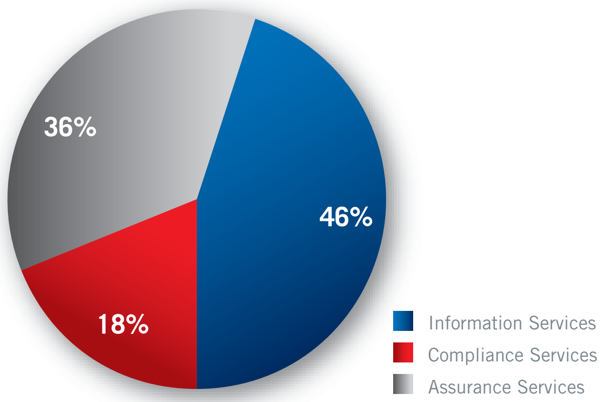
REVENUE



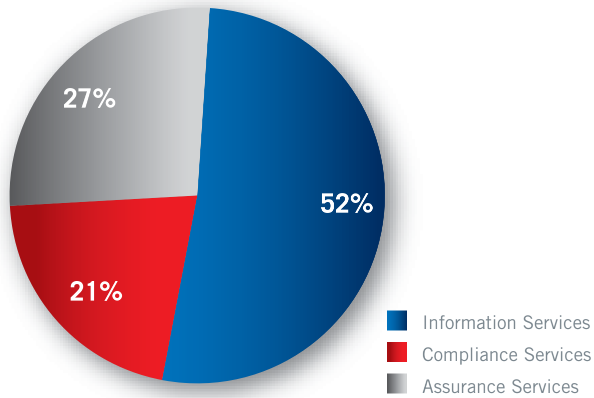
UNDERLYING EBITDA



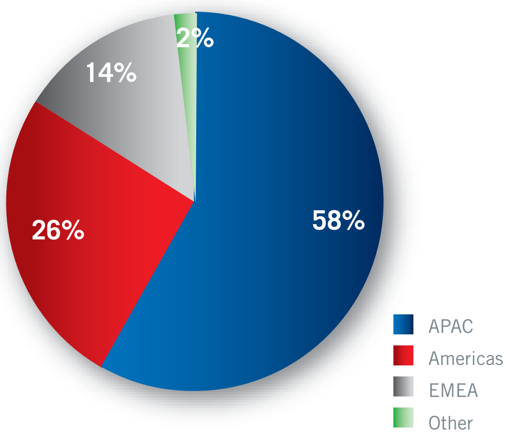
REVENUE BY DIVISION



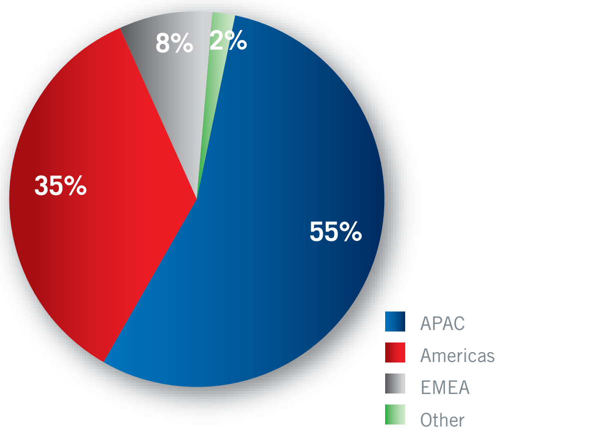
EBITDA BY DIVISION
(excluding Corporate Services)



REVENUE BY REGION



EBITDA BY REGION



CORPORATE GOVERNANCE

1. INTRODUCTION

This statement describes SAI Global's corporate governance framework, policies and practices as at 21 August 2014.

2. FRAMEWORK AND APPROACH

The Board's approach to corporate governance is based on a set of values and behaviours that underpin day-to-day activities, provide transparency and protect stakeholder interests.

This approach includes a commitment to excellence in governance standards which the Board sees as fundamental to the sustainability of SAI Global's business and performance. It includes monitoring local and global developments in corporate governance and assessing their implications.

3. THE BOARD OF DIRECTORS

A) The Membership, Expertise and Experience of the Board

Details of the Board and the experience of its members are included in the Directors' Report and on the Company's website www.saiglobal.com

B) The Role and Responsibilities of the Board

The Board is accountable to shareholders for the performance of SAI Global and has formalised its roles and responsibilities in the Corporate Governance Policy. This is available on the SAI Global website.

In summary these responsibilities include:

- To enhance shareholder value.
- To review and, if considered appropriate, approve the strategic direction of the Company, as detailed annually in the rolling three year strategic plan and the annual operating plan which includes the budget for the ensuing financial year.
- To monitor Management's performance and implementation of strategy.
- To review and, if considered appropriate, approve budgets and strategic operational targets and review performance against them, initiating corrective action where required.
- To review and, if considered appropriate, adopt periodic financial statements and approve their release to ASX.
- To review and, if considered appropriate, approve dividend policy.
- To review and, if considered appropriate, approve the capital structure of the Company.
- To review and, if considered appropriate, approve policies on key issues including risk management, codes of conduct, and workplace health and safety.
- To appoint, and when required, remove the Chief Executive Officer and evaluate his or her ongoing performance against pre-determined criteria.
- To ratify the appointment and, where appropriate, removal of the Chief Financial Officer and Company Secretary.
- To review and, if considered appropriate, approve the Company's remuneration policy in order to ensure that executive remuneration is fair and reasonable and that its relationship to corporate and individual performance is well defined.
- To review and, if considered appropriate, approve the total remuneration of the Chief Executive Officer and his or her direct reports.
- To review and, if considered appropriate, approve succession plans for the Chief Executive Officer and his or her direct reports.
- To review the structure and composition of the Board and Board Committees to ensure that the Board adds value and is of a size and composition to adequately discharge its responsibilities.
- To test Management assertions and to require the Board to be kept fully informed of operational, financial and strategic initiatives.
- To review and ratify systems of risk management, internal compliance and control, codes of business conduct and legal compliance.
- To monitor workplace health and safety issues across the SAI Global group and to consider workplace health and safety reports and information.
- To recommend the appointment of the external auditor, oversee the audit process and review reports from the external auditor.
- To monitor processes for keeping key stakeholders informed in a timely and meaningful fashion.

C) Board Composition

The Board determines its composition in accordance with the Company's Constitution and needs of good governance and efficiency. The minimum number of Directors is three and the maximum is twelve. The Board is currently comprised of five Non-Executive Directors and one Executive Chairman.

The Chairman's appointment as Executive Chairman occurred on 26 May 2014 and followed the Board's decision to serve notice of termination of employment to the Chief Executive Officer. This appointment is a temporary arrangement that will cease when a suitable successor has been identified and appointed.

One of the five Non-Executive Directors, Mr Peter Day, was appointed as Deputy Chairman on 3 June 2014 to assist the Executive Chairman in his expanded role and to ensure that the responsibilities of the Non-Executive Directors are appropriately represented.

D) Selection and Role of the Chairman

The Chairman is selected by the Board from the Non-Executive Directors. The Chairman's role includes:

- Leadership of the Board, for the efficient organisation and conduct of the Board's function.
- Briefing Directors in relation to issues arising between Board meetings.
- Encouraging the effective contribution of all Directors.
- Promoting constructive and respectful relations between Board members and between the Board and Management.
- Liaising with shareholders.
- Committing the time necessary to discharge the role effectively. In that context the number of other roles, and the associated time commitment are taken into account.

The current Executive Chairman, Andrew Dutton joined the Board in August 2008 and became Chairman in October 2013 following the retirement of Mr Robert Wright at the conclusion of the 2013 AGM. Details are included in the Corporate Governance Policy, a copy of which is available from the Company's website.

E) Independence of Directors

The Board assesses the independence of Directors against the criteria established by the ASX Corporate Governance Council to ensure they are in a position to exercise independent judgment. Directors are considered independent if they are independent of Management and free from any relationship that could materially interfere with, or could reasonably be perceived to interfere with independent judgment.

A "material interest" of a Director is defined as:

- Having control of, or association with, more than 2½% of issued shares in SAI Global Limited, or
- Having control of, or association with, a principal of a supplier of goods or services where that supply in total represents more than 10% of the organisation's total supply to all parties of those goods or services.

Each Non-Executive Director provides an annual attestation of his or her interests and independence.

The Board has formed the view that all of the Non-Executive Directors are independent.

F) Conflicts of Interest of Directors

Any Director who considers that he or she has a conflict of interest in a matter before the Board must disclose that conflict, and, if necessary withdraw from any discussion on that matter, and not vote on that matter.

G) Meetings of the Board

The Board ordinarily schedules 8-10 meetings a year and in addition will meet as necessary to deal with specific matters.

The Chairman and Chief Executive Officer establish meeting agendas to ensure adequate coverage of strategic, financial and risk areas.

Directors are encouraged to participate and to exercise their independent judgment.

Management attends meetings by invitation and provides specific presentations on key business units or activities as requested by the Board.

Non-Executive Directors regularly allocate time during scheduled Board meetings to meet without Management present so that they can discuss issues appropriate to such a forum.

Meetings held and attended by each Director during the period are set out in the Directors' Report.

H) Succession Planning

The Board actively considers succession planning and monitors the skills and experience required to execute the strategic plans of the Company. The Board is also responsible for the succession planning for the role of Chief Executive Officer.

I) Review of Board and Management Performance

The Board has in place a procedure for the Chairman to review the overall performance of the Board, Board Committees, and individual Directors including the Chief Executive Officer. The results of these reviews are discussed with individual Directors and Committee Chairs.

J) Nomination and Appointment of New Directors

Recommendations for nominations of new Directors are made by the Nomination Committee. Nominees are assessed against criteria including background, experience, professional skills, personal qualities and whether these attributes will augment the existing Board.

If a new Director is appointed other than at the Annual General Meeting, that Director will stand for election by shareholders at the next Annual General Meeting. Shareholders will be provided with all relevant information on candidates for election.

Any new Director appointed to the Board is required to undergo appropriate induction training to familiarise himself or herself with the business and issues before the Board.

K) Retirement and Re-election of Directors

The Company's Constitution requires that, with the exception of the Chief Executive Officer, one third (rounded down) of Non-Executive Directors retire each year, and that the maximum time that each Director can serve in any single term is three years. Directors, who retire by rotation, being eligible, may offer themselves for re-election by shareholders at the Annual General Meeting. The Board will evaluate the contribution of retiring Directors prior to endorsing their candidature.

No policy on compulsory retirement age has been adopted by the Board at this time.

L) Board Access to Information and Advice

Directors receive regular detailed financial and operational reports and have unrestricted access to Company records and information. The Group General Counsel and Company Secretary provides ongoing advice on such issues as corporate governance and the Company's Constitution and the law. Non-Executive Directors have access to, and meet with, Management and may consult or request additional information from any member of staff.

Where necessary and with the prior consent to the expenditure, the Board, Board Committees and individual Directors may seek independent professional advice at the Company's expense to assist them to fulfil their responsibilities.

M) Directors' Remuneration

Non-Executive Directors receive no payments other than their Directors' fees, superannuation guarantee contributions, and reasonable expenses. Directors are not entitled to a payment or benefit on retirement other than their minimum superannuation guarantee.

4. BOARD COMMITTEES

A) Board Committees and Membership

There are currently four Committees of the Board. The powers and procedures of the Committees are governed by the Company's Constitution and Committee Charters. The Committees' membership and Directors' attendance records are set out in the Directors' Report.

Other committees may be formed from time to time to consider specific matters of importance that do not fall within the remit of constituted Committees.

B) Committee Charters

The roles and responsibilities of each Committee are set out in the Committee Charter which is available in the corporate governance section of the Company's website.

C) Committee Procedures

The Board Committees meet as programmed by the Board and as required by the Committee Chair. All Directors can attend any Committee Meeting and receive Committee papers and reports. Committee Chairs report to the Board meeting following the Committee meeting. Management is invited to attend Committee meetings as required.

Committee members are chosen for their skills and experience and other qualities they can bring to the Committee. The performance of each Committee is evaluated as a part of the overall Board and Directors' performance review.

D) Audit & Risk Committee

The Audit and Risk Committee is responsible for all matters relating to the integrity of financial statements, overview of risk management policy and procedures, the performance of external audit and internal audit, legal compliance and compliance with ethical standards, and oversight of related communication with stakeholders.

The Committee is comprised of three Non-Executive Directors who satisfy the criteria of independence. The members of the Committee have financial expertise, experience of the industry sector and general commercial experience.

E) Remuneration Committee

Details are provided in the Remuneration Report on pages 36 to 59.

F) Nomination Committee

The Nomination Committee is responsible for reviewing certain nomination matters including the process for the nomination and selection of Non-Executive Directors to the Board, succession plans for Non-Executive Directors, induction programs for Non-Executive Directors, establishing desirable competencies of the Board and establishing and monitoring strategies for gender diversity for the Board.

The Committee is comprised of all Non-Executive Directors and is chaired by the Deputy Chairman of the Board.

G) IT Committee

The responsibilities of the IT Committee are to oversee the implementation of the Capgemini IT review recommendations on a company-wide basis, review any required evaluation of capital expenditure associated with the portfolio of IT and escalate recommendations to the main Board for consideration as required.

The Committee is comprised of two Non-Executive Directors who satisfy the criteria of independence. The members of the Committee have relevant expertise.

5. ETHICAL AND RESPONSIBLE DECISION-MAKING

A) Code of Conduct and Principles for Doing Business

SAI Global is committed to ensuring that the highest standard of law abiding and ethical conduct is practised by its Directors and employees. SAI's "Code of Business Conduct" sets out the Board's expectations for business conduct which is encompassed by the guiding principle that all Directors and employees treat others, including customers, shareholders, business prospects, suppliers and each other with the same honesty, respect and consideration that they themselves would expect to receive.

SAI also has a range of internal guidelines, communications and training processes and tools, including an online learning module entitled "Integrity Matters", which apply to and support our Code of Business Conduct.

In addition to the Code of Business Conduct and Principles, SAI also has a number of key policies to manage compliance and human resource requirements.

B) Conflicts of Interest

SAI has a conflicts of interest framework for managing actual and perceived conflicts of interest.

C) Fit and Proper Person Assessments

SAI assesses the fitness and propriety of Directors and also of employees who perform specified roles.

D) Concern Reporting and Whistleblowing

Under our Whistleblower Policy, employees are encouraged to raise any concerns about activities or behaviour that may be unlawful or unethical. Concerns may include suspected breaches of the Code of Business Conduct and any internal policy or regulatory requirement.

Employees can raise possible wrongdoings on an anonymous basis through either of SAI's internal or external whistleblower reporting mechanisms by logging their report onto an internal reporting system or calling the Whistleblower Hotline ("Listen up").

Concerns raised are investigated in a manner that is fair, objective and affords natural justice to all people involved. If the investigation shows that wrongdoing has occurred, processes are changed as appropriate, and action taken in relation to employees who have behaved inappropriately.

Where illegal conduct has occurred, this may involve reporting the matter to relevant authorities.

All cases submitted to Listen Up are reported to the Audit and Risk Committee as a matter of routine.

E) Securities Trading

Directors and all employees are restricted from dealing in SAI Global Limited shares if they possess inside information. They are also prohibited from passing on inside information to others who may use that information to trade in securities. In addition, Directors and any employees, who, because of their seniority or the nature of their position, may have access to material non-public information about SAI, are subject to further restrictions, including only trading in permitted windows following the annual and half-year profit announcements and the Annual General Meeting.

The mechanisms used to manage and monitor SAI's obligations include:

- The insider trading provisions of our Share Trading Policy, which prohibits any dealing in any securities where a Director or employee has access to inside information that may affect the price of those securities.
- Restrictions limiting the periods in which the Directors and certain senior employees can trade in SAI Global Limited shares (Trading Windows).
- Requiring Directors and senior employees to notify their intention to trade during those Trading Windows and confirm that they have no inside information.
- Monitoring the trading of SAI Global Limited securities by Directors and senior employees.
- Trades by Directors of SAI securities are notified to ASX within five business days as required under the ASX Listing Rules.
- Employees are forbidden to enter into any hedging arrangements in relation to their unvested employee shares or securities.

6. DIVERSITY

SAI Global values diversity and aims to create a vibrant and inclusive workplace, reflective of the communities in which it operates.

Equal opportunity is at the core of the Company's people strategy as the Board believes a diverse workforce is critical for SAI's business to attract and retain the most talented people.

In particular, the Board is convinced that gender diversity in leadership positions facilitates different and more innovative thinking, more informed decision-making and ultimately better business outcomes.

The Board is committed to the new ASX Corporate Governance Council's gender diversity principles and has set a target to increase the proportion of women in senior management roles at SAI Global (defined as employees in levels C1, C2, where the CEO is level C), C1 is a direct report of the CEO etc., from 28% at the end of FY11 to between 35% and 40% by the end of FY16. As of 30th June 2014 31% of C1 and C2 were female, unchanged from 30th June 2013.

In support of this target the Board has reviewed the Company's approach to equal opportunities and agreed with Management the following specific actions aimed at increasing the proportion of females in management:

1) An annual pay gap analysis to ensure there is no systemic bias in salaries.
2) The introduction of a requirement that at least one female be included on each shortlist for vacant positions at levels C1 and C2.
3) The promotion of greater flexibility in terms of when work is conducted, where it is conducted and how it is conducted. This will include:
   - flexible working hours,
     - increased part-time opportunities
     - working outside of traditional office hours
     - weekend working where it suits employees
   - more working from home
     - where the job permits, working from home
     - increased opportunities to split work between home and office
   - increased job sharing
     - shared management roles
     - shared front-line roles

The Board has also set a target of increasing the proportion of female Non-Executive Directors from 20% at the end of FY11 to 40% at the end of FY14. As of 30th June 2014 a third of Non-Executive Directors were female, compared with 16.7% at 30th June 2013.

At the end of FY14 52.5% of the SAI's global workforce was female, compared with 52% at the end of FY13.

A copy of the Company's annual public report for 2014, as lodged with the Workplace Gender Equality Agency, is available on the website.

7. AUDIT, GOVERNANCE AND INDEPENDENCE

A) Audit, Governance and Independence

Best practice in financial and audit governance is changing with the introduction of new and revised Accounting Standards. The Board is committed to producing true and fair financial reports which comply with applicable accounting rules and policies, and to ensuring that the external auditors are independent and serve shareholder interests by ensuring they can access and form an opinion on the Company's true financial position.

The Board has established a process and policy for the selection of an external auditor which is available on the Company's website.

The selection of auditors takes into account key criteria including audit approach and methodology, internal governance processes, global resources, key personnel and cost.

B) Audit Service and Assurance

The auditor will provide audit and audit related services that are consistent with their role as auditors. This will include the following:

- Assurance to shareholders as to the integrity of the half-year and full-year financial statements;
- Assurance as to the integrity of the relevant statutory accounts; and
- Attendance at the Annual General Meeting.

C) Non-audit Services

The Directors exercise caution in awarding any non-audit services to the Company's auditor. Non-audit services are awarded only where the auditor has demonstrated expertise or there are other compelling reasons to award such services to the auditor, for example in the relation to international taxation services. The auditor is not employed in relation to any financial due diligence work on potential acquisitions.

D) Precluded Services

Where the auditor could ultimately be required to express an opinion on its own or a related entity's work or there is a threat, or perceived threat, to the auditor's independence, such services will not be undertaken as this may conflict with the role of external auditor. The precluded services are detailed in the selection policy and any recommendation to provide a precluded service requires an estimation of the risk materiality of the proposed engagement to be assessed.

The underlying intention is that non-audit services be limited to retrospective not prospective matters.

E) Annual Review

This External Auditor Policy is reviewed on an annual basis by the Audit & Risk Committee.

F) Rotation of External Audit Partners and Review of Audit Function

In line with current legislation, the Company requires the audit partner and review partner of its external auditors to rotate every 5 years. In addition, the Audit and Risk Committee will from time to time review the audit function and recommend to the Board whether a tender process should be undertaken.

8. CONTROLLING AND MANAGING RISK

A) Risk Management Framework

SAI Global recognises that risk management is an integral part of good management practice. Risk management is an essential element in achieving business goals and deriving benefits from market opportunities.

B) Policy

The Company is committed to managing risk in a manner appropriate to achieve its strategic objectives.

The Company will keep investors informed of material changes to the Company's risk profile through its periodic reporting obligations and ad hoc investor presentations.

The Company reviews and reports annually on its compliance with the ASX Corporate Governance Principles and Recommendations, which include Principle 7 relating to risk management and the internal control framework.

C) Framework

SAI Global applies the principles in Australia/New Zealand Standard AS/NZS ISO31000:2009 *Risk Management* in identifying, assessing, monitoring and reviewing risks.

Risk identification, assessment and treatment are part of the annual business planning process. Risk assessment is undertaken by Management and reviewed by the Board.

Risk assessment is conducted using risk matrices, taking existing controls into consideration.

Risk treatment options are considered in determining the suitable risk treatment strategy. Planned actions supporting the strategy are recorded in an on-line risk management tool identifying responsibilities and time lines. Risk treatment options include:

- Avoid the risk;
- Reduce the likelihood of the occurrence;
- Reduce the consequences;
- Transfer the risk (mechanisms include insurance arrangements); or
- Retain the risk.

Management monitors and reviews existing risks. It is the responsibility of Management to ensure that risk records are kept up to date.

A report of key risks with progress of risk treatment implementation is reviewed by Management regularly. The key risk report is also made available to the Audit and Risk Committee for review.

To further assist in managing risks that may arise internally and externally with customers, the Company (excluding the Assurance business) utilises ISO9001:2008 *Quality Management System* which was independently audited during the year by SIRIM QAS International Sdn. Bhd. (SIRIM), an accredited certification body.

The Company's Assurance business manages its risks by ensuring compliance with relevant standards - ISO/IEC 17021 (Audit and Certification of Management Systems), ISO/ IEC 17020 (Performing Inspections), ISO/IEC Guide 65 (Product Certification), ISO/IEC17025 (Accreditation of Laboratories), appropriate accreditation procedures, and any additional specific requirements in specialist areas, such as food (BRC, SQF, for example).

The Assurance business is subjected to periodic, independent audits by the relevant accreditation bodies, against SAI's registered/ approved scope in accordance with the above referenced standards. Accreditations held include:

- Accreditation Body of Indonesia (Komite Akreditasi Nasional) (KAN)
- Accreditation Services International (ASI)
- American National Standards Institute (ANSI)
- ANSI-ASQ National Accreditation Board
- China National Accreditation Service for Conformity Assessment (CNAS)
- Ente Italiano di Accreditamento (Italian National Accreditation Body) (Accredia)
- IAOB (the International Automotive Oversight Bureau based in USA)
- Irish National Accreditation Board (INAB)
- Joint Accreditation System of Australia and New Zealand (JAS-ANZ)
- Korea Accreditation Board (KAB)
- Mexican Accreditation Entity (Entidad Mexicana de Acreditacion (EMA)
- Spanish Accreditation Entity (Entidad Nacional de Acreditacion (ENAC)
- Standards Council of Canada (SCC)
- United Kingdom Accreditation Service (UKAS)

The Assurance division's processes are periodically reviewed by the various accreditation bodies and, in addition, the business undertakes its own internal audits.

D) Responsibility and Authority

Risk management is the responsibility of all staff.

Management is responsible for monitoring and reviewing the risk register for completeness, continued relevance of risk assessment, effectiveness of risk treatment plan and timeliness of implementation of risk treatment actions, taking into account changing circumstances.

The Board oversees the establishment and implementation of the Company's risk management framework and reviews the effectiveness of that system bi-annually.

The Audit and Risk Committee oversees the operation of the risk management system and assesses its adequacy. The Committee monitors the internal policies for identifying and determining key risks to which the Company is exposed. Divisional Management is required to attend Audit and Risk Committee meetings periodically to explain the risk management framework pertaining to each division and to enable the Committee to challenge, test and assess the robustness of the framework and Management's action in that regard.

Management, in addition to its general and specific responsibilities, is responsible for providing to the Internal Auditor any assistance required to execute the Board Committee approved internal audit plan.

The Chief Executive Officer and the Chief Financial Officer provide a half-yearly statement to the Board in writing that the Company's internal compliance and control system is operating efficiently and effectively in all material respects.

E) Internal Compliance and Control

In addition to the risk management framework, the Company has an internal compliance and control system based on the following:

- An internal audit program approved by the Audit and Risk Committee; and
- A financial reporting control system which aims to ensure that financial reporting is both accurate and timely.

SAI Global has a number of control processes to ensure that the information presented to Management and the Board is both accurate and timely. The control processes include, among other things:

- Annual audit and half-year review by the external auditor;
- Planned review by internal auditors of the quality and effectiveness of internal processes, procedures and controls; and
- Monthly review of financial performance compared to budget and forecast.

In accordance with Section 295A of the Corporations Act 2001, the Chief Executive Officer and the Chief Financial Officer provide an annual statement to the Board, in writing, that the Company's financial reports present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant Accounting Standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The Chief Executive Officer and Chief Financial Officer also make a similar attestation in relation to the half-year financial report.

The Audit and Risk Committee is responsible for recommending the appointment of the internal auditor and approving the annual internal audit plan. The internal audit function is independent of the external auditor and has direct access to the Chairman of the Board and Chairman of the Audit and Risk Committee.

Periodically, each division is subject to a fraud risk and control internal audit, and undertakes a self-assessment process prior to the audit being undertaken.

Internal Audit reports that identify deviation from Company policies are directed to Management for action and to the Audit and Risk Committee for information or further action.

F) Assessment of Effectiveness

Internal audit provides independent assurance to the Audit and Risk Committee of the effectiveness of the Company's risk management and internal compliance and control system through regular reviews of internal controls, operation of the risk management framework and the quality management system.

The Audit and Risk Committee is responsible for reviewing and analysing the effectiveness of the risk management framework, the internal compliance and control systems and reports on the same to the Board, no less than annually or at such intervals as determined by the Board.

CORPORATE GOVERNANCE

ASX Principle		Reference	Compliance
Principle 1: Lay solid foundations for management and oversight. Companies should establish and disclose the respective roles and responsibilities of Board and Management			
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions	3B	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives	Directors' Report, 3I	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	3	Comply
Principle 2: Structure the Board to add value. Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties			
2.1	A majority of the Board should be independent Directors	3E	Comply
2.2	The Chairperson should be an independent Director	3D	Do not currently comply[1]
2.3	The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual	3D	Do not currently comply[1]
2.4	The Board should establish a Nomination Committee	4F	Comply
2.5	Companies should disclose the process for evaluating the performance of the Board, its Committees and individual Directors	3B, 3I	Comply
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	Directors' Report, 3	Comply
Principle 3: Promote ethical and responsible decision-making. Companies should actively promote ethical and responsible decision making			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:		
	• the practices necessary to maintain confidence in the Company's integrity	5	Comply
	• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders	5	Comply
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Code of Business Conduct/ Website	Comply
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them	6	Comply
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them	6	Comply
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board	6	Comply
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	5, 6	Comply
Principle 4: Safeguard integrity in financial reporting. Companies should have a structure to independently verify and safeguard the integrity of their financial reporting			
4.1	The Board should establish an Audit Committee	4D	Comply
4.2	The Audit Committee should be structured so that it		
	• consists only of Non-Executive Directors	4D	Comply
	• consists of a majority of independent Directors	4D	Comply
	• is chaired by an independent chair, who is not chair of the Board	4D	Comply
	• has at least three members	4D	Comply
4.3	The Audit Committee should have a formal charter	Website	Comply
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	Directors' Report, 4A, Website	Comply

ASX Principle		Reference	Compliance
Principle 5: Make timely and balanced disclosure. Companies should promote timely and balanced disclosure of all material matters concerning the Company			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	Website	Comply
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	Website	Comply
Principle 6: Respect the rights of shareholders. Companies should respect the rights of shareholders and facilitate the effective exercise of those rights			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	Website	Comply
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	Website	Comply
Principle 7: Recognise and manage risk. Companies should establish a sound system of risk oversight and management and internal control			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	8	Comply
7.2	The Board should require Management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that Management has reported to it as to the effectiveness of the Company's management of its material business risks.	8	Comply
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	8	Comply
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	8	Comply
Principle 8: Remunerate fairly and responsibly. Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.			
8.1	The Board should establish a Remuneration Committee	4E	Comply
8.2	The Remuneration Committee should be structured so that it;	Directors' Report	Comply
	• consists of a majority of independent Directors		
	• is chaired by an independent Director		
	• has at least three members		
8.3	Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives	Directors' Report	Comply
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	Directors' Report	Comply

[1] The current non-compliance with principles 2.2 and 2.3 is a temporary situation brought about by the Board's decision to serve notice of termination of employment to the Chief Executive Officer on 26 May 2014, and the simultaneous appointment of the Chairman to the role of Executive Chairman. This appointment will cease when a suitable new Chief Executive Officer has been identified and appointed. One of the five Non-Executive Directors, Mr Peter Day, was appointed as Deputy Chairman on 3 June 2014 to assist the Executive Chairman in his expanded role and to ensure that the responsibilities of the Non-Executive Directors are appropriately represented.

Note 1. Reference refers to the relevant sections of this Corporate Governance Statement or the Directors' Report.

DIRECTORS' REPORT

The Directors present their report on SAI Global Limited (SAI or the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors

The following persons were Directors of SAI Global Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

Andrew Dutton	Executive Chairman	Director for the whole of the year. Appointed Chairman on 29 October 2013. Appointed Executive Chairman on 26 May 2014.
Peter Day	Deputy Chairman	Director for the whole of the year. Appointed Deputy Chairman on 3 June 2014.
Robert Aitken	Non-Executive Director	
Anna Buduls	Non-Executive Director	
Sylvia Falzon	Non-Executive Director	Appointed on 28 October 2013.
David Spence	Non-Executive Director	Appointed on 28 October 2013.
Stephen Porges		Appointed Chief Executive Officer (CEO) and Director on 20 January 2014. Ceased to be CEO and a Director on 26 May 2014.
Joram Murray AM		Retired on 29 October 2013.
Robert Wright		Retired on 29 October 2013.
Tony Scotton		Retired on 20 January 2014.

Robert Wright was Chairman from the beginning of the period until his retirement on 29 October 2013. Andrew Dutton, an existing Non-Executive Director, became Chairman on 29 October 2013. Tony Scotton was Chief Executive Officer from the beginning of the period until his retirement on 20 January 2014.

The Chairman's appointment as Executive Chairman occurred on 26 May 2014 and followed the Board's decision to serve notice of termination of employment to the Chief Executive Officer. This appointment is a temporary arrangement that will cease when a suitable successor has been identified and appointed.

One of the five Non-Executive Directors, Mr Peter Day, was appointed as Deputy Chairman on 3 June 2014 to assist the Executive Chairman in his expanded role.

Principal activities

During the year the principal activities of SAI's businesses consisted of:

Information Services:

- Distributing, through on-line information management tools, technical and business information such as Standards, legislation and other technical information
- Providing internally developed intellectual property such as bibliographic databases and property certificates
- Providing newsfeeds, alerts and databases covering key compliance and regulatory topics
- Providing settlement services, property and business searching, and conveyancing workflow solutions

Compliance Services:

- Advisory services in relation to regulatory compliance needs and solutions
- Providing governance, risk and compliance (GRC) solutions that catalogue, monitor, update, notify and manage a company's operational GRC needs
- Providing an extensive library of web-based learning and awareness solutions, supported by a learning management system providing both audit and compliance learning management capability
- Whistleblower and related case management and incident reporting services

Assurance Services:

- Assessing system and product conformity to international and locally based Standards, supported by one of the most widely recognisable symbols of excellence and assurance in Australia, the "five ticks" Standards Mark
- Providing a suite of services across the food value chain, from agricultural production through to the point of sale or service, aimed specifically at managing risks within the supply chain and improving the quality, safety and security of food products
- Providing tools for improving critical business processes
- Providing Standards related training and business improvement solutions

OPERATIONAL AND FINANCIAL REVIEW

1. OPERATIONS AND FINANCIAL PERFORMANCE

(a) Consolidated result

Overview

The summary below shows the result both on the statutory basis and an underlying basis. The underlying basis is an unaudited non-IFRS measure that, in the opinion of the Directors, is useful in understanding and appraising the Company's underlying performance. The underlying basis excludes significant charges associated with acquiring and integrating new businesses, costs associated with any significant restructuring within the business, any impairment charges and any other specific items deemed to be significant on account of their nature or size.

The reconciliation between the statutory results and underlying results has not been audited or reviewed by the Company's auditor. However, the auditor has undertaken procedures to confirm that the information used and presented by the Directors in determining the underlying results is consistent with the Company's financial records and also applied on a comparatively consistent basis.

Andrew Dutton

Peter Day

Robert Aitken

Anna Buduls

Sylvia Falzon

David Spence

DIRECTORS' REPORT

	Statutory			Underlying[1]		
$'000s	**FY14**	FY13	**Change**	**FY14**	FY13	**Change**
Sales revenue	**527,749**	478,601	**10.3%**	**527,749**	478,601	**10.3%**
Other income	**(508)**	580		**(231)**	580	
	527,241	479,181	**10.0%**	**527,518**	479,181	**10.1%**
Less: direct costs	**252,863**	227,382	**11.2%**	**252,863**	227,382	**11.2%**
Gross profit	**274,378**	251,799	**9.0%**	**274,655**	251,799	**9.1%**
Less: overheads	**181,029**	151,138	**19.8%**	**167,518**	148,067	**13.1%**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**93,349**	100,661	**(7.3%)**	**107,137**	103,732	**3.3%**
Less: depreciation	**22,139**	19,888	**11.3%**	**22,139**	19,888	**11.3%**
Less: amortisation of acquired intangible assets	**12,427**	12,431	**(0.0%)**	**12,427**	12,431	**(0.0%)**
Less: impairment charges	**-**	86,000		**-**	-	
Earnings/ (loss) before interest and tax (EBIT)	**58,783**	(17,658)	**n/a**	**72,571**	71,413	**1.6%**
Less: net financing costs	**11,353**	13,640	**(16.8%)**	**11,353**	13,640	**(16.8%)**
Add: associated companies	**258**	111		**258**	111	
Net profit/ (loss) before income tax	**47,688**	(31,187)	**n/a**	**61,476**	57,884	**6.2%**
Less: income tax	**12,226**	11,917	**2.6%**	**16,291**	15,391	**5.8%**
Net profit/ (loss) after income tax	**35,462**	(43,104)	**n/a**	**45,185**	42,493	**6.3%**
Profit/ (loss) is attributable to:						
Equity holders of SAI Global Limited	**35,295**	(43,242)	**n/a**	**45,018**	42,355	**6.3%**
Minority interests	**167**	138	**20.9%**	**167**	138	**20.9%**
	35,462	(43,104)	**n/a**	**45,185**	42,493	**6.3%**

[1]Excludes significant charges

Sales revenue increased by 10.3% to $527.7M driven by the collective impacts of organically generated growth, the impact of recent acquisitions and the weaker Australian dollar. Growth in overheads of 19.8% resulted in a reduced EBITDA of $93.3M, a 7.3% decrease over the prior period. Steps have been taken during the latter part of the period to reduce the cost base of the Company and restore operating leverage across the Company's operations. These steps involved a combination of external consulting assistance, workforce reductions and office rationalisation. These costs amounted to $8.4M and have been highlighted as part of total significant charges below. The benefits associated with these actions will flow through into FY15 and beyond.

Underlying EBITDA of $107.1M is a 3.3% improvement over the corresponding amount in the prior period.

The Company achieved a statutory net profit after tax attributable to shareholders of $35.3M, up from a loss of $43.2M in FY13. The prior period's result was adversely impacted by an impairment charge $86.0M against the carrying value of the Company's Compliance division's assets. Underlying net profit after tax attributable to shareholders of $45.0M is a 6.3% improvement over the prior corresponding period.

Net cash inflows from operating activities were $80.5M, up from $72.4M in FY13. Net operating cash inflows before significant charges for the year were $88.8M, up 17.7% from $75.5M achieved in FY13.

Revenue

SAI has continued to grow revenue in FY14, achieving growth in sales revenue from $478.6M to $527.7M, an increase of 10.3%. Revenue growth in constant currency terms was 5.4%. Organic revenue growth of 4.1% was achieved and this growth was enhanced by the contribution from recent acquisitions which added a further 1.3%. Favourable translation impacts relative to FY13, as a result of the weaker Australian dollar, contributed $23.2M resulting in the strong headline revenue growth of 10.3%.

The Information Services division achieved organic growth of 9.3%. This was driven by the Property business which grew revenue by 11.1%, driven by its mortgage settlement business. The Standards business also performed well achieving revenue growth of 9.6%. Both the Compliance Services and Assurance Services benefitted from the impact of the weaker Australian dollar posting revenue growth of 8.9% and 10.6% respectively.

Direct costs and overheads

The growth in direct costs of 11.2% was broadly consistent with the growth in revenue, resulting in a slight contraction in the gross margin from 52.6% to 52.0%. Overheads increased by 19.8%, which included $13.8M of significant charges which are explained further below. On an underlying basis overheads increased 13.1%. The main drivers of this increase relate to the earning of Short-Term Incentives by executives and staff on the achievement of targets set by the Board at the beginning of the financial year, and steps taken to improve IT governance processes in accordance with recommendations from a review undertaken by Capgemini. The investment in IT governance processes is a precursor to a leaner and more efficient IT capability across the Company. As noted above, a number of initiatives were undertaken during the second-half of the year to improve operational efficiency and reduce the level of overheads across the Group. Costs associated with these initiatives are set out below as a component of the significant charges. Benefits associated with these initiatives will flow through in FY15 and beyond.

Significant charges

The significant charges incurred in FY14 amounted to $13.8M before tax and $9.7M after tax. In the overview section above these costs are added back to the overheads line in the "statutory" column to determine underlying overheads as set out in the "underlying" column. Similarly, the tax credit associated with the significant charges is added back to the statutory income tax line to determine the underlying charge for income tax.

