Appendix 4E

Preliminary Final Report
Year ending 30 June 2016

Name of entity:

SAI Global Limited

ABN	Financial year ended (current period)	Financial year ended (previous period)
67 050 611 642	**30 June 2016**	**30 June 2015**

2. Results for announcement to the market

The following information is to be read in conjunction with the Financial Statements for the year ended on 30 June 2016, which form part of this Appendix 4E.

				A$'000
Revenues from ordinary activities (including interest income)	up	4.2%	to	570,845
Earnings before interest, tax, depreciation and amortisation	up	19.7%	to	123,855
Net Profit for the period attributable to members	up	35.1%	to	53,064

Brief explanation of any of the figures reported above:

A reduction in the quantum of significant charges is the main driver of the 19.7% increase in EBITDA and 35.1% increase in net profit. Underlying EBITDA, which reverses the adverse impact of the significant charges, increased by 4.0% to $131.3M and the underlying profit after tax was up 5.3% to $58.6M.

The results benefited from the Company's exposure to offshore earnings, particularly in North America, the results from which were positively impacted by the weaker Australian dollar. For more details please refer to the attached Financial Statements.

Dividends	**Amount per security**	**Franked amount per security**
Current Period:		
Final dividend	9.5 cents	9.5 cents
Interim dividend paid on 8th April 2016	7.5 cents	7.5 cents
Previous corresponding period:		
Final dividend	9.0 cents	7.2 cents
Interim dividend	7.5 cents	4.5 cents

Record date for determining entitlements to the dividend:
31st August 2016

Payment date of the dividend:
23rd September 2016

Ex-dividend date:
30th August 2016

3. Earnings per share

	Current period	**Previous period**
Earnings per share (cents)	24.9	18.6

4. Net tangible assets

	Current period	**Previous period**
Net tangible assets per security (cents per share)	(73.1)	(88.1)

A large proportion of the Company's assets are intangible in nature, relating to goodwill and identifiable intangible assets acquired through business combinations. These assets are excluded from the calculation of net tangible assets per security, which results in the negative outcome above. Net assets per share at 30 June 2016, including intangible assets, were 194.5 cents per share compared to 187.5 cents per share at 30 June 2015.

5. Control gained / lost over entities

Details of entities over which control has been gained or lost during the period.		
Name of, or nature of, businesses acquired	**Date of gain of control**	**Estimated contribution to entity's profit from ordinary activities (AUD'000)**
N/A	N/A	N/A

6. Dividend reinvestment plans

Dividend Reinvestment Plan

Shareholders may elect to have some or all of their shareholding participate in the Dividend Reinvestment Plan (DRP).

In the operation of the DRP for any dividend, the Company may, in its discretion, either issue new shares or cause existing shares to be acquired on-market for transfer to shareholders who participate in the DRP. Shares issued or transferred are free of brokerage, commission and stamp duty costs, and rank equally with existing SAI Global Limited shares. Directors have determined that for this dividend, shares will be purchased on market for transfer to the participants of the DRP.

Shares will be allotted or transferred at a price which is equal to the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) of all SAI Global Limited shares sold on the Australian Securities Exchange during the ten days commencing two business days after the Record Date for payment of the relevant dividend. There will be no discount applied to the volume weighted average market price calculation.

The Directors have also determined that for this dividend, no limit applies to the number of shares that can be issued to any shareholder in the DRP. Application for participation in the DRP must be made on a duly completed and executed DRP Notice.

Last date of receipt of a DRP election notice	1st September 2016

7. Associates and joint ventures

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to net profit / (loss) (where material)	
	Current period	Previous corresponding period	Current period A$'000	Previous corresponding period A$'000
Telarc SAI Limited	25%	25%	195	189

8. Foreign entities

The results of foreign entities are presented in accordance with International Accounting Standards.

9. Audit or review status

Audit or review status

This report is based on accounts to which one of the following applies:

- [x] **The accounts have been audited**
- [ ] **The accounts have been subject to review**
- [ ] **The accounts are in the process of being audited or subject to review**
- [ ] **The accounts have not yet been audited or reviewed**

The remaining information required by Appendix 4E is contained in the attached Financial Statements.

SAI GLOBAL LIMITED

Statutory Accounts for

the

Year Ended 30 June 2016

SAI GLOBAL LIMITED

CORPORATE GOVERNANCE

Introduction

This statement describes SAI Global Limited's (SAI) corporate governance framework, policies and practices as at 18 August 2016. It follows the order of the Principles and Recommendations issued by the ASX Corporate Governance Council, and has been approved by the Board.

The Board's approach to corporate governance is based on a set of values and behaviours which 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's business and performance. It includes monitoring local and global developments in corporate governance and assessing their implications and adopting new practices as required.

Principle 1. Lay solid foundations for management and oversight:

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

Recommendation 1.1

A listed entity should disclose:

a) the respective roles and responsibilities of its board and management; and

b) those matters expressly reserved to the board and those delegated to management.

1.1.1 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

1.1.2 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 and those of Management in the Corporate Governance Policy. This is available on the SAI Global website.

In summary the Board's responsibilities are:

- To enhance shareholder value.
- To monitor Management's performance and implementation of strategy.
- 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 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 recommend the appointment of the internal auditor, oversee the internal audit process and review reports from the internal auditor.
- To monitor processes for keeping key stakeholders informed in a timely and meaningful fashion.
- 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.
    - approve budgets and strategic operational targets and review performance against them, initiating corrective action where required.
    - adopt periodic financial statements and approve their release to ASX.
    - approve dividend policy.
    - approve the capital structure and capital management strategy of the Company.
    - approve policies on key issues including risk management, codes of conduct, and workplace health and safety.
    - 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.
    - approve the total remuneration of the Chief Executive Officer and his or her direct reports.
    - approve succession plans for the Chief Executive Officer and his or her direct reports.

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.

1.1.3 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.

SAI also has a framework for managing conflicts of interests for senior executives.

1.1.4 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.

1.1.5 Board Committees and Membership

At the date of this report there are four Committees of the Board:

- The Audit Committee
- The Risk Committee
- The Remuneration and People Committee
- The Nomination Committee

With effect from 10 August 2015 the Company's Audit and Risk Committee was replaced by two Committees, the Audit Committee and the Risk Committee.

With effect from 24 February 2016 the role and responsibilities of the Company's Capital Programme and IT Committee were assumed by the Risk Committee.

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.

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.

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.

The objectives of the Audit, Risk, Remuneration and People and Nomination Committees are set out later in this report.

Recommendation 1.2

A listed entity should:

a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

1.2.1. Nomination and Election of Directors

SAI uses specialist consultants to determine the required skill sets of potential new Directors and also to prepare a shortlist of appropriate candidates. Prior to their nomination by the Nomination Committee, the agency conducts due diligence to establish the candidates' fitness and propriety for the role.

SAI provides security holders in the Notice of Meeting with all the requisite information relevant to a decision whether or not to elect or re-elect a Director.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

1.3.1 Directors' Letter of Appointment

Directors agree to abide by certain terms set out in a formal letter of appointment.

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.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

1.4.1 Role of Company Secretary and Access to Information

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

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.

Recommendation 1.5

A listed entity should:

a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

b) disclose that policy or a summary of it; and

c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:

1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

1.5.1 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 that a diverse workforce is critical for SAI's business to attract and retain the most talented people. In particular, the Board acknowledges 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 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 2016 this target had been achieved with 40.1% of C1 and C2 being female, up from 36.2% at 30th June 2015.

In support of further increasing this percentage 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. A requirement that at least one female be included on each shortlist for vacant positions at levels C1 and C2.

Flexible working practices are encouraged and made available to all employees. These practices 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

In FY16 the Company launched a Domestic and Family Violence Victims Support Policy. The policy details the support the Company provides employees including flexible work arrangements, variations to start and finish times, safety plans, access to our confidential Employee Assistance Program and up to ten days of domestic violence leave per year.

At the end of FY16 51.7% of the SAI's global workforce was female, compared with 52.2% at the end of FY15. A copy of the Company's annual public report for 2016, as lodged with the Workplace Gender Equality Agency, is available on the website.

At the Board level, two of the six Non-Executive Directors are female.

Recommendation 1.6:

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

1.6.1 Board 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.

From time to time the review of Board performance will be facilitated by an external party such as the review undertaken by Baker & Baptist Pty Ltd in March 2015. As part of this process a number of documents were reviewed including the Company's Constitution, Board and Committee Charters, Directors' Letters of Appointment, policies signed off by the Board, the Annual Report and sample Board and Committee packs, including minutes. This was followed by face to face interviews with the Chairman, the five other Non-Executive Directors, the Chief Executive Office/Managing Director, the Chief Financial Officer, the Chief Commercial Officer and the Company Secretary/General Counsel. Following this process feedback on overall Board and individual Director performance and skill sets was provided.

Recommendation 1.7

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

1.7.1 Performance of Senior Executives

The Board has in place a procedure for periodically evaluating the performance of senior executives.

Performance evaluations were undertaken in the reporting period in accordance with that process.

Principle 2. Structure the board to add value: A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

Recommendation 2.1

The board of a listed entity should:

a) have a nomination committee which:

1) has at least three members, a majority of whom are independent directors; and

2) is chaired by an independent director,

and disclose:

3) the charter of the committee;

4) the members of the committee; and

5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

2.1.1 The Nomination Committee

The SAI Global 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 programmes 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 Chairman of the Board.

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 six Non-Executive Directors and one Executive Director, the latter being the Chief Executive Officer.

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.

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.

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.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

2.2.1 Skills Matrix

Part of the output from the independent Board review conducted in 2015 was a skills matrix which identified the following collective areas of expertise of the current Board:

- Strategy and sustainability
- Sales and marketing
- Global mindset
- Financial governance
- Capital management

- Corporate governance
- Product management and software development
- IT programme management
- Operations and asset optimisation
- People and capabilities
- Executive performance and remuneration
- Stakeholder engagement

These skills remain relevant and contemporary and consequently the Board is satisfied it has the necessary expertise with the current Non-Executive Directors to effectively carry out its responsibilities. If, at any time, different skills are required, the Board, via the Nomination Committee, will look at these skills as part of its Board succession plan. The skills and experience of individual Directors are set out in the Directors' Report.

Recommendation 2.3

A listed entity should disclose:

a) the names of the directors considered by the board to be independent directors;

b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

c) the length of service of each director.

2.3.1 Independence

The SAI Global 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.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

Refer 2.3.1 above

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

2.5.1 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 Chairman, Andrew Dutton, joined the Board in August 2008 and became Chairman in October 2013 at the conclusion of the 2013 AGM.

Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

2.6.1 Induction of New Directors

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. A formal induction programme and information pack have been developed for this purpose.

Principle 3. Act ethically and responsibly: A listed entity should act ethically and responsibly.

Recommendation 3.1

A listed entity should:

a) have a code of conduct for its directors, senior executives and employees; and

b) disclose that code or a summary of it.

3.1.1 Code of Conduct

SAI 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. A copy of the Code is available on our website.

SAI Global 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 Global also has a number of key policies to manage compliance and human resource requirements.

SAI manages perceived and actual conflicts of interest through our Code of Conduct as well as our suite of Anti-Bribery and Corruption policies, copies of which are available on our website.

Under our Whistle-blower 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. A copy of the policy is available on the website.

Employees can raise possible wrongdoings on an anonymous basis through either of our internal or external whistle-blower reporting mechanisms by logging their report onto an internal reporting system or calling the Whistle-blower 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 Risk Committee as a matter of routine.

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. A copy of the policy is available on our website.
- 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.

Principle 4. Safeguard integrity in corporate reporting: A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Recommendation 4.1

The board of a listed entity should:

a) have an audit committee which:

1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

2) is chaired by an independent director, who is not the chair of the board,

and disclose:

3) the charter of the committee;

4) the relevant qualifications and experience of the members of the committee; and

5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

4.1.1 The Audit Committee

The SAI Global Audit Committee is responsible for all matters relating to the integrity of financial statements, financial 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. A copy of its charter is available on our website.

The Committee is comprised of four 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.

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

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.

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 relation to international taxation services. The auditor is not employed in relation to any financial due diligence work on potential acquisitions.

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.

In line with current legislation, the Company requires the audit partner and review partner of its external auditors to rotate every 5 years. Consistent with this requirement, a new audit partner has taken over responsibilities for the external audit of the SAI Global group of companies with effect from the FY16 financial period.

In addition, the Audit Committee will from time to time review the audit function and recommend to the Board whether a tender process should be undertaken.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.2.1 Declarations from CEO and CFO

In accordance with Section 295A of the Corporations Act 2001, the Chief Executive Officer and the Chief Financial Officer of SAI Global Limited 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.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

4.3.1 Auditor's Attendance at AGM

The external auditor is required to attend the AGM and answer questions relevant to the audit.

Principle 5. Make timely and balanced disclosure: A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1

A listed entity should:

(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and

(b) disclose that policy or a summary of it.

5.1.1 Continuous disclosure

A copy of our Continuous Disclosure Policy is available on the website.

Principle 6. Respect the rights of security holders: A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

6.1.1 Website

Extensive information about SAI Global is available on the Company website, including all the key policies referenced in this Corporate Governance section of the 2016 Annual Report.

Recommendation 6.2

A listed entity should design and implement an investor relations programme to facilitate effective two-way communication with investors.

6.2.1 Investor Relations

The Chief Executive Officer and Chief Financial Officer conduct regular meetings with fund managers and stockbroking analysts, as well as periodically speaking at investment seminars and conferences. All presentations and communications are filed with the ASX and uploaded to the Company's website. The Company appointed its first specialist Investor Relations Executive in 2015.

"Black out" periods are observed prior to the release of the Company's full year and half year results, during which time only information of a very general nature is discussed with fund managers and stockbroking analysts. These black-out periods commence on 1 July and 1 January in each year and conclude when the full year and half year results respectively are announced via the Australian Securities Exchange.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

6.3.1 Participation at Meetings

Investors are invited to the AGM via the Notice of Meeting. They are also advised that they can lodge questions in advance by telephone or email, and participate in the AGM by telephone or by watching a webcast. The webcast is subsequently available on our website.

Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

6.4.1 Electronic Communications

This facility is available through our security registry.

Principle 7. Recognise and manage risk: A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

7.1.1 Risk

The SAI Global 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 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.

SAI 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. 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 investor presentations. The Company appointed a Chief Risk Officer in November 2015.

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, and 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 Risk Committee for review.

To further assist in managing risks which 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 17065 (Product Certification), ISO/IEC 17025 (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

- Ente Italiano di Accreditamento (Italian National Accreditation Body) (Accredia)
- IAOB (the International Automotive Oversight Bureau based in USA)
- IEC Quality Assessment System for Electronic Components (IECQ)
- 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.

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.

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.

Recommendation 7.2

The board or a committee of the board should:

a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

b) disclose, in relation to each reporting period, whether such a review has taken place.

7.2.1 Oversight of Risk Management framework

The SAI Global Board oversees the establishment and implementation of the Company's risk management framework and reviews the effectiveness of that system bi-annually. Evaluations were undertaken in the reporting period in accordance with this process.

Recommendation 7.3

A listed entity should disclose:

a) if it has an internal audit function, how the function is structured and what role it performs; or

b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

7.3.1 Internal Audit

The Company has an internal audit function that reports functionally to the Audit Committee.

In line with good practice, in late 2015 the Audit Committee with input from management assessed the scope and activities of the internal audit function against the needs of the Company.

The Audit Committee resolved to build on the internal audit function's focus on financial and compliance risks by expanding the function's scope to consider the full range of strategic, operational and financial risk. This decision was made to reflect the desire for a contemporary internal audit function that addressed the full range of risks the Company must manage in the achievement of its objectives. The Audit Committee determined an outsourced internal audit function would provide the specialist resources required to address the function's broader remit.

Until March 2016 the function was internally led and resourced with supplemental resourcing provided in overseas locations as required. Following a tender process in early 2016, the Audit Committee appointed Deloitte as the outsourced internal audit provider under the direction of their nominated Chief Audit Executive.

Internal audit works with the Chief Risk Officer to assist the Board, Audit Committee and management to coordinate the broader assurance program.

Internal audit delivers a comprehensive audit plan to provide assurance and advice around significant risks, processes, systems and regulatory requirements where assurance or improved performance is determined to be a priority for that period. Internal audit coverage is determined using a structured approach that is documented in an Internal Audit Strategy that has been approved by the Audit Committee. This is considered annually at the time of preparing the audit plan that is approved by the Audit Committee.