Details of the significant charges are set out below:

$'000s	FY14	FY13
Impairment charges	-	86,000
Incidental charges relating to acquisitions	188	567
Operational efficiency initiatives (consulting fees, terminations and office rationalisation)	8,379	-
CEO transition and other senior management changes	2,975	2,504
Closure of Canadian defined benefit pension plan	741	-
IT governance review	790	-
Other significant items of a non-recurring nature	715	-
Significant charges before tax	**13,788**	89,071
Income tax credit applicable to significant charges	4,065	3,474
Significant charges after tax	**9,723**	85,597

The expenses relating to the operational efficiency initiatives consist of three major categories as follows:

$'000s	FY14	FY13
Consulting fees	1,490	-
Office rationalsiation	2,124	-
Workforce reduction through productivity gains	4,765	-
Operational efficiency initiatives	**8,379**	-

The Company's Sydney headquarters have been consolidated onto two floors at 680 George Street at a lower annual rent than the previous location in Sussex Street. In addition, the Company is in the process of consolidating its premises in the UK and North America by vacating office space in Kenilworth and Plainsboro respectively.

The Canadian defined benefit pension plan was inherited when the Company acquired QMI in 2008. The significant charge recorded of $741K relates to one-off charges associated with the closure of this plan.

Following the operating issues that the Compliance Services division experienced with its learning platform, which failed to deliver to expectations, the Company has undertaken a comprehensive review of its IT governance practices across the whole Group with the assistance of external experts, Capgemini. The cost of this review was $790K. The Company is currently in the process of implementing the key recommendations arising from this review.

EBITDA

EBITDA reduced 7.3% to $93.3M on account of the significant charges noted above. Underlying EBITDA increased by 3.3% to $107.1M. The underlying EBITDA margin contracted slightly from 21.7% in FY13 to 20.3% in FY14, reflecting the growth in overheads and changing mix of contributions across the operating divisions.

Depreciation and amortisation

The increase in the depreciation charge in FY14 from $19.9M to $22.1M reflects the flow on impact of the relatively high levels of capital expenditure incurred in FY12 and FY13 of $31.4M and $27.8M respectively. The growth in capital expenditure over recent years has begun to abate with $24.0M invested in FY14 on a combination of internally generated intellectual property, IT equipment, software, leasehold improvements and furniture and fittings. A similar level of capital expenditure is expected in FY15.

The charge for the amortisation of identifiable intangible assets recognised in business combinations was largely unchanged in FY14 at $12.4M. The assets to which the amortisation charge relates are publishing license agreements, customer relationships and contracts, product delivery platforms and intellectual property that were acquired in business combinations. Any subsequent expenditure on intellectual property such as courseware and product delivery platforms is capitalised as part of "plant and equipment" on the balance sheet and depreciated through the depreciation charge.

Net financing charges

Net financing charges for the year were as follows:

$'000s	FY14	FY13	Change
Interest expense	12,141	14,307	(15.1%)
Less: interest income	788	667	18.1%
Net financing charges	**11,353**	13,640	**(16.8%)**

The FY14 interest expense reduced by 15.1% compared with FY13. The main factor driving the reduction is the maturity of floating to fixed interest rate swaps. The positive impact of this has been mitigated to some extent by the impact of the weaker Australian dollar. Looking into FY15, the interest expense can be expected to reduce further on a constant currency basis following the repayment of circa $20M of debt in the final quarter of FY15 and the potential for further repayments in FY15.

The weighted average cost of borrowing during FY14, inclusive of establishment fees, was 4.47%. At 30 June 2014 the weighted average cost of borrowing was 4.20%.

Income tax expense

The underlying effective tax rate across the Group's operations was 26.5%, consistent with the 26.6% rate in FY14.

b) Consolidated cash flow

Operating cash inflows increased 11.1% to $80.5M, up from $72.4M in FY13.

Cash conversion increased over the course of FY14 to 110%, up from 93% in FY13. On an underlying basis cash conversion was 104%. This strong performance reflects improved working capital management.

$'000s	FY14	FY13	Change
Net operating cash inflows	**80,459**	72,392	**11.1%**
Add back: net financing charges	**11,353**	13,640	**(16.8%)**
Add back: income tax paid	**11,094**	7,963	**39.3%**
Ungeared pre-tax operating cash flows	**102,906**	93,995	**9.5%**
EBITDA	**93,349**	100,661	**(7.3%)**
Cash conversion ratio	**110%**	93%	**18.1%**

$'000s	FY14	FY13	Change
Net operating cash inflows	**80,459**	72,392	**11.1%**
Add back: cash outflow relating to significant charges	**8,373**	3,071	**172.6%**
	88,832	75,463	**17.7%**
Add back: net financing charges	**11,353**	13,640	**(16.8%)**
Add back: income tax paid	**11,094**	7,963	**39.3%**
Ungeared pre-tax operating cash flows	**111,279**	97,066	**14.6%**
Underlying EBITDA	**107,137**	103,732	**3.3%**
Underlying cash conversion ratio	**104%**	94%	**11.0%**

The significant charges resulted in a reduction in free cash flow. However, on an underlying basis free cash flow increased by 11.8% to $60.7M:

$'000s	FY14	FY13	Change
EDITDA	**93,349**	100,661	**(7.3%)**
Less: net financing charges	**11,353**	13,640	**(16.8%)**
Less: income tax paid	**11,094**	7,963	**39.3%**
Less: capital expenditure	**23,960**	27,814	**(13.9%)**
Free cash flow	**46,941**	51,244	**(8.4%)**
Add: significant charges	**13,788**	3,071	
Underlying free cash flow	**60,729**	54,315	**11.8%**

c) Consolidated sensitivity to movements in foreign exchange rates

The Company's results are impacted by the movement in foreign exchange rates relative to the Australian dollar. The Company's operating results from its overseas operations increase in Australian dollar terms as the Australian dollar weakens, and are adversely affected as the Australian dollar strengthens.

A summary of the average rates for FY14 compared to FY13 for the major currencies that affect the Company's results is set out below:

Average exchange rate*	FY14	FY13	Change
US dollar	**0.9175**	1.0298	**(10.9%)**
Canadian dollar	**0.9835**	1.0338	**(4.9%)**
Pounds sterling	**0.5646**	0.6579	**(14.2%)**
Euro	**0.6747**	0.7981	**(15.5%)**

*Source: Reserve Bank of Australia

As can be seen from the summary above, the average Australian dollar exchange rates have reduced markedly in FY14 compared with FY13. This reduction has resulted in translation gains relative to FY13 of $23.2M in sales revenue and $3.8M in EBITDA.

In assessing the potential impact of movements in the Australian dollar on the Company's prospects for FY15, consideration needs to be given to the amount of the Company's revenue and profit that is denominated in foreign currencies. The following table sets out the relevant amounts for FY14.

Revenue	Underlying currency '000s	Australian dollar equivalent $'000s	%
Australian dollar	303,570	303,570	**57.5%**
US dollar	104,302	113,700	**21.5%**
Canadian dollar	18,738	19,021	**3.6%**
Pounds sterling	27,150	48,120	**9.1%**
Euro	12,587	18,568	**3.5%**
Other		24,770	**4.8%**
Total	-	**527,749**	**100.0%**

Underlying EBITDA demonination	Underlying currency '000s	Australian dollar equivalent $'000s	%
Australian dollar	59,379	59,379	**55.4%**
US dollar	34,383	37,524	**35.0%**
Canadian dollar	71	27	**0.0%**
Pounds sterling	2,534	4,446	**4.1%**
Euro	1,226	1,791	**1.7%**
Other		3,970	**3.8%**
Total	-	**107,137**	**100.0%**

The currency spread of the Company's underlying net profit before tax in FY14 is summarised below:

Underlying net profit before tax demonination	Underlying currency '000s	Australian dollar equivalent $'000s	%
Australian dollar	44,760	44,760	**72.8%**
US dollar	11,595	12,745	**20.7%**
Canadian dollar	(495)	(550)	**(0.9%)**
Pounds sterling	57	49	**0.1%**
Euro	1,318	1,924	**3.1%**
Other		2,548	**4.2%**
Total	-	**61,476**	**100.0%**

d) Earnings per share

Earnings per share were 16.8 cents up from a loss of 20.9 cents in FY13. Underlying earnings per share were 21.4 cents, up 4.4% on FY13.

Cents	FY14	FY13	Change
Statutory earnings/(loss) per share	**16.8**	(20.9)	**n/a**
Underlying earnings per share	**21.4**	22.5	**4.4%**

e) Review of divisional performance

A summary of the Australian dollar divisional revenues and earnings, together with related commentary, is set out below:

	Segment revenues			Segment EBITDA		
$'000s	**FY14**	FY13	**Change**	**FY14**	FY13	**Change**
Information Services[1]	**244,179**	220,774	**10.6%**	**63,887**	57,939	**10.3%**
Compliance Services[1]	**92,957**	85,364	**8.9%**	**25,045**	24,752	**1.2%**
Assurance Services	**192,896**	174,482	**10.6%**	**33,154**	31,152	**6.4%**
	530,032	480,620	**10.3%**	**122,086**	113,843	**7.2%**
Eliminations	**2,283**	2,019				
	527,749	478,601	**10.3%**	**122,086**	113,843	**7.2%**
Less: Corporate Services				**14,949**	10,111	**47.8%**
Segment EBITDA before significant charges				**107,137**	103,732	**3.3%**
Less: depreciation				**22,138**	19,888	**11.3%**
Less: amortisation of acquired intangible assets				**12,427**	12,431	**0.0%**
Add: associated companies				**258**	111	
Segment result before significant charges				**72,830**	71,524	**1.8%**

[1] The FY13 comparative revenue and EBITDA figures for Information Services and Compliance Services have been restated to reflect the transfer of the alerts and newsfeed business from Compliance to Information Services with effect from 1st July 2013. The impact is an increase and reduction in the revenue and EBITDA of Information Services and Compliance Services respectively of revenue of $6,070K and EBITDA of $3,300K.

The Company's operational performance in FY14 was mixed. The combination of organic growth, contributions from recent acquisitions and the benefit of the weaker Australian dollar, combined to increase sales revenue by 10.3% to $527.7M.

The operating divisions collectively grew EBITDA from $113.8M in FY13 to $122.1M in FY14, an increase of 7.2%. Corporate Services costs increased from $10.1M to $15.0M as a result of initiatives to improve IT governance processes in accordance with recommendations from the Capgemini review, together with the reinstatement of Short-Term Incentives for executives and staff on the achievement of targets set by the Board at the beginning of the financial year.

Overall, the Company achieved an underlying EBITDA of $107.1M, up 3.3% on FY13.

Information Services

The Information Services division consists of two verticals being "Standards and Technical Information" and "Property". The Standards vertical distributes technical and business information such as standards, legislation and other technical information, and also provides internally developed intellectual property such as bibliographic databases and information workflow solutions. SAI Global Property provides an information brokerage service to conveyancers and banks, together with outsourced mortgage services workflow solutions for financial institutions.

The Property business achieved revenue growth of 11.1% reflecting the increased mortgage services business flowing from the ANZ and Commonwealth Bank (CBA) contracts.

The first-half of FY14 was dominated by taking on mortgage processing for Bankwest in Western Australia, which was completed in September 2013. The success of this implementation led to the subsequent transition of CBA Western Australian settlement services to the Property business, which went live in February 2014. HSBC Australia also outsourced its mortgage services business to SAI in March 2014, and this will go live in August 2014. Planning for new business of this magnitude required hiring and training new staff and upgrading SAI's premises in Western Australia to accommodate the additional settlement volumes. The risks associated with the take on of new business and additional volume were significantly mitigated by the maturity of the project management and implementation methodology gained from previous large bank rollouts and the utilisation of an employee operational efficiency program (Enlighten) which is deployed nationally in Property's operations.

The Standards and Technical Information business grew its revenue by 9.6%. This result was boosted by the impact of the weaker Australian dollar and was an improved performance compared with the 1.1% growth achieved in the prior period. This was primarily due to the continued focus on selling subscription services versus sales of single standards. This is reflected in the increase in annuity revenue which now represents 73% of revenue. Focus on subscription services also reduces the impact to the business of the decline in sale of individual standards. This decline follows the trend of the overall standards sector of which a reduced output of new and revised standards is a contributing factor. EBITDA margins reduced slightly due to increased sales of international content as a percentage of total sales. These sales command a higher royalty rate.

During the year progress was made in providing value added content services moving the business from transactional to subscription to solution sales with the release of i2i Participate, a content management tool enabling clients to create internal standards, policies and guidelines in a secure on-line environment and integrated with external standards. This platform resulted in winning a new exclusive contract with The British Retail Consortium providing a solution to facilitate the management of, and access to, their business critical information.

Towards the end of the period, the Standards and Technical Information business was brought together as a single global business with one leadership team to accelerate identification of opportunities around value added content services and provide a consistent global approach to the market.

Overall, the Information Services division achieved revenue and EBITDA growth of 10.6% and 10.3% respectively, at a constant EBITDA margin of 26.2%.

Compliance Services

The Compliance division delivered revenue growth of 8.9% and a marginal increase in EBITDA compared with FY13. On a constant currency basis revenue reduced 1.5% and EBITDA by 10.6%. This performance, whilst unsatisfactory, exceeded expectations at the beginning of the year, and was driven by a number of factors:

- The lingering impact of the technology failure in 2012 which adversely impacted both new sales and the renewal of existing contracts in the learning business. This flowed through to reduced levels of deferred revenue brought forward from prior periods as a result of the then decline in renewals and sales
- Foreign exchange gains flowing from the weakening of the Australian dollar against the US dollar, British pound and Euro
- Growth in governance, risk and compliance (GRC) software sales, fuelled by SAI Global's 2012 acquisition of Compliance 360
- Improved retention rates in compliance learning solutions, including the renewal of the business's three largest customers
- Improved profit performance in the environmental, health and safety (EHS) business, driven by new business acquisition and right-sizing actions
- Disciplined cost management across the division

The division executed on key FY14 strategic initiatives that position the business for accelerated growth:

- The decision was taken to develop the next-generation learning platform as a module on the C360 system. This strategy provides both competitive advantage (allowing deep integration of compliance learning solutions with other compliance program modules) and operational effectiveness (including efficiency of development, support, maintenance, upgrade; and an integrated services/customer implementation model across both the full range of GRC software and learning solutions). This strategy was vetted by an expert third party and the development effort commenced in FY14. This initiative is on schedule for release in 2015.
- The GRC software and compliance learning businesses were integrated globally, moving away from the inherited management structures of various acquired entities. The business is now managed functionally on a worldwide basis across sales/marketing and operations.
- The EHS business continued to be affected in FY14 by the economic slow-down in key sectors, particularly Australian mining, posting a revenue decline on FY13. However, the business drove improved EBITDA contribution through right-sizing actions taken in early FY14 and a number of new business wins.

The business's strategic roadmap centres on leveraging the existing Compliance 360 system to create the most comprehensive "compliance system of record" in the industry. In a market that is rapidly consolidating from regional and point solutions to deeply integrated capabilities across all parts of customers' compliance program needs. SAI Global is well positioned for strong competitive differentiation and growth over the next 3 years.

Assurance Services

The Assurance Services division achieved revenue growth of 10.6% to $192.9M. Revenue growth on a constant currency basis was 4.0%.

This result reflected the full year impact of the acquisitions of QPRO and the supply chain certification services business of Steritech in the prior period. Organic growth in the global food businesses, particularly in Asia, was held back by minimal growth in the mature certification businesses together with a disappointing fourth quarter for the Australian Learning business. Whilst there was some uptick in revenues it was much less pronounced than prior years and as a result Learning revenue was 7% down on the previous year.

Overall, EBITDA was up by 6.4% to $33.2M at a margin of 17.2%, compared to 17.9% in the corresponding period. This reduction in EBITDA margin resulted from lower than expected sales in the first-half. However a much stronger second-half performance saw EBITDA margins of 19.3% achieved compared to 18.8% in the same period in FY13.

Roll out of a common global business system platform has progressed during FY14 with the Asia region and part of the EMEA business now operational on one platform.

Priorities for FY15 include the continued roll out of the new business system platform; expansion of a business excellence program, which has delivered encouraging results in Australia, to other regions to drive improved efficiency; and leveraging learning content into global markets, particularly the Company's expanding online portfolio.

f) Business combinations

In September 2013 IQMS Management Systems Ltd was acquired in the UK. This acquisition adds scale to the UK training business and will provide a platform through which to leverage global training assets. SAI acquired IQMS for the following reasons:

- Growth of the UK's training business is part of SAI Global's strategic plan and acquisition of IQMS substantially adds to the UK training business
- IQMS has a database of 6000 clients which represents a significant development opportunity for SAI Global
- A combined SAI Global and IQMS training business will add scale and efficiencies in the way training is conducted in the UK
- The addition of IQMS adds to the capability of the UK being able to support and grow the training business across the Europe, Middle East & Africa (EMEA) Region
- IQMS has a number of products that are new to the existing SAI Global portfolio of training offerings

Consideration for the acquisition was A$2.3 million.

2. CONSOLIDATED FINANCIAL POSITION

a) Statement of financial position

The key components of the Company's assets and liabilities, together with an explanation for significant movements are summarised below:

$M	30 June 2014	30 June 2013	Change $	Change %
Cash	67.7	64.0	3.7	5.8%
Plant and equipment	56.7	54.9	1.8	3.3%
Intangible assets	503.5	515.1	(11.6)	(2.3%)
Working capital	(18.0)	(2.9)	(15.1)	519.0%
Borrowings	(247.4)	(270.6)	23.2	(8.6%)
Provisions	(9.2)	(9.9)	0.7	(7.2%)
Deferred tax balances	(4.8)	(9.5)	4.7	(49.9%)
Other	(3.8)	(3.7)	(0.1)	2.5%
Net assets	**344.7**	337.4	**7.4**	**2.2%**
Contributed equity	400.0	395.2	4.8	1.2%
Retained earnings	(0.4)	(2.6)	2.2	n/a
Other reserves	(54.9)	(55.2)	0.3	(0.5%)
Shareholders' funds	**344.7**	337.4	**7.3**	**2.2%**

Cash

The Company continues to generate strong cash inflows as evidenced by the increase in cash balances held at 30 June 2014, despite retiring $20.7M of debt just prior to the end of the year.

Underlying net cash inflows from operating activities were $88.8M, up from $75.5M in FY13 and reflective of an increased underlying operating performance and improved working capital management. The Company invested $24.0M in new capital projects, consisting predominantly of software development, and $1.9M (net of cash acquired) in acquiring Assurance Services related businesses. Cash payments of $27.9M were made to shareholders by way of dividends and to acquire shares on market to satisfy demand for shares under the Company's dividend reinvestment plan in respect of the FY14 interim dividend.

The impact on the cash balance from these major cash inflows and outflows, plus the impact of movements in exchange rates has been to increase the cash balance by $3.7M at 30 June 2014.

The Group's cash reserves at $67.7M are in excess of normal working capital and dividend payment requirements. In the absence of potential bolt-on acquisition opportunities, excess funds may be applied to reduce the amounts drawn under the Company's borrowing facilities.

Plant and equipment

As noted above the Company has continued to invest in its suite of products and services outlaying $24.0M in capital expenditure. The Company owns very little in the way of plant and equipment in the traditional sense, such assets being limited to computer hardware and leasehold improvements.

The majority of the Company's plant and equipment relates to courseware and product delivery platforms of an IT (software) nature. The combination of the capital expenditure during the year and the depreciation charge for the year of $22.1M has resulted in the carrying value of plant and equipment at 30 June 2014 increasing by $1.8M, after adjusting for the impact of movements in foreign exchange rates. Capital expenditure in FY15 is expected to be of a similar quantum to FY14.

Over the medium term the depreciation charge will match the average capital expenditure over the period and hence the charge for depreciation can be expected to increase in FY15.

Intangible assets

This is the largest asset class on SAI's balance sheet and consists entirely of the value placed on goodwill and other intangible assets relating to businesses that SAI has acquired over the years.

Goodwill of $434.5M accounts for the majority of this balance. Goodwill is not amortised but is subject to an annual impairment test. The decrease in the balance of goodwill of $3.7M during the year relates to the following:

- An increase of $1.8M relating to the acquisition of IQMS
- Net reductions of $4.1M relating predominantly to the transfer to amortising intangible assets for acquisitions undertaken in prior periods
- A reduction of $1.4M relating to changes in foreign exchange rates.

The non-goodwill intangible assets amount to $69.0M, down from $76.9M at 30 June 2013. These assets relate to the values ascribed to customer relationships and contracts, product delivery platforms and other intellectual property as part of the purchase price allocation exercise that SAI performs in respect of each acquisition. Other than the value of $16.1M that relates to the "5 Tick" Standards Mark, these assets are amortised over their expected useful lives. The Standards Mark is not amortised because the Directors believe that this asset has an indefinite life. It is, however, subject to an annual impairment review.

The reduction in the balance of these assets over the course of FY14 is accounted for by the amortisation charge of $12.4M, offset by additions during the year and the impact of the weakening Australian dollar.

Working capital

SAI continues to operate with a negative working capital balance due to the balance of deferred revenue included in current liabilities. At 30 June 2014 the balance of deferred revenue was $72.3M.

The deferred revenue relates to cash received upfront for services to be delivered over the ensuing twelve months, over which time the deferred revenue is systematically released to revenue. This enviable position is a function of SAI's business model across each of its divisions whereby customers pay in advance for subscription or SaaS ("Software as a Service") based services to be delivered over the course of the year.

Borrowings

Together with the equity contributed by shareholders, the Company continues to use bank debt to fund its operations. The debt is provided by way of a multi-currency syndicated facility with three of Australia's four major banks. The liability has reduced from $270.6M to $247.4M. The balance of $247.4M is net of $1.4M of unamortised facility establishment costs. The actual amount owed to the banks is therefore $248.8M.

This decrease relates to repayments of $20.7M during the year together with the impact of the weakening Australia dollar on the borrowings denominated in foreign currencies, predominantly US dollars. Further information relating to the Company's borrowings is set out in section (b) below.

Provisions

The majority of the provisions relate to employee entitlements to annual and long service leave.

Deferred tax balances

The net deferred tax liability arises predominantly as a result of temporary differences relating to amortising intangible assets recognised through business combinations. This deferred tax liability unwinds as the assets are amortised.

Contributed equity

The increase in the contributed equity of $4.8M reflects the issue of new shares during the year. The number of shares on issue has increased from 209.4M at 30 June 2013 to 210.8M at 30 June 2014, an increase of 1.4M. 0.9M of this increase relates to new shares issued under the Company's dividend reinvestment plan to shareholders who elected to have all or part of their 2013 final dividend entitlements satisfied by new SAI Global Limited shares. These shares were issued at an average price of $4.26, raising a total of $4.0M in new equity capital.

The remaining 0.5M of new shares issued were in accordance with the Company's long-term executive incentive schemes and related to Performance Share Rights and the exercise of options.

Retained earnings

The increase in the amount of retained earnings of $2.2M is accounted for by the statutory profit after tax of $35.3M, less the amounts distributed by way of dividends of $31.9M. A further reduction of $1.2M occurred due to the accounting treatment of the closure of the Canadian defined benefits plan which required an entry directly to retained earnings.

Other reserves

Details relating to the Company's other reserves are set out in note 25.

The largest reserve is the foreign currency translation reserve. Exchange differences arising from the translation of the assets and liabilities relating to foreign controlled entities are taken to this reserve.

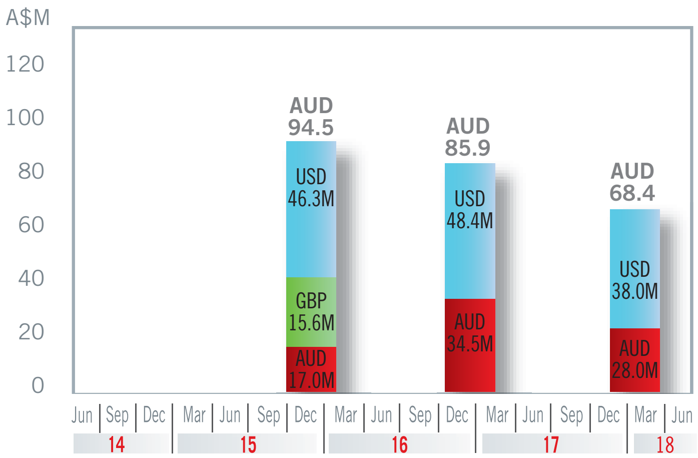
b) Borrowings and gearing

As noted above the amounts owing to the Company's bankers at 30 June 2014 were $247.4M. These borrowings are denominated in either Australian dollars, US dollars or pounds sterling.

In December 2013 the Company extended the maturity of its borrowings. The earliest maturity of borrowings is now December 2015.

Prior to the end of the year $20.7M of borrowing were repaid. The amounts outstanding in each currency and the maturity profile of the core debt are set out in the chart below:

DEBT MATURITY BY QUARTER



From the statement of financial position perspective the Company's net gearing ratio at 30 June 2014 was 34.4%, down from 38.1% at 30 June 2013. The ratio remains below the Board's current medium-term target net gearing ratio of between 40% and 50%. The calculation of the Company's net period end gearing ratio is set out below:

$M	FY14	FY13	Change
Borrowings	248.8	272.0	(8.5%)
Cash resources	67.7	64.0	5.8%
Net debt	**181.1**	208.0	**(12.9%)**
Equity	344.7	337.4	2.2%
Total capital resources	**525.7**	545.4	**(3.6%)**
Gearing (net debt divided by total capital resources)	**34.4%**	38.1%	**(3.7%)**

Where practicable, the debt component of any acquisition funding is denominated in the currency of the jurisdiction in which the acquisition predominantly resides, thereby providing a natural hedge against currency movements. The Company does not undertake hedging activities in relation to its projected foreign currency earnings.

The Company continues to operate within its banking covenants.

c) Sensitivity to movements in foreign exchange rates

As noted above exchange differences arising from the translation of the assets and liabilities relating to foreign controlled entities are taken to the foreign currency translation reserve (FCTR) which forms part of shareholders' funds. Any translation gain or loss is reflected in the consolidated statement of comprehensive income as part of "Other comprehensive income" and does not form part of the statutory "Profit for the year".

To assist in assessing the potential impact that movements in the Australian dollar may have on the FCTR and therefore shareholders' funds, a summary of the net assets of the Company by currency at 30 June 2014 is provided below:

Net assets demonination	Underlying currency M	Australian dollar equivalent $M	%
Australian dollar	124.2	124.2	**36.0%**
US dollar	144.3	153.3	**44.5%**
Canadian dollar	9.7	9.7	**2.8%**
Pounds sterling	25.9	46.9	**13.6%**
Euro	5.5	8.0	**2.3%**
Other		2.6	**0.8%**
Total	-	**344.7**	**100.0%**

3. BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

This section sets out for each business segment a summary of:

- Key products and services
- Strategy and associated risks
- Short and medium-term prospects

Information Services – Standards and Technical Information

Key products and services

The Standards and technical information business provides access to business critical content such as standards, regulations, directives, legislation and codes of practice, to clients wherever they operate in the world. Enhancing this content by integrating with customers' own standards and policies, together with SAI's own intellectual resources and technology underpins SAI's value proposition.

SAI is a leading provider of aggregated standards content, electronic engineering databases, and legal reference services offering over 1,000,000 standards and directives from hundreds of organisations around the world. Over the years this has created a rich resource of metadata which is a core enabler to provide solutions to manage and integrate content into an organisation's workflows. SAI is well positioned to maximise the value of this content and metadata by adding value through information management and workflow technology enabling an upsell to existing customers as well as securing new business.

A key contributor to the revenue and profitability of this business is the Publishing License Agreement (PLA) with Standards Australia. Under the PLA Standards Australia has granted to SAI a worldwide licence to publish, distribute and sell Australian Standards. The agreement commenced in December 2003 and has four and a half years remaining of the original fifteen year term. The Agreement envisages that prior to December 2018 SAI Global and Standards Australia will negotiate the commercial terms for a further five year period from December 2018 to December 2023. The option to extend lies with SAI Global.

SAI has, through Anstat Legal and Lawlex, a suite of legal reference services. SAI is the official publisher of Victorian State legislation, the exclusive distributor for Food Standards Australia New Zealand publications and for the National Standards Authority of Ireland. During FY14 exclusive rights to distribute British Retail Consortium standards and guidelines were secured.

The following is a summary of the suite of information management and workflow solutions offered by this business to add value to SAI's proprietary content and third party content, with a view to creating long-term relationships with customers. The business is rationalising its product offering to provide a consistent set of services to customers on a global basis as follows:

- ***Infostore*** is the global e-commerce platform that drives transactional sales and the up-sell/cross-sell of subscription services.
- ***The i2i Platform*** is a configurable secure on-line platform for organising critical information such as standards and technical documents for storage, retrieval and distribution. The platform is content agnostic with an extensive range of information management tools. This platform will become the global subscription platform, replacing SOL40 in the Asia Pacific market.
- ***Myi2i*** enables clients to use the i2i Platform to build relationships between data, integrate and host their own internal standards, policies and other non-standards subscription content.
- ***i2i Participate*** is an XML based content management system that helps clients create their own standards and policies linked to international standards, audit reports or legal information. As well as being a key component of SAI's product strategy, this application will also be used for internal content creation, replacing a range of legacy systems and providing SAI with the ability to efficiently create new niche content sets.
- ***i2i Gap Analysis*** is a risk assessment tool that identifies the changes between different document versions. Through collaboration tools this product seeks to mitigate the risk of change across organisational products and processes. This technology will be used for the Australian Safety, Health and Environment (SH&E) knowledge base product. The SH&E service provides a complete list of SH&E compliance obligations in Australia and New Zealand, containing obligations emanating from legislation, standards, codes of practice and policies, mapped against business processes.
- ***LexConnect*** is an Australian service allowing clients with a subscription to SOL40 to see what standards are referenced in which legislation and vice versa. This service will be migrated to the i2i suite of products and will eventually be superseded by core infrastructure enhancements.

SAI intends to maintain an innovative and agile approach to product development around customer specific portals, XML content conversion, accessing mobile content and horizon scanning to predict future changes to critical content. This focus on delivering against customer requirements will enhance the end user experience of SAI's products.

Strategy and associated risks

SAI's strategy is to be a leading provider of content led information management and workflow solutions, taking into account the following emerging trends:

- Subscription models driving organic growth against a softening of transactional sales. This is a trend SAI expects to continue over the coming years.
- The real value of content moving beyond efficient delivery to building relationships between complimentary data sets, flexibility of delivery and integration.
- Traditional resellers of content needing to provide workflow and information management solutions to service the growing complex information management needs of customers.

SAI will continue with the transformation from single transactional services into annuity revenue based platforms and services. However, key to this is leveraging SAI's historic assets of bibliographic content and publisher relations. Clients can then move up the value chain using SAI's proprietary products and solutions. This journey involves enhancing existing services, creating new services and exploring technological advantages to combine solutions.

SAI's global footprint, extensive range of publisher permissions and focus on adding value to content for the end users sets SAI apart from its competitors: National Standards Bodies, Standards Development Organisations, and content aggregators.

Opportunities for new business will also arise from forging a closer working relationship with the Assurance division. There have already been some early successes to build on in FY15.

The key risks associated with this strategy are:

- Loss of publisher permissions including exclusive agreements
- Information becoming increasingly available over the Internet. For example, government legislation, standards referenced in legislation or critical safety standards. This could represent a risk to revenue derived through the traditional model of reselling content. This risk is mitigated through adding value to the content via SAI's information management and workflow tools.

Short and medium term prospects

The migration from single sale transactions to annual subscriptions is expected to continue with no degradation to the underlying profitability of this business. Revenue growth is expected to average 4% to 6% over the medium-term with the potential for an uplift in revenue expected from an update to the Australian Wiring Rules in late FY15 or FY16.

INFORMATION SERVICES – PROPERTY

Key products and services

SAI Global Property provides two interrelated services:

- Mortgage processing services; and
- Information broking services

1. Mortgage processing services

SAI Global Property is Australia's premier outsourced settlement service provider. SAI Property currently has 9 offices covering all Australian States, as well as on the Gold Coast and in Canberra. It also has an extensive agent network across Australia, and is able to conduct settlements in all major regional locations on a daily basis for both major and second tier financial institutions. In FY14 SAI Global Property was involved in over 580,000 advances and discharges relating to property settlements in Australia, representing over 50% of all bank property transactions.

Through its *Settlement Manager* platform SAI Property offers an end to end mortgage settlement capability. Developed in-house and in conjunction with major lenders, *Settlement Manager* offers conveyancers or solicitors national scale, with online convenience. Services available include:

Settlement services:

- Document management (scanning and indexing)
- Settlement booking
- Cheque production
- Conduct a final search prior to settlement
- Settlement attendance
- Stamp documents at or after settlement
- Clear land tax at settlement

Stamping & registration services:

- Stamp documents in-house
- Lodge documents at Land Registry
- Lodge a plan of subdivision at Land Registry
- EDR (Electronic Duties Returns) online stamping

SAI Property has drawn on over two decades of experience to develop a new cloud-based facility to provide line-of-sight cooperation between lenders and conveyancers. Online *Settlement Booking* invites the conveyancer, acting on behalf of the purchaser and/or vendor, to validate transaction details, confirm the settlement booking and enter cheque directions or obtain a payout figure.

In parallel with its recent growth, the business has invested heavily in administration systems (*Settlement Manager*, *Conveyancing Manager* and *Electronic Settlement Room*), risk management, business continuity planning (BCP) and disaster recovery planning (DRP) capability. The business has also focused on defining and streamlining its processes and its 'Operational Excellence' programme has resulted in efficiency and quality improvements. SAI now offers best in class quality. During FY14 settlement failures attributed to SAI were just 0.019%. The business continues to enjoy ISO9001 accreditation, which is unique in the industry sector.

FY14 saw the continued successful rollout of *Conveyancing Manager*. This system is 'cloud-based' and offers conveyancers:

- a national workflow system to manage their conveyancing matters;
- sophisticated document / precedent generation;
- searching services (via an interface to the *Search Manager* system);
- an interface to the electronic Settlement Room
- an effective BCP
- During FY15, as part of the sponsorship agreement with PEXA, the Electronic Settlement Room will be integrated into PEXA systems.

The *Conveyancing Manager* system supersedes SAI's desktop *Iceridge* system. Since the launch, the vast majority of the *Iceridge* users have been migrated and over 300 licences have been sold. Focus in FY15 will be on expanding market share in NSW and Queensland. SAI expects sales of this product to accelerate in FY15.

2. Information broking services

The *Search Manager* platform provides access to information and services for developing, transferring, managing or understanding Australian property. It provides a one stop ordering system for all property certificates required for the sale and purchase of land. Many of the certificates available also support property development and other property related purposes. *Search Manager* makes ordering certificates from one location a seamless on-line experience with all certificates returned efficiently online and via email. Certificates are available from Federal, State and Local Government departments, Water Authorities, Owners Corporation and Strata Managers and other agencies.

In over 20 years of operation, SAI Property has provided planning certificates for use in more than 1 million property transfers and continues to be the provider of choice for property transfer professionals today. SAI Property branded certificates are valid and respected sources of planning and roads information. They are produced by an ISO9001 Quality Certified Operations Team and backed with comprehensive Professional Indemnity Insurance.

As a registered broker, SAI provides direct web-based access to ASIC, Australian Financial Security Authority (AFSA), Bankruptcy and PPSR searches and registration.

Use of the *Encompass* visualisation tool continues to grow and this growth is expected to continue in FY15. The *Encompass* product allows clients to:

- Quickly assess the risks and opportunities involved and understand any potential conflicts of interest before taking on a new engagement;
- Efficiently search ASIC, AFSA, PPSR and Land Titles within one application, minimising the number of steps and resources involved; and
- View the combined search results on an easy to understand visual chart

Strategy and associated risks

A key strategic imperative is to continue to organically grow the Information Broking business by:

- Increasing the take up of *Encompass* and move into new market segments;
- Accelerating the take up of *Conveyancing Manager* across Australia; and
- Introducing new product and service offerings

The introduction of electronic conveyancing via Property Exchange Australia (PEXA) is expected to change the mortgage processing landscape over the next few years.

SAI Global Property welcomes electronic conveyancing and is working closely with PEXA and its major clients to transition onto this new platform. Inevitably, the number of manual settlement transactions will decline as the PEXA system is rolled out. SAI believes, however, that there will remain a niche market for those manual settlements which cannot be automated, currently estimated to be circa 20% of transactions.

SAI Global Property has developed the Electronic Settlement Room which allows the parties involved in the property Settlement (Banks and Legal Practitioners) to electronically 'meet' to validate the salient details of the transaction (property details, financial details, documentation, settlement date and time). SAI believes this capability will dramatically streamline the manual settlement process and will significantly reduce settlement failures. This product is in final testing and is due for release in September 2014. The Electronic Settlement Room is intended to compliment the PEXA application and will provide SAI's clients with the ability to align their processes for both their electronic and manual property settlements.

Short and medium-term prospects

In the short-term SAI sees opportunities to grow both its information brokerage and mortgage processing business. In relation to the latter, discussions are underway with both major and second tier banks with a view to supplying or expanding outsourced mortgage settlement services. These contracts tend to have long lead times and are "lumpy" in nature.

SAI remains confident that it has the strategy to maintain its EBITDA into the foreseeable future by moving to adjacent parts for the market through the rollout of the *Conveyancing Manager* and *Settlement Room* products and growing associated search business.

Compliance Services

Key products and services

SAI's Compliance division provides a full range of governance, risk and compliance (GRC) learning and awareness solutions, and software applications. SAI combines deep domain expertise with practical technology solutions to help organisations bring order and efficiency to the complexity of compliance, ethics, risk management, internal audit and governance.

The solutions are offered across three areas: compliance learning solutions; GRC software solutions; and environment, health & safety (EHS) compliance management.