The Board, Audit Committee and management receive assurance from a number of sources in addition to the reviews performed by the internal audit function in line with their plan of work. These include but are not limited to:

- The Chief Executive Officer and Chief Financial Officer annual statement to the Board in accordance with Section 295A of the Corporations Act 2011
- A Quarterly Corporate Governance Checklist and Internal Control Checklist completed by Managers to attest to their adherence to key control activities
- Reviews performed by the Chief Risk Officer to assess the management of specific risks
- Periodic, independent audits performed by relevant Accreditation Bodies to

confirm that the SAI Assurance business conforms with standards of accreditation.

The Audit Committee and management receive regular reports from internal audit on the control environment, areas for improvement and progress in addressing those areas for improvement.

The internal audit function is independent from management and the activities performed by the external auditor. The internal audit function has direct access to the Chairman of the Board and Chairman of the Audit Committee, and meets privately with the Audit Committee as required. The Chief Audit Executive also attends meetings of the Risk Committee.

In conjunction with management, the Audit Committee has satisfied itself that the role of internal audit and the scope of internal audit work performed are appropriate; and the structure of internal audit is appropriate to meet the needs of the Company.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

7.4.1 Economic, Environmental and Social Sustainability Risks

SAI does not believe that it has any material exposure to economic, environmental and social sustainability risks which could substantively impact its ability to create or preserve value for security holders over the short, medium or long term.

Principle 8. Remunerate fairly and responsibly: A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

Recommendation 8.1

The board of a listed entity should:

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

8.1.1 Remuneration and People Committee

Details are provided in the Remuneration Report on pages 64 to 90.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

8.2.1 Remuneration of Executives

Details are provided in the Remuneration Report on pages 64 to 90.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

b) disclose that policy or a summary of it.

8.3.1 Equity Based Remuneration

SAI employees are forbidden to enter into any hedging arrangements in relation to their unvested employee shares or securities.

SAI GLOBAL LIMITED

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 2016.

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	Chairman
Peter Mullins	Managing Director and Chief Executive Officer
Robert Aitken	Non-Executive Director
Anna Buduls	Non-Executive Director
Peter Day	Non-Executive Director
Sylvia Falzon	Non-Executive Director
David Spence	Non-Executive Director

Principal activities

New operating structure from 1 July 2015

As noted in SAI Global's FY15 Annual Report, prior to 1 July 2015, the Company had historically been run as four distinct operating divisions, being Assurance Services, Compliance Services, Standards & Technical Information and Property Services.

Whilst this structure served the company well for many years, in recent times the duplication of support functions saw the growth in costs outpace the growth in revenue. In addition, there was little focus on leveraging the company's enviable customer base across each product set in each division. Whilst some customers "cross purchased" from more than one of the Company's divisions, there was little effort within each division to cross sell to the customers of other divisions.

Our desire is to accelerate the rate of organic revenue growth and move to a more cost effective operating model. The common thread across our unique combination of assets is the provision of products and services to help our customers manage risk. The appropriate strategy is to combine the Assurance, Compliance and Standards & Technical Information divisions into a single Risk Management Solutions division. It was also recognised that Property Services should remain as a stand-alone division, given its Australia-only franchise and the discrete nature of the services it provides.

In Risk Management Solutions the vast majority of our interactions with smaller customers remain transactional. However, there is significant opportunity to leverage common digital assets and sales resources to enable, sell and deliver products and services to these customers. Multiple risk management products and services are now available to our larger customers from a single trusted partner - SAI Global. We have received strong endorsement for this integrated value proposition.

The new Risk Management Solutions division is managed on a regional basis; Asia Pacific (APAC), the Americas, and Europe, Middle East and Africa (EMEA). Regional Directors are accountable for regional profitability and for Operations, being the delivery of the products and services sold by the Commercial team. They are supported by regional Human Resources, IT, Finance and Legal teams, all of which report to their respective Global Heads.

With effect from 1 July 2015, the Assurance Services, Compliance Services and Standards & Technical Information divisions ceased to exist. This financial report for the year ending on 30 June 2016 is the first annual report prepared under the new operating structure. Prior year comparative segment information has been restated to reflect the new reporting structure.

Principal activities

During the year the principal activities of SAI's businesses consisted of providing solutions to help our customers better manage corporate risk, food risk and process risk.

Corporate Risk

- Our Corporate Risk solutions meet the needs of a wide cross-section of commercial enterprises.
- Key risk areas addressed are enterprise risk management, workplace health & safety, compliance and ethics and management systems.
- Our services include standards and regulatory content aggregation and distribution to help clients identify risks and develop appropriate policies; training courses and software to support the implementation and operation of these policies and procedures; and audit services to provide independent verification or certification.

Food Risk

- Our Food Risk solutions are primarily focused on the needs of large retail supermarket chains; their associated food processors and primary producers; and quick service restaurants & casual dining chains.
- Key focus areas are food defence, food safety, food fraud and ethical sourcing. Our service offerings include supplier compliance management, food safety certification, audit & inspection services, product compliance management, horizon scanning and associated training and development.

Process Risk (BPO)

- We continue to be focused on the needs of the Tier 1 and Tier 2 Banks in Australia, large Australian Legal and Conveyancing firms and non-banking Financial Institutions in Australia.
- Providing specialist process outsourcing services and associated information services.

OPERATIONAL AND FINANCIAL REVIEW

1. Operations and financial performance

(a) Consolidated result

Overview

The summary financial analysis below shows the results both on a statutory and underlying basis. The underlying basis is a 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. In general terms, significant charges are associated with acquiring and integrating new businesses, costs associated with any major restructuring within the business, any impairment charges and any other specific items deemed to be significant on account of their nature or size.

	Statutory			**Underlying[1,2]**		
$'000	**FY16**	FY15	**Change**	**FY16**	FY15	**Change**
Sales revenue	**570,157**	547,661	**4.1%**	**570,157**	547,661	**4.1%**
Other income	**2,306**	(205)		**2,306**	(205)	
Segment revenue	**572,463**	547,456	**4.6%**	**572,463**	547,456	**4.6%**
Less: direct costs	**258,347**	252,374	**2.4%**	**258,347**	252,374	**2.4%**
Gross profit	**314,116**	295,082	**6.5%**	**314,116**	295,082	**6.5%**
Less: overheads	**190,261**	191,571	**(0.7%)**	**182,797**	168,773	**8.3%**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**123,855**	103,511	**19.7%**	**131,319**	126,309	**4.0%**
Less: depreciation	**27,370**	25,928	**5.6%**	**27,370**	25,928	**5.6%**
Less: amortisation of acquired intangible assets	**12,743**	12,095	**5.4%**	**12,743**	12,095	**5.4%**
Earnings before interest and tax (EBIT)	**83,742**	65,488	**27.9%**	**91,206**	88,286	**3.3%**
Add: share of net profits of associated companies	**195**	189	**3.2%**	**195**	189	**3.2%**
Segment result	**83,937**	65,677	**27.8%**	**91,401**	88,475	**3.3%**
Less: net financing costs	**10,012**	10,742	**(6.8%)**	**10,012**	10,742	**(6.8%)**
Net profit before income tax	**73,925**	54,935	**34.6%**	**81,389**	77,733	**4.7%**
Less: income tax	**20,750**	15,382	**34.9%**	**22,674**	21,807	**4.0%**
Net profit after income tax	**53,175**	39,553	**34.4%**	**58,715**	55,926	**5.0%**
Profit is attributable to:						
Equity holders of SAI Global Limited	**53,064**	39,264	**35.1%**	**58,604**	55,637	**5.3%**
Non-controlling interests	**111**	289		**111**	289	
	53,175	39,553	**34.4%**	**58,715**	55,926	**5.0%**

1. Excludes significant charges
2. Unaudited

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.

The Company's exposure to offshore earnings has had a major positive impact on the FY16 result due to the weakening of the Australian dollar relative to FY15. The Australian dollar averaged USD 0.7283 during FY16 compared with USD 0.8380 in the prior corresponding period, a depreciation of 13.1%. Whilst the movement in exchange rates accounts for much of the revenue growth, the Company has taken a number of steps to implement the new strategic direction and create a robust platform for growth.

Sales revenue increased by $22.5M to $570.2M, up 4.1%, driven predominantly by the impact of the weaker Australian dollar.

Management has continued to focus on operational efficiency initiatives and these, together with a changing business mix, have led to an expansion in the Company's gross margin to 55.1%, up from 53.9% in FY15.

Overheads, including significant charges were down 0.7% compared with the prior corresponding period. However, on an underlying basis overheads were up 8.3%. Much of this increase can be attributed to investing in sales and marketing capability to drive future growth.

Significant charges of $7.5M were incurred in FY16, down from the $22.8M incurred in FY15. Details of these costs are set out later in the report.

EBITDA increased by 19.7% to $123.9M, up from $103.5M in FY15. Underlying EBITDA of $131.3M is a 4.0% improvement over the prior corresponding period.

The Company achieved a statutory net profit after tax attributable to shareholders of $53.1M, up from $39.3M in FY15, an increase of 35.1%. Underlying net profit after tax attributable to shareholders of $58.6M is a 5.3% improvement over the prior corresponding period.

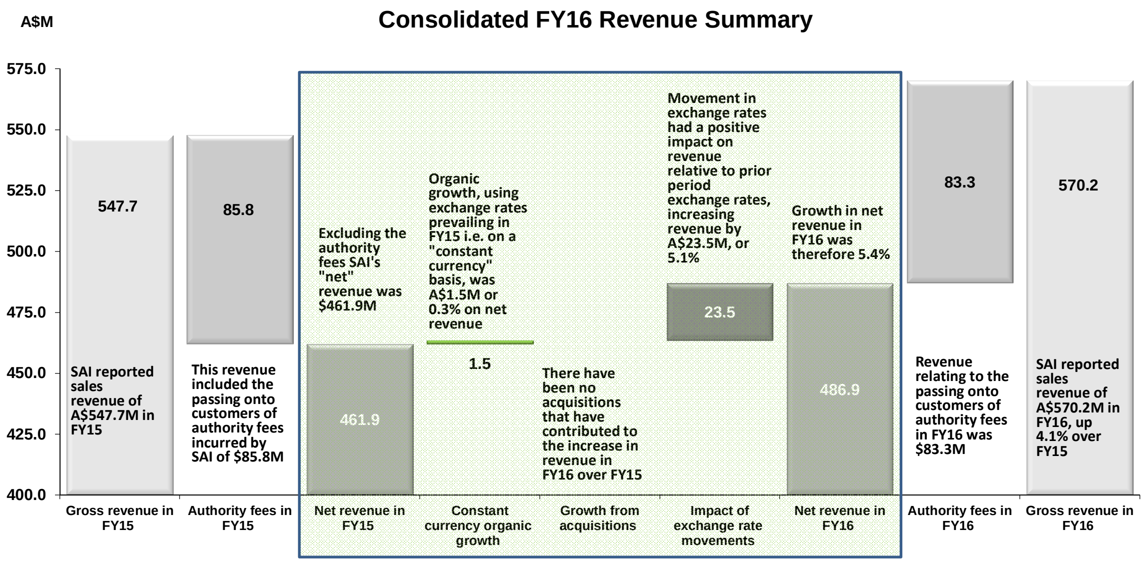
Net cash inflows from operating activities were $65.9M, down from $80.0M in FY15, on account of the paying down of provisions and other liabilities in the first half of FY16. Net operating cash inflows before cash outflows relating to significant charges for the year were $78.8M, down from $94.3M achieved in FY15.

Revenue

SAI experienced modest revenue growth in FY16, achieving growth in sales revenue from $547.7M to $570.2M, an increase of 4.1%. Revenue was flat in constant currency terms, decreasing by 0.2%. Approximately 15% of the Company's revenue relates to the passing onto customers of the fees paid to various authorities (for example State Land Titles Offices and ASIC) in the Information Broking business within the Property Services division. Internally the Company refers to its revenue excluding the authority fees as its "net revenue". The growth in net revenue in FY16 was 5.4% from $461.9M to $486.9M, of which 0.3% was on a constant currency basis.

The weaker Australian dollar relative to FY15 generated favourable translation impacts on the foreign currency revenues generated by SAI's overseas businesses, particularly those in North America and Europe, contributing $23.5M.

These factors are summarised in the schematic below:



The Risk Management Solutions business reported revenue growth of 5.2% and the Property Services business grew revenue by 1.6% (6.1% on a net revenue basis). The Risk Management Solutions business benefitted from the impact of the weaker Australian dollar which accounted for revenue growth of 6.2%. In constant currency terms the Risk Management Solutions business saw revenue reduce by 1.0% due predominantly to softer trading conditions in the Assurance suite of products and services, an experience shared by the Company's established competitors in this space. As the Assurance related products and services are the Company's largest source of revenue, the softer trading conditions more than offset the revenue growth achieved across the Risk Software, Compliance Learning and Knowledge portfolios.

The Board and Management team remain focussed on improving organic revenue growth and during the period continued to lay foundations to accelerate growth through investing in sales and marketing capability and product development. Whilst the benefits of this investment have yet to generate meaningful revenue growth, the key lead indicator of "new business won" is up markedly on FY15 and will flow through to higher revenue growth in future periods provided customer retention rates continue to improve.

<u>Direct costs and overheads</u>

The growth in direct costs of 2.4% compares favourably to the revenue growth of 4.1% and reflects both the continuing impact of the Company's operational efficiency initiatives and the changing business mix with the growth in Risk Software outpacing other products.

Overheads were relatively flat compared with FY15, down 0.7%. On an underlying basis overheads increased by 8.3%, reflecting the investments in capability aimed at driving future growth.

Significant charges

The significant charges incurred in FY16 amounted to $7.5M before tax and $5.5M 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:

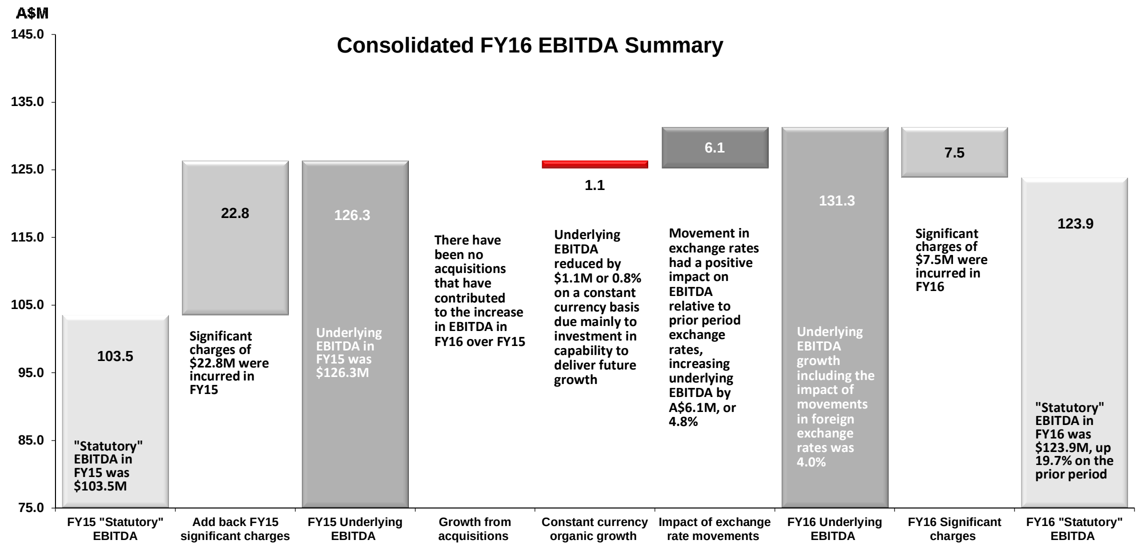
$M	**FY16**	FY15
Incidental charges relating to potential acquisitions, including Modulo	1,506	808
Advisory fees relating to potential divestments, including Assurance	1,517	-
Restructuring of EMEA operations (consulting fees, terminations and office rationalisation)	3,166	-
Accounting, legal, tax, advisory and other incidental costs incurred in responding to the unsolicited, conditional and non-binding approach and subsequent process	-	5,228
Operational efficiency initiatives (consulting fees, terminations and office rationalisation)	-	11,228
Strategy formulation and transformation (consulting fees, temporary resources and other incidental costs)	-	2,635
Winding up of the Canadian defined benefit plan	-	2,399
Other significant charges	1,275	500
	7,464	22,798
Less: income tax impact of significant charges	1,924	6,425
Significant charges net of tax	**5,540**	16,373

As explained further below, the performance of the Risk Management Solutions business in EMEA has been unsatisfactory in FY16. As a result, actions have been taken to address this underperformance including a restructure of the operations in continental Europe. These actions resulted in significant charges amounting to $3.2M.