1. Compliance learning solutions

SAI helps businesses create and implement effective, measurable compliance and ethics training programs, which communicate and embed company values and help employees make ethical decisions aligned with internal policies and external regulations and legislation.

SAI provides the industry's largest portfolio of compliance learning titles including more than 500 award-winning awareness and educational materials, available in more than 5,000 translated versions for key risk areas including:

- Anti-Money Laundering (AML)
- Anti-Bribery & Anti-Corruption
- Careful Communication & Proper Use of Computers
- Conflicts of Interest
- Confidentiality & Intellectual Property
- Consumer Protection
- Corporate Responsibility & Sustainability
- Employment & Workplace Issues
- Exports, Imports & Trade Compliance
- Financial Integrity
- Government Contracting
- Health, Safety & Environment
- Information Security
- Privacy & Data Protection
- Records Management
- Respect in the Workplace

Complete, customisable curricula are leveraged by SAI clients to address comprehensive training requirements for employee bases on a global scale. SAI also offers a wide variety of interactive, scenario-based tools for awareness and communications to promote compliance and ethics messages in a continuous and highly engaging stream.

2. GRC software solutions

SAI's broad portfolio of GRC software solutions enable legal, risk, compliance, ethics and internal audit professionals to focus on contributing to business results and enhancing compliance effectiveness.

SAI's GRC software applications are utilised to manage organisational processes related to policies, corporate and regulatory compliance, case management, and overall risk management. With these solutions, clients have a highly configurable set of modules that help identify gaps and risks, eliminate redundant efforts and easily maintain the evidence needed to demonstrate full control of compliance, risk and audit programs. Specific capabilities include:

- Policy and Procedure Management
- Compliance Management
- Regulatory Change Management
- Incident Management
- Contract Management
- Internal Audit
- Enterprise Risk Management
- Third Party Risk Management
- Gift and Hospitality Management
- Conflicts of Interest
- Virtual Evidence Room®
- Integrated Workflow

3. Environment, health & safety (EHS) compliance management

SAI helps organisations manage an extensive range of business processes required to support EHS compliance and risk-related functions. With Cintellate™, SAI provides a technology framework that improves transparency and assists in the proactive measurement, management and improvement of overall business performance. This platform helps organisations:

- Define a consistent model for all operational business processes
- Demonstrate an auditable trail of action in completing EH&S activities and tasks
- Provide real-time information for decision-making
- Report metrics and performance relative to organisational targets
- Release staff from manual tasks so they can apply their expertise to higher value projects

Strategy and associated risks

SAI currently estimates the global GRC market at US$1B, growing 5-6% annually. Market expansion is driven by increasing regulatory pressures worldwide, coupled with risk management and brand-protection consistently ranking high on Board and CEO agendas. With Compliance division revenue of $93M, SAI is one of the leading providers of GRC solutions in the industry, with an estimated market share of 8-9%.

SAI has built a strong set of GRC assets and its core capabilities (GRC platform, ethics & compliance training, policy and compliance management, audit management, regulatory intelligence & content feeds, and enterprise risk management) are positioned in the “sweet spot” of the market. SAI also sees the opportunity to expand into adjacent markets via solution innovation and acquisition.

Buying trends indicate that many organisations seek best-in-breed solutions to address specific GRC requirements such as policy management or compliance training. These buyers also place a premium on solutions that can initially address their specific requirements and readily scale to address additional GRC needs in the future. This trend is advantageous for SAI as it enables customers to leverage the benefits of a SaaS platform to quickly address specific requirements, and concurrently establish the platform for adding integrated GRC applications as needed.

To drive sustainable growth and value creation, SAI pursued four strategic imperatives in FY14 and will continue in FY15:

1. Product integration and innovation

This is driven by market consolidation and evolving demand for a comprehensive “compliance system of record” across key GRC arenas. SAI sees this as providing a competitive advantage as it develops a suite of deeply integrated, effective solutions on a shared technology platform.

2. Technology integration

To deliver on this vision, SAI is integrating the core GRC solutions on the Compliance 360 platform. This includes the next generation compliance learning solution. This integration will enable the competitive advantages described above; allow the business to sunset a variety of legacy systems; and create benefits for both clients and SAI in terms of user experience, security, cost of ownership and operational efficiencies.

3. Sales and marketing integration

The business has re-designed its go-to-market plans to align with the strategy. In the past, SAI has operated in relatively separate teams organised either by geography or product line. The Compliance division has created an integrated, global sales and marketing organisation, with careful localisation, to deliver on key organic growth goals of customer retention and new business wins, worldwide.

4. Align organisation with strategy and performance

The necessary steps have been taken to align the Compliance division with its strategic goals and actual performance. These include:

- Recruitment of new leadership talent, specifically in sales & marketing and operations
- Cost reduction to align management structures and operating expenses with the new strategy

The key risks associated with this strategy are:

- Delay in the development and launch of the next-generation compliance learning solution (mitigated via careful governance, project management and independent review of SAI’s work)
- Execution risk in connection with the sales and marketing integration and organisational alignment (mitigated by effective management and execution discipline)

Short and medium term prospects

SAI is well positioned to gain market share in a healthily growing market. SAI’s GRC software solutions will drive robust growth in FY15 and beyond. Compliance learning solutions are projected to build on the much improved customer renewal rates achieved in FY14, and to return to growth following launch of the next-generation compliance learning platform.

SAI foresees medium-term revenue growth rates in the range of 8-10% per annum. EBITDA margins will continue to trend towards the mid-thirties in percentage terms.

Assurance Services

Key products and services

The Assurance division offers a range of services in four complementary areas:

- Management systems certification
- Product certification
- Customer specified audit and assessment services
- Learning and improvement solutions

The characteristics of each of these businesses are as follows:

1. Management Systems Certification

Whilst the business offers certification services against approximately 200 internationally recognised standards the majority of revenue is derived from three standards - ISO 9001 Quality Management Systems, ISO 14001 Environmental Management Systems and ISO 18001 derived Occupational Health and Safety Management Systems. In addition to these three core management systems standards Assurance Services also maintains specialist expertise in food safety, automotive, aeronautical and medical/health standards.

2. Product Certification

Through its widely recognised “5 Tick” Standards Mark the business also maintains a strong position in the certification of products against Australian standards, an Australian Competition and Consumer Commission requirement for many products entering the country. The business also has an expanding service line for international standards including the CE mark.

3. Customer specified audit assessment services

SAI has leveraged its accredited certification services capabilities to provide assessment services for a range of clients against their own private schemes. These assessment services provide clients with greater transparency, and independent verification of both internal and external systems and processes. These services are provided in areas as diverse as regulatory compliance, merchandising, health and safety, facilities and mystery shopper.

4. Learning and Improvement Solutions

The Company provides a range of accredited training solutions in markets globally with the majority of revenue coming from the Australian business which is a Registered Training Organisation and uses the market leading SAI brand to leverage its accredited offerings.

In addition to the value provided by accredited learning within the relevant national training frameworks, companies also work with SAI to integrate their own company specific content into bespoke programs that are delivered by SAI to their own staff or their suppliers' staff.

SAI's Assurance improvement solutions cover the following areas:

- *Supplier Compliance Management Services.* SAI acts on behalf of customers to manage supplier compliance activities through the proprietary technology platform, SAIGOL™. This service automates a significant proportion of the activity and provides clients with dynamic information on the status of their supply network in relation to key compliance risks.
- *Standards Facilitation.* SAI's experts work with industry bodies and individual companies to develop standards that meet the needs of consumers, advocacy groups and governments to generate workable outcomes to address issues such as sustainability and also develop solutions for vertical sectors such as the seafood industry.
- *Consulting Services.* SAI uses its network of subject matter experts to work with clients on the development of internal systems and processes that enable them to run more efficient businesses that comply with the risk management requirements of their stakeholders.

Strategy and associated risks

The strategy for Assurance is based on three macro-economic trends:

Firstly, *population growth* is driving not just increasing demand for food supply but also increasing requirements around security of supply, authenticity and safety throughout a globalising supply chain.

Secondly, *sustainability* is moving up the agenda for many companies as pressure from Governments on one hand and customers on the other is necessitating demonstrable action.

Thirdly, a once in a generational shift in *technology* with the combination of cloud computing, new mobile devices and global broadband networks is enabling "anytime, anywhere access".

In order to effectively respond to the challenges and opportunities of these macro-trends SAI will position its Assurance business to partner with global and regionally based clients to deliver services that go to the heart of business effectiveness, risk and compliance management.

In this emerging world SAI's priorities for differentiation are:

- Strengthening existing client relationships through improved speed and quality of service
- Enhancing SAI's position as a global provider of certification and inspection services to provide consistent services across all regions in order to effectively service global accounts regardless of their location
- Building on SAI's extensive auditing expertise to become an organisation that works closely with clients to impart knowledge to improve their operations through training, consulting and program development
- Expanding service offerings globally so that training, certification and inspections services are a part of a wider portfolio of activity that helps client organisations solve business problems, streamline processes, reduce costs, and improve the transparency of performance thereby protecting global brands
- Focusing on growth market segments in which SAI already has a strong position in particular the Retail-Agri-Food vertical
- Driving operational efficiency through a business excellence program

SAI continues to build its strong presence in the Global Agri-Food sector through expansion of both its client base and the portfolio of services offered, achieving $58M in revenue in FY14.

For global clients that have complex supply chains, including detailed specifications and multiple sources of risk including allergens, ingredients, nutritional content and sustainable sourcing requirements, SAI has utilised its proprietary technology platform to provide a simple portal that summarises all the relevant information from suppliers. The data repository is designed to analyse the information and through effective reporting, provide cost effective, low risk management of these critical details in the supply chain.

At the opposite end of the Retail-Agri-Food supply chain the same proprietary technology is used to help clients achieve consistent operating standards across their extensive networks of retail stores and outlets regardless of location, culture or jurisdiction.

SAI has also been effective in building solutions that help regionally based clients manage regulatory risk in areas as diverse as food product labelling and ethical treatment of livestock.

The depth and breadth of these services demonstrate SAI's ability to provide significant value to clients and we continue to see success in expanding the scope of services beyond the area of initial focus. As a result the Retail-Agri-Food market is expected to remain a strong area of growth.

Key risks associated with the strategy are:

- Continued pressure on areas of discretionary spend such as learning, particularly within the Australian business
- Market instability including regulatory risk in Asia changing market requirements
- Competitive threats, including aggressive price discounting by lower quality service providers and bundling of product certification services on a global basis when SAI's product business is Australia centric.

Short and medium term prospects

Growth in Assurance services is expected to range between of 4% to 6%, reflecting low growth in the traditional management systems certification business and higher double digit growth rates in Retail-Agri-Food supported by new value-add services such as supplier compliance management, business improvement solutions and advisory services. The Learning business is expected to return to growth through investment in new online content and leveraging content globally.

Future opportunities in this Retail-Agri-Food sector will be also driven by external factors such as regulatory action. For example the US Food Safety Modernisation Act (2011) is having a significant impact on global organisations as they seek to ensure compliance with these requirements throughout their supply chains. SAI has a significant role to play in helping organisations to move decisively ahead of legislative change and keep in step with changing consumer expectations.

EBITDA margins are expected to improve as common global business systems are rolled out and create a more efficient back office operation.

DIRECTORS' REPORT

Dividends

Dividends paid to shareholders during the financial year were as follows:

	$'000s
Final ordinary dividend for the year ended 30th June 2013 of 8.2 cents per share paid on 20th September 2013	17,166
Interim ordinary dividend for the year ended 30th June 2014 of 7.0 cents per share paid on 1st April 2014	14,736

In addition to the above dividend, since the end of the financial year, the Directors have declared the payment of a final ordinary dividend of 8.5 cents per share, 3.8 cents franked (45%), to be paid on 26 September 2014.

The growing proportion of SAI's business located offshore is resulting in a lower level of dividend franking credits. Going forward SAI expects to be able to partly frank dividends in the range of 40% to 50%.

The total dividends paid and payable in respect of the year ended 30 June 2014 are 15.5 cents per share, up from the 15.0 cents paid in respect of the year ended 30 June 2013.

Based on the expected number of shares on issue, total dividends declared in respect of the year ended 30 June 2014 are expected to be $32.6M, up 4.2% from the $31.3M declared in respect of the year ended 30 June 2013.

Going forward, the Directors expect dividend growth from current levels, having regard to future business conditions and opportunities, the level of retained earnings and the cash flow requirements of the Company.

Significant changes in the state of affairs

On 26th May 2014 the Company announced that it has appointed its Non-Executive, Independent Chairman, Andrew Dutton, to the role of Executive Chairman. This appointment followed the Board's decision to serve notice of termination of employment to the then Chief Executive Officer, Mr Stephen Porges. In addition SAI announced that it had received an unsolicited, indicative, conditional and non-binding proposal from Pacific Equity Partners Pty Limited to acquire 100% of the outstanding shares in the Company through a recommended scheme of arrangement for an indicative price in the range of $5.10 to $5.25.

On 2nd June 2014 the Board announced that the Company had been approached by a number of other parties also expressing interest in SAI and its businesses and that the Board had determined that it was in the best interests of shareholders to conduct a formal process to review its strategic options. At the date of this report the process is continuing.

Other than the various matters noted above, there have been no other significant changes in the state of affairs of the Company.

Matters subsequent to the end of the financial year

Other than matters referred to previously in this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

Likely developments and expected results of operations

Disclosure of information relating to the future developments of the Group's operations which would not, in the opinion of the Directors, be prejudicial to the interests of the Company is contained in the Operational and Financial Review.

Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory at the date of this report.

Information on Directors

Andrew Dutton BSC., MAICD.
Executive Chairman and Director

Experience and expertise

Has held a number of senior roles in executive management, finance and marketing in international organisations, including IBM, Visa International, Lend Lease, CA Technologies and VM Ware. Mr Dutton has lived and worked in multiple overseas locations.

Other current directorships

Nil

Former directorships in the last 3 years

A number of VMWare entities

Interest in shares (direct and indirect) as at 30 June 2014

48,653 shares in SAI Global Limited.

W Peter Day LLB, MBA, FCA, FCPA, FTIA, FAICD.
Deputy Chairman and Director

Experience and expertise

Over 35 years of financial and general management experience. Has held a number of Chief Financial Officer positions including CFO for the global packaging group Amcor Limited.

Other current directorships

Ansell Limited
Alumina Limited
Boart Longyear Limited
Accounting Professional & Ethical Standards Board
Central Gippsland Region Water Corporation
Multiple Sclerosis Australia Limited and related entities

Former directorships in the last 3 years

Orbital Corporation
Federation Centres (formerly known as Centro Retail Australia Limited)

Special responsibilities

Deputy Chairman of the Board
Chairman of Audit & Risk Committee

Interests in shares (direct and related) as at 30 June 2014

31,389 shares in SAI Global Limited

Robert Aitken BE(Chem)(Hons) M.B.A., FAICD.
Director

Experience and expertise

Over 25 years experience in senior international management roles with manufacturing, industrial marketing and distribution businesses for Southcorp Limited, BTR Plc and CSR Limited. This included roles as Executive General Manager Southcorp Water Heaters, Southcorp Appliances and President Formica Corporation. An experienced Non-Executive Director of ASX and NZX listed and private equity funded companies.

Other current directorships

Nuplex Industries Limited (Non-Executive Director)

Former directorships in last 3 years

Alesco Corporation Limited
Rubicor Group Limited

Special responsibilities

Chairman, Remuneration Committee
Member, Audit & Risk Committee

Interests in shares (direct and related) as at 30 June 2014

40,000 shares in SAI Global Limited

Anna Buduls BA, MCom.
Director

Experience and expertise

Experience in journalism, investment banking (particularly mergers and acquisitions), investor relations, travel software development and 22 years as a Non-Executive Director across a range of industries.

Other current directorships

Foreign Investment Review Board
Tramada Holdings Pty Limited (Chairman)
APEC Business Advisory Council (Member)
Beyond Empathy (Non-Executive Chairman)

Former directorships in last three years

Australian Social Inclusion Board
Centro Properties Group
Centro Retail Trust Limited
Elders Limited

Special responsibilities

Member, Audit & Risk Committee
Member, Remuneration Committee
Member, IT Committee

Interests in shares (direct and related) as at 30 June 2014

40,769 shares in SAI Global Limited

Sylvia Falzon MIR (Hons) B Bus, GAICD, SF Fin.
Director

Experience and expertise

Has worked in the financial services industry for over 27 years and during that time has held senior executive positions responsible for institutional and retail funds management businesses both domestically and internationally.

Other current directorships

Perpetual Limited
Museums Victoria
Cabrini Health Limited

Former directorships in last 3 years

Nil

Special responsibilities

Member, Remuneration Committee

Interests in shares (direct and related) as at 30 June 2014

Nil

David Spence, B. Comm. CA (SA) MAICD.
Director

Experience and expertise

Has been involved in over 20 technology related businesses including as CEO of Unwired Ltd and OzEmail.

Other current directorships

Vocus Communications Limited
Hills Limited
PayPal Australia Pty Limited (unlisted)

Former directorships in the last 3 years

AWA Limited

Special responsibilities

Chairman, IT Committee
Member, Audit & Risk Committee

Interests in shares (direct and related) as at 30 June 2014

Nil

Company Secretary

The Company Secretary is Ms Hanna Myllyoja BA LLB, Grad Dip Leg Prac., who also occupies the position of Group General Counsel. Ms Myllyoja was appointed to the position of Company Secretary in March 2006. Prior to this appointment, Ms Myllyoja had been employed for over 9 years as Legal Counsel for the entities that then comprised the SAI Global Group. Prior to joining SAI Global Ms Myllyoja was employed as a solicitor in private practice.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committees, held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were:

	Board meetings	Audit & Risk Committee	Remuneration Committee	IT Board Committee	Nomination Committee
Total number of meetings held:	24	6	4	6	1
Directors					
Robert Wright	7/7	N/A	N/A	N/A	N/A
Tony Scotton	10/10	N/A	N/A	N/A	N/A
John Murray AM	7/7	1/1	1/1	N/A	N/A
Andrew Dutton	24/24	N/A	N/A	N/A	1/1
Anna Buduls	22/24	6/6	4/4	5/6	1/1
W Peter Day	22/24	6/6	N/A	N/A	0/1
Robert Aitken	22/24	6/6	4/4	N/A	1/1
Sylvia Falzon	17/17	N/A	3/3	N/A	1/1
David Spence	17/17	3/3	N/A	6/6	1/1
Stephen Porges	5/6	N/A	N/A	N/A	N/A

REMUNERATION REPORT

Letter from the Chairman of the Remuneration Committee

Dear Shareholder,

I am pleased to present our Remuneration Report for 2014.

During the year ended 30th June 2014 (FY14) SAI's Board of Directors (Board) and the Board Remuneration Committee (Rem Committee) have overseen a remuneration framework aimed at generating superior shareholder returns with due regard for risk and at the same time attracting, retaining and motivating a cohesive and talented team of executives. In particular, the Board has been conscious of:

- Ensuring alignment between staff and shareholders
- The evolving legislative and regulatory landscape
- Employment markets globally
- The employment environment, with a particular focus on diversity
- Company performance

The Directors have concluded that for the reasons discussed below, SAI's remuneration framework strikes the right balance between shareholders and executives taking into account the considerations stated above.

Alignment between staff and shareholders

SAI's remuneration framework works as an integrated whole rather than in isolation and is comprised of fixed remuneration, a Short-Term Incentive scheme focused on both financial and non-financial outcomes and Long-Term Incentives (Share Options and Performance Share Rights).

Fixed Remuneration is set at median market levels compared to a peer group of companies with similar revenues and market capitalisations. Overall remuneration is targeted to be between median and the upper quartile compared to the same peer group. Positioning fixed remuneration at this level with a strong emphasis on variable remuneration ensures good alignment between shareholder outcomes and overall remuneration. During the year, senior executives were also paid a retention incentive over the CEO search and change-over period. We considered this a prudent step to retain key management during what is often quite a destabilising period.

Short-Term Incentives (STI) are designed to foster team work and maximise financial performance (75% weighting) as well as focusing individual executives and managers on achieving non-financial objectives linked to SAI's strategic priorities (25% weighting). To engender teamwork and cohesion, each member of SAI's Executive Management Team (EXCO) has a component of their STI linked to the overall financial performance of the Company as measured by Cash Earnings Per Share (CEPS). Those executives who lead individual businesses also have a component of their STI linked to the financial performance of their business as measured by Return on Capital Employed (ROCE). Both CEPS and ROCE measures are adjusted to remove the impact of significant items considered appropriate by the Board at the end of each financial year to ensure that economic decisions are made in the best interests of shareholders. Maximum STI payments for members of EXCO can amount to 35-50% of Fixed Remuneration. The Board is satisfied that this dual financial focus delivers the best outcome for shareholders. To improve alignment between shareholders and executives, the scheme requires a threshold financial STI gate to be exceeded before any payment is made in relation to the achievement of non-financial objectives. An additional stretch bonus pool is distributed amongst EXCO members in proportion to their Fixed Remuneration for CEPS performance over 105% of Target. This bonus pool amounted to less than $21,000 for FY14.

Long-Term Incentives (LTI) are structured to align the longer term interests of shareholders and executives. EXCO members are offered a choice to take up Performance Share Rights (PSRs) and/or Options over Ordinary Shares in SAI Global (Options). A choice is offered due to the different tax regimes in place across the countries in which executives reside. Other key executives are offered PSRs. Maximum LTI awards of PSR's and Options for members of EXCO amount to 35-50% of Fixed Remuneration. All incentives vest over 3, 4 and 5 years, subject to stringent performance criteria being achieved. The performance criteria set for the PSRs and Options are Comparative Total Shareholder Return (TSR) and compound Earnings Per Share growth (EPS). 50% of each grant is subject to TSR and 50% to EPS. For incentives linked to TSR to vest, SAI's TSR, over the vesting period, must be at least at the 50th percentile compared to the TSR of other companies in the comparator group (ASX 200). Full vesting only occurs if SAI's TSR is at the 75th percentile or better. For incentives linked to EPS to vest, SAI's EPS over the 3, 4 and 5 year vesting periods must be at least 8% per annum. Full vesting only occurs if SAI's EPS is 15% per annum or better. The Company's approach to LTI and, in particular, the choice offered to executives, is tailored to maximise the motivational impact of LTI's across the geographical locations in which SAI's executives are domiciled.

Clearly, FY14 has been eventful. SAI's long serving Chief Executive Officer, Mr Tony Scotton retired and was replaced in January 2014 by Mr Stephen Porges who held the role until May 2014, when the Company's Non-Executive Chairman Mr Andrew Dutton became Executive Chairman. Overlaid on these events and following the receipt of an indicative, non-binding offer from Pacific Equity Partners for the entire company, the Board announced in early June that it had determined that it was in the best interests of SAI shareholders to conduct a formal process to review its strategic options. Against this backdrop and despite the potential distractions of these events, executives have retained focus and maintained momentum throughout the year. The Board believes that the remuneration framework has proved itself robust during these challenging times and has achieved alignment between staff and shareholders.

The evolving legislative and regulatory landscape

During FY14, the Australian Securities Exchange (ASX) Corporate Governance Council Principles were revised. In response to the revision, the Board adopted an STI "Deferral" policy and a "Clawback" policy covering both STI and LTI. Both policies apply to STI schemes and LTI grants made subsequent to 1st July, 2014.

The Board also made changes to the terms of the LTI grant made in November 2013 and removed the re-testing provisions that had been a feature of earlier grants.

Employment markets globally

In recent times the Australian employment market has remained relatively robust and somewhat insulated from the turbulence experienced in other employment geographies where SAI employs staff. Whilst SAI does not anticipate a significant change in the Australian employment market, the same cannot be said about two of the most important markets where SAI does business. Unemployment in the UK and USA has fallen significantly over the year ended 30th June 2014 and further falls are anticipated. The Board has recognised these changes and anticipated the potential knock on effects they could have on SAI via the Company-wide remuneration review process. The Board is committed to retaining a stable and talented workforce across employment geographies and has responded accordingly to changing market circumstances and cycles.

The employment environment

Equality of opportunity and embracing the benefits of a diverse workforce are high priorities for SAI's Board. Accordingly, there has been continued focus on promoting policies and practices that eliminate as many "roadblocks" as possible. From a remuneration perspective, the Board oversees a rigorous annual gender analysis of remuneration to ensure there is fairness and equal opportunity. In addition, all EXCO and many other senior executives have performance objectives as part of the non-financial component of their STI aimed at increasing gender diversity at all levels in the Company. The results of the analysis covering the year ended 30th June 2014, indicate that progress is being made in this regard. This will be a continued area of focus for the Board.

Company performance

Remuneration outcomes for FY14 reinforce that SAI's remuneration framework aligns staff with shareholders. STI payments reflect improved year on year performance on an underlying basis and progress with restructuring that will deliver significant additional benefits in future years. LTI vesting on a TSR basis reflects improvement in the share price over the year however the disappointing EPS growth achieved in recent years has resulted in none of the LTI linked to EPS having met the threshold level that triggers vesting.

The Board remains confident that the remuneration framework it has in place for executives achieves its stated objectives of generating superior shareholder returns with due regard for risk whilst at the same time attracting, retaining and motivating a cohesive and talented team of executives. The framework will continue to be closely evaluated and where appropriate adjusted in response to internal and external factors that have the potential to impact both its short and long-term effectiveness.

Yours faithfully,

Rob Aitken

Rob Aitken

Chairman, Remuneration Committee

REMUNERATION REPORT

The Remuneration Report is set out under the following main headings:

1. The Remuneration Committee
2. Principles used to determine the nature and amount of remuneration
3. Details of remuneration
4. Service agreements
5. Share based compensation
6. Additional information

The information provided in this Remuneration Report has been audited as required by section 308 (3C) of the Corporations Act 2001.

1. THE REMUNERATION COMMITTEE

The Remuneration Committee (the Committee) operates under the delegated authority of SAI Global's Board of Directors. The Committee's charter is available on SAI Global's internet site www.saiglobal.com.

The Committee is comprised solely of Non-Executive Directors, being Rob Aitken (Chairman, appointed Chairman 29th October 2013), Anna Buduls and Sylvia Falzon (appointed to the Committee 29th October 2013). During the period between 1st July 2013 and 29th October 2013, the Committee comprised Joram Murray (Chairman), Anna Buduls, Andrew Dutton and Rob Aitken.

The Committee met 4 times during the year.

The Committee's primary responsibility is to assist the Board in fulfilling its corporate governance and oversight responsibilities with respect to:

- Annually reviewing the recommendations of management for remuneration adjustments, with the objective of ensuring that such remuneration is likely to promote the value of the organisation in the long-term, and that the overall remuneration is both adequate and reasonable in comparison with industry and other benchmarks.
- Recommending adjustments to the Chief Executive Officer's (CEO) remuneration package (incorporating the Short-Term and Long-Term Incentive components), based on achievement of performance objectives and developing appropriate objectives for both the short-term and long-term.
- Reviewing (in conjunction with the CEO), the remuneration policy and practices for the senior executive team.
- Reviewing and recommending approval of all equity-based remuneration plans.
- Considering and recommending adjustments to Directors' (including the Chairman's) remuneration taking into account whether such remuneration reasonably reflects the responsibilities, time and risks inherent in being an effective director.
- Proposing any changes necessary to its charter.

The Committee has the resources and authority appropriate to discharge its duties and responsibilities, including the authority to engage external professionals, on terms it determines appropriate, without seeking approval of the Board. SAI Global engaged external advisors on matters relating to remuneration and cultural vitality. All information relevant to matters being considered by the Committee has been made available to its members. Members of the Committee did not separately and independently retain any advisors during the year.

The table below lists those advisors who were retained during the year. All advisors are independent and were engaged solely on the basis of their competency in the relevant field.

Advisor	Services provided
PricewaterhouseCoopers	• Calculation of the volume weighted average price of shares in SAI Global Limited during the 5 days immediately preceding the offer to executives of equity based Long-Term Incentives. • Calculation of the fair value of options and Performance Share Rights, granted under the Company's Executive Long-Term Incentive Plan, approved by shareholders at the Annual General Meeting held on 20th October 2006 and amended at the Annual General Meeting held on 21st October 2011, for the purpose of calculating the value of share based remuneration.
Ernst & Young	• Remuneration consulting related to changes in legislation/regulation and taxation advice.
Orient Capital	• Calculation of the total shareholder return achieved by SAI Global Limited compared to the S&P/ASX 200 Index, for the purpose of determining whether performance hurdles have been met.

During the year ended 30th June 2014 no remuneration recommendations, as defined by the Corporations Act, were provided by any of the advisors retained by the Committee.

2. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The Board recognises that SAI Global's performance is dependent on the quality of its people. To successfully achieve its financial and operating objectives, SAI Global must be able to attract, retain and motivate skilled executives dedicated to the interests of shareholders.

(i) SAI Global's remuneration principles

The objective of the Company's executive reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework seeks to align executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board seeks to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency
- Capital management
- Legislation relating to Director and Executive Remuneration

In particular, to ensure that:

- Competitive remuneration arrangements are provided to attract, retain and motivate executive talent.
- A portion of executives' rewards is linked to performance in creating value for shareholders.
- There is full legal compliance with disclosure requirements for executive remuneration.
- A cap is maintained on the amount of Performance Share Rights (PSRs) and Options over Ordinary Shares (Options) that can be issued to avoid adverse dilutionary effects on other shareholders.

The Board and the Committee also recognise that although remuneration is a major factor in recruiting and retaining talented and effective people, other factors play a substantial role, including SAI Global's corporate reputation, the quality of its executive leadership team, its ethical culture and business values, and the Company's other human resources policies and practices.

(ii) Remuneration structure

The remuneration structure for senior management comprises policies and programs under two general categories: fixed and variable.

- Fixed remuneration is made up of base salary, post-employment (retirement) and other benefits.
- Variable remuneration, consisting of an annual Short-Term Incentive and Long-Term Incentives, is tied to performance, is at risk, and is related to both financial and non-financial performance indicators. The Long-Term Incentives are currently provided by way of the SAI Global Executive Long-Term Incentive Plan, which is explained further below.

The remuneration structure is designed to strike an appropriate balance between fixed and variable remuneration. To accomplish this, the Committee considers, in addition to the performance of individual executives, external benchmarking data. After review, the Committee determines the fixed remuneration for the CEO, reviews the CEO's recommendations for the senior executive team, and determines parameters for variable remuneration.

All remuneration received by the CEO and the senior executive team is detailed in section 3 of this report.

(iii) Fixed remuneration

Fixed remuneration is determined by reference to appropriate benchmark information, taking into account an individual's responsibilities, performance, qualifications and experience. The broad objective is to pitch fixed remuneration at median market levels. The benchmark used in relation to the year ended on 30th June 2014 was a sub-group of companies listed on the Australian Securities Exchange with market capitalisations and revenues that were between 50% to 200% of SAI Global's market capitalisation and run rate revenue, as of April 2013.

For the year ended 30 June 2014, the base salary of Mr Tony Scotton, SAI's CEO during the period 1st July 2013 to 20th January 2014 and the base salary of Mr Stephen Porges, SAI's CEO during the period between 20th January 2014 and 26th May 2014 were close to the median. During the period between 26th May 2014 and 30th June 2014, during which Mr Andrew Dutton was Executive Chairman, his base salary, which is fixed and capped (this is the only element of Mr Dutton's remuneration as Executive Chairman) was similarly close to median.

Fixed remuneration is structured as a package, which may be delivered as a mix of cash and other benefits, such as the provision of a motor vehicle, at the executive's discretion.

There are no guaranteed fixed remuneration increases in the CEO's or senior executives' employment contracts.

(iv) Variable remuneration

The Committee and the Board believe that well designed and managed Short-Term and Long-Term Incentive plans are important elements of remuneration, providing tangible incentives for executives to strive to improve SAI Global's performance both in the short–term and long-term for the benefit of shareholders.

The proportion of total remuneration which may be received in variable form varies between senior SAI Global executives and takes into account individuals' responsibilities, performance and experience.

In general terms, the Committee applied the following broad principles in relation to the year ended 30th June 2014:

- Total remuneration for every "fully effective" member of the senior executive team will be pitched between median and the 75th percentile.
- Short-Term Incentive opportunities are pitched at between 35% and 60% of fixed remuneration for executives who were members of the Executive Committee for the entire financial year.
- Short-Term Incentives only become payable if pre-determined financial targets are achieved. 75% of the Short-Term Incentive component is earned on achievement of financial targets, with the remainder based on achieving key strategic non-financial outcomes. However, the element relating to non-financial outcomes can only be earned if the financial targets are achieved or exceeded. An uncapped element is also available for the CEO and the members of the Executive Committee for performance above agreed targets.
- Long-Term Incentives are generally pitched between median and the 75th percentile.

(v) Short-term incentive plan

Under the Short-Term Incentive (STI) plan, performance is measured across a number of financial and non-financial key performance indicators that are directly linked to the Company's business plan and strategy. Normally the non-financial key performance indicators for the CEO are agreed between the Board and CEO and those for individual members of the senior executive team between the CEO and each individual. The Committee reviews the non-financial performance indicators the CEO agrees with each individual member of the senior executive team. Financial key performance indicators include Group cash earnings per share and return on funds employed. "Cash earnings per share" for the purposes of the Short-Term Incentive plan is calculated by adjusting statutory earnings per share for the after tax impacts of the amortisation of intangible assets, the charge for equity based remuneration and the impact of any separately disclosed significant charges or credits. Historically, actual exchange rates have been used to calculate "Cash Earnings per Share". With effect from FY15, budgeted exchange rates will be used in this calculation. This change has been made to more effectively target the CEO and his team on achieving targets that are within their control.

The announcement of the retirement of Mr Tony Scotton as CEO of SAI was made prior to the commencement of FY14. Knowing he would not be CEO at the end of FY14, the Board put in place a tailored STI plan for Mr Scotton covering the period between 1st July 2013 and his final retirement date, 31st March 2014. The plan was based on financial performance to budget as of 31st December 2013 and 31st March 2014. Two thirds of Mr Scotton's FY14 STI was linked to SAI's budgeted earnings before interest, tax, depreciation and amortisation (EBITDA) as of 31st December 2013 and one third to SAI's budgeted EBITDA as of 31st March 2014.

For Mr Porges, who was CEO of SAI between 20th January 2014 and 26th May 2014, individually targeted STI arrangements, linked to achieving specified strategic objectives, were in place.

Mr Andrew Dutton, Executive Chairman during the period 26th May 2014 to 30th June 2014 only received his base salary, which is fixed and capped. There is no variable element included in his remuneration. This appointment is a temporary arrangement that will cease when a suitable successor has been identified and appointed.

Non-financial key performance indicators are tailored for each executive and aligned with aspects of the business plan that are within the control of each executive.

For the year ended 30 June 2014, the targeted STI opportunity for Mr Tony Scotton was $561,330, representing 60% of his fixed remuneration. The targeted STI opportunity for Mr Porges was $199,035 representing 50% of his fixed remuneration for the period 20th January 2014 to 30th June 2014. The STI opportunity for the other members of the senior executive team ranged from 35% to 50% of fixed remuneration.

Examples of non-financial objectives for executives other than the CEO, for the year ended 30th June 2014 are:

- The creation of a differentiated customer offering in the Assurance business offering improved service at the low end and enhanced value add service offerings at the top end.
- The delivery of an education program to SAI managers on the drivers of wealth creation, with particular emphasis on the importance of Return on Capital Employed (ROCE) to wealth creation.
- The integration of the Learning and Governance, Risk and Compliance (GRC) roadmaps in the Compliance division.
- The implementation of programs that aim to increase the proportion of females in executive and management positions.

Members of the Executive Committee are eligible for an uncapped element of variable remuneration. To qualify for this, additional financial targets must be achieved, at which time the eligible executives become entitled to a percentage of the "over target" earnings. This bonus pool amounted to less than $21,000 for FY14.

Uncapped STI does not become payable until 105% of the cash earnings per share target, adjusted for abnormal or non-recurring items as considered appropriate by the Board has been achieved. Uncapped STI is calculated by establishing how much cash is generated over and above that necessary to achieve the maximum level on the cash earnings per share key performance indicator, referred to above, including cash generated from acquisitions. This cash is split into $500K tranches, with each tranche progressively attracting 2%, 4%, 6%, 8% and 10% attribution to a bonus pool. Once the 10% level is reached the 10% attribution is applied to all additional cash generated thereafter. This pool is distributed to members of the Executive Committee in proportion to their Fixed Remuneration. For example, if an Executive Committee member's Fixed Remuneration represents 7% of the total of Executive Committee member's Fixed Remuneration, he/she will receive 7% of the pool.

(vi) Long-term incentive plan

At the Company's Annual General Meeting held on the 20th October 2006, the Company's Executive Long-Term Incentive Plan (Plan) and a UK Sub Plan (Sub Plan) were approved by shareholders. At the Company's Annual general Meeting held on 21st October 2011 shareholders approved amendments to the Plan and Sub Plan. All Long-Term Incentives granted in the year ended 30th June 2014 were granted under the Plan, as amended. Both plans contain a prohibition on any participant engaging in any hedging arrangements in relation to any unvested incentive granted under the plans, or purporting to do so. If the Company is subject to a change of control, in relation to all incentives granted prior to the amendments, all vesting conditions are waived and all incentives are deemed to have vested unless otherwise determined by the Board. In relation to all incentives granted subsequent to the amendments, if the Company is subject to a change of control all such incentives are deemed to have vested pro-rata based on the extent to which the Board determines that the relevant vesting conditions in respect of those incentives are satisfied at the time of the change in control and the proportion of the relevant period over which a vesting condition is to be determined which has elapsed up to the time of the change in control, unless otherwise determined by the Board.

When recommending Long-Term Incentive grants, the Committee obtains advice as to the appropriate face value and dollar amounts to be applied to the long-term components of executives' annual remuneration packages. The dollar amount is granted as Long-Term Incentives according to the preference expressed by the recipient, in one of the following forms:

Either 100% Performance Share Rights (PSRs) or 33.3% PSRs and 66.6% Options over Ordinary Shares in SAI Global Limited (Options) or 66.6% PSRs and 33.3% Options.