EBITDA

EBITDA increased by 19.7% to $123.9M. Underlying EBITDA increased by 4.0% to $131.3M. The underlying EBITDA margin was largely unchanged at 23.0%, down from 23.1% in FY15. EBITDA benefitted from the impact of the weaker Australian dollar which contributed $6.1M to the EBITDA growth. In constant currency terms EBITDA growth was 13.8%. On an underlying basis the EBITDA reduced slightly by $1.1M due to a weaker performance by the Assurance business.

The key factors which explain the growth in EBITDA from FY15 to FY16 are summarised in the schematic below:



Depreciation and amortisation

The increase in the depreciation charge in FY16 from $25.9M to $27.4M reflects the flow on impact of the higher levels of capital expenditure incurred in recent years, which includes the impact of the weaker Australian dollar. In FY16 the Company invested $34.5M on a combination of internally generated intellectual property, IT equipment, software, leasehold improvements and furniture and fittings.

The charge for the amortisation of identifiable intangible assets recognised in business combinations increased to $12.7M in FY16, up from $12.1M in FY15 due predominantly to the weaker Australian dollar. The assets to which the amortisation charge relates are publishing licence 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. In the absence of significant acquisitions and large exchange rate fluctuations, the charge for amortisation will reduce year on year, as the assets acquired become fully amortised.

Net financing charges

Net financing charges for the year were as follows:

$000's	**FY16**	FY15	**Change**
Interest expense	**10,700**	11,068	**(3.3%)**
Less: Interest income	**688**	326	**111.0%**
Net financing charges	**10,012**	10,742	**(6.8%)**

The FY16 interest charge reduced by 3.3% compared with FY15. The main factor driving the reduction was a renegotiation of the Company's borrowing facilities mid-way through FY15. The positive impact of this has been mitigated to some extent by the impact of the weaker Australian dollar.

The weighted average cost of borrowing during FY16, inclusive of the amortisation of establishment fees, was 3.35%.

Income tax expense

The underlying effective tax rate across the Company's operations was 28.1%, broadly consistent with the 28.0% rate in FY15.

(b) Consolidated cash flow

Operating cash inflows were $65.9M, down from $80.0M in FY15.

Cash conversion over the course of FY16 was 76%, down from 104% in FY15. On an underlying basis cash conversion was 82% down from 97% in FY15. The reduced conversion rates reflect the paying down of provisions and other liabilities in the first half of FY16. In the second half of FY16 the conversion rates returned to historically high levels being 102% on a statutory basis and 101% on an underlying basis.

$000's	**FY16**	FY15	**Change**
Net operating cash inflows	**65,944**	80,014	**(17.6%)**
Add back: net financing charges	**10,012**	10,742	**(6.8%)**
Add back: income tax paid	**18,513**	16,924	**9.4%**
Ungeared pre-tax operating cash flows	**94,469**	107,680	**(12.3%)**
EBITDA	**123,855**	103,511	**19.7%**
Cash conversion ratio	**76%**	104%	**(27.8%)**

$000's	**FY16**	FY15	**Change**
Net operating cash inflows	**65,944**	80,014	**(17.6%)**
Add back: cash outflow relating to significant charges	**12,829**	14,283	**(10.2%)**
	78,773	94,297	**(16.5%)**
Add back: net financing charges	**10,012**	10,742	**(6.8%)**
Add back: income tax paid	**18,513**	16,924	**9.4%**
Ungeared pre-tax operating cash flows	**107,298**	121,963	**(12.0%)**
Underlying EBITDA	**131,319**	126,309	**4.0%**
Underlying cash conversion ratio	**82%**	97%	**(14.9%)**

Free cash flow increased to $60.9M in FY16. On an underlying basis free cash flow was down 3.5% to $68.3M:

$000's	**FY16**	FY15	**Change**
EBITDA	**123,855**	103,511	**19.7%**
Less: net financing charges	**10,012**	10,742	**(6.8%)**
Less: income tax paid	**18,513**	16,924	**9.4%**
Less: capital expenditure	**34,455**	27,799	**23.9%**
Free cash flow	**60,875**	48,046	**26.7%**
Add: significant charges	**7,464**	22,798	
Underlying free cash flow	**68,339**	70,844	**(3.5%)**

(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 value in Australian dollar terms if the Australian dollar weakens, and are adversely affected if the Australian dollar strengthens.

A summary of the average rates for FY16 compared to FY15 for the major currencies that affect the Company's results is set out below:

Average exchange rates*	**FY16**	FY15	**Change**
US Dollar	**0.7283**	0.8380	**(13.1%)**
Canadian dollar	**0.9653**	0.9663	**(0.1%)**
Pounds sterling	**0.4917**	0.5244	**(6.2%)**
Euro	**0.6562**	0.6881	**(4.6%)**

*Source: Reserve Bank of Australia

As can be seen from the summary above, the average Australian dollar exchange rate against the US dollar has reduced markedly in FY16 compared with FY15. This reduction, together with the modest reductions against the other currencies, has resulted in translation gains relative to FY15 of $23.5M in sales revenue and $6.1M in EBITDA.

In assessing the potential impact of movements in the Australian dollar on the Company's prospects for FY17, 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 FY16.

	Underlying currency	**Australian dollar equivalent**	**%**
Revenue	**M**	**$M**	
Australian dollar	303.2	303.2	**53.2%**
US dollar	106.8	146.6	**25.7%**
Canadian dollar	20.5	21.3	**3.7%**
Pounds sterling	27.9	56.6	**9.9%**
Euro	10.6	15.0	**2.6%**
Other		27.5	**4.8%**
Total		**570.2**	**100.0%**

	Underlying currency	Australian dollar equivalent	%
Underlying EBITDA			
Australian dollar	67.8	67.8	**51.6%**
US dollar	44.6	61.6	**46.9%**
Canadian dollar	0.9	0.9	**0.7%**
Pounds sterling	(2.4)	(4.5)	**(3.4%)**
Euro	1.5	2.3	**1.8%**
Other		3.2	**2.5%**
Total		**131.3**	**100.0%**

The currency spread of the Company's underlying net profit before tax in FY16 is summarised below:

	Underlying currency	Australian dollar equivalent	%
Underlying net profit before tax			
Australian dollar	53.5	53.5	**65.7%**
US dollar	24.7	34.4	**42.3%**
Canadian dollar	0.2	0.2	**0.3%**
Pounds sterling	(6.0)	(11.8)	**(14.5%)**
Euro	1.6	2.4	**3.0%**
Other		2.7	**3.3%**
Total		**81.4**	**100.0%**

(d) Earnings per share

Earnings per share were 24.9 cents, up 33.9% from 18.6 cents in FY15. Underlying earnings per share were 27.6 cents, up 4.9% on FY15.

Cents	**FY16**	FY15	**Change**
Statutory earnings per share	24.9	18.6	**33.9%**
Underlying earnings per share	27.6	26.3	**4.9%**

(e) Review of divisional performance

As noted earlier in the report, the new Risk Management Solutions division is managed on a regional basis; Asia Pacific (APAC), the Americas, and Europe, Middle East and Africa (EMEA). Property Services remains as a stand-alone division, given its Australia-only franchise and the discrete nature of the services it provides.