To determine how many PSRs each eligible executive will receive, the dollar amount to be granted as PSRs is divided by the Volume Weighted Average Price (VWAP) of SAI Global shares for the last 5 trading days before the offer date. To determine how many Options each eligible executive will receive, the dollar amount to be granted as Options is divided by the undiscounted Black Scholes value of an Option, where the Option exercise price is determined as the VWAP of SAI Global shares for the last 5 trading days before the offer date.

PSRs and Options are granted for no consideration, but only vest on the achievement of performance hurdles.

Each grant of PSRs and Options made to the CEO and members of the Executive Committee may vest over a five-year period with up to one third available to vest three years from the commencement of the financial year in which they were granted, a further third, four years from the commencement of the financial year in which they were granted and the remainder, five years from the commencement of the financial year in which they were granted. Any PSRs or Options that do not vest on the first date they become eligible to vest are carried forward and may vest on a subsequent vesting date. PSRs or Options that have not vested five years after the grant date, lapse.

PSRs and Options carry no voting or dividend rights.

Once vested, holders of PSRs become entitled to one ordinary share in SAI Global Limited, issued or purchased on market, for each vested PSR held. Once vested, holders of Options become entitled to purchase one ordinary share in SAI Global Limited, at the Option price, for each vested Option held.

Performance hurdles are attached to any PSRs and Options granted. In relation to the grant dated 22nd November 2013, for the purpose of applying performance hurdles, each grant of PSRs and each grant of Options is divided into two equal parts. One half is subject to a Total Shareholder Return (TSR) performance hurdle and the other half to an Earnings Per Share (EPS) hurdle.

The TSR performance hurdle

On each vesting date the TSR of ordinary shares in SAI Global Limited over the vesting period is independently measured. If the TSR is less than the 50th percentile of the TSR of shares listed in the S&P/ASX 200 Index, over the same period, none of the PSRs or Options eligible to vest will vest.

If the TSR equals the 50th percentile of the S&P/ASX 200, 50% of the PSRs or Options eligible to vest will vest.

If the TSR is greater than the 75th percentile of the S&P/ASX 200, all of the PSRs or Options eligible to vest will vest.

For TSR outcomes between the 50th and 75th percentile, 2% of the PSRs or Options eligible to vest will vest, for each percentile, the TSR of ordinary shares in the Company, exceeds the 50th percentile of the S&P/ASX 200.

The EPS performance criteria

On each vesting date, the compound EPS growth of ordinary shares in the Company over the vesting period is calculated.

If the compound EPS growth achieved over the period, is less than 8% per annum, none of the PSRs or Options eligible to vest will vest.

If the compound EPS growth per annum is equal to 8%, 30% of the PSRs or Options eligible to vest will vest.

If the compound EPS growth is 15% per annum or better all of the PSRs or Options eligible to vest will vest.

For compound EPS growth outcomes between 8% and 15% per annum, 5% of the PSRs or Options eligible to vest will vest, for each half percent of EPS compound growth above 8% per annum.

Limitation on usage of shares for employee share schemes

At any one time, the maximum number of shares over which Options may be issued under the Executive Incentive Plan must not exceed 9,998,240 and the maximum number of shares on issue or which may be used under the Executive Incentive Plan or any other employee share plan, must not exceed 5% of the total issued share capital of the Company at any one time on a fully diluted basis.

CEO Long-Term Incentives

For the year ended 30 June 2014, neither Mr Tony Scotton, nor Mr Stephen Porges received any Long Term Incentives.

Changes to Long-Term Incentive performance hurdles to apply to new grants

In relation to grants of PSRs and Options made during the year ended 30th June 2014 the following changes were made:

- PSRs or Options that do not vest on the first date they become eligible to vest, as a result of the relevant performance hurdles not being met in full, will not be carried forward to subsequent vesting dates; they will lapse.
- In calculating TSR performance, a Volume Weighted Average Price (VWAP), calculated over the 20 trading days leading up to the commencement of the measurement period and a VWAP calculated over the 20 trading days leading up to the end of the performance period, for SAI Global Limited and the comparator companies, will be used.
- In calculating compound EPS growth, the Board of SAI Global Limited (Board) may adjust statutory EPS to exclude abnormal or non-recurring items considered appropriate by the Board. Examples of items that may be excluded are the impact of acquisitions or disposals, capital management initiatives such as share buy backs and certain adjustments to the carrying value of the Company's assets. These examples are not exhaustive.

(vii) Deferral policy

During FY14 the Board implemented a Short-Term Incentive (STI) Deferral Policy. The Policy aims to align the remuneration outcomes of SAI's Chief Executive Officer and its Executive Management Team (EXCO) (collectively Participants) with the interests of shareholders of SAI Global, by providing for deferral of certain STIs and allowing for the effective implementation of the Company's Clawback Policy in respect of such STIs.

With effect from 1st July 2014, for STI awards payable in FY15 onwards, EXCO members are required to defer 50% of their net STI award (i.e. the net amount after the deduction of income tax) into either:

- a deferred interest bearing cash account; or
- fully paid ordinary shares in SAI Global Limited (**Shares**).

Subject to the Company's Clawback Policy the cash or Shares will be released to the Participant twelve months after the date the deferral commenced. In the event a Participant's employment is terminated:

- Participants will forfeit any deferred element of their STIs if they are terminated for cause, including for misconduct, fraud, dishonesty or breach of their obligations to SAI Global or poor performance prior to end of the deferral period;
- Subject to the Board's discretion, Participants who tender their resignation prior to the end of a deferral period will receive their deferred STI at the same time they would have received it had they remained employed;
- Subject to the Board's discretion, Participants who are made redundant, retire after the age of 60 or have their employment terminated without cause or resign on the grounds of ill health, disability or any similar hardship, will receive all their deferred STIs including pro rata interest (if applicable), on the date they leave employment;
- The beneficiaries of a Participant who dies will receive any deferred STIs earned by the Participant, including pro rata interest (if applicable), as soon as is reasonably practicable.

(viii) Clawback policy

During FY14 the Board implemented a Clawback Policy. The policy applies to SAI's Chief Executive Officer and to other members of SAI's Executive Management Team (EXCO) (collectively Participants). Clawback may be initiated where, in the opinion of the Board, a Trigger Event occurs and a Participant has received more incentive remuneration than he/she would otherwise have received had the Trigger Event not occurred. Trigger Events may occur when:

I. A Participant acts fraudulently or dishonestly;

II. A Participant is in breach of his or her obligations to the Company, including under their employment contract;

III. A Participant acts in a manner which has brought the Company into disrepute;

IV. The Company becomes aware of a material misstatement or omission in the financial statements in relation to the Company in any of the previous three financial years;

V. A Participant has directed, required, suggested or acted in concert with any other person to do any of the matters in paragraphs (i) to (iv) above or which results in any of the matters in paragraphs (i) to (iv) above occurring; or

VI. Any other circumstance occurs which the Board determines to have resulted in an unfair benefit to the Participant.

For instance, without limiting the circumstances resulting in an unfair benefit, an unfair benefit may arise if a misstatement is found in the Company's financial statements which results in more STIs or incentives being issued or vesting than would have been the case if the misstatements had not occurred.

The Clawback policy applies to:

- all STI awards, including any deferred component whether in cash or shares held by the Company under its STI Deferral Policy, from the effective date of the Clawback Policy beginning with STI awards made in FY15; and
- all grants of Performance Share Rights, Options over Shares and Restricted Shares and other Incentives under the Executive Incentive Plan (EIP), from the Effective Date beginning with the grants made in FY15.

(ix) Non-executive directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board also receives the advice of independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

The Chairman's fees are determined independently to the fees of Non-Executive Directors based on competitive roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-Executive Directors and the Chairman do not receive Performance Share Rights or Options.

The Chairman's remuneration is inclusive of committee fees while Non-Executive Directors who chair or are a member of a committee receive additional yearly fees.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $1,000,000. The current fee pool was last reviewed at the annual general meeting held in October 2013.

The Board has resolved that no retirement allowances will be paid for any Non-Executive Directors including the Chairman in line with guidance on Non-Executive Directors' remuneration.

Chairman, Non-Executive Director and Committee fees for the year ended 30th June 2014 were:

Chairman	$220,000 per annum (not payable to the Executive Chairman)
Non-Executive Director	$100,000 per annum
Chairman of Audit and Risk Committee	$20,000 per annum
Chairman of Remuneration Committee	$15,000 per annum
Chairman of the IT Committee	$15,000 per annum
Committee Membership	$10,000 per annum per Committee

Effective 3rd June 2014, Mr Peter Day was appointed Deputy Chairman. A fee of $50,000 per annum will be paid to Mr Day during the period he serves as Deputy Chairman of the Board, in addition to the fees paid to him as a Non-Executive Director and Chairman of the Audit & Risk Committee.

Effective 29th October 2013 the Board established an Interim Technology Review Group, as a sub-committee of the Board and appointed Mr David Spence and Ms Anna Buduls to the Committee.

3. DETAILS OF REMUNERATION

The key management personnel of the SAI Global Limited Group (the consolidated entity) includes the Directors as set out in the Directors' Report and members of the senior executive team (the Executive Committee as per the table below), who are not Directors. The top 5 remunerated executives of the consolidated entity were Messrs Scotton, Whipple, Richardson, Mullins and Butcher.

Name	Position	Employer
Paul Butcher	Global Head of Assurance	SAI Global Limited
Andrew Jones	Group Director Human Resources	SAI Global Limited
Brett Lenthall	Chief Information Officer	SAI Global Limited
Peter Mullins	Global Head of Information Services	SAI Global Limited
Hanna Myllyoja	General Counsel and Company Secretary	SAI Global Limited
Geoff Richardson	Chief Financial Officer	SAI Global Limited
Tim Whipple	Global Head of Compliance	SAI Global Inc.

The Short-Term Incentives are dependent on the satisfaction of performance conditions as set out in the section headed "Short-Term Incentive plan" above. Other benefits consist primarily of company vehicles and parking.

The share-based remuneration is calculated in accordance with AASB 2, Share Based Payments. The calculations of these amounts take into account the fair value of the PSRs and Options at grant date. The performance hurdles relating to the vesting of PSRs and Options are set out above in the section headed "Long-Term Incentive plan".

Details of the remuneration of the key management personnel (as defined in AASB 124 Related Party Disclosures) of SAI Global Limited and the SAI Global Limited Group are set out in tables 1 and 3 below.

In tables 1 and 3 below the values quoted for share-based payments (i.e., PSRs and Options) are determined in accordance with the applicable Accounting Standards, which require that the values of the PSRs and Options are determined at grant date and recognised over the relevant vesting period. The values presented do not represent the amounts the individuals receive as this depends on the proportion of the awards that vest and the share price when the awards vest and the underlying shares are sold.

Table 2 below replicates the table 1 save for the data relating to PSRs and Options. In table 2 below the value attributed to PSRs and Options is the potential realisable cash value of the PSRs and Options that were eligible to vest as of 30th June 2014 and did vest (Cash Value). The Cash Value is calculated using a 5 day Volume Weighted Average Price (VWAP) of Ordinary Shares in SAI Global Limited over the 5 days up to and including 30th June 2014. The Cash Value assumes that on 30th June 2014 vested PSRs converted to shares and vested Options were exercised by paying the exercise price, and that the shares acquired were sold at the VWAP. Holders of vested Options may exercise them after 30th June 2014 and the illustration in table 2 is not intended to infer that any of the Options that vested have been exercised, or that shares acquired on conversion of PSRs or exercise of Options have been sold, as of the date of this report. A comparison table (table 4) relating to the year ended 30th June 2013, calculated on the same basis, is also shown below:

Key management personnel of SAI Global Limited Group

Table 1 – in accordance with AASB 124 for the year ending 30th June 2014

2014	Short-term benefits			Post-employment		Other long term benefits	Share-based in accordance with AASB 2	Total
Name	Salary and fees[1]	Short-term incentive	Non-monetary benefits[4]	Super-annuation	Termination benefits	Long service leave	PSRs/ Options[5]	
	$	$	$	$	$	$	$	$
Non-Executive Directors								
Andrew Dutton[6] (Chairman)	180,113	-	-	16,660	-	-	-	196,773
Anna Buduls	115,754	-	-	10,707	-	-	-	126,461
David Spence	74,534	-	-	6,894	-	-	-	81,428
Peter Day	112,191	-	-	10,378	-	-	-	122,569
Robert Aitken	94,639	-	-	28,754	-	-	-	123,393
Sylvia Falzon	68,323	-	-	6,320	-	-	-	74,643
Robert Wright	65,723	-	-	5,847	-	-	-	71,570
Joram Murray AM	34,289	-	-	3,172	-	-	-	37,461
Sub-total	**745,566**	**-**	**-**	**88,732**	**-**	**-**	**-**	**834,298**
Executive Director								
Tony Scotton	882,032	561,330	4,163	24,400	-	(166,362)	473,320	1,778,883
Stephen Porges	308,779	-	-	9,201	450,000[7]	6,522	-	774,502
Andrew Dutton[6] (Executive Chairman)	75,197	-	-	2,914	-	1,531	-	79,642
Executives								
Brett Lenthall	384,217	123,542	4,637	17,775	-	8,236	42,517	580,924
Geoff Richardson	492,454	228,165	4,637	17,775	-	10,474	76,336	829,841
Andrew Jones	414,610	141,840	-	35,000	-	7,950	49,888	649,288
Hanna Myllyoja	375,328	125,572	4,637	17,775	-	15,669	41,022	580,003
Peter Mullins	443,976	213,423	-	26,745	-	7,366	76,478	768,018
Paul Butcher[2]	517,316	113,224	-	17,775	-	7,581	44,815	700,711
Tim Whipple[3]	615,603	384,086	18,770	10,718	-	-	116,816	1,145,993
Total	**5,255,078**	**1,891,182**	**36,844**	**268,810**	**450,000**	**(101,033)**	**921,192**	**8,722,103**

1 Included in salaries and fees are retention bonuses as follows:
Mr Lenthall $35,000
Mr Richardson $50,000
Mr Jones $35,000
Ms Myllyoja $35,000
Mr Mullins $50,000
Mr Butcher $50,000
Mr Whipple $54,478

Includes any change in accruals for Annual Leave and for Mr Scotton the full value of his Annual Leave and Long Service Leave accruals that were paid out on his retirement.

2 Included in Mr Butcher's cash salaries and fees is $16,667, which is the last tranche of a "sign on" bonus offered to him at the time of his recruitment.

3 Tim Whipple is based in the USA and all of his remuneration amounts with the exception of his Short-Term Incentive and Share Based Payments have been translated into Australian dollars at the average exchange rate for the year ended 30th June 2014 of 0.9178. Mr Whipple's Short-Term Incentive has been translated into Australian dollars at the year-end exchange rate of 0.9419.

Share Based Payments for Mr Whipple are calculated in Australian Dollars. Mr Whipple's Short-Term Incentive includes "one off" payments related to the achievement of specific objectives. These payments amount to $127,402. The remainder of his Short-Term Incentive payment has been earned through the Short-Term Incentive scheme that applied to all members of SAI's Executive Management Team (EXCO) in FY14.

4 Includes items such as a company vehicle and parking.

5 Non-Executive Directors do not receive PSRs or Options.

6 During the period 1st July to 29th October 2013 Mr Dutton was a Director of SAI Global Limited. During the period 29th October to 26th May 2014 Mr Dutton was Non-Executive Chairman of SAI Global Limited. During the period 26th May to 30th June 2014 Mr Dutton was Executive Chairman of SAI Global limited.

7 This amount relates to contractual base salary payments made and to be made to Mr Porges covering the period of 6 months commencing on 26th May 2014, the date Mr Porges ceased to be SAI Global's Chief Executive Officer, in accordance with Australian Accounting Standards.

Key management personnel of SAI Global Limited Group - continued

Table 2 – with illustration of cash value of share based payments for the year ended 30th June 2014

2014	Short-term benefits			Post-employment		Other long term benefits	Share-based cash value	Total
Name	Salary and fees[1]	Short-term incentive	Non-monetary benefits[4]	Super-annuation	Termination benefits	Long service leave	PSRs/ Options[5]	
	$	$	$	$	$	$	$	$
Non-Executive Directors								
Andrew Dutton[7] (Chairman)	180,113	-	-	16,660	-	-	-	196,773
Anna Buduls	115,754	-	-	10,707	-	-	-	126,461
David Spence	74,534	-	-	6,894	-	-	-	81,428
Peter Day	112,191	-	-	10,378	-	-	-	122,569
Robert Aitken	94,639	-	-	28,754	-	-	-	123,393
Sylvia Falzon	68,323	-	-	6,320	-	-	-	74,643
Robert Wright	65,723	-	-	5,847	-	-	-	71,570
Joram Murray AM	34,289	-	-	3,172	-	-	-	37,461
Sub-total	**745,566**	-	-	**88,732**	-	-	-	**834,298**
Executive Director								
Tony Scotton[6]	882,032	561,330	4,163	24,400	-	(166,362)	45,661	1,351,224
Stephen Porges[8]	308,779	-	-	9,201	450,000	6,522	-	774,582
Andrew Dutton[7] (Executive Chairman)	75,197	-	-	2,914	-	1,531	-	79,642
Executives								
Brett Lenthall	384,217	123,542	4,637	17,775	-	8,236	10,651	549,058
Geoff Richardson	492,454	228,165	4,637	17,775	-	10,474	119,219	872,724
Andrew Jones	414,610	141,840	-	35,000	-	7,950	79,696	679,096
Hanna Myllyoja	375,328	125,572	4,637	17,775	-	15,669	68,079	607,060
Peter Mullins	443,976	213,423	-	26,745	-	7,366	87,325	778,835
Paul Butcher[2]	517,316	113,224	-	17,775	-	7,581	-	655,896
Tim Whipple[3]	615,603	384,086	18,770	10,718	-	-	-	1,029,177
Total	**5,255,078**	**1,891,182**	**36,844**	**268,810**	**450,000**	**(101,033)**	**410,631**	**8,136,315**

1 Included in salaries and fees are retention bonuses as follows:
Mr Lenthall $35,000
Mr Richardson $50,000
Mr Jones $35,000
Ms Myllyoja $35,000
Mr Mullins $50,000
Mr Butcher $50,000
Mr Whipple $54,478

Includes any change in accruals for Annual Leave and for Mr Scotton the full value of his Annual Leave and Long Service Leave accruals that were paid out on his retirement.

2 Included in Mr Butcher's cash salaries and fees is $16,667, which is the last tranche of a "sign on" bonus offered to him at the time of his recruitment.

3 Tim Whipple is based in the USA and all of his remuneration amounts with the exception of his Short-Term Incentive and share based payments have been translated into Australian dollars at the average exchange rate for the year ended 30th June 2014 of 0.9178. Mr Whipple's Short-Term Incentive has been translated into Australian dollars at the year-end exchange rate of 0.9419.

Share based payments for Mr Whipple are calculated in Australian Dollars. Mr Whipple's Short-Term Incentive includes "one off" payments related to the achievement of specific objectives. These payments amount to $127,402. The remainder of his Short-Term Incentive payment has been earned through the Short-Term Incentive scheme that applied to all members of SAI's Executive Management Team (EXCO) in FY14.

4 Includes items such as a company vehicle and parking.

5 Non-Executive Directors do not receive PSRs or Options.

6 The cash value ascribed to PSRs and Options for Mr Scotton relates to PSRs from the 2011 grant that remained live and capable of vesting after Mr Scotton's employment terminated and did vest as of 30th June 2014.

7 During the period 1st July to 29th October 2013 Mr Dutton was a Director of SAI Global Limited. During the period 29th October to 26th May 2014 Mr Dutton was Non-Executive Chairman of SAI Global Limited. During the period 26th May to 30th June 2014 Mr Dutton was Executive Chairman of SAI Global limited.

8 This amount relates to contractual base salary payments made and to be made to Mr Porges covering the period of 6 months commencing on 26th May 2014, the date Mr Porges ceased to be SAI Global's Chief Executive Officer, in accordance with Australian Accounting Standards.

Key management personnel of SAI Global Limited Group - continued

Table 3 – in accordance with AASB 124 for the year ended 30th June 2013

2013	Short-term benefits			Post-employment		Other long term benefits	Share-based in accordance with AASB 2	Total
Name	**Salary and fees[7]**	**Short-term incentive**	**Non-monetary benefits[2]**	**Super-annuation**	**Termination benefits**	**Long service leave**	**PSRs/ Options[1]**	
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors								
Robert Wright (Chairman)	203,530	-	-	16,470	-	-	-	220,000
Anna Buduls	109,562	-	-	9,861	-	-	-	119,423
Andrew Dutton	100,917	-	-	9,083	-	-	-	110,000
Peter Day	110,092	-	-	9,908	-	-	-	120,000
Joram Murray AM	110,092	-	-	9,908	-	-	-	120,000
Robert Aitken	89,481	-	-	-	-	-	-	89,481
Sub-total	**723,674**	**-**	**-**	**55,230**	**-**	**-**	**-**	**778,904**
Executive Director								
Tony Scotton (Chief Executive Officer)	885,993	-	5,358	24,998	-	23,034	75,083	1,014,466
Executives								
Brett Lenthall	336,338	-	5,358	18,220	-	6,785	16,970	383,671
Duncan Lilley[6]	147,736	-	-	4,117	288,213	(28,377)	170,853	582,542
Geoff Richardson	411,078	-	5,358	16,470	-	9,208	19,927	462,041
Andrew Jones	384,250	-	-	24,998	-	10,095	22,203	441,546
Hanna Myllyoja	329,582	-	5,358	16,470	-	16,879	16,790	385,079
Andy Wyszkowski[3]	316,056	-	9,785	4,129	-	-	190,998	520,968
Chris Jouppi[4]	89,476	-	1,883	6,711	-	-	3,190	101,260
Peter Mullins	361,597	-	-	25,440	-	7,230	37,034	431,301
Paul Butcher[5]	359,051	-	-	12,953	-	5,540	21,046	398,590
Tim Whipple[3]	401,186	43,797	12,232	12,947	-	-	122,618	592,780
Total	**4,746,017**	**43,797**	**45,332**	**222,683**	**288,213**	**50,394**	**696,712**	**6,093,148**

1 Non-Executive Directors do not receive PSRs or Options.

2 Includes items such as a company vehicle and parking.

3 Andy Wyszkowski and Tim Whipple are based in the USA and all remuneration amounts with the exception of their Short-Term Incentive and Share Based Payments have been translated into Australian dollars at the average exchange rate for the year of 1.0298. Mr Whipple's Short-Term Incentive has been translated into Australian dollars at the year end exchange rate 0.9133. Share based payments for Mr Wyszkowski and Mr Whipple are calculated in Australian Dollars. Included in Mr Wyszkowski's Share Based Payments is an amount of $172,935 associated with the accelerated vesting of his unvested Long-Term Incentives granted in 2008, 2009 and 2010 in accordance with the Company's Executive Incentive Plan. Incentives issued to Mr Wyszkowski after 2010 are not eligible for accelerated vesting. Included in Mr Whipple's Share Based Payments is a cost to reflect the Restricted Shares he received on appointment to the Company. These shares are held in trust and will be released to Mr Whipple periodically, contingent upon him remaining in the employment of the Company.

4 Chris Jouppi ceased to be KMP, effective 30th September 2012. The remuneration amounts above reflect the period of time during year ended 30th June 2013 that he was KMP. Chris Jouppi is based in Canada and all remuneration amounts with the exception of his Short-Term Incentive and Share Based Payments have been translated into Australian dollars at the average exchange rate for the year of 1.0338. His share based payments are calculated in Australian Dollars.

5 Includes $32,266 in "sign on" bonus offered to Mr Butcher at the time of his recruitment.

6 Included in Mr Lilley's Share Based Payments is an amount of $167,878 associated with the accelerated vesting of his unvested Long-Term Incentives granted in 2008, 2009 and 2010, in accordance with the Company's Executive Incentive Plan. Incentives issued to Mr Lilley after 2010 are not eligible for accelerated vesting.

At the Company's Annual General Meeting held in October 2010, Shareholders approved for the purposes of section 200E and Part 2D.2 of the Corporations Act 2001 (Cth) and for all other purposes, for a period of 3 years, concluding on the date of SAI Global Limited's Annual General Meeting in 2013, for the payment or provision to Duncan Lilley of benefits which could be considered benefits in connection with that person retiring or ceasing to hold a managerial or executive office, arising:

(i) under their employment agreement (as varied from time to time);

(ii) from the possible acceleration of vesting of their existing performance rights and/or options (LTIs) or LTIs awarded to them in the future in accordance with the SAI Executive Incentive Plan;

(iii) from the possible pro-rata payment of short term incentive cash payments (STIs) under the SAI Short-Term Incentive Scheme.

7 Includes any change in accruals for Annual Leave and for Mr Lilley the full value of his Annual Leave and Long Service Leave accruals that were paid out on the termination of his employment.

Key management personnel of SAI Global Limited Group - continued

Table 4 – with illustration of cash value of share based payments for the year ended 30th June 2013

2013	Short-term benefits			Post-employment		Other long term benefits	Share-based cash value	Total
Name	Salary and fees[7]	Short-term incentive	Non-monetary benefits[2]	Super-annuation	Termination benefits	Long service leave	PSRs/ Options[1]	
	$	$	$	$	$	$	$	$
Non-Executive Directors								
Robert Wright (Chairman)	203,530	-	-	16,470	-	-	-	220,000
Anna Buduls	109,562	-	-	9,861	-	-	-	119,423
Andrew Dutton	100,917	-	-	9,083	-	-	-	110,000
Peter Day	110,092	-	-	9,908	-	-	-	120,000
Joram Murray AM	110,092	-	-	9,908	-	-	-	120,000
Robert Aitken	89,481	-	-	-	-	-	-	89,481
Sub-total	**723,674**	**-**	**-**	**55,230**	**-**	**-**	**-**	**778,904**
Executive Director								
Tony Scotton (Chief Executive Officer)	885,993	-	5,358	24,998	-	23,034	147,044	1,086,427
Executives[6]								
Brett Lenthall	336,338	-	5,358	18,220	-	6,785	45,698	412,399
Geoff Richardson	411,078	-	5,358	16,470	-	9,208	72,607	514,721
Andrew Jones	384,250	-	-	24,998	-	10,095	48,469	467,812
Hanna Myllyoja	329,582	-	5,358	16,470	-	16,879	40,511	408,800
Chris Jouppi[4]	89,476	-	1,883	6,711	-	-	2,062	100,132
Peter Mullins	361,597	-	-	25,440	-	7,230	14,764	409,031
Paul Butcher[5]	359,051	-	-	12,953	-	5,540	-	377,544
Tim Whipple[3]	401,186	43,797	12,232	12,947	-	-	-	470,162
Total	**4,282,225**	**43,797**	**35,547**	**214,437**	**-**	**78,771**	**371,155**	**5,025,932**

1 Non-Executive Directors do not receive PSRs or Options.

2 Includes items such as a company vehicle and parking.

3 Tim Whipple is based in the USA and all of his remuneration amounts with the exception of his Short-Term Incentive and Share Based Payments have been translated into Australian dollars at the average exchange rate for the year ended 30th June 2013 of 1.0298. Mr Whipple's Short-Term Incentive has been translated into Australian dollars at the year-end exchange rate of 0.9133. Share Based Payments for Mr Whipple are calculated in Australian Dollars.

4 Chris Jouppi ceased to be KMP, effective 30th September 2012. The remuneration amounts above reflect the period of time during year ended 30th June 2013 that he was KMP. Chris Jouppi is based in Canada and all remuneration amounts with the exception of his Short-Term Incentive and Share Based Payments have been translated into Australian dollars at the average exchange rate for the year of 1.0338. His Share Based Payments are calculated in Australian Dollars.

5 Includes $32,266 in "sign on" bonus offered to Mr Butcher at the time of his recruitment.

6 Neither Mr Lilley nor Mr Wyszkowski was in office as of 30th June 2013. Consequently, remuneration amounts relating to these two executives have been omitted from this table.

7 Includes any change in accruals for Annual Leave and for Mr Lilley the full value of his Annual Leave and Long Service Leave accruals that were paid out on the termination of his employment.

The relative proportions of remuneration that were linked to performance and those that were fixed, for the year ended 30th June 2014 and the previous year, were as follows:

Name	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
Executive Director						
Tony Scotton	41	92	32	-	27	8
Stephen Porges	100	-	-	-	-	-
Andrew Dutton	100	-	-	-	-	-
Executives						
Brett Lenthall	72	95	21	-	7	5
Geoff Richardson	64	96	27	-	9	4
Andrew Jones	70	95	22	-	8	5
Hanna Myllyoja	71	95	22	-	7	5
Peter Mullins	62	92	28	-	10	8
Paul Butcher	78	95	16	-	6	5
Tim Whipple	56	72	34	7	10	21

4. SERVICE AGREEMENTS

Remuneration and other terms of employment of the CEO and other key management personnel are formalised in employment agreements or service contracts. Each of these agreements provide for the provision of performance related incentives, car allowance and participation in the Performance Share Rights Plan. Other major provisions of the agreements relating to remuneration are set out below. There are no termination benefits other than those noted below.

Tony Scotton, Chief Executive Officer
during the period 1st July 2013 to 20th January 2014

- Contract may be terminated by the Company with six months' notice and by Mr Scotton with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of $935,550 to be reviewed annually by the Remuneration Committee.

Mr Stephen Porges, Chief Executive Officer
during the period 20th January 2014 to 26th May 2014

- Contract may be terminated by the Company with six months' notice and by Mr Porges with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of $900,000 to be reviewed annually by the Remuneration Committee.

Brett Lenthall, Group Chief Information Officer

- Contract may be terminated by the Company with six months' notice and by Mr Lenthall with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of $368,885, to be reviewed annually by the CEO and endorsed by the Remuneration Committee.

Geoff Richardson, Chief Financial Officer

- Contract may be terminated by the Company with six months' notice and by Mr Richardson with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of $461,610 to be reviewed annually by the CEO and endorsed by the Remuneration Committee.

Paul Butcher, Global Head of Assurance

- Contract may be terminated by the Company with six months' notice and by Mr Butcher with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of $463,500 to be reviewed annually by the CEO and endorsed by the Remuneration Committee.

Andrew Jones, Group Director Human Resources

- Contract may be terminated by the Company with six months' notice and by Mr Jones with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of $423,522 to be reviewed annually by the CEO and endorsed by the Remuneration Committee.

Tim Whipple, Global Head of Compliance

- Mr Whipple's contract is an "at will" contract which can be terminated by the Company or by Mr Whipple with 10 days' notice. In the event that the contract is terminated without cause by the Company, Mr Whipple is entitled to receive his salary and benefits for a period of six months.
- Base salary of $US515,000 for the year ended 30th June 2014 to be reviewed annually by the CEO and endorsed by the Remuneration Committee.

Hanna Myllyoja, General Counsel and Company Secretary

- Contract may be terminated by the Company with six months' notice and by Ms Myllyoja with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of $365,400 to be reviewed annually by the CEO and endorsed by the Remuneration Committee.

Peter Mullins, Executive General Manager, Property Services

- Contract may be terminated by the Company with six months' notice and by Mr Mullins with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2014 of $421,135 to be reviewed annually by the CEO and endorsed by the Remuneration Committee.

5. SHARE BASED COMPENSATION

Performance Share Rights (PSRs)

PSRs are issued under the SAI Global Executive Performance Share Rights Plan which is described in section 2 above.

The terms and conditions of each grant of PSRs affecting remuneration in this, the previous or future reporting periods are as follows:

Grant Date	Expiry Date	Exercise Price	SAI Global share price used in determining allocations	Assessed fair value per PSR at grant date	Dates vesting
9 November 2007	1 July 2012	Nil	$2.99	$1.39	• Up to 33.3% on 1 July 2010; • Up to 66.6% on 1 July 2011 less any vested on 1 July 2010; • Up to 100% on 1 July 2012 less any vested up to 1 July 2011
18 July 2008	1 July 2013	Nil	$2.29	$1.12	• Up to 33.3% on 1 July 2011; • Up to 66.6% on 1 July 2012 less any vested on 1 July 2011; • Up to 100% on 1 July 2013 less any vested up to 1 July 2012
7 November 2008	1 July 2013	Nil	$2.49	$1.45	• Up to 33.3% on 1 July 2011; • Up to 66.6% on 1 July 2012 less any vested on 1 July 2011; • Up to 100% on 1 July 2013 less any vested up to 1 July 2012
6 November 2009	1 July 2014	Nil	$3.44	$2.05	• Up to 33.3% on 1 July 2012; • Up to 66.6% on 1 July 2013 less any vested on 1 July 2012; • Up to 100% on 1 July 2014 less any vested up to 1 July 2013
19 February 2010	1 July 2014	Nil	$3.73	$3.19	• Up to 33.3% on 1 July 2012; • Up to 66.6% on 1 July 2013 less any vested on 1 July 2012; • Up to 100% on 1 July 2014 less any vested up to 1 July 2013
5 November 2010	1 July 2015	Nil	$4.40	$3.46	• Up to 33.3% on 1 July 2013; • Up to 66.6% on 1 July 2014 less any vested on 1 July 2013; • Up to 100% on 1 July 2015 less any vested up to 1 July 2014
4 November 2011	1 July 2016	Nil	$4.71	$3.67	• Up to 33.3% on 1 July 2014; • Up to 66.6% on 1 July 2015 less any vested on 1 July 2014; • Up to 100% on 1 July 2016 less any vested up to 1 July 2015
12 November 2012	1 July 2017	Nil	$3.89	$3.62	• Up to 33.3% on 1 July 2015; • Up to 66.6% on 1 July 2016 less any vested on 1 July 2015; • Up to 100% on 1 July 2017 less any vested up to 1 July 2016
22 November 2013	22 November 2018	Nil	$4.07	$3.02	• Up to 33.3% on 1 July 2016; • Up to 33.3% on 1 July 2017; • Up to 33.3% on 1 July 2018

Details of PSRs over ordinary shares in the Company provided as remuneration to key management personnel of the Group are set out below. If vested, each Performance Share Right is convertible into one ordinary share of SAI Global Limited. Further information on Performance Share Rights is set out in note 39 to the financial statements.

	Number of PSRs granted during the year		Number of PSRs vested during the year	
Name	**FY14**	FY13	**FY14**	FY13
Executive Director				
Tony Scotton	**-**	150,386	**175,521**	61,725
Executives				
Geoff Richardson	**56,709**	18,423	**12,184**	30,172
Brett Lenthall	**31,722**	10,587	**7,668**	18,928
Andrew Jones	**36,421**	12,272	**8,133**	20,134
Hanna Myllyoja	**31,423**	10,437	**6,815**	13,935
Peter Mullins	**51,737**	17,266	**4,101**	5,395
Paul Butcher	**18,980**	19,280	**-**	-
Tim Whipple	**22,474**	22,170	**-**	-

Details of ordinary shares in the Company provided as a result of the exercise of Performance Share Rights by key management personnel are set out below:

	Number of ordinary shares issued on exercise of PSRs during the year	
Name	**FY14**	FY13
Executive Director		
Tony Scotton	**175,521**	61,725
Executives		
Geoff Richardson	**12,184**	30,172
Brett Lenthall	**7,668**	18,928
Andrew Jones	**8,133**	20,134
Hanna Myllyoja	**6,815**	13,935
Peter Mullins	**4,101**	5,395
Paul Butcher	**-**	-
Tim Whipple	**-**	-

Options over ordinary shares (Options)

Options are issued under the SAI Global Executive Incentive Plan and the UK Sub-Plan. The terms and conditions of each grant of Options affecting remuneration in this, the previous or future reporting periods are as follows:

Grant Date	Expiry Date	Exercise Price	SAI Global share price used in determining allocations	Assessed fair value per Option at grant date	Dates vesting
14 February 2007	14 February 2017	$3.91	$3.91	$0.74	• Up to 33.3% on 1 July 2009; • Up to 66.6% on 1 July 2010 less any vested on 1 July 2009; • Up to 100% on 1 July 2011 less any vested up to 1 July 2010.
9 November 2007	9 November 2017	$2.99	$2.99	$0.68	• Up to 33.3% on 1 July 2010; • Up to 66.6% on 1 July 2011 less any vested on 1 July 2010; • Up to 100% on 1 July 2012 less any vested up to 1 July 2011.
18 July 2008	18 July 2018	$2.29	$2.29	$0.54	• Up to 33.3% on 1 July 2011; • Up to 66.6% on 1 July 2012 less any vested on 1 July 2011; • Up to 100% on 1 July 2013 less any vested up to 1 July 2012.
7 November 2008	7 November 2018	$2.49	$2.49	$0.64	• Up to 33.3% on 1 July 2011; • Up to 66.6% on 1 July 2012 less any vested on 1 July 2011; • Up to 100% on 1 July 2013 less any vested up to 1 July 2012.
6 November 2009	6 November 2016	$3.44	$3.44	$0.81	• Up to 33.3% on 1 July 2012; • Up to 66.6% on 1 July 2013 less any vested on 1 July 2012; • Up to 100% on 1 July 2014 less any vested up to 1 July 2013.
5 November 2010	5 November 2017	$4.40	$4.40	$1.14	• Up to 33.3% on 1 July 2013; • Up to 66.6% on 1 July 2014 less any vested on 1 July 2013; • Up to 100% on 1 July 2015 less any vested up to 1 July 2014.
4 November 2011	4 November 2018	$4.71	$4.71	$0.89	• Up to 33.3% on 1 July 2014; • Up to 66.6% on 1 July 2015 less any vested on 1 July 2014; • Up to 100% on 1 July 2016 less any vested up to 1 July 2015.
12 November 2012	12 November 2019	$3.89	$3.89	$0.80	• Up to 33.3% on 1 July 2015; • Up to 66.6% on 1 July 2016 less any vested on 1 July 2015; • Up to 100% on 1 July 2017 less any vested up to 1 July 2016.
22 November 2013	22 November 2020	$4.07	$4.07	$0.75	• Up to 33.3% on 1 July 2016; • Up to 33.3% on 1 July 2017 • Up to 33.3% on 1 July 2018.

Details of Options over ordinary shares in the Company provided as remuneration to key management personnel of the Group are set out below. If vested each option confers on the option holder the right to purchase one ordinary share of SAI Global Limited at the quoted exercise price. Further information on options is set out in note 39 to the financial statements.

	Number of Options granted during the year		Number of Options vested during the year	
Name	**FY14**	FY13	**FY14**	FY13
Executive Director				
Tony Scotton	**-**	-	**118,627**	89,506
Executives				
Brett Lenthall	**-**	122,935	**11,400**	27,629
Geoff Richardson	**-**	213,930	**18,113**	44,040
Andrew Jones	**-**	142,507	**12,091**	29,386
Hanna Myllyoja	**-**	121,194	**10,138**	20,454
Peter Mullins	**-**	200,498	**-**	-
Paul Butcher	**157,653**	223,881	**-**	-
Tim Whipple	**186,671**	257,438	**-**	-

Performance share rights and option holdings of key management personnel

The table below summarises the holdings of Performance Share Rights granted to the key management personnel.

Name	Holdings at 1 July 13	Granted	Exercised	Lapsed	Holdings at 30 June 14	Vested and exercisable at 30 June 14[1]
Executive Director						
Tony Scotton	450,252	-	175,521	111,377	**163,354**	-
Executives						
Brett Lenthall	89,434	31,722	7,668	5,047	**108,441**	-
Geoff Richardson	145,290	56,709	12,184	8,017	**181,798**	-
Andrew Jones	97,126	36,421	8,133	5,352	**120,062**	-
Hanna Myllyoja	82,931	31,423	6,815	4,451	**103,088**	-
Peter Mullins	112,565	51,737	4,101	-	**160,201**	-
Paul Butcher	19,280	18,980	-	-	**38,260**	-
Tim Whipple	22,170	22,474	-	-	**44,644**	-

[1] No Performance Share Rights are vested and unexercisable at the end of the year.

The table below summarises the holdings of options granted to the key management personnel.

Name	Holdings at 1 July 13	Granted	Exercised	Lapsed	Holdings at 30 June 14	Vested and exercisable at 30 June 14[1]
Executive Director						
Tony Scotton	230,850	-	208,131	22,719	**-**	-
Executives						
Brett Lenthall	170,200	-	7,251	7,251	**155,698**	9,610
Geoff Richardson	294,563	-	32,324	11,518	**250,721**	-
Andrew Jones	192,634	-	17,882	7,689	**167,063**	-
Hanna Myllyoja	163,524	-	15,062	6,396	**142,066**	-
Peter Mullins	200,498	-	-	-	**200,498**	-
Paul Butcher	223,881	157,653	-	-	**381,534**	-
Tim Whipple	257,438	186,671	-	-	**444,109**	-

Shareholdings of key management personnel

The table below summarises the movements in holdings of shares in SAI Global Limited held by the key management personnel and their personally related entities. There were no shares granted during the reporting period as compensation other than those upon the vesting of Performance Share Rights (PSRs). The Company does not stipulate share ownership targets for the key management personnel.

Name	Holdings at 1 July 13	Received on vesting of performance share rights[1]	Other changes	Holdings at 30 June 14
Non-Executive Directors				
Robert Wright[2]	41,737	-	475	**42,212**
Anna Buduls	40,769	-	-	**40,769**
Joram Murray AM[2]	30,972	-	(7,170)	**23,802**
Peter Day	21,389	-	10,000	**31,389**
Robert Aitken	40,000	-	-	**40,000**
Sylvia Falzon	-	-	-	**-**
David Spence	-	-	-	**-**

Name	Holdings at 1 July 13	Received on vesting of performance share rights[1]	Other changes	Holdings at 30 June 14
Executive Directors				
Tony Scotton	767,348	175,521	(942,869)	**-**
Stephen Porges	-	-	-	**-**
Andrew Dutton	11,942	-	36,711	**48,653**
Executives				
Brett Lenthall	-	7,668	-	**7,668**
Geoff Richardson	27,994	12,184	(40,178)	**-**
Hanna Myllyoja	61,062	6,815	(62,000)	**5,877**
Andrew Jones	-	8,133	(8,133)	**-**
Peter Mullins	5,500	4,101	199	**9,800**
Paul Butcher	-	-	-	**-**
Tim Whipple	-	-	16,560	**16,560**

[1] Non-Executive Directors are not eligible to receive Performance Share Rights.

[2] As per Appendix 3Z lodged 29 October 2013.

6. ADDITIONAL INFORMATION

Relationship between remuneration and company performance as it relates to the PSRs and Options eligible to vest during the year ended 30th June 2014, the performance period for which ended on 30th June 2013.

Other than the PSRs and Options that vested on the termination or resignation of employees, the following tranches of PSRs were eligible to vest during the year ended 30 June 2014:

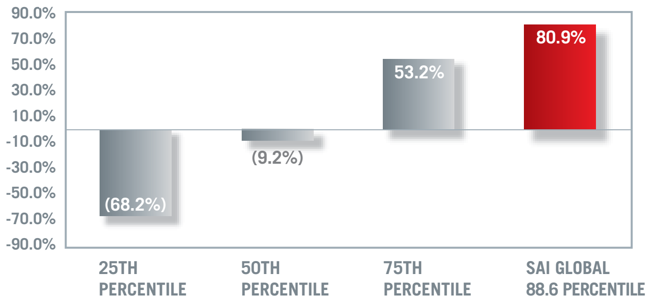
1. The third tranche of the PSRs and Options granted on 18th July 2008 and on 7th November 2008.
2. The unvested balance of the first tranche plus the second tranche of the PSRs and Options granted on 6th November 2009.
3. The first tranche of the PSRs and Options granted on 5th November 2010.

The performance of each tranche eligible to vest subsequent to the end of the financial year, on 1 July 2013, was as follows:

The third tranche of the PSRs and Options granted on 18th July 2008 and on 7th November 2008.

These PSRs and Options were eligible to vest on 1 July 2013 provided the performance hurdles had been satisfied over the vesting period, being the five year period from 1 July 2008 to 30 June 2013.

TOTAL SHAREHOLDER RETURN OVER THE FIVE YEAR PERIOD FROM 1 JULY 2008 TO 30 JUNE 2013 RELATIVE TO S&P/ASX 200 INDEX



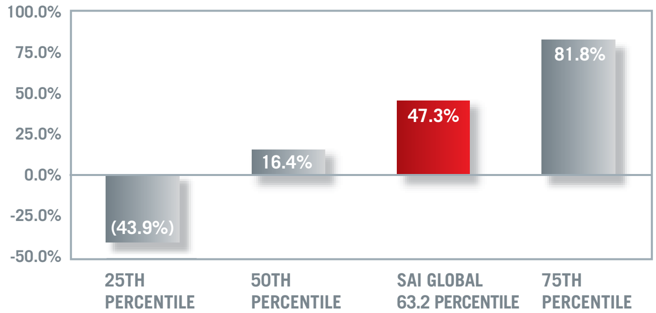
The TSR achieved over the vesting period was 88.57% which placed SAI Global Limited at the 81st percentile of companies in the S&P/ASX200 Index over the vesting period. Consequently all of the PSRs/Options, subject to TSR performance criteria that were eligible to vest, did vest.

The compound EPS growth over the vesting period was negative. Consequently, none of the PSRs/Options, subject to EPS performance criteria that were eligible to vest, did vest.

The unvested balance of the first tranche plus the second tranche of PSRs and Options granted on 6th November 2009.

These PSRs and Options were eligible to vest on 1 July 2013 provided the performance hurdles had been satisfied over the vesting period, being the four year period from 1 July 2009 to 30 June 2013.

TOTAL SHAREHOLDER RETURN OVER THE FOUR YEAR PERIOD FROM 1 JULY 2009 TO 30 JUNE 2013 RELATIVE TO S&P/ASX 200 INDEX



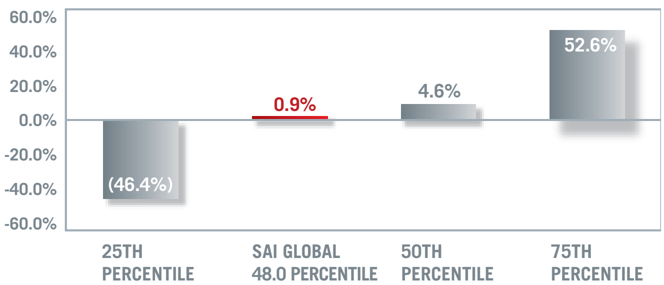
The TSR achieved over the vesting period was 47.30% which placed SAI Global Limited at the 63rd percentile of companies in the S&P/ASX200 Index over the vesting period. Consequently 76% of the PSRs/Options, subject to TSR performance criteria that were eligible to vest, did vest.

The compound EPS growth over the vesting period was negative. Consequently, none of the PSRs/Options, subject to EPS performance criteria that were eligible to vest, did vest.

The first tranche of the PSRs and Options granted on 5th November 2010.

These PSRs and Options were eligible to vest on 1 July 2013 provided the performance hurdles had been satisfied over the vesting period, being the three year period from 1 July 2010 to 30 June 2013.

TOTAL SHAREHOLDER RETURN OVER THE THREE YEAR PERIOD FROM 1 JULY 2010 TO 30 JUNE 2013 RELATIVE TO S&P/ASX 200 INDEX



The TSR achieved over the vesting period was 0.93% which placed SAI Global Limited at the 48th percentile of companies in the S&P/ASX200 Index over the vesting period. Consequently none of the PSRs/Options, subject to TSR performance criteria that were eligible to vest, did vest.

The compound EPS growth over the vesting period was negative. Consequently, none of the PSRs/Options, subject to EPS performance criteria that were eligible to vest, did vest.

PSRs and Options that became eligible to vest subsequent to the end of the financial year, on 1 July 2014

Subsequent to the end of the financial year, on 1 July 2014 the following tranches of PSRs and Options became eligible to vest:

1. The unvested balance of the first and second tranches plus the third tranche of the PSRs and Options granted on 6th November 2009.
2. The unvested balance of the first tranche plus the second tranche of the PSRs and Options granted on 5th November 2010.
3. The first tranche of PSRs and Options granted on 4th November 2011.

The performance of each tranche eligible to vest subsequent to the end of the financial year, on 1 July 2014, was as follows:

The unvested balance of the first and second tranches plus the third tranche of the PSRs and Options granted on 6th November 2009.

These PSRs and Options were eligible to vest on 1 July 2014 provided the performance hurdles had been satisfied over the vesting period, being the five year period from 1 July 2009 to 30 June 2014.

The TSR achieved over the vesting period was 115.15% which placed SAI Global Limited at the 75th percentile of companies in the S&P/ASX200 Index over the vesting period. Consequently all of the PSRs/Options, subject to TSR performance criteria that were eligible to vest, did vest.

The compound EPS growth over the vesting period was negative. Consequently, none of the PSRs/Options, subject to EPS performance criteria that were eligible to vest, did vest.

The unvested balance of the first tranche plus the second tranche of the PSRs and Options granted on 5th November 2010.

These PSRs and Options were eligible to vest on 1 July 2014 provided the performance hurdles had been satisfied over the vesting period, being the four year period from 1 July 2010 to 30 June 2014.

The TSR achieved over the vesting period was 47.41% which placed SAI Global Limited at the 60th percentile of companies in the S&P/ASX200 Index over the vesting period. Consequently 70% of the PSRs/Options, subject to TSR performance criteria that were eligible to vest, did vest.

The compound EPS growth over the vesting period was negative. Consequently, none of the PSRs/Options, subject to EPS performance criteria that were eligible to vest, did vest.

The first tranche of PSRs and Options granted on 4th November 2011.

These PSRs and Options were eligible to vest on 1 July 2014 provided the performance hurdles had been satisfied over the vesting period, being the three year period from 1 July 2011 to 30 June 2014.

The TSR achieved over the vesting period was 19.65% which placed SAI Global Limited at the 50th percentile of companies in the S&P/ASX200 Index over the vesting period. Consequently 50% of the PSRs/Options, subject to TSR performance criteria that were eligible to vest, did vest.

The compound EPS growth over the vesting period was negative. Consequently, none of the PSRs/Options, subject to EPS performance criteria that were eligible to vest, did vest.

Cash Short-Term Incentives, PSRs and Options

For each Short-Term Incentive and grant of PSRs and Options included in the tables above, the percentage of the available Short-Term Incentive or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the Short-Term Incentive is payable in future years.

The PSRs granted during the 2007/08, the 2008/09, the 2009/10, the 2010/11, the 2011/12, the 2012/13 and the 2013/14 financial years vest over 5 years. None of the PSRs vest unless the vesting conditions are satisfied. Since no PSRs will vest if the conditions are not satisfied, the minimum value of the rights yet to vest is “nil”. The maximum value of PSRs yet to vest has been determined as the amount of the grant date fair value of the Performance Share Rights that is yet to be expensed.

The Options granted during the financial years ended on, 30th June 2008, 30th June 2009, 30th June 2010, 30th June 2011, 30th June 2012, 30th June 2013 and 30th June 2014 respectively, vest over a maximum of 5 years, with vested Options granted in years ended 30th June 2008 and 2009 lapsing 10 years from the date they were granted and vested Options granted in the years ended 30th June 2010, 30th June 2011, 30th June 2012, 30th June 2013 and 30th June 2014 lapsing 7 years from the date they were granted. No Options will vest if the vesting conditions are not satisfied, hence the minimum value of the Options yet to vest is “nil”. The maximum value of the Options yet to vest has been determined as the amount of the grant date fair value of the Options that is yet to be expensed.

Short-Term Incentives paid and forfeited and the expensing of Performance Share Rights as at 30th June 2014

	Short-term incentives* *excluding uncapped element in relation to year ending 30 June 2014		Performance share rights (PSRs)					
Name	Paid %	Forfeited %	Year granted	Vested %	Forfeited %	Financial years in which PSRs may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
Tony Scotton	100.0	-	2007/08	33.3	-	2010/11	Nil	-
				33.3	-	2011/12	Nil	-
				24.6	8.7	2012/13	Nil	-
			2008/09	33.3	-	2011/12	Nil	-
				33.3	-	2012/13	Nil	-
				16.65	16.65	2013/14	Nil	-
			2009/10	16.7	-	2012/13	Nil	-
				83.3	-	2013/14	Nil	-
				-	-	2014/15	Nil	-
			2010/11	100.0	-	2013/14	Nil	-
				-	-	2014/15	Nil	-
				-	-	2015/16	Nil	-
			2011/12	8.33	-	2014/15	Nil	73,510
				-	-	2015/16	Nil	67,784
				-	-	2016/17	Nil	54,370
			2012/13	-	-	2015/16	Nil	74,760
				-	-	2016/17	Nil	58,087
				-	-	2017/18	Nil	45,028
Brett Lenthall	93.75	6.25	2007/08	33.3	-	2010/11	Nil	-
				33.3	-	2011/12	Nil	-
				24.6	8.7	2012/13	Nil	-
			2008/09	33.3	-	2011/12	Nil	-
				33.3	-	2012/13	Nil	-
				16.65	16.65	2013/14	Nil	-
			2009/10	16.7	-	2012/13	Nil	10,464
				12.69		2013/14	Nil	10,464
				20.67	50.0	2014/15	Nil	10,464
			2010/11	23.3	-	2013/14	Nil	21,223
				-	-	2014/15	Nil	21,223
				-	-	2015/16	Nil	17,141
			2011/12	8.33	-	2014/15	Nil	17,146
				-	-	2015/16	Nil	22,159
				-	-	2016/17	Nil	23,280
			2012/13	-	-	2015/16	Nil	8,113
				-	-	2016/17	Nil	8,546
				-	-	2017/18	Nil	8,687
			2013/14	-	-	2016/17	Nil	27,268
				-	-	2017/18	Nil	27,257
				-	-	2018/19	Nil	27,674

	Short-term incentives* *excluding uncapped element in relation to year ending 30 June 2014		Performance share rights (PSRs)					
Name	Paid %	Forfeited %	Year granted	Vested %	Forfeited %	Financial years in which PSRs may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
Geoff Richardson	97.5	2.5	2007/08	33.3	-	2010/11	Nil	-
				33.3	-	2011/12	Nil	-
				24.6	8.7	2012/13	Nil	-
			2008/09	33.3	-	2011/12	Nil	-
				33.3	-	2012/13	Nil	-
				16.65	16.65	2013/14	Nil	-
			2009/10	16.7	-	2012/13	Nil	16,629
				12.69	-	2013/14	Nil	16,629
				20.67	50.0	2014/15	Nil	16,629
			2010/11	23.33	-	2013/14	Nil	34,315
				-	-	2014/15	Nil	34,315
				-	-	2015/16	Nil	34,760
			2011/12	8.33	-	2014/15	Nil	27,819
				-	-	2015/16	Nil	35,953
				-	-	2016/17	Nil	37,771
			2012/13	-	-	2015/16	Nil	14,118
				-	-	2016/17	Nil	14,872
				-	-	2017/18	Nil	15,118
			2013/14	-	-	2016/17	Nil	48,747
				-	-	2017/18	Nil	48,727
				-	-	2018/19	Nil	49,472
Hanna Myllyoja	96.25	3.75	2007/08	33.3	-	2010/11	Nil	-
				33.3	-	2011/12	Nil	-
				24.6	8.7	2012/13	Nil	-
			2008/09	33.3	-	2011/12	Nil	-
				33.3	-	2012/13	Nil	-
				16.65	16.65	2013/14	Nil	-
			2009/10	16.7	-	2012/13	Nil	9,434
				12.69	-	2013/14	Nil	9,434
				20.69	50.0	2014/15	Nil	9,434
			2010/11	23.33	-	2013/14	Nil	19,615
				-	-	2014/15	Nil	19,615
				-	-	2015/16	Nil	15,842
			2011/12	8.33	-	2014/15	Nil	16,143
				-	-	2015/16	Nil	20,864
				-	-	2016/17	Nil	21,919
			2012/13	-	-	2015/16	Nil	7,998
				-	-	2016/17	Nil	8,425
				-	-	2017/18	Nil	8,564
			2013/14	-	-	2016/17	Nil	27,011
				-	-	2017/18	Nil	27,000
				-	-	2018/19	Nil	27,413

Short-Term Incentives paid and forfeited and the expensing of Performance Share Rights as at 30th June 2014 (continued)

Name	Short-term incentives* *excluding uncapped element in relation to year ending 30 June 2014		Performance share rights (PSRs)					
	Paid %	Forfeited %	Year granted	Vested %	Forfeited %	Financial years in which PSRs may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
Andrew Jones	93.75	6.25	2007/08	33.3	-	2010/11	Nil	-
				33.3	-	2011/12	Nil	-
				24.6	8.7	2012/13	Nil	-
			2008/09	33.3	-	2011/12	Nil	-
				33.3	-	2012/13	Nil	-
				16.65	16.65	2013/14	Nil	-
			2009/10	16.7	-	2012/13	Nil	11,098
				12.69	-	2013/14	Nil	11,098
				20.67	50.0	2014/15	Nil	11,098
			2010/11	23.33	-	2013/14	Nil	22,960
				-	-	2014/15	Nil	22,960
				-	-	2015/16	Nil	18,544
			2011/12	8.33	-	2014/15	Nil	18,640
				-	-	2015/16	Nil	24,091
				-	-	2016/17	Nil	25,309
			2012/13	-	-	2015/16	Nil	9,404
				-	-	2016/17	Nil	9,906
				-	-	2017/18	Nil	10,070
			2013/14	-	-	2016/17	Nil	31,307
				-	-	2017/18	Nil	31,295
				-	-	2018/19	Nil	31,773
Paul Butcher	47.5	52.5	2012/13	-	-	2015/16	Nil	14,775
				-	-	2016/17	Nil	15,563
				-	-	2017/18	Nil	15,821
			2013/14	-	-	2016/17	Nil	16,315
				-	-	2017/18	Nil	16,308
				-	-	2018/19	Nil	16,558
Tim Whipple	92.5	7.5	2012/13	-	-	2015/16	Nil	16,989
				-	-	2016/17	Nil	17,896
				-	-	2017/18	Nil	18,192
			2013/14	-	-	2016/17	Nil	19,319
				-	-	2017/18	Nil	19,311
				-	-	2018/19	Nil	19,606
Peter Mullins	100.0	-	2009/10	16.7	-	2012/13	Nil	18,075
				12.7	-	2013/14	Nil	18,075
				20.67	50.0	2014/15	Nil	18,075
			2010/11	23.33	-	2013/14	Nil	26,271
				-	-	2014/15	Nil	26,271
				-	-	2015/16	Nil	21,217
			2011/12	8.33	-	2014/15	Nil	24,323
				-	-	2015/16	Nil	31,094
				-	-	2016/17	Nil	32,754
			2012/13	-	-	2015/16	Nil	13,162
				-	-	2016/17	Nil	13,863
				-	-	2017/18	Nil	14,115
			2013/14	-	-	2016/17	Nil	44,473
				-	-	2017/18	Nil	44,455
				-	-	2018/19	Nil	45,135

The vesting, forfeiture and expensing of Share Options as at 30th June 2014

Name	Year granted	Vested	Forfeited	Financial years in which Options may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
		%	%		$	$
Tony Scotton	2007/08	33.3	-	2010/11	Nil	-
		33.3	-	2011/12	Nil	-
		24.6	8.7	2012/13	Nil	-
	2008/09	33.3	-	2011/12	Nil	-
		33.3	-	2012/13	Nil	-
		16.65	16.65	2013/14	Nil	-
	2009/10	16.7	-	2012/13	Nil	-
		83.3	-	2013/14	Nil	-
		-	-	2014/15	Nil	-
	2010/11			2013/14	Nil	-
		-	-	2014/15	Nil	-
				2015/16	Nil	-
	2011/12	-	-	2014/15	Nil	-
				2015/16	Nil	-
				2016/17	Nil	-
	2012/13	-	-	2015/16	Nil	-
				2016/17	Nil	-
				2017/18	Nil	-
Brett Lenthall	2007/08	33.3	-	2010/11	Nil	-
		33.3	-	2011/12	Nil	-
		24.6	8.7	2012/13	Nil	-
	2008/09	33.3	-	2011/12	Nil	-
		33.3	-	2012/13	Nil	-
		16.65	16.65	2013/14	Nil	-
	2009/10	16.7	-	2012/13	Nil	5,925
		12.69	-	2013/14	Nil	5,925
		20.67	50.0	2014/15	Nil	5,925
	2010/11	-	-	2013/14	Nil	-
				2014/15	Nil	-
				2015/16	Nil	-
	2011/12	-	-	2014/15	Nil	-
				2015/16	Nil	-
				2016/17	Nil	-
	2012/13	-	-	2015/16	Nil	23,263
				2016/17	Nil	25,045
				2017/18	Nil	25,840
Geoff Richardson	2007/08	33.3	-	2010/11	Nil	-
		33.3	-	2011/12	Nil	-
		24.6	8.7	2012/13	Nil	-
	2008/09	33.3	-	2011/12	Nil	-
		33.3	-	2012/13	Nil	-
		16.65	16.65	2013/14	Nil	-
	2009/10	16.7	-	2012/13	Nil	9,416
		12.69	-	2013/14	Nil	9,416
		20.67	50.0	2014/15	Nil	9,416
	2010/11	-	-	2013/14	Nil	-
				2014/15	Nil	-
				2015/16	Nil	-
	2011/12	-	-	2014/15	Nil	-
				2015/16	Nil	-
				2016/17	Nil	-
	2012/13	-	-	2015/16	Nil	40,482
				2016/17	Nil	43,584
				2017/18	Nil	44,966
	2013/14	-	-	2016/17	Nil	-
				2017/18	Nil	-
				2018/19	Nil	-

The vesting, forfeiture and expensing of Share Options as at 30th June 2014 (continued)

Name	Year granted	Vested %	Forfeited %	Financial years in which Options may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
Hanna Myllyoja	2007/08	33.3	-	2010/11	Nil	-
		33.3	-	2011/12	Nil	-
		24.6	8.7	2012/13	Nil	-
	2008/09	33.3	-	2011/12	Nil	-
		33.3	-	2012/13	Nil	-
		16.65	16.65	2013/14	Nil	-
	2009/10	16.7	-	2012/13	Nil	5,342
		12.69	-	2013/14	Nil	5,342
		20.67	50.0	2014/15	Nil	5,342
	2010/11	-	-	2013/14	Nil	-
				2014/15	Nil	-
				2015/16	Nil	-
	2011/12	-	-	2014/15	Nil	-
				2015/16	Nil	-
				2016/17	Nil	-
	2012/13	-	-	2015/16	Nil	22,933
				2016/17	Nil	24,691
				2017/18	Nil	25,474
	2013/14	-	-	2016/17	Nil	-
				2017/18	Nil	-
				2018/19	Nil	-
Andrew Jones	2007/08	33.3	-	2010/11	Nil	-
		33.3	-	2011/12	Nil	-
		24.6	8.7	2012/13	Nil	-
	2008/09	33.3	-	2011/12	Nil	-
		33.3	-	2012/13	Nil	-
		16.65	16.65	2013/14	Nil	-
	2009/10	16.7	-	2012/13	Nil	6,284
		12.69	-	2013/14	Nil	6,284
		20.67	50.0	2014/15	Nil	6,284
	2010/11	-	-	2013/14	Nil	-
				2014/15	Nil	-
				2015/16	Nil	-
	2011/12	-	-	2014/15	Nil	-
				2015/16	Nil	-
				2016/17	Nil	-
	2012/13	-	-	2015/16	Nil	26,967
				2016/17	Nil	29,033
				2017/18	Nil	29,954
	2013/14	-	-	2016/17	Nil	-
				2017/18	Nil	-
				2018/19	Nil	-
Paul Butcher	2012/13	-	-	2015/16	Nil	42,365
				2016/17	Nil	45,611
				2017/18	Nil	47,058
	2013/14	-	-	2016/17	Nil	33,279
				2017/18	Nil	33,433
				2018/19	Nil	34,067

Name	Year granted	Vested	Forfeited	Financial years in which Options may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
		%	%		$	$
Peter Mullins	2012/13	-	-	2015/16	Nil	37,940
				2016/17	Nil	40,847
				2017/18	Nil	42,143
	2013/14	-	-	2016/17	Nil	-
				2017/18	Nil	-
				2018/19	Nil	-
Tim Whipple	2012/13	-	-	2015/16	Nil	48,715
				2016/17	Nil	52,448
				2017/18	Nil	54,111
	2013/14	-	-	2016/17	Nil	39,404
				2017/18	Nil	39,598
				2018/19	Nil	40,338

Share-based compensation: PSRs and Options

Further details relating to PSRs and Options in relation to the year ended 30th June 2014, as required by the Corporations Act are set out below:

Name	A Remuneration consisting of PSRs/Options	B Value at grant date	C Value at vesting date	D Value at lapse date
	%	$	$	$
Tony Scotton	27	-	1,100,279	-
Geoff Richardson	9	171,261	119,219	78,135
Andrew Jones	8	109,991	79,696	52,149
Brett Lenthall	7	95,800	301,283	-
Hanna Myllyoja	7	94,897	68,079	44,330
Peter Mullins	10	156,246	87,325	54,223
Paul Butcher	6	175,297	-	-
Tim Whipple	10	207,564	-	-

A= The percentage of the value of remuneration consisting of PSRs/options, based on the value of PSR's/options exercised during the year. The percentage is calculated by reference to the remuneration tables set out on page 41, which assigns a value to PSRs/Options for remuneration purposes based on fair value. PSRs are allocated to executives on the basis of the face value of SAI Global's shares at grant date and not fair value. Options are allocated to executives on the basis of an undiscounted Black Scholes valuation of an Option which ignores the performance criteria.

B= The value at grant date calculated in accordance with AASB 2 Share-Based Payment of PSRs granted during the year as part of remuneration.

C= The value at exercise date of PSRs/options that were granted as part of remuneration and vested during the year, being the intrinsic value of PSR's/options at that date.

D= The value at lapse date of PSRs/options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing but assuming the condition was satisfied.

Shares under PSRs

Unissued ordinary shares of SAI Global Limited under PSRs at the date of this report are as follows:

Date PSRs granted	Expiry date	Issue price of shares	Number under PSR
18-Jul-08	1-Jul-13	Nil	-
7-Nov-08	1-Jul-13	Nil	-
6-Nov-09	1-Jul-14	Nil	-
19-Feb-10	1-Jul-14	Nil	-
5-Nov-10	1-Jul-15	Nil	234,020
4-Nov-11	1-Jul-16	Nil	448,859
12-Nov-12	1-Jul-17	Nil	465,314
22-Nov-13	1-Jul-18	Nil	588,613
Total shares under Performance Share Rights			1,736,806
Maximum permitted under Executive Incentive Plan			10,545,917

Unissued ordinary shares of SAI Global Limited under Options at the date of this report are as follows:

Date Options granted	Expiry dates	Exercise Price	Number under Options
3-Nov-06	3-Nov-16	$3.51	-
14-Feb-07	14-Feb-17	$3.91	-
9-Nov-07	9-Nov-17	$2.99	130,417
18-Jul-08	18-Jul-18	$2.29	109,016
7-Nov-08	7-Nov-18	$2.49	-
9 Nov-09	9 Nov-16	$3.44	101,606
5-Nov-10	5 Nov-17	$4.40	-
4-Nov-11	4-Nov-18	$4.71	109,583
12-Nov-12	12-Nov-19	$3.89	1,452,746
22-Nov-13	22-Nov-20	$4.07	344,324
Total shares under options			2,247,692
Maximum permitted under Executive Incentive Plan			9,998,240

Shares issued on the vesting of PSRs and the vesting and exercise of Options

With the exception of 150,246 ordinary shares in SAI Global Limited, which were bought on market and used to fulfil the vesting of PSRs from the 2009 and 2010 grants, the following ordinary shares of SAI Global Limited were issued during the year ended 30 June 2014 on the vesting of PSRs and the vesting and exercise of Options in accordance with the terms of the SAI Global Executive Performance Share Rights Plan and the SAI Global Executive Incentive Plan.

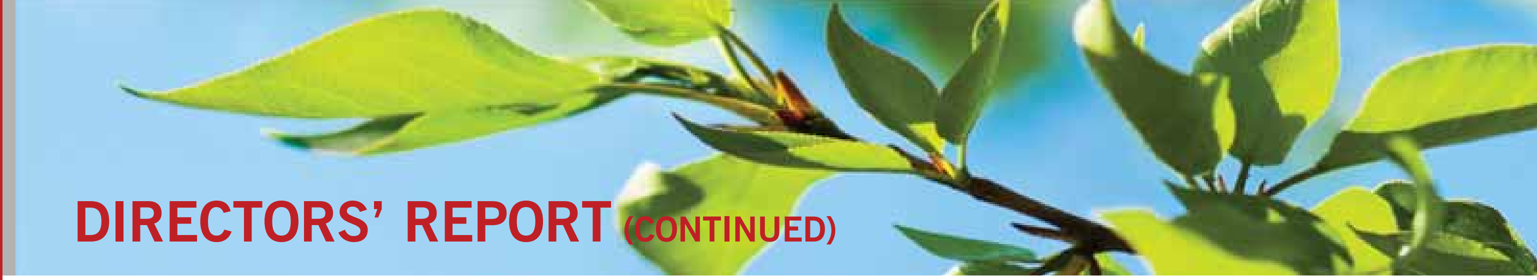
Date PSRs granted	Issue price of shares	Number of shares issued
18-Jul-08	Nil	46,918
7-Nov-08	Nil	16,064
9-Nov-09	Nil	84,565
19-Feb-10	Nil	4,101
5-Nov-10	Nil	38,637
4-Nov-11	Nil	3,882
12-Nov-12	Nil	3,599
22-Nov-13	Nil	7,371
Total shares issued		205,137

Date Options granted	Option Price	Number of shares issued
9-Nov-07	$2.99	116,528
18-Jul-08	$2.29	143,238
7-Nov-08	$2.49	68,160
9-Nov-09	$3.44	149,219
5-Nov-10	$4.40	-
4-Nov-11	$4.71	-
12-Nov-12	$3.89	-
22-Nov-13	$4.07	-
Total shares issued		477,145

Since the end of the financial year the following ordinary shares of SAI Global Limited were issued on the exercise of PSRs/Options granted under the SAI Global Executive Performance Share Rights Plan and the SAI Global Executive Incentive Plan

Date PSRs granted	Issue price of shares	Number of shares issued
9-Nov-09	Nil	71,354
19-Feb-10	Nil	6,690
5-Nov-10	Nil	97,473
4-Nov-11	Nil	45,082
12-Nov-12	Nil	-
22-Nov-13	Nil	-
Total shares issued		220,599

Date Options granted	Option price	Number of shares issued
9-Nov-07	$2.99	13,045
18-Jul-08	$2.29	19,202
7-Nov-08	$2.49	-
9-Nov-09	$3.44	-
5-Nov-10	$4.40	-
4-Nov-11	$4.71	-
12-Nov-12	$3.89	-
22-Nov-13	$4.07	-
Total shares issued		32,247



Insurance of officers

During the financial year, SAI Global Limited paid a premium to insure the Directors, secretary and senior management of the Company and its operations.

Under its Constitution, and to the extent permitted by law, the Company indemnifies each Director, alternate Director or executive officer (and any person who has previously served in that capacity) against any liability or cost incurred by the person as an officer of the Company or a related body corporate of the Company. This includes but is not limited to liability for negligence or costs incurred in defending proceedings in which judgement is given in favour of the person or in which the person is acquitted. The indemnity may be extended to other officers or the auditor at the discretion of the Directors.

Following the Company's listing on the Australian Stock Exchange in December 2003, the Company entered into deeds of access and indemnity with each of the Directors which protects Directors acting as Directors during their terms of office and after their resignation (except where an individual engages in a lack of good faith, wilful misconduct, gross negligence and fraud).

Under the deed, the Company has agreed to:

- take out a Directors' and officers' insurance policy for the benefit of the Directors (except and to the extent permitted by law);
- maintain the policy while the Director is a Director of the Company or a related body corporate of the Company, and for 7 years thereafter;
- give Directors access to Board papers if the Director is required to defend a claim or a potential claim against the Director for the term of office of the Director and for a period of 7 years after the Director's resignation date.

No amount has been paid under any of these indemnities during the financial year ended 30 June 2014.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Non-audit services

From time to time the Company employs the auditor on assignments additional to their statutory audit duties where the auditor, through its detailed knowledge of the SAI Global Group, is best placed to perform the services from an efficiency, effectiveness and cost perspective.

The Directors exercise caution in awarding any non-audit services to the Company's auditor. Non-audit services are awarded only where the auditor has demonstrated expertise and the services do not compromise the auditor's objectivity or independence. An example of such an assignment is in relation to international taxation services. The Company has operations across all continents and requires specialised knowledge of taxation matters across multiple jurisdictions. The Company's current auditor, Ernst & Young, has a reputation for excellence in international taxation matters and, in the opinion of the Directors, is best placed to provide these services to the Company. Ernst & Young provided tax services to the Company prior to being appointed as the Company's auditor.

The Company has a policy whereby valuation services, financial due diligence services, actuarial services, and internal audit services are not performed by the Company's auditor.

The Directors have considered the position and, in accordance with the advice received from the Audit and Risk Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 61.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

	Consolidated	
	FY14 $	FY13 $
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, Ernst & Young, its related practices and non-related audit firms		
1. Audit services		
Audit and review of financial statements and other audit work under the Corporations Act 2001	**716,840**	664,947
2. Taxation Services		
Taxation compliance services	**337,947**	806,643
Taxation advice	**320,081**	150,180
3. Other Services		
Provision of comparative remuneration data	**-**	50,000
Total remuneration for non-audit services	**658,028**	1,008,823

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial statements. Amounts in this report and the accompanying financial report have been rounded to the nearest thousand dollars, unless indicated to the contrary.

This report is made is made in accordance with a resolution of the Directors.

Andrew Dutton
Executive Chairman

W Peter Day
Deputy Chairman

Sydney
21 August 2014

EY
Building a better
working world

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Auditor's Independence Declaration to the Directors of SAI Global Limited

In relation to our audit of the financial report of SAI Global Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Christopher George
Partner
21 August 2014

Financial report – 30 June 2014

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This financial report covers both SAI Global Limited as an individual company and the consolidated entity consisting of SAI Global Limited and its controlled entities.

SAI Global Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

SAI Global Limited
Level 37
680 George Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities and the review of operations is included in the Directors' Report on pages 18 to 60 which are not part of this report.