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

$'000	Revenue[1]			Underlying EBITDA		
	FY16	FY15	**Change**	**FY16**	FY15	**Change**
Risk Management Solutions:						
APAC	**151,587**	152,381	**(0.5%)**	**56,646**	54,987	**3.0%**
EMEA	**81,011**	80,342	**0.8%**	**3,890**	10,761	**(63.9%)**
Americas	**171,265**	149,041	**14.9%**	**55,186**	47,652	**15.8%**
Eliminations	**(6,035)**	(3,754)	**60.8%**	-	-	
Total Risk Management Solutions	**397,828**	378,010	**5.2%**	**115,722**	113,400	**2.0%**
Property Services	**172,329**	169,651	**1.6%**	**34,072**	28,696	**18.7%**
	570,157	547,661	**4.1%**	**149,794**	142,096	**5.4%**
Corporate Services	-	-		**18,475**	15,787	**17.0%**
Segment Revenue and EBITDA before significant charges	**570,157**	547,661	**4.1%**	**131,319**	126,309	**4.0%**
Less: depreciation				**27,370**	25,928	**5.6%**
Less: amortisation of acquired intangible assets				**12,743**	12,095	**5.4%**
Add: share of net profits of associated companies				**195**	189	**3.2%**
Segment result before significant charges				**91,401**	88,475	**3.3%**

Risk Management Solutions

Under the new operating structure the Company's Risk Management Solutions business is managed on a regional basis with its products and services grouped into four portfolios, being Risk Software, Learning, Assurance and Knowledge. The performance of each region and product portfolio is set out below.

Regional performance:

APAC Region

The APAC region has been through significant change over the past 12 months as the new operating structure was successfully implemented. However, financial performance was below our expectations, particularly in the first half. The main area of weakness was in the Assurance products, with a drop-off in business in China and Indonesia, and Australia experiencing some losses of smaller clients. As the new structure was bedded down and along with new people, processes, training and staff development, the region started to experience a notable improvement in performance during the final quarter of the year. Revenue in the final quarter of FY16 was 10% above the first quarter of FY16 with all portfolios showing improvement. Food auditing revenue in the final quarter of FY16 was the strongest result since the first quarter of FY15. Our contract with a major Australian retailer is expected to drive further growth in FY17.

Some key factors contributing to this improvement have been:

- Sales staff now successfully cross selling products through multi-product sales;
- Lifting the knowledge and capabilities of the i2i platform across the region and delivering incremental revenues this year;
- Retention rates in the Assurance business improving and substantial improvements made to the back office operations.

We have laid the groundwork for further improvement in our growth rate. We have customised both the Cintellate and the i2i software platforms for the Asian market and will be launching these products in the new financial year into China, Indonesia and India. Armed with the results from our global Voice of the Customer programme, further improvements in client experience and retention rates can be expected.

Notwithstanding the improved second half performance, the APAC region reported a decline of 0.5% (1.3% in constant currency terms) in revenue to $151.6M, down from $152.4M in FY15. EBITDA increased by 3.0% from $55.0M to $56.6M at an expanded EBITDA margin of 37.4%, up from 36.1% in the prior corresponding period.

The APAC region achieved constant currency product revenue changes as follows:

- 4.5% increase in Risk Software from $11.8 million to $12.4 million.
- 6.7% decline in Learning from $10.9 million to $10.2 million
- 4.9% decline in Assurance from $73.5 million to $69.9 million.
- 3.3% increase in Knowledge from $56.2 million to $58.0 million.

EMEA Region

The EMEA region had a disappointing year. Whilst the Risk Software, Learning and Knowledge portfolios all achieved revenue growth, this positive result was adversely impacted by customer retention challenges in the region's largest business, being Assurance.

There has been an increase in new business wins across all products which should underpin revenue growth in FY17. Due to timing differences in Assurance between winning a contract and delivery, particularly in the "quick service" restaurant sector, a substantial portion of revenue from new business won in FY16 will start to flow in FY17.

The key challenges around retention in Assurance as set out below have been addressed and should not have a detrimental impact on the performance in FY17:

- The loss of two large customers due to the customers taking audits in-house and moving from a decentralised to a centralised audit programme.
- Lower than expected retention rates for smaller customers due to operational service delivery shortfalls.
- Structural changes in non-core Italian inspection business.

There has been significant investment, focus and effort in re-engineering audit delivery in EMEA to create a vastly improved support function. These improvements have resulted in positive feedback from the Voice of the Customer programme. The change in audit delivery has been far reaching and some of the key actions undertaken involved closing down small offices in Europe to create centres of excellence in Madrid and Warsaw, reorganising team structures within the audit community, rolling out a common IT platform for food audits, establishing effective training programmes, establishing better performance metrics and recruiting a skilled workforce. This step change in operational effectiveness is a crucial outcome in setting up the EMEA region for growth.

The EMEA region reported revenue growth of 0.8% to $81.0M, up from $80.3M in the prior corresponding period, which includes the impact of the weaker Australian dollar. The operational challenges noted above saw revenue reduce 4.1% in constant currency terms.

The costs of undertaking the necessary improvement programme for Assurance, plus investments in recruitment and upskilling across the region have resulted in a decline in EBITDA which reduced from $10.8M in FY15 to $3.9M in FY16.

The EMEA region achieved constant currency product revenue changes as follows:

- 4.6% increase in Risk Software from GBP801K to GBP838K.
- 1.9% increase in Learning from GBP5.8 million to GBP6.0 million
- 9.5% decline in Assurance from GBP26.3 million to GBP23.8 million.
- 6.3% increase in Knowledge from GBP9.5 million to GBP10.1 million.

Americas Region

Consistent with the APAC and EMEA regions, the Americas went through significant change in FY16. A comprehensive training program for customer facing resources was undertaken to give them all a working knowledge of the Company’s entire range of risk management solutions.

Operational effectiveness has improved throughout the year and the savings generated in the back office have allowed larger investments in the Commercial team.

In spite of all the change, the region has managed to continue to win new customers and, importantly, retain existing customers. Customer retention has improved across all portfolios and is at an all-time high in Assurance. Feedback we are receiving from our Voice of the Customer programme indicates that generally we are doing a good job in meeting the needs of our customers.

The Americas region achieved revenue growth of 14.9% (2.6% in constant currency terms) and EBITDA growth of 15.8% (3.4% in constant currency terms). EBITDA margins increased slightly to 32.2%, up from 32.0% in the prior corresponding period.

The Americas region achieved constant currency product revenue growth as follows:

- 8.7% in Risk Software from US$26.7 million to US$29.0 million.
- 0.4% in Learning from US$41.4 million to US$41.6 million
- 1.3% in Assurance from US$50.4 million to US$51.0 million.
- 1.6% in Knowledge from US$5.5 million to US$5.6 million.

Product performance:

Risk Software

Our suite of Risk Software products provide organisations with the ability to identify, assess, prioritise and mitigate risks and obligations which can have a positive or negative impact on their business.

Revenue from our Risk Software products increased 17.6% (6.5% on a constant currency basis) from A$44.5 million to A$52.3 million, at a gross margin of 85.5%, up from 81.1% in the prior corresponding period.

Learning

Our Learning products provide a range of integrated on-line and face-to-face learning solutions to improve individual or organisational capabilities by increasing technical skills, knowledge and competencies.

Revenue from our Learning products increased 10.3% (down 0.5% on a constant currency basis) from A$71.9 million to A$79.3 million, at a gross margin of 70.0%, up from 69.3% in the prior corresponding period. Whilst we have been successful in returning the compliance e-learning business to growth, the standards (classroom) training business remains under pressure.

Assurance

Our Assurance products provide solutions which confirm that our clients' products, systems, supply chains and distribution channels meet a required standard.

Revenue from our Assurance products increased 0.1% (down 4.6% on a constant currency basis) from A$182.9 million to A$183.0 million, at a reduced gross margin of 50.2%, down from 52.2% in the prior corresponding period. The reduced gross margin is attributable to the EMEA region, which lost two higher margin clients and experienced some operational challenges during the year which are outlined in more detail above.

Knowledge

Our Knowledge products provide a blend of content and technology solutions to ensure that our clients are provided with the knowledge and insight to make critical decisions, based on aggregated information and analysis.

Revenue from our Knowledge products increased 5.7% (2.8% on a constant currency basis) from A$78.7 million to A$83.2 million, at a gross margin of 69.1%, down from 72.6% in the prior corresponding period. The reduced margin reflects the impact of sales of the updated ASME Pressure Vessel Code which generates a much lower gross margin than other publications.

Property Services Division

SAI Global's Property Services division provides two core areas of services: business process outsourcing, and information broking and data services.