Consolidated statement of comprehensive income for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Revenue	5	**528,537**	479,268
Other income	6	**(508)**	580
		528,029	479,848
Share of net profits of associates accounted for using the equity method	34	**258**	111
Expenses			
Employee benefits expense		**191,735**	162,971
Cost of providing services		**83,806**	71,126
Property service disbursements		**86,925**	82,325
Depreciation and amortisation expense	7	**34,565**	32,319
Finance costs	7	**12,141**	14,307
Other expenses	7	**71,427**	62,098
Impairment of goodwill, intangibles and other capitalised costs	7	**-**	86,000
		480,599	511,146
Profit / (loss) before income tax expense		**47,688**	(31,187)
Income tax expense	8	**12,226**	11,917
Profit / (loss) for the year		**35,462**	(43,104)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement on cash flow hedges		**1,063**	1,727
Income tax effect		**(501)**	(501)
	25(a)	**562**	1,226
Exchange differences on translation of foreign operations		**(1,049)**	28,359
Income tax effect		**-**	-
	25(a)	**(1,049)**	28,359
Items that may not be reclassified subsequently to profit or loss			
Minimum funding requirement on closure of defined benefit plan		**(1,568)**	-
Income tax effect		**419**	-
Re-measurement gains/(losses) on defined benefit plans		**(72)**	-
Income tax effect		**19**	-
		(1,202)	-
Other comprehensive income for the year, net of tax		**(1,689)**	29,585
Total comprehensive income/(loss) for the year		**33,773**	(13,519)
Profit / (loss) is attributable to:			
Owners of SAI Global Limited		**35,295**	(43,242)
Non-controlling interests		**167**	138
		35,462	(43,104)
Total comprehensive income for the year is attributable to:			
Owners of SAI Global Limited		**33,606**	(13,657)
Non-controlling interests		**167**	138
		33,773	(13,519)
Earnings per share attributable to the shareholders of SAI Global Limited:			
Basic (cents per share)	27	**16.8**	(20.9)
Diluted (cents per share)	27	**16.7**	(20.9)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 30 June 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash assets and cash equivalents	9	**67,730**	64,048
Trade and other receivables	10	**127,523**	118,545
Current tax receivable	18	**7,426**	4,324
Inventories	11	**530**	686
Total current assets		**203,209**	187,603
Non-current assets			
Investments accounted for using the equity method	12	**1,079**	873
Plant and equipment [1]	14	**56,707**	54,863
Deferred tax assets	15	**20,777**	19,034
Intangible assets	16	**503,471**	515,133
Total non-current assets		**582,034**	589,903
Total assets		**785,243**	777,506
LIABILITIES			
Current liabilities			
Trade and other payables	17	**145,992**	123,465
Current tax liabilities	18	**7,428**	3,008
Provisions	19	**5,323**	6,347
Total current liabilities		**158,743**	132,820
Non-current liabilities			
Borrowings	20	**247,367**	270,552
Deferred tax liabilities	21	**25,540**	28,508
Provisions	22	**3,865**	3,572
Derivative financial instruments	13	**2,660**	3,594
Retirement benefit obligations	23	**2,413**	1,082
Total non-current liabilities		**281,845**	307,308
Total liabilities		**440,588**	440,128
Net assets		**344,655**	337,378
EQUITY			
Contributed equity	24	**399,977**	395,225
Reserves	25(a)	**(56,205)**	(56,465)
Retained earnings	25(b)	**(376)**	(2,567)
Capital and reserves attributable to the shareholders of SAI Global Limited		**343,396**	336,193
Non-controlling interest	26	**1,259**	1,185
Total equity		**344,655**	337,378

The above statement of financial position should be read in conjunction with the accompanying notes.

[1] Plant and equipment consists of internally generated intellectual property, IT equipment, software, leasehold improvements and furniture and fittings.

Consolidated statement of changes in equity for the year ended 30 June 2014

	Attributable to shareholders of SAI Global Limited				
	Contributed Equity	Reserves	Retained earnings	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2013	395,225	(56,465)	(2,567)	1,185	337,378
Profit / (loss) for the year	-	-	35,295	167	35,462
Other comprehensive income	-	(487)	(1,202)	-	(1,689)
Total comprehensive income for the year	**-**	**(487)**	**34,093**	**167**	**33,773**
Transactions with shareholders in their capacity as shareholders:					
Contributions of equity, net of transaction costs	4,752	-	-	-	4,752
Dividends provided for or paid	-	-	(31,902)	(59)	(31,961)
Movement in share based payments reserve	-	1,002	-	-	1,002
Acquisition of non-controlling interest	-	(255)	-	(34)	(289)
Balance at 30 June 2014	**399,977**	**(56,205)**	**(376)**	**1,259**	**344,655**
Balance at 1 July 2012	379,199	(84,679)	71,540	1,187	367,247
Profit / (loss) for the year	-	-	(43,242)	138	(43,104)
Other comprehensive income	-	29,585	-	-	29,585
Total comprehensive income for the year	**-**	**29,585**	**(43,242)**	**138**	**(13,519)**
Transactions with shareholders in their capacity as shareholders:					
Contributions of equity, net of transaction costs	16,026	-	-	-	16,026
Dividends provided for or paid	-	-	(30,865)	(140)	(31,005)
Movement in share based payments reserve	-	(1,371)	-	-	(1,371)
Balance at 30 June 2013	**395,225**	**(56,465)**	**(2,567)**	**1,185**	**337,378**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		592,226	485,797
Payments to suppliers and employees		(480,947)	(388,731)
Interest received	5	788	667
Interest paid	7	(12,141)	(14,307)
Income taxes paid		(11,094)	(7,963)
		88,832	75,463
Cash outflow impact of significant charges [1]		(8,373)	(3,071)
Net cash inflow from operating activities	29	80,459	72,392
Cash flows from investing activities			
Payments for purchase of controlled entities (net of cash acquired)	33	(1,906)	(9,467)
Payments for product development	14	(4,932)	(5,153)
Payments for plant and equipment [2]	14	(6,683)	(12,491)
Payments for capital work in progress	14	(12,345)	(10,170)
Earn-out payments for acquisitions		-	(1,074)
Net cash outflow from investing activities		(25,866)	(38,355)
Cash flows from financing activities			
Repayments of borrowings		(20,680)	-
Dividends paid	28	(25,502)	(17,199)
Proceeds from issue of shares		676	-
Payment for shares		(1,584)	-
Payment for shares on market to satisfy DRP		(2,396)	-
Net cash outflow from financing activities		(49,486)	(17,199)
Net increase in cash and cash equivalents		5,107	16,838
Cash and cash equivalents at the beginning of the financial year		64,048	43,911
Effects of exchange rate changes on cash and cash equivalents		(1,425)	3,299
Cash and cash equivalents at the end of the year	9	67,730	64,048

[1] Cash outflow impact of significant charges is comprised of:

Incidental charges relating to acquisitions	(188)	(567)
Operational efficiency initiatives (consulting fees, terminations and office rationalisation)	(4,667)	-
CEO transition and other senior management changes	(1,922)	(2,504)
Closure of Canadian defined benefit pension plan	(741)	-
IT governance review	(790)	-
Other significant charges	(65)	-
	(8,373)	(3,071)

[2] Plant and equipment consists of internally generated intellectual property, IT equipment, software, leasehold improvements and furniture and fittings.

The above cash flow statements should be read in conjunction with the accompanying notes.

CORPORATE INFORMATION

The consolidated financial statements of SAI Global Limited and its subsidiaries (collectively, the Group) for the full year ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 21 August 2014.

SAI Global is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of SAI Global Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial statement has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, AASB Interpretations and the Corporations Act 2001.

Compliance with IFRS

The consolidated financial statements of SAI Global Limited and its subsidiaries also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value.

Critical accounting estimates

The preparation of financial statements in conformity with International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SAI Global Limited ("company" or "parent entity") as at 30 June 2014 and the results of all subsidiaries for the year then ended. SAI Global Limited and its subsidiaries together are referred to in this financial statement as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Refer to note 1 (h).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively. Investments in subsidiaries are accounted for at cost in the individual financial statements of SAI Global Limited.

(ii) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 34).

The Group's share of its associate's post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's statement of comprehensive income, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity holders of the Group. A change in the ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of SAI Global Limited.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is SAI Global Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when they are deferred in equity as qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit and loss are recognised in the statement of comprehensive income as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investments are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Group policies relating to revenue recognition are adopted by acquired entities from the effective date of acquisition.

Revenue is recognised for the major business activities as follows:

(i) Information Services

Information Services provides services that are subscription in nature such as annual subscription fees and online subscriptions where subscribers have access to download Standards from the Internet or access to information databases for the duration of the subscription. This revenue is deferred and brought to account over the life of the subscription.

One-time sales of Standards are brought to account at the time the sale is made.

Property Services
The revenue for the rendering of services is recognised when it can be estimated reliably and by reference to the stage of completion of the transaction at the reporting date. All of the following conditions should be satisfied to prove that the transaction can be reliably estimated:
(a) the amount of revenue can be reliably measured;
(b) it is probable that the economic benefits associated with the transaction will flow to the entity;
(c) the stage of completion of the transaction at the reporting date can be measured reliably; and
(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(ii) Compliance Services

Compliance services provides an extensive range of solutions and services in the areas of compliance, regulation, ethics, risk management and corporate governance solutions.

- Advisory services in relation to regulatory compliance needs and solutions
- Newsfeeds, alerts and databases covering key compliance and regulatory topics
- Providing governance, risk and compliance (GRC) solutions that catalogue, monitor, update, notify and manage a company's operational GRC needs
- Providing an extensive library of award winning learning and awareness solutions delivered largely through the web and supported by a learning management system providing both audit and compliance learning management capability
- Whistleblower and related case management and incident reporting services.

Revenue associated with perpetual licenses is recognised in full on issue of the invoice where there is no, or only minimal, customisation of the software required.

Where customisation of the software is required, the part of the contract value that relates to the customisation work is deferred and brought to account on delivery of the customised product to the customer.

Revenue associated with multi-year subscriptions or licences is brought to account over the period to which the subscription or license relates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue associated with multi-year licenses is recognised in equal annual amounts over the period of the license. In the first year of the license a portion of the revenue is recognised in the month the contract commences in recognition of the front loading of the costs associated with delivering the services to the customer. Amounts that are recognised in the month the contract commences are determined by reference to an established set of criteria. The remaining portion of the first year revenue is recognised on a straight line basis over the remaining eleven months of the year.

(iii) Assurance Services

The Company performs services in relation to its certification business and charges an annual license fee. This fee is deemed to be earned over the licensing period to which it relates. The part of the license fee relating to the unexpired period is deferred. Fees for audit services are brought to account on completion of the audit.

Assurance Services derives part of its revenue from holding educational seminars. Fees paid by clients to attend educational seminars are recognised at the completion of the seminar. Seminar fees received in advance are deferred and recognised in the statement of comprehensive income in the month the seminar is held. Consulting revenue is brought to account as services are performed.

(iv) Other income

All other income is recognised on an accruals basis. Royalties on Standards are brought to account as the Standards are sold.

(v) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that these differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

Tax consolidation legislation

SAI Global Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2005.

The head entity, SAI Global Limited, and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone tax payer in its own right. In addition to its own current and deferred tax amounts, SAI Global Limited also recognises the current tax liabilities and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 8.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the lease property or, if lower, the present value of the minimum lease payment. The corresponding rental obligations, net of finance charges, are included in other short-term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective lease assets are included in the statement of financial position based on the nature.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference directly in the statement of comprehensive income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. The difference between the face value of the deferred consideration and its present value is expensed as a finance cost on an effective interest rate method from the date of exchange to the anticipated date of payment of the deferred consideration.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Group accounting policies are adopted by acquired entities from the effective date of acquisition.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(j) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit or loss.

(l) Inventories

Finished goods (hard copy Standards, printed legislation, labels and training materials) are stated at the lower of cost and net realisable value. Costs are assigned to inventories by the specific identification method.

(m) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

At reporting date, all of the Group's derivatives are designated as hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 13. Movements in the hedging reserve in shareholder's equity are shown in note 25. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within other income or other expenses.

Amounts accumulated in equity are reclassified to the statement of comprehensive income in the periods when the hedged item affects comprehensive income (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the statement of comprehensive income within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the statement of comprehensive income within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in the statement of comprehensive income as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to comprehensive income.

(n) Plant and equipment

Plant and equipment includes furniture and fittings, hardware, computers and motor vehicles. These are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and maintenance expenses are charged to the statement of comprehensive income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1 (i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Depreciation is calculated using the straight-line method to allocate costs or revalued amounts, net of their residual values, over estimated useful lives of 3 to 5 years.

(o) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 16a).

(ii) Trademark

The trademark is the "5 Tick" Standards Mark. Based on an analysis of all of the relevant factors, the directors believe that there is no foreseeable limit to the period over which the Trademark asset is expected to generate net cash inflows for the entity and therefore consider that this asset has an indefinite life. As such the trademark is not amortised.

(iii) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the statement of comprehensive income as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services and direct labour. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, generally being three years.

(iv) Publishing license agreements

Publishing license agreements are carried at cost, or assessed fair value if acquired as part of a business combination, less accumulated amortisation. Publishing licence agreements are amortised over their assessed useful lives on a straight line basis, which is over twenty years.

(v) Customer relationships and contracts

Customer relationships and contracts are the assessed values of the customer relationships and specific contracts for supply of goods and services that exist at the date of acquisition. A discounted cash flow valuation methodology is employed. In valuing customer relationships, consideration is given to historic customer retention and decay statistics, projected future cash flows and appropriate capital charges. Customer contracts take into account projected cash flows to the end of the contract period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Customer relationships and contracts - continued

Customer relationships are amortised over their assessed useful lives using a sum-of-the-digits methodology derived from decay factors which are determined by a review of customer retention metrics. Customer related contracts are amortised over the period to the end of the current life of the asset on a sum-of-the-digits basis. The remaining average life of customer relationships is 6.8 years (2013: 6.7 years).

(vi) Product delivery platforms

Product delivery platforms are carried at cost, or assessed fair value if acquired as part of a business combination, less accumulated amortisation.

Development expenditure on product delivery platforms is amortised over 5 years. The amortisation factors are based on an adjusted sum-of-the-digits basis as follows: year 1, 25%; year 2, 23%; year 3, 20%; year 4, 17%; and year 5, 15%.

(vii) Intellectual property

Intellectual property is carried at cost, or assessed fair value if acquired as part of a business combination, less accumulated amortisation. This balance includes separately identifiable assets such as e-learning courseware, bibliographic databases and document libraries.

Intellectual property is amortised on a straight-line basis over its assessed useful life. This is generally 3 years.

(viii) IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employee's time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from 3-5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(r) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(s) Provisions

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(t) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than twelve months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

The Group currently has both defined contribution and defined benefit superannuation plans. The Group announced the closure of the defined benefit plan on 28 February 2013.

The defined contribution plans receive fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. All contributions made by the Group to an employee defined contribution superannuation fund are recognised as an expense when they become payable. The employees of the parent entity are all members of defined contribution plans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Retirement benefit obligations - continued

The defined benefit pension plan provides defined lump sum benefits based upon years of service and final average salary. The defined benefit superannuation plan is recognised in the statement of financial position and is measured at the present value of the defined benefit obligation at the reporting date less the fair value of the funds assets at that date. Where the plan is in a net asset position the asset is not able to be recognised as the Company does not have full unconditional rights to a surplus on settlement of the plan.

The present value of the defined benefit obligation is based upon expected future payments which arise from membership of the fund, calculated annually by independent actuaries. Consideration is given to experience of employee departures.

A Group company also operates a post retirement life insurance and medical benefit plan which is now closed to new members. A liability in respect of this plan is recognised in the statement of financial position and is measured at the present value of the obligation at the reporting date. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency, that match, as closely as possible, the estimated future cash outflows.

The defined benefit pension plan and the post retirement life insurance and medical plan are accounted for using the projected unit credit method.

To reflect the changes required by AASB 119 (revised 2011) actuarial gains and losses from experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income in the period in which they occur.

Past service costs are recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs and (b) when the Company recognises the related restructuring or termination benefits.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the SAI Global Executive Performance Share Rights Plan and the Employee Share Plan.

Shares/Performance Share Rights

The fair value of Performance Share Rights granted under the SAI Global Executive Performance Share Rights Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period in which employees become unconditionally entitled to the shares.

The fair value at grant date is independently determined using a Monte-Carlo simulation-based model that takes into account the exercise price, the term, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the performance rights, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance rights.

The fair value of the performance rights granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

(v) "At risk" incentives

A liability for employee benefits in the form of "at risk" incentives is recognised in accrued expenses when it is deemed to have been earned at reporting date, and at least one of the following conditions is met:

- there are formal measures for determining the amount of the benefit and the amounts to be paid are determined before the time of completion of the financial statement, or
- past practice gives clear evidence of the amount of the obligation. Liabilities for "at risk" incentives are expected to be settled within two months of balance date and are measured at the amounts expected to be paid when they are settled.

(u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

If the Group reacquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at reporting date.

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, by the weighted average number of ordinary shares outstanding during the period, adjusted for any bonus elements in ordinary shares issued during the period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to outstanding Performance Share Rights.

(x) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Investments and other financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 10) in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

(z) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(aa) Rounding of amounts

The Company is a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statement have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(ab) New accounting standards and AASB Interpretations

a. The following standards and interpretations have been applied for the first time for the year ended 30 June 2014.

(i) AASB 119: Employee Benefits (applicable for annual reporting periods commencing on or after 1 January 2013)

The main change introduced by this standard is to revise the accounting for the defined benefit plan and the post retirement life insurance and medical plan.

The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income.

The interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a net-interest amount, which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. There was no impact on the overall equity of the Group."

Under the revised standard all past service costs or credits are recognised at the earlier of when the amendment/curtailment occurs or when the restructuring or termination costs are recognised. As a result, unvested past service costs or credits can no longer be deferred and recognised over the future vesting periods. The affect of transaction was immaterial.

Not withstanding the fact that the Group closed the defined benefit plan on 28 February 2013, until its final settlement, the Group will recognise actuarial gains and losses in the period in which they occur, in total, in other comprehensive income, which represents a change in previous practice. Refer to note 23.

The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

Consequential amendments were also made to other standards via AASB 2011-10.

Other changes in AASB 119 do not have a material impact on the Group.

(ii) AASB 10: Consolidated Financial Statements (applicable for annual reporting periods commencing on or after 1 January 2013)

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and Interpretation 112 Consolidation – Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) AASB 10: Consolidated Financial Statements (applicable for annual reporting periods commencing on or after 1 January 2013) - continued

Thus, an investor controls an investee if and only if the investor has all the following:

(a) power over the investee;
(b) exposure, or rights, to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect the amount of the investor's returns.

Consequential amendments were also made to other standards via AASB 2011-7.

At present, all of the Company's investments are held with controlling interests in excess of 50% of the voting rights, with the exception of the investment in Telarc, which is 25% owned. The factors above have been assessed in determining that no control exists over this investment and thus it is equity accounted.

This standard has not materially impacted the Group

(iii) AASB 12: Disclosure of Interests in Other Entities (applicable for annual reporting periods commencing on or after 1 January 2013)

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

The Group has applied this Standard. Refer to Note 32.

This standard has not materially impacted the Group

(iv) AASB 13: Fair Value Measurement (applicable for annual reporting periods commencing on or after 1 January 2013)

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

Consequential amendments were also made to other standards via AASB 2011-8.

Application of AASB 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

This standard has not materially impacted the Group

(v) AASB 2012-2: Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013)

AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.

This Amendment has not materially impacted the Group.

(vi) AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applies to periods beginning on or after 1 January 2013)

AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following:

- Repeat application of AASB 1 is permitted (AASB 1)
- Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).

This Amendment has not materially impacted the Group.

(vii) AASB 2013-3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014)

AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

The Group has early adopted this amendment. This amendment has not materially impacted the group

b. Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014)

AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Amendment is not expected to impact the Group.

(ii) AASB 9: Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2017 [1])

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the 'requirements of AASB 139. The main changes are described below.

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

[1] IFRS 9 - Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) AASB 9: Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2017[1]) - continued

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held or trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss
  If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.

The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:

- New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures
- Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time

This standard is not expected to materially impact the Group.

(iii) Annual Improvements to IFRSs 2010–2012 Cycle (applicable for annual reporting periods commencing on or after 1 July 2014)

This standard sets out amendments to International Financial Reporting.

Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.

The following items are addressed by this standard:

- IFRS 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
- IFRS 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37
- IFRS 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.
- IAS 16 & IAS 38 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.
- IAS 24 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of IAS 24 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

This Improvement is not expected to impact the Group.

(iv) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2014)

The Standard contains three main parts and makes amendments to a number Standards and Interpretations.

Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.

Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.

Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.

This Amendment is not expected to impact the Group.

(v) IFRS 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2017)

IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers

IFRS 15 supersedes:

(a) IAS 11 Construction Contracts
(b) IAS 18 Revenue
(c) IFRIC 13 Customer Loyalty Programmes
(d) IFRIC 15 Agreements for the Construction of Real Estate
(e) IFRIC 18 Transfers of Assets from Customers
(f) SIC-31 Revenue–Barter Transactions Involving Advertising Services"

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

(a) Step 1: Identify the contract(s) with a customer
(b) Step 2: Identify the performance obligations in the contract
(c) Step 3: Determine the transaction price
(d) Step 4: Allocate the transaction price to the performance obligations in the contract
(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group enters into a number of contracts to which this standard applies, and there will likely be an impact on the timing of revenue during the period of the contracts, however the overall revenue derived from contracts will be the same.

[1] IFRS 9 - Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) IFRS 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2017) - continued

The Standard also specifies how to account for the incremental costs obtaining a contract and the cost directly related to fulfilling a contract that generate or enhance resources of the Company that will be used to deliver services in the future. Provided these costs are expected to be recovered, they can be capitalised and subsequently amortised and tested for impairment.

It is expected that this will have an impact on the Group, however, upon application of the IFRS 15 principles to the applicable revenue recorded in the current financial year, the impact was immaterial to both revenue and net assets.

(ac) Parent entity financial information

The financial information for the parent entity, SAI Global Limited, disclosed in note 42 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the financial statements of SAI Global Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

SAI Global Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, SAI Global Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, SAI Global Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate SAI Global Limited for any current tax payable assumed and are compensated by SAI Global Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to SAI Global Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(ad) Comparative Information

Certain comparative information was amended in these financial statements to conform to the current year presentation. These amendments do not impact the Group's financial results and do not have any significant impact on the Group's balance sheet.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. These risks are foreign exchange and translation risk, cash flow interest rate risk, credit risk and liquidity risk.

The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

Risk management is carried out by a central finance department, located in Head Office under the guidance of the Senior Executive Team, and under policies approved by the Board.

(i) Market Risk

(a) Foreign exchange and translation risk

Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to translation risk arising from exposures to overseas jurisdictions predominantly the US dollar, Canadian dollar, British pound and the Euro.

The Group manages the translation risk through the use of natural hedges. This is achieved by funding the debt component of the consideration for foreign acquisitions in the currency that best matches the currency of the underlying net assets acquired.

At 30 June 2014 the Group had not entered into any derivative instruments for the purposes of managing foreign exchange risk. The Group does not currently hedge projected earnings streams in foreign currencies.

The Group's exposure to foreign currency risk at the reporting date, expressed in Australian dollars, was as follows:

	2014					2013				
	USD	**CAD**	**EURO**	**GBP**	**Other**	USD	CAD	EURO	GBP	Other
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000	$'000
Cash	**3,036**	**745**	**3,170**	**19**	**1,130**	1,451	589	760	9	368
Trade receivables	**2,214**	**5**	**3,005**	**10**	**708**	2,158	-	2,652	17	700
Trade payables	**252**	**-**	**558**	**270**	**684**	243	-	2	12	270

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign exchange and translation risk - continued

The books of account for each of SAI Global's foreign operations are maintained in each jurisdiction's local currency. For the purposes of preparing the Group's consolidated financial information, each foreign operation's financial results and statements of financial position are translated into Australian dollars using the applicable foreign exchange rates, being the average rate for the period for the statement of comprehensive income, and the period end rate for the statement of financial position items. A translation risk therefore exists on translating the financial statements of SAI Global's foreign operations into Australian dollars for the purposes of reporting consolidated Group financial information. As a result, volatility in foreign exchange rates can impact both the Group's net assets through movements in the foreign currency translation reserve, and the reported net profit for the period.

The following sensitivity table is based on the foreign currency risk exposures in existence at the reporting date relative to the reporting date rates of USD 0.94 (2013: 0.91), GBP 0.55 (2013: 0.60), EUR 0.69 (2013: 0.70), and CAD 1.00 (2013: 0.96). For the period ended on, and as at, 30 June 2014, the impact on post tax profit and equity following reasonably possible changes to movements in foreign currencies, with all other variables held constant, are illustrated in the table below:

		2014 $'000	2013 $'000	2014 $'000	2013 $'000
		Net profit Profit/(loss)		Other equity (Debit)/credit	
If USD was 10% stronger/(weaker) relative to all other currencies	+ / -	500	337	-	-
If GBP was 10% stronger/(weaker) relative to all other currencies	+ / -	(24)	1	-	-
If EUR was 10% stronger/(weaker) relative to all other currencies	+ / -	562	341	-	-
If CAD was 10% stronger/(weaker) relative to all other currencies	+ / -	75	59	-	-
If other currencies were 10% stronger/(weaker) relative to all other currencies	+ / -	115	80	-	-

(b) Cash flow and fair value interest-rate risk

The Group's interest-rate risk arises from long-term borrowings. Borrowings at variable interest rates expose the Group to cash flow interest-rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group's borrowings are denominated in either Australian dollars, US dollars or British pounds, depending on the assets they are funding.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally the Group raises long-term borrowings at floating rates and swaps them into fixed rates which are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties (the Group's bankers) to exchange, at specified intervals, (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The Board's policy is to hedge at least 50% of loans outstanding at any one time, as well as comply with the lender's requirements. As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	30 June 2014		30 June 2013	
	Weighted average interest rates %	Balance $'000	Weighted average interest rates %	Balance $'000
Bank Loans	3.94%	248,794	3.98%	272,006
Interest rates swaps (notional principal amounts)	4.82%	(141,592)	4.75%	(150,449)
		107,202		121,557

With regards to cash flow interest rate risk, the following table presents the impact on profit and equity after income tax from a reasonably possible adverse/favourable movement in interest rates of +/- 100 basis points from the year end rates with all other variables held constant.

	2014 $'000	2013 $'000	2014 $'000	2013 $'000
	Net profit Profit/(loss)		Other equity (Debit)/credit	
If interest rates were 100 basis points lower with all other variables constant	1,071	1,213	1,856	2,528
If interest rates were 100 basis points higher with all other variables constant	(1,071)	(1,213)	(1,820)	(2,480)

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on forward interest rate curves. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

As of 1 July 2009, SAI Global Limited has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value hierarchy:

(a) quoted prices (unadjusted) in active markets for identical liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the liability that are not based on observable market data (level 3).

The following table presents the group's liabilities measured and recognised at fair value at 30 June 2014:

At 30 June 2014	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Net settled (Interest Rate Swap)	-	(2,660)	-	(2,660)
At 30 June 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	$'000	$'000	$'000
Net settled (Interest Rate Swap)	-	(3,594)	-	(3,594)

(ii) Credit risk

Credit risk arises from cash and cash equivalents on deposit with third parties, derivative financial instruments and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk. In addition, the Group has policies that limit the amount of credit exposure to any one financial institution. Refer to note 10 for further details of receivables: not yet due; past due but not impaired; impaired receivables and maximum exposure to credit risk.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves and the availability of committed credit facilities to meet the Group's liabilities as and when they fall due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. In addition, the Group maintains a gearing policy commensurate with the Group's strong operational net cash inflows.

The Group seeks to stagger the maturity profile of its liabilities, in particular its debt funding, and ensure an appropriate maturity time line is maintained. The Groups seeks to renegotiate the maturity of individual loans ahead of the maturity date falling due.

The Group had access to the following undrawn borrowing facilities at the reporting date:

Financing arrangements

Floating rate	2014	2013
	$'000	$'000
Total Facilities: Bank overdraft and bill facility	329,000	350,000
Used at reporting date: Bank overdraft and bill facility	248,794	272,006
Unused at reporting date: Bank overdraft and bill facility	80,206	77,994

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities and net settled derivative financial instruments into relevant maturity groupings based upon the remaining period to the contractual maturity date at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 June 2014	Less than 1 year $'000	1-5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount of liabilities $'000
Non-derivatives					
Non-interest bearing (trade and other payables)	145,992	-	-	145,992	145,992
Variable rate	3,110	111,343	-	114,453	107,203
Fixed rate (hedged borrowings)	6,821	151,635	-	158,456	141,592
Total non-derivatives	**155,923**	**262,978**	**-**	**418,901**	**394,787**
Derivatives					
Net settled (interest rate swaps)	1,792	2,771	-	4,563	2,660
Total non-derivatives and derivatives	**157,715**	**265,749**	**-**	**423,464**	**397,447**

At 30 June 2013	Less than 1 year $'000	1-5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount of liabilities $'000
Non-derivatives					
Non-interest bearing (trade and other payables)	123,465	-	-	123,465	123,465
Variable rate	3,899	127,120	-	131,019	121,557
Fixed rate (hedged borrowings)	7,147	163,164	-	170,311	150,449
Total non-derivatives	**134,511**	**290,284**	**-**	**424,795**	**395,471**
Derivatives					
Net settled (interest rate swaps)	1,646	3,589	-	5,235	3,594
Total non-derivatives and derivatives	**136,157**	**293,873**	**-**	**430,030**	**399,065**

The Group regards its capital resource base as consisting of:

1. Equity capital contributed by shareholders
2. Retained earnings
3. Other capital reserves that may arise from time to time
4. Debt funding

The first three items are collectively shown as "Capital and reserves attributable to the members of SAI Global Limited" in the statement of financial position.

Debt funding is shown as either a current or non-current liability depending upon the maturity date.

The objectives, policies and processes for managing capital are summarised below:

Objectives

The key objective of the Group's capital management strategy over the medium-term is to achieve growth in earnings per share whilst maintaining an appropriate mix of equity and debt.

Other objectives include:

- Ensuring that the Company maintains sufficient liquidity at all times to meet its financial obligations as and when they fall due
- Maintaining a prudent gearing ratio so as not to expose the Group to excessive liquidity or interest rate risk
- Achieving annual growth in dividends
- Growing the Group's return on equity (ROE) and return on capital employed (ROCE) ratios

Policies

The Group uses debt to gear the statement of financial position with a view to increasing the returns to shareholders and lowering the overall cost of capital resources.

The providers of the debt finance impose certain capital related covenants on the Group. The Company continues to operate within these covenants.

The Board currently has an internal target gearing ratio of between 40% and 50%, measured as net debt as a proportion of net debt plus equity. The Board may increase or decrease this target from time to time depending on specific circumstances or opportunities.

The Group's dividend policy, which has a direct impact on the level of retained earnings, is to grow dividends from current levels, having regard to future business conditions and opportunities, the level of retained earnings and the cash flow requirements of the Group.

The Group's accounting policies which may result in the creation of certain capital reserves from time to time are set out in note 1, in particular:

- note 1(d) Foreign currency translation
- note 1(t)(iv) Share-based payments
- note 1 (m) Derivative and hedging activities

Processes

All of the Group's capital management polices are reviewed periodically by the Board.

Compliance with the externally imposed capital covenants is confirmed monthly by Management and the calculations are formally reported to the Board on a monthly basis and to the lenders on a quarterly basis.

The capital implications of acquisitions are considered on a case by case basis as part of due diligence reviews.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 June 2014 the gearing ratio was 34.4% (2013: 38.1%) and below the Board's medium-term target gearing ratio of 40-50%.

Calculation of the gearing ratio is summarised below:

	Consolidated	
	2014	2013
	$'000	$'000
Total borrowings	**248,794**	272,006
Less: cash and cash equivalents	**(67,730)**	(64,048)
Net debt (A)	**181,064**	207,958
Total equity (B)	**344,655**	337,378
Total capital (A)+(B)	**525,719**	545,336
Gearing Ratio (A)/(A+B)	**34.4%**	38.1%

During 2014 the Group complied with all of the external capital covenants imposed as a result of its debt funding arrangements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial effect on the Group and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group's operations, and in particular business combinations, necessitate making estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, not equal the related actual outcomes. The estimates and assumptions that could potentially result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill and identifiable intangible assets

The Group tests whether goodwill and indefinite life intangible assets have suffered any impairment on an annual basis, in accordance with the accounting policy stated in note 1(i). The recoverable amounts of cash-generating units have been determined based primarily on value-in-use calculations. These calculations require the use of assumptions which are set out in note 16.

Amortising intangibles

These assets are amortised over their assessed useful lives in accordance with the accounting policy stated in note 1(o). If there is an indication that the value of these assets has become impaired during the reporting period an impairment test is undertaken and any resulting loss taken to the statement of comprehensive income. These calculations require the use of assumptions which are set out in note 16.

(ii) Purchase price allocation exercise on business combinations

The price paid for acquired entities is allocated between the fair values of net assets acquired. Net assets acquired include identifiable intangible assets such as customer relationships and contracts, intellectual property, and product delivery platforms. Unless they are deemed to have an indefinite life, these intangible assets are amortised over their assessed useful lives which results in a charge to the statement of comprehensive income. Both the initial value assigned to intangible assets and the period over which they are amortised have a direct impact on the Group's reported result for the period. Independent valuations are obtained where intangible assets values are likely to be significant. Useful lives are determined on an entity-by-entity and asset-by-asset basis with reference to past experience and future projections.

The purchase price allocation for acquisitions made in 2014 is outlined in note 33.

(iii) Recognition of tax losses

Tax losses are recognised as tax assets where it is deemed probable that they will be recovered in future periods. At 30 June 2014, the Group had recognised assets in respect of tax losses amounting to $6,579,000 (note 15). Should future trading profits not generate sufficient taxable income to utilise the tax losses some or all of these assets may need to be written off in future periods.

(b) Critical judgements in applying the entity's accounting policies

(i) Tax base of indefinite life intangible assets

Management has determined that the intangible assets with indefinite life will be realised through sale rather than use. Consequently no deferred tax liability is recognised in relation to these assets.

4. SEGMENT INFORMATION

Business segments

Management has determined the operating segments based on the reports reviewed by the Board and senior executive team that are used to make strategic decisions.

The consolidated entity is organised on a global basis into the following business units by product and service type:

Information Services

- Distributing, through on-line information management tools, technical and business information such as Standards, legislation and other technical information
- Providing internally developed intellectual property such as bibliographic databases and property certificates
- Providing newsfeeds, alerts and databases covering key compliance and regulatory topics
- Providing settlement services, property and business searching, and conveyancing workflow solutions

Compliance Services

- Advisory services in relation to regulatory compliance needs and solutions
- Providing newsfeeds, alerts and databases covering key compliance and regulatory topics
- Providing governance, risk and compliance (GRC) solutions that catalogue, monitor, update, notify and manage a company's operational GRC needs
- Providing an extensive library of web-based learning and awareness solutions, supported by a learning management system providing both audit and compliance learning management capability
- Whistleblower and related case management and incident reporting services

Assurance Services

- Assessing system and product conformity to international and locally based Standards, supported by one of the most widely recognisable symbols of excellence and assurance in Australia, the "five ticks" Standards Mark
- Providing a suite of services across the food value chain, from agricultural production through to the point of sale or service, aimed specifically at managing risks within the supply chain and improving the quality, safety and security of food products
- Providing tools for improving critical business processes
- Providing Standards related training and business improvement solutions

Corporate Services

Provides company secretarial, legal, financial, information technology, human resource management, investor and public relations and internal audit services to the group, and central management services to the business units.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before interest, income tax and significant charges.

Inter-segment revenues and costs are eliminated upon consolidation and are reflected in the 'eliminations' column.

4. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board and Executive Committee for the year ended 30 June 2014 is as follows:

Year ended 30 June 2014	Information Services	Compliance Services	Assurance Services	Corporate Services	Eliminations	Consolidated
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
Sales revenue	244,179	92,957	192,896	-	(2,283)	527,749
Other income	(357)	(201)	362	(35)	-	(231)
Segment revenue	**243,822**	**92,756**	**193,258**	**(35)**	**(2,283)**	**527,518**
Less: direct costs	(138,435)	(21,703)	(94,859)	(149)	2,283	(252,863)
Gross margin	**105,387**	**71,053**	**98,399**	**(184)**	**-**	**274,655**
Less: overheads	(35,879)	(42,207)	(58,579)	(30,853)	-	(167,518)
Less: corporate allocations	(5,621)	(3,801)	(6,666)	16,088	-	-
Earnings before interest, tax, depreciation and amortisation (EBITDA), before significant charges	**63,887**	**25,045**	**33,154**	**(14,949)**	**-**	**107,137**
Less: depreciation	(6,497)	(8,327)	(3,160)	(4,155)	-	(22,139)
Less: amortisation of intangible assets	(3,130)	(7,535)	(1,761)	-	-	(12,426)
	54,260	**9,183**	**28,233**	**(19,104)**	**-**	**72,572**
Share of net profits of associates and joint venture partnership accounted for using the equity method	-	-	258	-	-	258
Segment result: (Profit before interest, tax and significant charges)	**54,260**	**9,183**	**28,491**	**(19,104)**	**-**	**72,830**

	Note	
a) Reconciliation of segment revenue		
Segment revenue		527,518
Interest income	5	788
Total revenue		**528,306**
b) Reconciliation of segment result		
Segment result		**72,830**
Significant charges:		
Incidental charges relating to acquisitions	7	(188)
Operational efficiency initiatives (consulting fees, terminations and office rationalisation)	7	(8,379)
CEO transition and other senior management changes	7	(2,975)
Closure of Canadian defined benefit pension plan	7	(741)
IT governance review	7	(790)
Other significant charges	7	(715)
Total significant charges		(13,788)
Interest income	5	788
Interest expense	7	(12,141)
Profit / (loss) for the period before income tax expense		**47,688**
c) Segment revenue by geographical location		
Asia Pacific		305,545
North America		134,393
UK, Europe and Africa		73,438
Asia, Middle East, Russia		14,142
Total Segment Revenue		**527,518**

4. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board and Executive committee for the year ended 30 June 2013 is as follows:

Year ended 30 June 2013	Information Services[1] $'000s	Compliance Services[1] $'000s	Assurance Services $'000s	Corporate Services $'000s	Eliminations $'000s	Consolidated $'000s
Sales revenue	220,774	85,364	174,482	-	(2,019)	478,601
Other income	332	(111)	343	16	-	580
Segment revenue	**221,106**	**85,253**	**174,825**	**16**	**(2,019)**	**479,181**
Less: direct costs	(127,133)	(19,327)	(82,734)	(207)	2,019	(227,382)
Gross margin	**93,973**	**65,926**	**92,091**	**(191)**	**-**	**251,799**
Less: overheads	(30,333)	(37,249)	(53,841)	(26,644)	-	(148,067)
Less: corporate allocations	(5,701)	(3,925)	(7,098)	16,724	-	-
Earnings before interest, tax, depreciation and amortisation (EBITDA) before significant charges	**57,939**	**24,752**	**31,152**	**(10,111)**	**-**	**103,732**
Less: depreciation	(6,049)	(7,037)	(3,179)	(3,623)	-	(19,888)
Less: amortisation of intangible assets	(3,654)	(7,934)	(843)	-	-	(12,431)
	48,236	**9,781**	**27,130**	**(13,734)**	**-**	**71,413**
Share of net profits of associates and joint venture partnership accounted for using the equity method	-	-	111	-	-	111
Segment result: (Profit before interest, tax and significant charges)	**48,236**	**9,781**	**27,241**	**(13,734)**	**-**	**71,524**

	Note	$'000s
a) Reconciliation of segment revenue		
Segment revenue		479,181
Interest income		667
Total revenue		**479,848**
b) Reconciliation of segment result		
Segment result		71,524
Significant charges:		
Integration and restructuring charges	7	(567)
Other significant charges	7	(2,504)
Significant charges before impairment		(3,071)
Impairment of goodwill, intangibles and other capitalised costs	7	(86,000)
Total significant charges	7	(89,071)
Segment result after significant charges		**(17,547)**
Interest income	5	667
Interest expense	7	(14,307)
Profit / (loss) for the period before income tax expense		**(31,187)**
c) Segment revenue by geographical location		
Asia Pacific		290,849
North America		116,804
UK, Europe and Africa		58,843
Asia, Middle East, Russia		12,685
Total Segment Revenue		**479,181**

[1] From the 1 July 2013 management responsibility for the alerts and newsfeed business transferred from the Compliance Services division to the Information Services division. The comparative information above has been restated to be consistent with the segment reporting effective from 1 July 2013. As a result of this restatement, revenue in Information Services and Compliance Services was increased/decreased respectively by $6,070K and EBITDA was increased/decreased respectively by $3,300K.