The Property business achieved revenue growth of 1.6% (6.1% in "net revenue" if the authority fee component of revenue is excluded) and EBITDA growth of 18.7% EBITDA margins increased from 16.9% to 19.8% compared to the previous corresponding period. This strong performance has been driven by continued growth within existing BPO clients, growth in new commercial information products as well as contribution in the second half from the new business from NAB Broker and continued efficiency initiatives in our national operations group.

The BPO business was involved in 614,000 advances and discharges relating to property settlements which resulted in revenue increasing 6.8% from $61.4 million to $64.5 million. The Information Broking business experienced a 1.5% decline in gross revenue from $105.1 million to $103.6 million. However on a net revenue basis revenue increased 4.6% from $23.5 million to $24.5 million.

Corporate Services

The costs associated with running the Company's headquarters in Sydney, Australia are recorded as Corporate Services, and include the costs associated with maintaining an appropriate governance regime for an ASX200 listed entity with a portfolio of international businesses. The main categories of expenses relate to the CEO and Non-Executive Directors, Information Technology, Finance, Human Resources, Company Secretarial, Legal, Treasury, Investor Relations, Internal Audit and External Audit fees.

Corporate costs increased from $15.8 million to $18.5 million. This increase reflects investments in project management capability, strategy development, investor relations and risk management.

(f) Business combinations

There have been no business combinations in FY16.

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 2016	30 June 2015	Change $	Change %
Cash	**85.4**	83.9	**1.5**	**1.7%**
Plant and equipment	**73.9**	67.6	**6.3**	**9.3%**
Intangible assets	**569.9**	583.3	**(13.4)**	**(2.3%)**
Working capital	**(12.1)**	(28.1)	**16.0**	**(57.0%)**
Borrowings	**(285.3)**	(283.0)	**(2.3)**	**0.8%**
Provisions	**(12.5)**	(13.2)	**0.7**	**(5.0%)**
Deferred tax balances	**(2.5)**	(11.2)	**8.7**	**(77.8%)**
Other	**(2.5)**	(2.4)	**(0.1)**	**5.9%**
Net assets	**414.3**	396.9	**17.4**	**4.4%**
Contributed equity	**407.1**	402.4	**4.7**	**1.2%**
Retained earnings	**23.9**	5.8	**18.1**	**312.9%**
Other reserves	**(16.7)**	(11.3)	**(5.4)**	**47.8%**
Shareholders' funds	**414.3**	396.9	**17.4**	**4.4%**

Cash	Cash on hand at 30 June 2016 increased to 85.4 million. Underlying net cash inflows from operating activities were $78.7M, down from $94.3M in FY15, reflecting the movement in working capital. The Company invested $34.5M in new capital projects, consisting predominantly of software development. Cash payments of $25.2M were made to shareholders by way of dividends and a further $4.0M was outlaid to acquire shares on market to satisfy demand for shares under the Company's dividend reinvestment plan in respect of the FY16 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 $1.4M at 30 June 2016. The Group's cash reserves at $85.4M are in excess of normal working capital and dividend payment requirements. It is envisaged that the excess will be used to either fund acquisition opportunities in FY17, or 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 $34.5M in capital expenditure during FY16. The Company owns very little 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 $27.4M has resulted in the carrying value of plant and equipment at 30 June 2016 increasing by $6.3M, after adjusting for the impact of movements in foreign exchange rates. 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 FY17.
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 $512.4M accounts for the majority of this balance. Goodwill is not amortised but is subject to an annual impairment test. The slight decrease in the balance of goodwill of $0.3M during the year relates to the re-translation of

goodwill denominated in foreign currencies.

The non-goodwill intangible assets amount to $57.5M, down from $70.6M at 30 June 2015. 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" StandardsMark, 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 decrease in the balance of these assets over the course of FY16 is accounted for by an amortisation charge of $12.7M and $0.3M relating to the re-translation of assets denominated in foreign currencies.

Working capital

Working capital is essentially the Company's current assets less its current liabilities. SAI continues to operate with a negative working capital balance due to the balance of deferred revenue included in current liabilities. At 30 June 2016 the balance of deferred revenue was $82.4M.

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 position is a function of SAI's business model 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 increased slightly from $283.0M to $285.3M. The balance of $285.3M is net of $1.02M of unamortised facility establishment costs. The actual amount owed to the banks is therefore $286.4M.

This increase relates wholly to 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

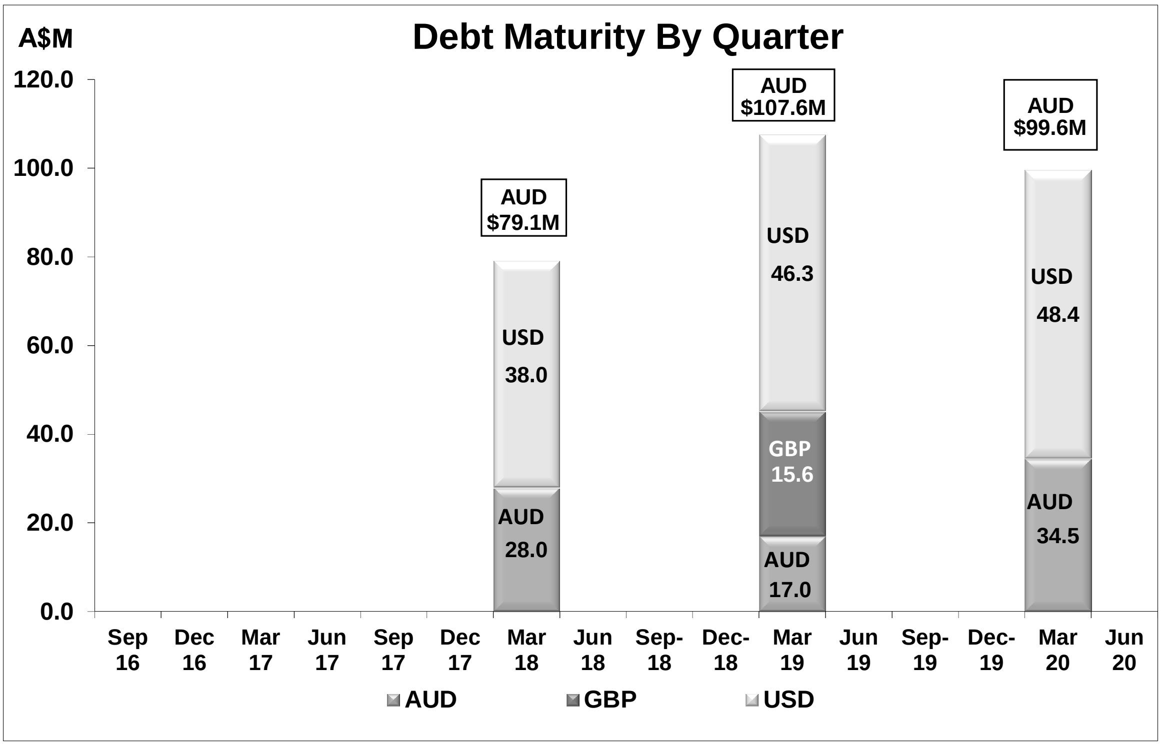
The net deferred tax liability arises predominantly as a result

balances	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 $4.7M reflects the issue of new shares during the year. The number of shares on issue has increased from 211.5M at 30 June 2015 to 213.0M at 30 June 2016, an increase of 1.5M. This increase relates predominantly to new shares issued under the Company's dividend reinvestment plan to shareholders who elected to have all or part of their FY16 interim dividend entitlements satisfied by new SAI Global Limited shares. These shares were issued at an average price of $3.48, raising a total of $5.8M in new equity capital. Shares required to satisfy the FY15 final dividend were purchased on market.
Retained earnings	The increase in the amount of retained earnings of $18.1M is accounted for by the statutory profit after tax of $53.1M, less the amounts distributed by way of dividends of $35.0M.
Other reserves	Details relating to the Company's other reserves are set out in Note 13. The foreign currency translation reserve, to which changes arising from the re-translation of the assets and liabilities relating to foreign controlled entities are posted, was in debit at 30 June 2016 by $5.1M, compared to a debit balance of $0.4M at 30 June 2015. The movement reflects the movement in the Australian dollar exchange rates between 30 June 2015 and 30 June 2016.

(b) Borrowings and gearing

As noted above the amounts owing to the Company's bankers at 30 June 2016 were $286.4M. These borrowings are denominated in either Australian dollars, US dollars or pounds sterling.