5. REVENUE

	2014 $'000	2013 $'000
Sales revenue		
Sale of goods	21,091	19,525
Services	499,629	454,232
	520,720	473,757
Other revenue		
Royalties received	7,029	4,844
Interest income	788	667
	7,817	5,511
Total revenue	528,537	479,268

6. OTHER INCOME

	2014 $'000	2013 $'000
Foreign exchange gain/(losses)	(677)	175
Other	169	405
Total other income	(508)	580

7. EXPENSES

	2014 $'000	2013 $'000
Profit / (loss) before income tax includes the following specific net gains and expenses:		
Other Expenses		
Administration costs	20,327	17,017
Promotional costs	4,035	3,875
Lease costs - minimum lease payments	19,131	17,553
Other expenses from ordinary activities	27,934	23,653
Total other expenses before significant charges	71,427	62,098
Included within the statement of comprehensive income are the following significant charges:		
Incidental charges relating to acquisitions	188	567
Operational efficiency initiatives (consulting fees, terminations and office rationalisation)	8,379	-
CEO transition and other senior management changes	2,975	2,504
Closure of Canadian defined benefit pension plan	741	-
IT governance review	790	-
Other significant charges	715	-
Significant charges before impairment	13,788	3,071
Impairment of goodwill, intangibles and other capitalised costs	-	86,000
Total significant charges	13,788	89,071

	Note		2014	2013
Impairment of goodwill, intangibles and other capitalised costs is comprised of:				
Impairment of goodwill	16	(A)	-	78,608
Impairment of other intangible assets	16	(A)	-	4,738
Impairment of capitalised costs	14	(A)	-	2,654
Total impairment of goodwill, intangibles and other capitalised costs			-	86,000

(A) The value in use calculations performed as part of the annual impairment test has resulted in an impairment charge of $Nil (2013: $86,000,000) in the Compliance Services Division. This impairment in FY13 was a consequence of:
- a lower short-term growth outlook as the division develops its next generation learning platform
- the current lower operating margins
- the current lower customer retention rates
- the lower than budgeted year to date results in financial year 2013

Refer to note 16 for the method and assumptions used in the value in use calculations.

	Note	2014 $'000	2013 $'000
Depreciation of plant and equipment	14	22,139	19,888
Amortisation:			
Publishing licence agreement	16	1,591	1,591
Customer relationships and contracts	16	5,855	6,199
Product delivery platforms	16	1,990	1,783
Intellectual property	16	2,990	2,858
Total amortisation		12,426	12,431
Total depreciation and amortisation		34,565	32,319
Other charges against assets:			
Provision for impairment - trade receivables		1,064	1,039
Inventory provision		157	(134)
		1,221	905
Finance costs:			
Interest and finance charges paid/payable		12,141	14,307
		12,141	14,307

8. INCOME TAX EXPENSE

	Note	2014 $'000	2013 $'000
(a) Income tax expense			
Current tax		17,675	12,784
Deferred tax		(5,728)	(683)
Over provided in prior years		279	(184)
		12,226	11,917
Deferred income tax expense/(income) included in income tax expense comprises:			
Decrease/(increase) in deferred tax assets	15	(424)	2,105
(Decrease)/increase in deferred tax liabilities	21	(5,304)	(2,788)
		(5,728)	(683)

(b) Numerical reconciliation of income tax expense to prima facie tax payable.

	2014	2013
Profit / (loss) before income tax expense	47,688	(31,187)
Tax at the Australian tax rate of 30% (2013: 30%)	14,306	(9,356)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment	190	103
Employee Share Plan costs	323	268
R&D additional claim	(567)	(632)
Income tax loss not brought to account	478	311
Other non-taxable items / (deductions)	(1,812)	(1,273)
Goodwill impairment	-	23,582
	12,918	13,003
Under/(over)provision from prior year	279	(184)
Tax effect of different foreign tax rates and other adjustments	(972)	(902)
Income tax expense	12,225	11,917
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity		
Net deferred tax - (credited) directly to equity	(302)	(128)
	(302)	(128)

	2014 $'000	2013 $'000
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	1,090	1,124
Potential benefit at the US tax rate of 39% (2013: 39%)	425	438

Unused tax losses relate to controlled entities in the United States.

(d) Tax consolidation legislation

SAI Global Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2005. The entities in the tax consolidated group have entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, SAI Global Limited.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate SAI Global Limited for any current tax payable assumed and are compensated by SAI Global Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to SAI Global Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

9. CURRENT ASSETS - CASH ASSETS AND CASH EQUIVALENTS

	2014 $'000	2013 $'000
Cash at bank and on hand	66,145	62,323
Deposits at call	1,585	1,725
	67,730	64,048

As at 30 June 2014 $1.7M (2013: $3.6M) of the cash and cash equivalents balance is held in trust in the SAI Global Limited Employee Share Purchase Plan. There are no restrictions on the availability or use of the remaining cash balances.

(a) Interest rate risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in note 2.

10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2014 $'000	2013 $'000
Trade receivables	94,421	90,143
Less: Provision for impairment of receivables	(1,748)	(2,777)
	92,673	87,366
Prepayments	15,732	11,727
Accrued income	15,183	16,293
Advances to employees	83	92
Other receivables	3,852	3,067
	127,523	118,545

10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Impaired receivables

As at 30 June 2014 current trade receivables of the Group with a nominal value of $1,748,000 (2013: $2,777,000) were impaired. The amount of the provision was $1,748,000 (2013: $2,777,000).

Movements in the provision for impaired receivables are as follows:

	2014 $'000	2013 $'000
Opening balance	(2,777)	(2,064)
Provision for impairment recognised during the year as an expense	(1,064)	(1,039)
Receivables written off during the year as uncollectible	2,066	703
Impact of acquisitions and foreign currency movements	27	(377)
Closing balance	(1,748)	(2,777)

The creation and release of the provision for impaired receivables has been included in "Other expenses" in the statement of comprehensive income. Amounts charged to the impairment account are generally written off when all avenues for collection have been exhausted and there is no expectation of recovering additional cash.

(b) Not yet due

	2014 $'000	2013 $'000
Due within current trading terms	70,132	61,483
	70,132	61,483

(c) Past due but not impaired

At 30 June 2014 a portion of the receivables balance was past due but not considered impaired. No specific collection issues have been identified with these receivables. The ageing of these receivables is as follows:

	2014 $'000	2013 $'000
Less than 3 months (as due date ageing)	17,499	17,403
Over 3 months overdue	5,042	8,480
	22,541	25,883

(d) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of receivables.

Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

11. CURRENT ASSETS - INVENTORIES

	2014 $'000	2013 $'000
Finished goods at cost	545	733
Less: provision for obsolescence	(15)	(47)
	530	686

(a) Inventory expense

Inventories recognised as expense through cost of goods sold during the year ended 30 June 2014 amounted to $4,827,598 (2013: $3,192,354). There was a $157,179 (2013: $nil) write off of inventories for the year.

12. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	2014 $'000	2013 $'000
Shares in associates	34	1,079	873
		1,079	873

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity (refer to note 42).

13. NON-CURRENT ASSETS - DERIVATIVE FINANCIAL INSTRUMENTS

	Note	2014 $'000	2013 $'000
Interest rate swap contracts - cash flow hedges	a(i)	**(2,660)**	(3,594)
Total non-current derivative financial instrument (liabilities)/assets		**(2,660)**	(3,594)

The gain or loss from remeasuring the derivative financial instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified into the statement of comprehensive income when the hedged interest expense is recognised. In the year ended 30 June 2014 a loss of $934,000 was reclassified into the statement of comprehensive income (2013: profit of $1,622,000) and included in finance costs. When offset against the prevailing variable interest rate an effective hedge is achieved. There was no hedge ineffectiveness in the current or prior year.

The notional amount is $125,973,654 (2013: $134,643,654) denominated in USD, GBP and AUD.

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to note 2).

(i) Interest rate swap contracts - cash flow hedges

Bank loans of the Group currently bear an average variable interest rate of 3.9% (2013: 3.98%). It is policy to protect part of the loans from exposure to fluctuations in interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 57% (2013: 55%) of the variable loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rates range between 2.98% and 7.8% (2013: 2.98% and 7.8%) and the variable rates are between 1.93% and 5.10% (2013: 2.01% and 2.51%) above the LIBOR rate which at reporting date was 0.23% (2013: 0.27%) for USD, 0.53% (2013: 0.51%) for GBP and BBSW rate of 2.67% (2013: 2.81%) for AUD.

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into the statement of comprehensive income when the hedged interest expense is recognised. In the current and prior years no amounts were reclassified into the statement of comprehensive income. There was no hedge ineffectiveness in the current or prior year.

(b) Risk exposures

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in note 2.

14. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	2014 $'000	2013 $'000
Plant and equipment - at cost [1]	**152,617**	129,524
Less: Accumulated depreciation	**(102,606)**	(79,534)
	50,011	49,990
Capital work in progress	**6,696**	4,873
Total plant and equipment	**56,707**	54,863

A reconciliation of the carrying amount of plant and equipment at the beginning and end of the current financial year is set out below:

	Note	2014 $'000	2013 $'000
Carrying amount at beginning of period		**49,990**	34,749
Additions		**11,615**	17,644
Transfer from capital work in progress		**10,522**	18,768
Disposals		**(57)**	(21)
Additions through acquisition of entities	33	**22**	55
Depreciation charge	7	**(22,139)**	(19,888)
Impairment of capitalised costs	7	**-**	(2,654)
Foreign currency exchange movements		**58**	1,337
Carrying amount at end of period		**50,011**	49,990

A reconciliation of the carrying amount of capital work-in-progress at the beginning and end of the current financial year is set out below:

	2014	2013
Carrying amount at beginning of period	**4,873**	13,471
Additions	**12,345**	10,170
Transfer to plant and equipment	**(10,522)**	(18,768)
Carrying amount at end of period	**6,696**	4,873

Capital work in progress consists mainly of information technology related projects in progress.

[1] Plant and equipment consists of internally generated intellectual property, IT equipment, software, leasehold improvements and furniture and fittings.

15. NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	Note	2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:			
Amounts recognised in profit or loss			
Accruals		**3,301**	2,195
Employee benefits		**2,774**	2,593
Provision for doubtful debts		**690**	845
Provision for stock obsolescence		**7**	14
Fixed assets		**1,686**	1,654
Tax losses		**6,579**	3,216
Share issue expenses		**2**	8
Retirement benefit obligations		**377**	352
Cost of takeover offers		**77**	124
Interest expense limitation		**-**	2,745
Foreign exchange		**217**	208
Employee share plan costs		**3,445**	3,358
Other timing differences		**616**	594
Net deferred tax assets		**19,771**	17,906
Amounts recognised directly in equity			
Cash flow hedges		**1,006**	1,128
		1,006	1,128
Total deferred tax assets		**20,777**	19,034
Set-off of deferred tax liabilities pursuant to set-off provisions:	21	**-**	-
Net deferred tax assets		**20,777**	19,034
Deferred tax assets to be recovered within 12 months		**11,506**	13,037
Deferred tax assets to be recovered after more than 12 months		**9,271**	5,997
		20,777	19,034

16. NON-CURRENT ASSETS - INTANGIBLE ASSETS

	2014 $'000	2013 $'000
Goodwill		
At cost	**434,477**	438,232
Identifiable intangible assets		
Trademark (5 Tick Standards Mark)	**16,100**	16,100
Publishing Licence Agreement	**31,955**	31,955
Less: Accumulated amortisation	**(16,753)**	(15,162)
	15,202	16,793
Customer relationships and contracts	**67,761**	63,531
Less: Accumulated amortisation and impairment	**(48,024)**	(42,226)
	19,737	21,305
Product delivery platforms	**17,971**	17,989
Less: Accumulated amortisation	**(13,114)**	(10,976)
	4,857	7,013
Intellectual property (courseware, databases)	**29,114**	29,100
Less: Accumulated amortisation	**(16,016)**	(13,410)
	13,098	15,690
Total identifiable intangible assets	**68,994**	76,901
Total Intangible assets	**503,471**	515,133

Movements	**Tax Losses** $'000	**Interest expense limitation** $'000	**Employee benefits** $'000	**Other** $'000	**Total** $'000
At 30 June 2013	3,216	2,745	2,593	10,480	19,034
(Charged)/Credited to the statement of comprehensive income	1,341	(2,745)	181	1,647	424
(Charged)/Credited to equity	-	-	-	(302)	(302)
Foreign exchange	(184)	-	-	236	52
Adjustments in respect of deferred income tax in previous years	2,206	-	-	(637)	1,569
At 30 June 2014	6,579	-	2,774	11,424	20,777

16. NON-CURRENT ASSETS - INTANGIBLE ASSETS (CONTINUED)

A reconciliation of the carrying amount of intangible assets at the beginning and end of the current financial year is set out below.

Goodwill	Note	2014 $'000	2013 $'000
Opening net book amount		**438,232**	467,977
Additions			
- Acquisition of IQMS [1]	33	**1,839**	-
- Acquisition of QPRO		**-**	5,525
- Acquisition of Steritech		**-**	2,687
- Transfer to customer relationships		**(1,819)**	-
- Adjustments to goodwill arising on prior year acquisitions		**(2,026)**	78
- Other business combinations		**18**	48
- Closure of GRC NZ		**(330)**	-
- Impairment of goodwill	7	**-**	(78,608)
Re-translation of goodwill denominated in foreign currencies		**(1,437)**	40,525
Closing net book amount		**434,477**	438,232

[1] On 19 September 2013, SAI Global UK Holdings Limited, a subsidiary of SAI Global Limited, acquired IQ Management Systems Limited for $2.3M. Provisional net assets acquired amount to $0.5M.

	2014 $'000	2013 $'000
Trademark - Assurance Services Division		
Opening net book amount at 1 July 2013 and closing net book value at 30 June 2014	**16,100**	16,100

The Directors have determined that the trademark (5 Tick Standards Mark) has an indefinite life as there is no finite or contractual term and is therefore not amortised. The trademark is subjected to a annual impairment test. Refer note 16(a) for impairment test.

	2014 $'000	2013 $'000
Publishing licence agreement		
Opening net book amount at 1 July	**16,793**	18,384
Amortisation charge	**(1,591)**	(1,591)
Closing net book amount at 30 June	**15,202**	16,793
Customer relationships and contracts		
Opening net book amount at 1 July	**21,305**	29,343
- Acquisition of Steritech	**-**	685
- Acquisition of QPRO	**2,813**	-
- Transfer from goodwill	**1,819**	-
Revaluation of assets denominated in foreign currency	**(345)**	2,214
Amortisation charge	**(5,855)**	(6,199)
Impairment of customer relationships	**-**	(4,738)
Closing net book amount at 30 June	**19,737**	21,305

	2014 $'000	2013 $'000
Product delivery platforms		
Opening net book amount at 1 July	**7,013**	8,106
Revaluation of assets denominated in foreign currency	**(166)**	690
Amortisation charge	**(1,990)**	(1,783)
Closing net book amount at 30 June	**4,857**	7,013
Intellectual property		
Opening net book amount at 1 July	**15,690**	17,625
- Capitalisation to existing products	**-**	87
- Transfer from Plant & Equipment	**-**	(565)
Revaluation of assets denominated in foreign currency	**398**	1,401
Amortisation charge	**(2,990)**	(2,858)
Closing net book amount at 30 June	**13,098**	15,690
Total identifiable intangible assets	**68,994**	76,901
Total intangible assets	**503,471**	515,133

Amortisation of $12,426,000 (2013: $12,431,000) is included in depreciation and amortisation expense in the statement of comprehensive income.

16. NON-CURRENT ASSETS - INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill

Goodwill is calculated and allocated to cash-generating units (CGUs) into which acquired businesses are integrated.

Integration activities undertaken post acquisition will generally result in the nexus between individual legal entities and the business being broken. This is increasingly the case where global management structures are introduced and businesses are operated on a global basis rather than legal entity basis.

A summary of the goodwill and indefinite life intangible assets by cash generating unit is set out below:

	2014 $'000	2013 $'000
Cash generating unit (CGU) or groups of CGUs		
Information Services - Standards	**91,085**	87,955
Information Services - Property	**26,996**	26,996
Compliance Services Division	**218,222**	229,818
Assurance Services Division	**95,993**	98,000
Total	**432,296**	442,769
Trademark - SAI Global Limited (Assurance Services)	**16,100**	16,100

The recoverable amount of a CGU is determined primarily on a value-in-use calculation and secondly based on estimated net selling prices. Value-in-use calculations use cash flow projections based on financial budgets prepared by management and approved by the Board for the next three years. Cash flows for years four and five are extrapolated using the estimated growth rates stated below. After five years a terminal growth rate is assumed and a terminal value-in-use value calculated. The terminal growth rates used do not exceed the average growth rates that the business has experienced and are generally lower than the short-term growth rates assumed.

(b) Key assumptions used for value-in-use calculations

Material CGU's	5 yr EBITDA CAGR[1]		Terminal growth rates		Pre-tax (Post-tax) discount rates	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
Information Services - Standards	**9.60**	8.40	**3.00**	3.00	**13.63 (10.50)**	13.80 (10.50)
Information Services - Property	**5.20**	8.50	**3.00**	3.00	**13.75 (10.50)**	13.60 (10.50)
Compliance Services Division	**13.00**	6.40	**3.00**	3.00	**14.4 (10.40)**	13.90-14.90 (10.40-13.00)
Assurance Services Division	**6.50**	8.10	**3.00**	3.00	**13.70 (10.50)**	13.70 (10.50)

In performing the value-in-use calculations for each CGU, the Company has applied post-tax discount rates to discount the forecast future attributable post tax cash flows. The equivalent pre-tax discount rates are disclosed above. Within the Compliance Services division the range listed reflects the risk profile of the cash flows of individual CGU's.

For the remaining divisions the pre-tax discount rate has remained fairly consistent because there was minimal change in mix of capital resources employed as compared to the prior year.

At 30 June 2014, the assessed value-in-use for each CGU exceeded the carrying amounts of the goodwill and no impairment loss has been recognised.

The changes in assumptions year-on-year are based upon differing business risk profiles and revisions to actual and forecast business performance.

(c) Impact of possible change in key assumptions

With regard to the assessment of the value in use of the CGUs (excluding the Compliance Services division), management believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The impact of changes in key assumptions for the Compliance Services division are listed below.

Holding all assumptions constant, if the forecast cash flows in years 1 through 5 declined by 5% no impairment charge would arise.

Holding all assumptions constant, if the after tax discount rate increased by 0.5% no impairment charge would arise.

Holding all assumptions constant, if the terminal growth rate declined by 0.5% no impairment charge would arise.

[1] CAGR stands for Compound Annual Growth Rate

17. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2014 $'000	2013 $'000
Trade payables	**25,455**	15,551
Accrued expenses	**48,284**	32,757
Deferred revenue	**72,253**	75,157
	145,992	123,465

Revenue is deferred in accordance with the policy set out in note 1(e).

(a) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other payables is provided in note 2.

(b) Fair value and credit risk

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of payables.

Refer to note 2 for more information on the risk management policy of the Group.

18. CURRENT TAX LIABILITIES/(RECEIVABLES)

	2014 $'000	2013 $'000
Income tax receivable	**(7,426)**	(4,324)
Balance relates to refundable tax instalments		
Income tax liability	**7,428**	3,008

19. CURRENT LIABILITIES - PROVISIONS

		2014 $'000	2013 $'000
Lease provision	(a)	**49**	51
Employee benefits	(b)	**5,274**	6,296
		5,323	6,347

(a) Lease provision

Provision was made on acquisition for the unavoidable lease payments relating to properties (or parts thereof) currently leased but not occupied.

(b) Movements in provision

Movements in each class of provision during the financial year, other than employee benefits see note 22.

20. NON-CURRENT LIABILITIES - BORROWINGS

	2014 $'000	2013 $'000
Bank loans (unsecured)	**248,794**	272,006
Facility establishment costs	**(1,427)**	(1,454)
	247,367	270,552

(a) Risk exposure

Information about the Group's and parent entity's exposure to interest rate and foreign currency changes is provided in note 2.

(b) Fair value

The carrying amounts approximates the fair values of the borrowings at reporting date.

The carrying amount of the Group's non-current borrowings approximates their fair value at reporting date. The fair value of the interest bearing borrowings was estimated using a valuation technique in which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable (level 2). This has been calculated by discounting the expected future cash flows at prevailing market interest rates.

21. NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

	Note	2014 $'000	2013 $'000
Work in progress not invoiced		**-**	488
Plant and equipment		**905**	4,139
Intangible assets		**16,503**	22,036
Other timing differences		**8,132**	1,845
		25,540	28,508
Set-off of deferred tax liabilities pursuant to set-off provisions	15	**-**	-
Net deferred tax liabilities		**25,540**	28,508
Deferred tax liabilities to be settled within 12 months		**8,132**	2,333
Deferred tax liabilities to be settled after 12 months		**17,408**	26,175
		25,540	28,508

21. NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES (CONTINUED)

Movements	Plant and equipment	Intangible assets	Other	Total
	$'000	$'000	$'000	$'000
At 30 June 2013	4,139	22,036	2,333	28,508
Charged/(Credited) to the statement of comprehensive income	**(3,234)**	**(6,306)**	**4,236**	**(5,304)**
(Charged)/Credited to equity	**-**	**-**	**9**	**9**
Acquisition of subsidiary	**-**	**772**	**-**	**772**
Adjustments in respect of deferred income tax in previous years	**-**	**-**	**1,879**	**1,879**
Foreign exchange movement	**-**	**-**	**(324)**	**(324)**
At 30 June 2014	**905**	**16,502**	**8,133**	**25,540**

22. NON-CURRENT LIABILITIES - PROVISIONS

	2014	2013
	$'000	$'000
Lease provision	**218**	255
Employee benefits	**3,647**	3,317
	3,865	3,572

Movements in current and non-current provisions other than provisions relating to employee benefits, are set out below:

	2014	2013
Opening balance	**306**	362
(Credited)/charged to the statement of comprehensive income	**(54)**	(57)
Foreign currency exchange movements	**15**	1
Closing balance	**267**	306
Current	**49**	51
Non-current	**218**	255
	267	306

23. NON-CURRENT LIABILITIES - RETIREMENT BENEFIT OBLIGATIONS

Statement of financial position amounts - Superannuation Plans

Superannuation Plans

All employees of the Group are entitled to benefits from a Group superannuation plan on retirement, disability or death. The Group operates both defined contribution and defined benefit pension plans.

On 6 June 2012 the Company announced the closure of the Defined Benefit Plan as of 28 February 2013. Affected employees became eligible for the Company's defined contribution scheme.

The defined contribution plans receive fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions.

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. In light of the Plan's closure, contributions will be made to the Plan over the next three years to fund the settlement deficit. The contribution expected to be paid by the Group in the year ended 30 June 2015 is $417,247 (2014: $593,502). Based on the wind up report received from the independent Actuary a minimum funding requirement liability has been recognised for the remaining payments to bring the plan assets to cover the liabilities on settlement.

	2014	2013
	$'000	$'000
Employer contributions	**10,883**	9,364

In addition to these Superannuation Plans, QMI-SAI Canada Limited also operates a post retirement medical and life plan outlined in paragraph (b).

		2014	2013
		$'000	$'000
Net statement of financial position iability /(asset) - Pension Plan	(a)	**1,036**	(353)
Net statement of financial position liability - Medical Plan	(b)	**1,377**	1,435
		2,413	1,082

23. NON-CURRENT LIABILITIES - RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Defined Benefit Pension Plan

(i) The amounts recognised in the statement of financial position are determined as follows:

	2014 $'000	2013 $'000
Present value of the defined benefit obligation	(9,599)	(8,042)
Fair value of defined benefit plan assets	10,045	8,395
Funded Status	446	353
Asset not recognised due to asset ceiling	(446)	-
Liability arising from minimum funding requirement	(1,036)	-
Net asset in the statement of financial position	(1,036)	353

(ii) Categories of plan assets

	2014 $'000	2013 $'000
Equity	4,018	3,358
Fixed income	6,027	5,037
Total	10,045	8,395

(iii) Reconciliations - Defined benefit pension plan

Reconciliation of the present value of the defined benefit obligation:

Balance at the beginning of the year	8,042	7,783
Current service cost	-	177
Interest cost	403	385
Actuarial (gains) and losses	1,028	(565)
Grow-in benefit	740	-
Employee contributions	-	61
Benefits paid	(201)	(388)
Foreign exchange movements	(413)	589
Balance at the end of the year	9,599	8,042

Reconciliation of the fair value of the defined benefit assets:

Balance at the beginning of the year	8,395	8,155
Expected return on plan assets	-	499
Interest income	397	-
Actuarial gains and (losses)	906	(747)
Employee contributions	-	61
Contributions by Group companies	960	161
Benefits paid	(201)	(389)
Foreign exchange movements	(412)	655
Balance at the end of the year	10,045	8,395

(iv) Significant actuarial assumptions

The significant actuarial assumptions used (expressed as weighted averages) were as follows:

Superannuation Plans

	2014 %	2013 %
Discount rate	4.25%	4.50%
Future salary increases	2.75%	2.75%

(b) Statement of financial position amounts - Post Retirement Medical and Life Plan

(i) The amounts recognised in the statement of financial position are determined as follows:

	2014 $'000	2013 $'000
Present value of the defined benefit obligation	1,377	1,435
Net liability in the statement of financial position	1,377	1,435

The Group has no legal obligation to settle this liability with an immediate contribution or additional one off contributions. The Group intends to continue to contribute to the post retirement medical and life plan in line with the actuary's latest recommendations.

23. NON-CURRENT LIABILITIES - RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(ii) Reconciliations - Post Retirement Medical and Life Plan

Reconciliation of the present value of the Post Retirement Medical and Life Plan

	2014 $'000	2013 $'000
Balance at the beginning of the year	1,435	2,288
Current service cost	32	74
Interest cost	58	94
Actuarial (gains) and losses	(50)	(157)
Benefits paid	(39)	(467)
Foreign exchange movements	(59)	121
Settlements	-	(519)
Balance at the end of the year	1,377	1,435

During the year ended 30 June 2013 all Plan participants were offered a cash payment in settlement of the Company's obligation to provide post-retirement medical benefits. A number of participants accepted the offer resulting in a settlement of the liability which was recorded in the statement of comprehensive income in that year.

(iii) Significant actuarial assumptions

The significant actuarial assumptions used (expressed as weighted averages) were as follows:

	2014 %	2013 %
Discount rate	4.25%	4.50%
Health care trend rate - other medical and dental	4.50%	4.00%
Health care trend rate - drug rate	7.00%	8.50%
Future salary increases	2.75%	2.75%

(iv) Sensitivity analysis - Medical cost trend rates

	2014 $'000	2013 $'000
Sensitivity of Amounts Reported for Health Care Plans		
- Effect on total service cost and interest costs FY15 - 1% increase (annual)	16	20
- Effect on total service cost and interest costs FY15 - 1% decrease (annual)	(13)	(16)
- Effect on Post retirement Benefit Obligation - 1% increase (annual)	224	237
- Effect on Post retirement Benefit Obligation - 1% decrease (annual)	(183)	(192)

(c) Amounts recognised in statement of comprehensive income - Defined Benefit Pension Plan and Post Retirement Medical and Life Plan

The amounts recognised in the statement of comprehensive income are as follows:

	2014 $'000	2013 $'000
Current service cost	32	251
Interest cost	64	479
Expected return on plan assets	-	(499)
Grow-in	740	-
Settlement	-	(519)
Other	-	25
Total included in employee benefits expense	836	(263)

24. CONTRIBUTED EQUITY

	Note	2014 $'000	2013 $'000
Share capital			
Ordinary shares	24 (a)(i)	400,205	395,529
Less reserved shares		(228)	(304)
Net ordinary shares		399,977	395,225

24. CONTRIBUTED EQUITY (CONTINUED)

(a) Movements in ordinary share capital

Details		Number of shares	Issue price	$'000
Opening balance at 1 July 2013		209,356,317		395,225
Shares issued under the exercise of Performance Share Rights		183,443	Nil	-
Exercise of options over shares		91,645	$2.99	274
Exercise of options over shares		124,037	$2.29	284
Exercise of options over shares		34,131	$3.44	117
Shares issued under dividend reinvestment plan		942,165	$4.26	4,009
Shares issued under dividend reinvestment plan		577,141	$4.14	2,389
Shares purchased on market for the issue of shares under dividend reinvestment plan		(577,141)	$4.15	(2,397)
Transfer to reserve shares bought on market	24 (b)	(358,377)	$4.42	(1,584)
Transfer to reserved shares	24 (b)	(384,966)		(676)
Exercise of Performance Share Rights and options over shares	24 (b)	760,151		2,336
Closure of Deferred Tax Employee Share Scheme	24 (b)	30,761	Nil	-
Closing balance at 30 June 2014		210,779,307		399,977
Opening balance at 1 July 2012		204,203,552		379,199
Shares issued under the exercise of Performance Share Rights		615,417	Nil	-
Exercise of options over shares		102,467	Nil	-
Exercise of options over shares		214,156	$2.99	640
Exercise of options over shares		446,757	$2.29	1,023
Exercise of options over shares		105,659	$3.51	371
Exercise of options over shares		136,801	$3.44	471
Shares issued under dividend reinvestment plan		1,594,060	$4.22	6,727
Shares issued under dividend reinvestment plan		1,987,328	$3.49	6,936
Shares issuance costs		1,024,200		4,394
Shares held in employee share plan trust	24 (b)	(1,074,080)		(4,536)
Closing balance at 30 June 2013		209,356,317		395,225

(i) Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of SAI Global Limited in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. At 30 June 2014 all shares were fully paid.

(ii) Information relating to Long-Term Incentive plans, including details of rights issued under the plans, are set out in the remuneration report section of the Directors' Report.

24. CONTRIBUTED EQUITY (CONTINUED)

(b) Reserved Shares

Details		Number of shares	Issue price[1]	$'000
Opening balance at 1 July 2013		83,803		**304**
Purchase of reserved shares bought on market	24 (a)	358,377	$4.42	**1,584**
Purchase of reserved shares	24 (a)	384,966		**676**
Distribution of shares under exercise of Performance Share Rights and options over shares	24 (a)	(760,151)		**(2,336)**
Closure of Deferred Tax Employee Share Scheme	24 (a)	(30,761)		**-**
Closing balance at 30 June 2014		36,234		**228**
Opening balance at 1 July 2012		33,923		162
Purchase of reserved shares		1,074,080		4,536
Distribution of shares under exercise of Performance Share Rights and options over shares		(1,024,200)		(4,394)
Closing balance at 30 June 2013		83,803	$3.63	304

Represents shares held by the trustee of the SAI Global Limited Deferred Tax Plan, SAI Global Limited Executive Performance Share Rights Plan and SAI Global Limited Executive Incentive Plan.

[1] Weighted average issue price reflects various transactions that have occurred throughout the year at different issue prices.

25. RESERVES AND RETAINED PROFITS

	2014 $'000	2013 $'000
(a) Reserves		
Share-based payments reserve	**8,400**	7,398
Foreign currency translation reserve	**(41,474)**	(40,425)
Hedging reserve - cash flow hedges	**(3,660)**	(4,222)
Transactions with non-controlling interests	**(19,471)**	(19,216)
	(56,205)	(56,465)
Movements:		
Share-based payments reserve:		
Opening balance	**7,398**	8,769
Performance share rights and options expense	**1,002**	(1,371)
Closing balance	**8,400**	7,398
Foreign currency translation reserve:		
Opening balance	**(40,425)**	(68,784)
Currency translation differences arising during the year	**(1,049)**	28,359
Closing balance	**(41,474)**	(40,425)
Hedging reserve - Cash flow hedge:		
Opening balance	**(4,222)**	(5,448)
Revaluation (decrease)/increase arising during the year on interest rate swaps (net of tax)	**562**	1,226
Closing balance	**(3,660)**	(4,222)
Transactions with non-controlling interests:		
Opening and closing balance	**(19,471)**	(19,216)

(b) Retained earnings

	Note	2013 $'000	2012 $'000
Opening balance		**(2,567)**	71,540
Net profit / (loss) for the year		**35,295**	(43,242)
Remeasurement on defined benefit plan		**(1,202)**	-
Dividends	28	**(31,902)**	(30,865)
Closing balance		**(376)**	(2,567)

(c) Nature and purpose of reserves:

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value at grant date of Performance Share Rights and options issued over the relevant vesting period.

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d)(iii). The reserve is recognised in the statement of comprehensive income when the net investment is no longer controlled.

Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(m). Amounts are recognised in the statement of comprehensive income when the associated hedged transaction affects comprehensive income.

Transactions with non-controlling interests

Accounting Standard AASB127, Consolidated and Separate Financial Statements, was revised with effect from 1 July 2009. Under the revised Standard, transactions with non-controlling interests which do not result in a loss of control must be treated as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid is now recognised directly in equity and not taken to goodwill.

26. NON-CONTROLLING INTERESTS

	2014 $'000	2013 $'000
Interest in:		
Share capital	**238**	238
Retained earnings	**1,021**	947
	1,259	1,185

27. EARNINGS PER SHARE

	2014 Cents	2013 Cents
Basic earnings per share (cents)	**16.8**	(20.9)
Diluted earnings per share (cents)	**16.7**	(20.9)
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating earnings per share ($'000)	**35,295**	(43,242)
Weighted average number of shares used as the denominator in calculating basic earnings per share	**210,486,442**	206,890,860
Adjustments for calculation of diluted earnings per share: Performance share rights and options	**284,213**	374,139
Weighted average number of shares used as the denominator in calculating diluted earnings per share	**210,770,655**	207,264,999

The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 40.

28. DIVIDENDS

	2014 $'000	2013 $'000
Ordinary shares		
Final dividend for the year ended 30 June 2012 of 8.2 cents per share paid on 21 September 2012		
100% franked based on tax paid @30%		
Cash paid to shareholders	-	10,062
Dividend reinvestment plan	-	6,729
		16,791
Interim dividend for the year ended 30 June 2013 of 6.8 cents per share paid on 27 March 2013		
100% franked based on tax paid @30%		
Cash paid to shareholders	-	7,137
Dividend reinvestment plan	-	6,937
	-	14,074
	-	30,865
Final dividend for the year ended 30 June 2013 of 8.2 cents per share paid on 20 September 2013		
100% franked based on tax paid @30%		
Cash paid to shareholders	13,155	-
Dividend reinvestment plan	4,011	-
	17,166	-
Interim dividend for the year ended 30 June 2014 of 7.0 cents per share paid on 1 April 2014		
100% franked based on tax paid @30%		
Cash paid to shareholders	12,347	-
Dividend reinvestment plan	2,389	-
	14,736	-
	31,902	-

	2014 $'000	2013 $'000
Dividends not recognised at year end		
In addition to the above dividends, since the year end the Directors have declared the payment of a final dividend of 8.5 cents per share (2013 - 8.2 cents), 45% franked based on tax paid at 30%. The aggregate amount of the declared dividend expected to be paid on 26 September 2014 out of retained earnings at 30 June 2014, but not recognised as a liability at year end, is	17,919	17,174
Franked dividends		
The final dividends declared after 30 June 2014 will be franked out of existing franking credits.		
Franking credits available for subsequent financial years including payment of FY14 final dividend, based on a tax rate of 30% (2013: 30%)	-	7,605

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
(a) franking credits that will arise from the payment of the amount of the provision for income tax,
(b) franking credits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

The dividend declared by the Directors since year end but not recognised as a liability at year end, will reduce existing and future franking credits by $3,461,176 (2013: $7,360,324).

29. RECONCILIATION OF PROFIT/ (LOSS) AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Note	2014 $'000	2013 $'000
Profit / (loss) after tax		**35,462**	(43,104)
Depreciation and amortisation	7	**34,565**	32,319
Non-cash employee benefits expense - share based payments		**1,076**	560
Charge for provision for impairment of trade receivables	7	**1,064**	1,039
(Gain)/loss on disposal of plant and equipment		**250**	-
Share of (profit) / loss of associates and joint ventures not received as dividends or distributions		**(258)**	(111)
Net exchange differences		**681**	422
Changes in operating assets and liabilities, net of effects from purchase of controlled entity:			
Decrease/(increase) in receivables		**(10,088)**	(4,179)
(Increase)/decrease in inventories		**165**	(130)
(Increase)/decrease in deferred tax balances		**(4,605)**	2,792
(Increase)/decrease in other operating assets		**2,421**	78,392
Increase in trade creditors		**22,596**	(1,820)
(Decrease)/increase in income receivable		**1,333**	5,135
Increase/(decrease) in other provisions		**(684)**	296
(Decrease)/increase in deferred revenue		**(3,519)**	781
Cash flow from operating activities		**80,459**	72,392

30. FINANCIAL GUARANTEES

The parent entity and certain wholly owned subsidiaries are parties to a deed of cross guarantee in respect of the loans.

SAI Global Limited, Anstat Pty Limited, Espreon Pty Limited, Enertech Australia Pty Limited and Cintellate Pty Ltd and Advancing Food Safety Pty Ltd are parties to a deed of cross guarantee as detailed in note 35.

In accordance with the policy detailed in note 1(x), the above guarantees have been stated at their fair value.

No liability was recognised by the parent entity in relation to these guarantees, as the fair value of the guarantees is insignificant.

31. COMMITMENTS

	2014 $'000	2013 $'000
(a) Lease commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**9,624**	8,864
Later than one year but not later than 5 years	**25,907**	14,591
Later than 5 years	**15,840**	1,820
	51,371	25,275
Representing:		
Minimum lease payments relating to non-cancellable operating leases	**51,371**	25,275

The Group leases various properties under non-cancellable operating leases expiring with 2 to 7 years, have various terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

32. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Note	Principal Activities	Country of Incorporation	Class of shares	Equity holding[1] 2014 %	Equity holding[1] 2013 %
Advancing Food Safety Pty Limited		Assurance Services	Australia	Ordinary	**100**	100
Anstat Pty Limited[2]		Compliance, and Information Services	Australia	Ordinary	**100**	100
BMS Solutions USA Inc. Texas		Compliance Services	USA	Ordinary	**100**	100
SAI Global Tunisia		Assurance Services	Italy	Ordinary	**75**	75
Cintellate Europe Limited		Compliance Services	Belgium	Ordinary	**100**	100
Cintellate Pty Limited[2]		Compliance Services	Australia	Ordinary	**100**	100
Cistera Limited (HK)		Compliance Services	Hong Kong	Ordinary	**100**	100
Compliance & Ethics Learning Solutions Corporation (Midi)[3]		Compliance Services	USA	Ordinary	**100**	100
Compliance 360 Inc.[3]		Compliance Services	USA	Ordinary	**100**	100
Con.Top Polska Sp.z o.o.		Assurance Services	Poland	Ordinary	**100**	100
Controlli Torinesi Prodotti e Porcessi S.R.L.		Assurance Services	Italy	Ordinary	**100**	100
CQC-SAI Management Technologies Beijing Co. Ltd		Assurance Services	China	Ordinary	**70**	70
CRS Registrars		Assurance Services	USA	Ordinary	**100**	100
Easy I Inc.		Compliance Services	USA	Ordinary	**100**	100
Easy I Limited		Compliance Services	UK	Ordinary	**100**	100
Emerald Panther Investments 101 Proprietary Limited		Assurance Services	South Africa	Ordinary	**100**	100
Enertech Australia Pty Limited[2]		Assurance Services	Australia	Ordinary	**100**	100
Espreon Conveyancing (WA) Pty Ltd[2]		Property Services	Australia	Ordinary	**100**	100
Espreon Employees Share Plan Pty Ltd[2]		Property Services	Australia	Ordinary	**100**	100
Espreon Pty Limited[2]		Property Services	Australia	Ordinary	**100**	100
Excel of Newtown		Assurance Services	USA	Ordinary	**100**	100
Excel Partnership Inc.		Assurance Services	USA	Ordinary	**100**	100
Foodcheck Limited		Assurance Services	UK	Ordinary	**100**	100
Global Trust Certification (UK) Limited		Assurance Services	UK	Ordinary	**100**	100
Global Trust Certification Limited		Assurance Services	Ireland	Ordinary	**100**	100
ILI Infodisk Inc.		Information Services	USA	Ordinary	**100**	100
ILI Limited		Information Services	UK	Ordinary	**100**	100
Integrity Interactive Corporation[3]		Compliance Services	USA	Ordinary	**100**	100
IQ Management Systems Limited (Company No. 2556339)[4]	33	Assurance Services	UK	Ordinary	**100**	-
Lawpoint Pty Limited[2]		Property Services	Australia	Ordinary	**100**	100
NV Integrity Interactive Europe SA		Compliance Services	Belgium	Ordinary	**100**	100
PT Global Assurance Services		Assurance Services	Indonesia	Ordinary	**100**	100
PT SAI Global Indonesia		Assurance Services	Indonesia	Ordinary	**100**	100
QMI-SAI Canada Limited		Assurance Services	Canada	Ordinary	**100**	100
Quality and Safety Risk Professional Services International (Pty) Ltd		Assurance Services	South Africa	Ordinary	**100**	100
SAI Global (NZ) Limited		Assurance Services	New Zealand	Ordinary	**100**	100

32. SUBSIDIARIES (CONTINUED)

Name of entity	Note	Principal Activities	Country of Incorporation	Class of shares	Equity holding[1] 2014 %	Equity holding[1] 2013 %
SAI Global Assurance Services – Oficina de representacion en Espana		Assurance Services	UK	Ordinary	**100**	100
SAI Global Assurance Services Limited		Assurance Services	UK	Ordinary	**100**	100
SAI Global Assurance Services Limited Merkezi Ingiltere Türkiye Istanbul ubesi		Assurance Services	Turkey	Ordinary	**100**	100
SAI Global Assurance Services Sp. z. o. o. Oddzial w Gdyni (Poland)		Assurance Services	Poland	Ordinary	**100**	100
SAI Global Australia Pty Limited		Corporate Services	Australia	Ordinary	**100**	100
SAI Global Certification s.r.o.		Assurance Services	Czech Republic	Ordinary	**51**	51
SAI Global Certification Services Pty Limited		Assurance Services	Australia	Ordinary	**100**	100
SAI Global CIS US GP		Corporate Services	USA	Ordinary	**100**	100
SAI Global Compliance Ltd		Compliance Services	UK	Ordinary	**100**	100
SAI Global Cyprus Holdings Ltd		Assurance Services	Cyprus	Ordinary	**60**	60
SAI Global Czech s.r.o.		Assurance Services	Czech Republic	Ordinary	**100**	100
SAI Global Eurasia Ltd		Assurance Services	Russia	Ordinary	**59**	59
SAI Global GmbH		Assurance Services	Germany	Ordinary	**100**	100
SAI Global GP		Corporate Services	USA	Ordinary	**100**	100
SAI Global Inc.		Assurance Services	USA	Ordinary	**100**	100
SAI Global India		Assurance Services	India	Ordinary	**100**	100
SAI Global Italia s.r.l.		Assurance Services	Italy	Ordinary	**100**	100
SAI Global Japan Co., Limited		Assurance Services	Japan	Ordinary	**68**	68
SAI Global Korea Co. Ltd		Assurance Services	Korea	Ordinary	**70**	70
SAI Global Limited (Company No. 7109048)		Corporate Services	UK	Ordinary	**100**	100
SAI Global Mexico		Assurance Services	Mexico	Ordinary	**100**	100
SAI Global Property Conveyancing SA Pty Limited[2]		Property Services	Australia	Ordinary	**100**	100
SAI Global Property Division Pty Limited[2]		Property Services	Australia	Ordinary	**100**	100
SAI Global S.a.r.l.		Assurance Services	France	Ordinary	**100**	100
SAI Global Thailand Ltd		Assurance Services	Thailand	Ordinary	**100**	100
SAI Global UK CIS Ltd		Corporate Services	UK	Ordinary	**100**	100
SAI Global UK Holdings Ltd		Corporate Services	UK	Ordinary	**100**	100
SAI Global US Holdings Inc.		Corporate Services	USA	Ordinary	**100**	100
SAIGAS Africa Pty Ltd		Assurance Services	South Africa	Ordinary	**100**	70
Software Impressions Inc.		Compliance Services	USA	Ordinary	**100**	100
Technicomp Inc.		Assurance Services	USA	Ordinary	**100**	100

[1] The proportion of ownership interest is equal to the proportion of voting power held.

[2] This subsidiary has been granted relief from the necessity to prepare financial statements in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 35.

[3] As at 30 June 2014, Compliance 360 Inc and Integrity Interactive Corporation have merged into Compliance & Ethics Learning Solutions Corporation (Midi). Compliance & Ethics Learning Solutions Corporation (Midi) has changed its name to SAI Global Compliance Inc.

[4] On 19 September 2013, SAI Global UK Holdings Limited, a subsidiary of SAI Global Limited, acquired IQ Management Systems Limited.

The Holding Company

The ultimate holding company of the Group is SAI Global Limited which is based and listed in Australia.

Associate

The Group has a 25% interest in Telarc SAI Global Limited (2013: 25%).

33. BUSINESS COMBINATIONS

During the financial year the businesses noted below were acquired. The operating results of these businesses have been included in the consolidated statement of comprehensive income from the date of acquisition.

(a) Summary of acquisition

IQ Management Systems Limited

On the 19th September 2013, SAI Global UK Holdings Limited, a subsidiary of SAI Global Limited acquired the share capital of IQ Management Systems for GBP 1.0M plus adjustments for net assets including cash, which brought the total cash outlay to GBP 1.4M.

The business provides management systems training, food safety training, auditor training courses and consultancy services.

The consolidated statement of comprehensive income includes sales revenue and net profit after tax for the year ended 30 June 2014 of GBP 0.7M and GBP 0.2M respectively, as a result of the acquisition of IQ Management Systems Limited. Had the acquisition of IQ Management Systems occurred at the beginning of the reporting period, the consolidated statement of comprehensive income would have included revenue and profit of GBP 0.9M and GBP 0.3M respectively.

Details of the provisional fair value of assets and liabilities acquired are as follows:

	$'000
Purchase consideration:	Provisional at 30 June 2014
Cash paid	2,302
Less: Provisional fair value of net identifiable assets acquired	463
Goodwill	1,839

The goodwill is attributable to market penetration, potential for growth, and the business synergies expected to arise after the acquisition.

(b) Purchase consideration

	$'000
Cash consideration	2,302
Less: cash acquired	692
Cash consideration net of cash acquired	1,610

(c) Assets and Liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

		$'000
	Acquiree's	Provisional
Cash	692	692
Trade and other receivables	143	143
Fixed assets	22	22
Other assets	9	9
Indefinite life intangibles - goodwill	23	-
Intangibles - customer relationships	-	-
Deferred tax liability	(4)	(4)
Liabilities	(215)	(215)
Deferred revenue	(184)	(184)
Total net assets	486	463

Other business combinations

On 30 July 2013, SAI Global Assurance Services Limited, a subsidiary of SAI Global Limited acquired the remaining 30% of the share capital of Acert Pty Ltd (now SAIGAS Africa Pty Ltd.) for a cash consideration of $296,000. The business provides assurance services to customers in the primary and secondary agricultural sectors throughout South Africa.

Prior Period Acquisitions

During the financial year the purchase price allocations for Quality & Safety Risk Professional Services International Pty Ltd (trading as QPRO) and The Steritech Group were finalised. As a result, $2.0M of customer relationships were recognised, reducing the value of goodwill by the same amount.

34. INVESTMENTS IN ASSOCIATES

(a) Carrying amounts

Information relating to associates is set out below.

Name of company	Ownership	2014 $'000	2013 $'000
Unlisted			
Telarc SAI Global Limited (i)	25%	1,079	873
		1,079	873

(i) Telarc SAI Limited is an assurance services provider and is incorporated in New Zealand.

(b) Movements in carrying amounts

Carrying amount at the beginning of the financial year	873	820
Share of net profits after income tax	258	111
Dividends received	(52)	(58)
Carrying amount at the end of the financial year	1,079	873

(c) Share of associates' profits or losses

Revenue	1,538	1,072
Expenses	(1,280)	(961)
Net profit before income tax	258	111
Net profit after income tax	258	111

(d) Share of associates' equity

Current assets	1,050	659
Non-current assets	27	19
Current liabilities	(501)	(271)
Non-current liabilities	-	-
Equity	576	407

(e) Share of associates' expenditure commitments, other than for the supply of inventories

Lease commitments	30	48
Capital commitments	3	0
	33	48

(f) Contingent liabilities of associates

No associated entities had any contingent liabilities at 30 June 2014.

35. DEED OF CROSS GUARANTEE

SAI Global Limited, Anstat Pty Limited, Cintellate Pty Limited, Enertech Australia Pty Limited, Espreon Pty Limited and Advancing Food Safety Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial statement and a directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Condensed consolidated statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by SAI Global Limited, they also represent the 'Extended Closed Group'.

Set out below is a condensed consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2014 of the Closed Group consisting of SAI Global Limited, Anstat Pty Limited, Cintellate Pty Limited, Enertech Australia Pty Limited, Espreon Pty Limited and Advancing Food Safety Pty Ltd.

	2014 $'000	2013 $'000
Consolidated statement of comprehensive income		
Profit / (loss) before income tax		
Sale of goods	14,432	14,137
Services	286,879	273,047
Other income	6,983	12,910
Total revenue from continuing operations	308,294	300,094
Expenses from continuing operations		
Employee benefits expense	47,548	45,458
Depreciation and amortisation expenses	15,007	14,155
Finance costs	342	7,797
Dividends	31,915	30,762
Impairment of goodwill, intangibles and other capitalised costs	-	82,964
Other expenses	208,528	190,201
	303,340	371,338
Profit / (loss) before income tax expense	4,954	(71,244)
Income tax expense	6,853	9,058
Profit / (loss) for the year	(1,899)	(80,301)

35. DEED OF CROSS GUARANTEE (CONTINUED)

(b) Condensed statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2014 of the Closed Group consisting of SAI Global Limited, Anstat Pty Limited, Cintellate Pty Limited, Enertech Australia Pty Limited, Espreon Pty Limited and Advancing Food Safety Pty Ltd.

	2014 $'000	2013 $'000
ASSETS		
Current assets		
Cash and cash equivalents	26,658	27,524
Trade and other receivables	152,911	138,256
Inventories	390	596
Total current assets	179,959	166,376
Non-current assets		
Investments in controlled entities	178,291	178,096
Plant and equipment	39,443	40,581
Deferred tax assets	11,062	8,955
Intangible assets	124,256	126,235
Total non-current assets	353,052	353,868
Total assets	533,011	520,244
LIABILITIES		
Current liabilities		
Trade and other payables	69,689	56,029
Current tax liabilities	6,837	3,934
Provisions	4,802	5,822
Total current liabilities	81,328	65,784
Non-current liabilities		
Borrowings	79,537	89,537
Derivative financial instruments	779	1,019
Deferred tax liabilities	11,210	10,528
Provisions	4,190	3,792
Total non-current liabilities	95,716	104,877
Total liabilities	177,044	170,662
Net assets	355,967	349,583
EQUITY		
Contributed equity	401,370	395,528
Reserves	8,410	5,968
Retained earnings	(34,731)	(32,831)
Non-controlling interest	(19,082)	(19,082)
Total equity	355,967	349,583

36. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity of the Group is SAI Global Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 32.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 39.

(d) Transactions with related parties

There were no transactions with related parties. The Company may transact from time to time on normal terms and conditions with Companies of which the Directors of SAI Global Limited are also Directors.

(e) Terms and conditions

Outstanding balances are unsecured and repayable in cash.

37. CONTINGENCIES

Contingent liabilities

The group had contingent liabilities at 30 June 2014 in respect of:

Guarantees

Cross guarantees given by SAI Global Limited, Anstat Pty Limited, Cintellate Pty Limited, Enertech Australia Pty Limited, Espreon Pty Limited and Advancing Food Safety Pty Ltd as described in note 35. No deficiencies of assets exist in any of these companies.

No material losses are anticipated in respect of any of the above contingent liabilities.

38. EVENTS OCCURRING AFTER THE REPORTING DATE

Other than matters referred to previously in this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

39. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	2014 $	2013 $
Short-term employee benefits	7,082,071	4,885,540
Post-employment benefits	268,840	222,683
Termination benefits	450,000	288,213
Share-based payments	921,192	696,712
	8,722,103	6,093,148

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report on pages 34 to 59.

40. SHARE-BASED PAYMENTS

(a) Summary of SAI Global's share based payment plans

SAI Global has a number of share based payment plans as follows:

- Executive Incentive Plan
- UK Sub-Plan to Executive Incentive Plan
- Performance Share Rights Plan
- Employee Share Plan
- Deferred Tax Employee Share Plan
- SAI Global UK Share Incentive Plan

(b) Executive Incentive Plan

The Executive Incentive Plan was approved by shareholders at the Company's Annual General Meeting held on the 20th October 2006. Amendments to the Plan were approved by shareholders at the Company's Annual General Meeting held on 21st October 2011. This plan forms part of SAI Global's overall remuneration strategy and is a vehicle under which Long-Term Incentives are annually granted to those executives selected by the Board to participate.

Plan description

The plan provides the Board with the flexibility to offer Long-Term Incentives to executives considered to have the most influence on SAI Global's business performance, as either:

- Options over ordinary shares in SAI Global Limited
- Performance Share Rights
- Performance Shares

An option over an ordinary share in SAI Global Limited (Option) is an opportunity to purchase one fully paid ordinary share in the Company at a date in the future, at a price determined at the time the Option is granted, provided specific performance criteria, determined by the Board, have been met.

A Performance Share Right (PSR) is a right to acquire one fully paid ordinary share in SAI Global Limited provided specific performance criteria, determined by the Board, have been met.

A Performance Share is an ordinary share in the Company, held by a trustee for the benefit of the executive to whom it was granted, with such rights and performance criteria attached, as determined by the Board.

During the year ended 30th June 2014 Options and PSRs were issued to Members of SAI Global's Executive Committee (EXCO) under the plan. Each grant was subject to vesting periods and performance criteria. In relation to the Options and PSRs granted during the year, the following vesting periods and performance criteria applied.

40. SHARE-BASED PAYMENTS (CONTINUED)

Vesting Periods

Each grant of PSRs and Options may vest over a five-year period with up to one third available to vest three years from the commencement of the financial year in which they were granted, a further third, four years from the commencement of the financial year in which they were granted and the remainder five years from the commencement of the financial year in which they were granted. Any PSRs or Options that do not vest on the first date they become eligible to vest, lapse.

Performance Criteria

For the purpose of applying performance criteria, each grant of PSRs and each grant of Options is divided into two equal parts. One half is subject to a Total Shareholder Return (TSR) performance criterion and the other half to an Earnings per Share (EPS) criterion.

i) The TSR performance hurdle

On each vesting date the TSR of ordinary shares in SAI Global Limited over the vesting period is independently measured. If the TSR is less than, the 50th percentile of the TSR of shares listed in the S&P/ASX 200 Index, over the same period, none of the PSRs or Options eligible to vest will vest.

If the TSR is at the 50th percentile 50% of the PSRs and Options eligible to vest will vest.

If the TSR is greater than the 75th percentile of the S&P/ASX 200, all of the PSRs or Options eligible to vest will vest.

For TSR outcomes between the 50th and 75th percentile, pro rata vesting will occur.

ii) The EPS performance criteria

On each vesting date, the compound EPS growth of ordinary shares in the Company over the vesting is calculated.

If the compound EPS growth achieved over the period, is less than 8% per annum, none of the PSRs or Options eligible to vest will vest. If the compound EPS growth is equal to 8%, 30% of the PSRs or Options eligible to vest will vest. For compound EPS growth outcomes between 8% and 15% per annum, 5% of the PSRs or Options eligible to vest will vest, for each half percent of EPS compound growth above 8% per annum.

(c) UK Sub-Plan to Executive Incentive Plan

The UK sub-plan to the Executive Incentive Plan was approved by shareholders at the Company's Annual General Meeting held on the 20th October 2007. Amendments to the Sub Plan were approved by shareholders at the Company's Annual General Meeting held on 21st October 2011.

The sub-plan forms part of SAI Global's overall remuneration strategy and is a vehicle under which Long-Term Incentives are annually granted to those executives domiciled for tax purposes in the United Kingdom, who are selected by the Board to participate.

Plan description

The plan provides the board with the ability to issue Options over ordinary shares in SAI Global Limited (as defined above) to executives who are domiciled in the United Kingdom for tax purposes, in a tax effective manner.

During the year ended 30 June 2014 no options were issued under the UK Sub-Plan to key management personnel.

40. SHARE-BASED PAYMENTS (CONTINUED)

Options and Performance Share Rights Granted

Set out below are summaries of options and PSRs granted under all plans.

2014

Grant date	Expiry date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed and Expired during the year Number	Balance at the end of the year Number
Performance Share Rights						
18 July 2008	18 July 2013	88,982	-	46,918	42,064	-
7 November 2008	7 November 2013	32,129	-	16,064	16,065	-
9 November 2009	9 November 2014	323,219	-	135,947	14,893	172,379
19 February 2010	19 February 2014	26,978	-	4,101	-	22,877
5 November 2010	5 November 2015	483,767	-	137,501	9,091	337,175
4 November 2011	4 November 2016	567,013	-	3,822	56,772	506,419
12 November 2012	12 November 2017	644,832	-	3,599	132,211	509,022
22 November 2013	22 November 2018	-	693,203	7,371	37,170	648,662
		2,166,920	693,203	355,323	308,266	2,196,534
Options						
9 November 2007	9 November 2017	155,302	-	116,528	-	38,774
18 July 2008	18 July 2018	356,349	-	143,238	84,893	128,218
7 November 2008	7 November 2018	90,877	-	68,160	22,717	-
9 November 2009	9 November 2016	353,798	-	149,219	-	204,579
4 November 2011	4 November 2018	121,407	-	-	-	121,407
12 November 2012	12 November 2019	1,495,432	-	-	42,686	1,452,746
22 November 2013	22 November 2020	-	344,324	-	-	344,324
		2,573,165	344,324	477,145	150,296	2,290,048

2013

Grant date	Expiry date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed and Expired during the year Number	Balance at the end of the year Number
Performance Share Rights						
3 November 2006	3 November 2011	-	-	-	-	-
14 February 2007	14 February 2012	-	-	-	-	-
9 November 2007	9 November 2012	98,213	-	72,629	25,584	-
18 July 2008	18 July 2013	236,588	-	143,532	4,074	88,982
7 November 2008	7 November 2013	64,257	-	32,128	-	32,129
9 November 2009	9 November 2014	494,591	-	158,001	13,371	323,219
19 February 2010	19 February 2014	32,373	-	5,395	-	26,978
5 November 2010	5 November 2015	573,152	-	89,385	-	483,767
4 November 2011	4 November 2016	619,976	-	-	52,963	567,013
12 November 2012	12 November 2017	-	710,266	-	65,434	644,832
		2,119,150	710,266	501,070	161,426	2,166,920

40. SHARE-BASED PAYMENTS (CONTINUED)

2013

Grant date	Expiry date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed and Expired during the year Number	Balance at the end of the year Number
Options						
3 November 2006	3 November 2016	105,659	-	105,659	-	-
14 February 2006	14 February 2017	-	-	-	-	-
9 November 2007	9 November 2017	437,449	-	224,719	57,428	155,302
18 July 2008	18 July 2018	867,669	-	492,890	18,430	356,349
7 November 2008	7 November 2018	90,877	-	-	-	90,877
9 November 2009	9 November 2016	535,483	-	181,685	-	353,798
5 November 2010	5 November 2017	133,869	-	-	133,869	-
4 November 2011	4 November 2018	189,128	-	-	67,721	121,407
12 November 2012	12 November 2019	-	1,577,408	-	81,976	1,495,432
		2,360,134	1,577,408	1,004,953	359,424	2,573,165

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2014 was 75 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2014 included:

(a) expected price volatility of the Company's shares: 25%

(b) expected dividend yield: 3.62%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(d) Employee Share Plan

A scheme under which shares may be issued by the Company to employees for no cash consideration was created prior to the listing of the Company in December 2003.

Under the scheme, eligible employees may be offered up to $1,000 worth of fully-paid ordinary shares in SAI Global Limited for no cash consideration. Each share issued under the plan ranks equally with other shares.

Shares issued under the plan cannot be disposed of, dealt with or have any security interest granted over them by an eligible employee 3 years from the date they are issued under the plan (the trading lock).

The plan complies with current Australian tax legislation, enabling permanent employees, domiciled in Australia for tax purposes, to have up to $1,000 of free shares, in respect of an employee share scheme, excluded from their assessable income.

The plan contains provisions to adjust the number of shares held by eligible employees under the plan (before the expiry of the 3 year trading lock period referred to above) to take into account the effect of any capital reconstruction, rights issue or bonus issue.

The number of shares issued to participants in the scheme is the offer amount divided by the weighted average price at which the Company's shares are traded on the Australian Securities exchange during the five trading days immediately before the date of the offer.

UK domiciled employees eligible for shares, are issued their entitlement through the SAI Global UK Share Incentive Plan (refer to paragraph (g)).

	2014 Number	2013 Number
Shares issued under the plan to participating employees	-	-

(e) Deferred tax employee share plan

The introduction of the Deferred Tax Employee Share Plan was approved by shareholders at the Company's annual general meeting in October 2005. The Plan was closed during the year ending 30th June 2014

Directors and eligible employees are invited to elect to contribute part of their pre-tax base salary or fees to the Plan in order to acquire ordinary shares in the Company, subject to limits established by the Board from time to time. In addition, up to 100% of any Short-Term Incentive or commission payments may be contributed to the plan to purchase shares.

At the discretion of the Board, the Company may add an amount to an employee's contributions to purchase more shares for the employee's benefit. To date, no matching contributions have been made.

Employees receive any dividends on the shares, and the Company pays all administration and brokerage costs payable when shares are bought on behalf of participants. Participants are responsible for the costs, and any tax consequences, associated with selling or transferring shares. Shares are bought on market.

	2014 Number	2013 Number
Shares purchased under the plan	-	-

40. SHARE-BASED PAYMENTS (CONTINUED)

(f) SAI Global UK Share Incentive plan

The introduction of this plan was approved by shareholders at the Company's annual general meeting in October 2007. The Share Incentive Plan will enable the Company to deliver benefits to UK domiciled employees that are broadly similar to benefits provided to other employees, but modified to the extent required for the benefits to be delivered tax efficiently in accordance with applicable tax legislation in the United Kingdom.

	2014 Number	2013 Number
Shares purchased under the plan	9,221	8,797
Shares issued under the plan to participating employees (refer (e))	-	-

(g) Expenses arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2014 $'000	2013 $'000
Options and Performance Share Rights granted under Long Term Incentive Plans	1,077	560
Shares issued under the Employee Share plan	-	-
	1,077	560

41. AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2014	2013
(a) Assurance services		
Ernst & Young: Audit and review of financial statements and other audit work under the Corporations Act 2001	716,840	664,947
Review of governance policies	-	-
Other assurance services	-	-
(b) Taxation services		
Taxation compliance services	337,947	808,643
Taxation advice	320,081	150,180
(c) Other services		
Provision of comparative remuneration data	-	50,000
Total remuneration for non-audit services	658,028	1,008,823

42. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2014 $'000	2013 $'000
Statement of financial position		
Current assets	45,448	31,894
Total assets	482,449	476,810
Current liabilities	50,394	43,361
Total liabilities	133,673	136,944
Net Assets	348,776	339,866
Shareholder's equity		
Issued capital	399,977	395,225
Reserves		
Cashflow hedges	(545)	(713)
Share based payments	8,654	7,518
Foreign currency translation	248	160
Retained earnings	(59,558)	(62,324)
	348,776	339,866
Profit / (loss) for the year	11,345	(64,258)
Total comprehensive income	11,601	(63,908)

(b) Guarantees entered into by the parent entity

The parent entity has provided financial guarantees in respect of banks loans of subsidiaries, refer to Note 20 for further details of financing facilities.

In addition, there are cross guarantees given by SAI Global Limited as described in Note 35. No deficiencies of assets exist in any of these companies.

No liability was recognised by the parent in relation to these guarantees, as the fair value of the guarantees is immaterial.

30 June 2014

In the Directors' opinion:

(a) the financial statements and notes set out on pages 62 to 112 are in accordance with the Corporations Act 2001, including:

i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

ii. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2014 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 35 will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed of cross guarantee described in Note 35.

(d) Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Executive Chairman, being the person who performs the Chief Executive function, and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.

Peter Day
Deputy Chairman

Andrew Dutton
Executive Chairman

Sydney
21 August 2014

Building a better working world

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Independent auditor's report to the members of SAI Global Limited

Report on the financial report

We have audited the accompanying financial report of SAI Global Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor’s Independence Declaration, a copy of which is included in the directors’ report.

Opinion

In our opinion:

a. the financial report of SAI Global Limited is in accordance with the *Corporations Act 2001*, including:

    i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

    ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in notes to the financial statements.

Report on the remuneration report

We have audited the Remuneration Report included in pages 36 to 59 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of SAI Global Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Christopher George
Partner
Sydney
21 August 2014

Annual General Meeting

The 2014 Annual General Meeting (AGM) will be held in SMC Conference & Function Centre (Corinthian Room): 66 Goulburn Street, Sydney, 2000 on 23 October commencing at 10:00 am. The AGM will be webcast live on the internet at http://www.saiglobal.com/our-company/investor-relations/webcasts.htm and an archive version will be lodged on the website for viewing at a convenient time.

Shareholder Calendar

Record date for final dividend	**2 September 2014**
Annual General Meeting	**23 October 2014**
Final dividend payable	**26 September 2014**
Half year end	**31 December 2014**
Interim results and dividend announcement	**26 February 2015**
Record date for interim dividend	**TBC***
Year end	**30 June 2015**
Final results and dividend announcement	**18 August 2015**

* Date to be confirmed

VOTING RIGHTS

Ordinary Shares

On a show of hands, each shareholder present in person, each proxy who is not a shareholder and each duly appointed corporate representative who is not a shareholder, shall have one vote.

On a poll, each shareholder shall have one vote for each fully paid share held, each person present as a proxy and duly appointed corporate representative shall have one vote for each fully paid share held by the shareholder that the person represents.

Dividend Payment

Australian holders of shares traded on the Australian Securities Exchange Limited will, by notification to Link Market Services Limited, receive their SAI Global ordinary share dividends by direct credit to an account advised to the share registry. Any change to direct credit details should be promptly notified to Link Market Services Limited in writing. Other holders of shares will receive their dividend by cheque.

Dividend Reinvestment Plan

Shareholders may elect to participate in the approved dividend reinvestment plan (DRP) and further details of the DRP are available online within the Investor Centre or by contacting Link Market Services Limited.

Sources for Information for Shareholders

SAI Global's Internet Site – www.saiglobal.com

The Investor Centre (www.saiglobal.com/our-company/investor-relations/) provides key information about SAI Global shares, including annual reports, financial results, news and information, contacts and important dates. There is a link to Link Market Services Limited for information about your shareholding via "Shareholder Services" and into "Links".

An overview of SAI Global's businesses can be found online at the SAI Global homepage at "About SAI Global".

Annual Report

We provide our report to shareholders in our Annual Financial Review.

The Review will be lodged with the Australian Securities Exchange Limited (ASX) and the Australian Securities and Investments Commission (ASIC) and are available on www.saiglobal.com/our-company/investor-relations/ under Results & Financials.

The main source of information is the Annual Financial Report, which is available as outlined above at www.saiglobal.com or is mailed to shareholders (who have elected to receive it) along with the Annual Review in September. Shareholders are encouraged to receive these reports and notices of meetings electronically.

Shareholders can register their email address and receive information electronically. This provides fast access to information and by reducing printing, paper usage and mail delivery, it is friendlier to the environment. To register, go to Link Market Services Limited via "Shareholders Services" and "My Shares" in the SAI Global Investor Centre (www.saiglobal.com/our-company/investor-relations/).

Other Information

Other sources of information produced during the year include:

- a newsletter containing a summary of half yearly performance, which is mailed to shareholders with dividend statements in March; and
- ASX Announcements and news releases that are available at www.saiglobal.com

Unquoted equity securities as at 29 August 2014

Number of unquoted securities	Description	Number of holders
1,733,296	Total Performance Share Rights granted under the SAI Global Executive Performance Share Rights Plan and Executive Incentive Plans.	83
25,728	Options granted under the SAI Global Executive Incentive Plan and the UK Sub Plan. ($2.99 is the exercise price; 9 November 2017 is the expiry date).	3
102,035	Options granted under the SAI Global Incentive Plan ($2.29 is the exercise price; 1 July 2018 is the expiry date) and Options granted under the SAI Global Executive Incentive UK Plan ($2.29 is the exercise price; 18 July 2018 is the expiry date).	10
101,607	Options granted under the SAI Global Executive Incentive Plan ($3.44 is the exercise price; 6 November 2016 is the expiry date).	5
121,407	Options granted under the revised SAI Executive Incentive Plan approved by shareholders at 2011 AGM ("the Incentive Plan"). Exercise price is $4.71 and expiry date is 3 November 2018.	2
1,452,746	Options granted under the Incentive Plan. Exercise Price is $3.89 and expiry date is 12 November 2019.	9
344,324	Options granted under the Incentive Plan. Exercise Price is $4.07 and expiry date is 21 November 2020.	2

Top Twenty Shareholders at 29 August 2014

Investor	Current balance	% of issued capital
J P Morgan Nominees Australia Limited	47,290,925	22.40%
National Nominees Limited	32,299,396	15.30%
HSBC Custody Nominees (Australia) Limited	28,758,365	13.62%
Citicorp Nominees Pty Limited	16,535,172	7.83%
Pan Australian Nominees Pty Limited	11,620,934	5.51%
RBC Investor Services Australia Nominees Pty Limited <PI Pooled A/C>	11,132,861	5.27%
BNP Paribas Noms Pty Ltd <DRP>	6,955,865	3.30%
Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	5,654,330	2.68%
RBC Investor Services Australia Nominees Pty Limited <MBA A/C>	3,330,000	1.58%
UBS Nominees Pty Ltd	2,915,499	1.38%
AMP Life Limited	2,797,297	1.33%
Australian Foundation Investment Company Limited	2,500,000	1.18%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	2,145,384	1.02%
HSBC Custody Nominees (Australia) Limited - A/C 3	2,035,029	0.96%
Warbont Nominees Pty Ltd <Accumulation Entrepot A/C>	1,391,644	0.66%
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	1,335,209	0.63%
RBC Investor Services Australia Nominees Pty Ltd <BKMINI A/C>	1,249,156	0.59%
UBS Nominees Pty Ltd	1,033,052	0.49%
Mirrabooka Investments Limited	1,000,000	0.47%
RBC Investor Services Australia Nominees Pty Limited <PIIC A/C>	793,099	0.38%
Total	**182,773,217**	**86.59%**

The above table of the Top Twenty Shareholders includes shareholders that may hold shares for the benefit of third parties.

Analysis of holdings at 29 August 2014

	Number of holders	Securities	% of issued capital
100,001 and Over	49	191,274,820	90.62
10,001 to 100,000	496	10,464,168	4.96
5,001 to 10,000	525	3,827,789	1.81
1,001 to 5,000	1,879	4,977,493	2.36
1 to 1,000	1,402	540,648	0.26
Total	**4,351**	**211,084,918**	**100.00**

Holders of an unmarketable parcel

There were 367 holders of unmarketable parcels and they hold 4,982 securities.

Geographic analysis of Shareholders as at 29 August 2014

	Securities	% of issued capital
AUS - Australia	209,309,908	99.16
CAN - Canada	15,711	0.01
CZE - Czech Republic	518	0.00
DEU - Germany, Federal Republic of	258	0.00
ESP - Spain	1,295	0.00
FRA - France	10,044	0.00
GBR - United Kingdom	249,854	0.12
HKG - Hong Kong	1,339	0.00
IDN - Indonesia	9,678	0.00
IND - India	5,702	0.00
ITA - Italy	6,084	0.00
MEX - Mexico	259	0.00
MYS - Malaysia	3,126	0.00
NOR - Norway	352	0.00
NZL - New Zealand	1,097,179	0.52
PNG - Papua New Guinea	21,000	0.01
SGP - Singapore	1,250	0.00
THA - Thailand	777	0.00
USA - United States	350,584	0.17
Total	**211,084,918**	**100**

Substantial shareholders

The names of substantial shareholders of the Company's ordinary shares as at 29 August 2014 (holding not less than 5%) who have notified the Company in accordance with section 671B of the Corporations Act 2011 are:

Holder	Number of securities
Perpetual Limited and subsidiaries	28,941,174 shares
Deutsche Bank AG and its related bodies Corporate	10,547,789 shares

WHERE TO FIND US

For the locations of SAI Global's offices worldwide
visit **www.saiglobal.com**

USEFUL INFORMATION

Online

www.saiglobal.com provides information for shareholders and customers. The site provides information on SAI Global's products, activities, news releases and other information relating to SAI Global. An overview of the business can be found at the Investor Centre **www.saiglobal.com/investorcentre**

For more information

Information other than that relating to your shareholding can be obtained from the Company Secretary,
Level 37, 680 George Street, Sydney, NSW, 2000, Australia.

Australia:	Telephone	+61 2 8206 6130
	Facsimile	+61 2 8206 6011
Email:	hanna.myllyoja@saiglobal.com	

For inquiries relating to Shareholder Registry Services please contact
Link Market Services Limited

Level 12, 680 George Street, Sydney, NSW 2000

1300 554 474

www.linkmarketservices.com.au

SAI GLOBAL

SAI Global applies information worldwide to help you manage risk, achieve compliance and drive business improvement. We provide access to technical and business information together with regulatory newsfeeds, compliance solutions, business improvement training and independent verification and certification services.

SAI Global Limited (A.C.N 050 611 642)

www.saiglobal.com