The amounts outstanding in each currency and the maturity profile of the core debt are set out in the chart below.



The company's gearing targets are as follows:

Over the medium-term the gearing ratio will be maintained at below 45% and total debt will be less than 2.5 times underlying EBITDA. These limits may be increased to take advantage of strategic opportunities that may arise from time to time, but restored as soon as practicable thereafter.

From the statement of financial position perspective the Company's net gearing ratio at 30 June 2016 was 32.7%, down from 33.6% at 30 June 2015. The calculation of the Company's net period end gearing ratio is set out below:

$M	**FY16**	FY15	**Change**
Borrowings	**286.4**	284.9	**0.5%**
Cash resources	**85.4**	83.9	**1.7%**
Net debt	**201.0**	201.0	**0.0%**
Equity	**414.3**	396.9	**4.4%**
Total capital resources	**615.3**	597.9	**2.9%**
Gearing (net debt divided by total capital resources)	**32.7%**	33.6%	**(0.9%)**

Total debt relative to underlying EBITDA is summarised below:

$M	**FY16**	FY15	**Change**
Borrowings	**286.4**	284.9	**0.5%**
Underlying EBITDA	**131.3**	126.3	**4.0%**
Ratio	**2.18**	2.26	**(3.3%)**

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 from 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 2016 is provided below:

Net assets currency denomination	**Underlying currency**	**Australian dollar equivalent**	**%**
Australian dollar	130.8	130.8	**31.6%**
US dollar	161.0	212.3	**51.2%**
Canadian dollar	13.6	14.1	**3.4%**
Pounds sterling	21.6	39.0	**9.4%**
Euro	6.5	8.6	**2.1%**
Other		9.5	**2.3%**
Total		**414.3**	**100.0%**

3. <u>Business strategies and prospects for future financial years</u>

This section of the operational and financial review sets out for each division a summary of:

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

Risk Management Solutions

Key products and services

Our products and services are grouped into four portfolio offerings, being ***Risk Software***, ***Learning, Assurance*** *and* ***Knowledge***. Each product group has a Product Manager who is responsible for the product's profitability on a global basis.

Risk Software

Our suite of risk products provides organisations with the ability to identify, assess, prioritise and mitigate risks and obligations which can have a positive or negative impact on their business. This is backed up by co-ordinated and pro-active approaches to monitor and control opportunities for their business. Our Governance, Risk and Compliance (GRC) software solutions enables legal, risk, compliance, ethics and internal audit professionals to focus on contributing to business results and enhancing the effectiveness of their compliance activities.

Our GRC software applications are utilised to manage organisational processes related to policies, corporate and regulatory compliance, case management, third party relationship risk and overall risk management. With these solutions, clients have a highly configurable set of modules which help identify requirements, gaps and risks, eliminate redundant efforts and easily maintain the evidence needed to demonstrate full control of compliance, risk and audit programmes.

We help organisations to manage an extensive range of business processes required to support Environmental, Health and Safety (EHS) compliance and risk-related functions through a technology platform that improves transparency and assists in the proactive measurement, management and improvement of overall business performance. This platform helps organisations to:

- Define a consistent model for all operational business processes;

- Demonstrate an auditable trail of action in completing EHS activities and tasks;
- Provide real-time information for decision-making;
- Report metrics and performance relative to organisational targets; and
- Release staff from manual tasks so they can apply their expertise to higher value projects.

The characteristics of the main GRC and EHS solutions we offer are as follows:

- **Enterprise Risk Management.** Specialised software solution to assist with the identification of risks; risk assessments and implementation of business processes to mitigate those risks; automation of the recording, assessment and prioritisation of risks across the enterprise with a highly customisable scoring methodology and defining key risk indicators; monitoring effectiveness of controls and treatment plans.
- **3rd Party Risk Management.** Automated due diligence, risk ranking and third party company investigations during on-boarding, contract renewal or at any other point in time.
- **Regulatory & Ethical Compliance.** Identification of applicable obligations; automated workflow solutions with embedded legislative obligations to track, monitor and assess; virtual evidence rooms to enable clients to review and demonstrate overall programme effectiveness and auditability of each programme element.
- **Surveys & Assessments.** Automated distribution and communication of a standardised library of re-usable and configurable questionnaires to staff and third party companies for profiling, screening and analysis.
- **Disclosure Management.** Automated tools to capture and manage employee conflicts of interest and gift & hospitality disclosures.
- **Environment, Health & Safety.** Automated and configurable workflow tools with best practice business processes to help clients to proactively manage, measure and improve EHS performance.
- **Policy Management.** Automated lifecycle management of policies and procedures, including customisable workflows for collaboration and approval, version control and audit trails including authoring of customer specific standards, policy distribution to target audience groups and the management of attestations/certifications.
- **Gap Analysis.** Tools to enable multi-disciplinary teams to rate risks when a standard, regulation or policy changes and maintain operational compliance.
- **Incident Management.** Automation tools with streamlined workflow processes to enable clients to register, investigate, react and report mitigation of incidents, compliance and ethics concerns, and complaints.
- **Healthcare Revenue Protection.** USA Healthcare claims denial and claims audit solutions to assist providers to protect their revenue from Medicare/Medicaid and commercial/private healthcare insurers.

Learning

Our learning products provide a range of integrated on-line and face-to-face learning solutions to improve individual or organisational capabilities by increasing technical skills, knowledge and competencies. Our customers are better able to manage their business risk when they are increasing the competence of their employees.

We also help businesses to create and implement effective, measurable compliance and ethics training programmes, which communicate and embed company values as well as helping employees to make ethical decisions aligned with internal policies and external regulations and legislation.

The characteristics of each of the main solutions we offer are as follows:

- **Compliance & Ethics Learning.** We own the industry's largest portfolio of compliance learning titles including more than 1,400 award-winning awareness and educational materials, available in more than 15,000 translated versions for key risk areas such as:
    - Anti-Money Laundering (AML)
    - Exports, Imports & Trade Compliance
    - Anti-Bribery & Anti-Corruption
    - Financial Integrity
    - Careful Communication & Proper Use of Computers
    - Government Contracting
    - Conflicts of Interest
    - Health, Safety & Environment
    - Confidentiality & Intellectual Property
    - Information Security
    - Consumer Protection
    - Privacy & Data Protection
    - Corporate Responsibility & Sustainability
    - Records Management
    - Employment & Workplace Issues
    - Respect in the Workplace
    - Trade Compliance

- **Management Systems Learning.** Solutions for providing online, virtual classroom and classroom technical competency based learning designed to build specialist knowledge in implementing, managing and auditing accredited management systems, including quality, aerospace, medical devices and environmental.
- **Business Improvement Learning.** Solutions for providing online, virtual classroom and classroom competency-based and best practice learning, designed to build knowledge and skills in leadership and business improvement methodologies to optimise processes and improve efficiencies.
- **Food Safety Learning.** Solutions for providing online, virtual classroom and classroom technical competency based learning, designed to build

specialist knowledge in Food Safety systems, best practice, regulatory and industry standards.

- **Occupational Health & Safety Learning.** Solutions for providing online, virtual classroom and classroom technical competency based learning; designed to build specialist knowledge in occupational health & safety systems, best practice and regulatory standards.

Assurance

Our assurance products provide solutions which confirm that our clients' products, systems, supply chains and distribution channels meet a required standard. This solution set offers an independent third party view of how our customers are managing their risks.

The characteristics of each of the main solutions we offer are as follows:-

- **Management Systems Certification.** Accredited certification of management systems to ISO and other industry recognised standards.
- **Food Safety Certification.** Audit programmes which ensure that companies are following industry best practice with respect to healthy and safe food.
- **Audit & Inspection Programmes (2nd party audits).** Client specified audit programmes, including retail store and other site inspections.
- **Supplier Compliance Management.** Managed services focused on the review and approval of suppliers to set standards through desktop audits, attestation management and on-site verification.
- **Product Compliance Management.** Managed services focussed on the review and approval of products to set standards, including claims verification, specifications review, microbial and chemical testing, menu approval, and food defence.
- **Product Certification & Testing.** Provide 3rd party assurance that a particular product meets the specified requirements of a nominated product standard.
- **Incidents and Complaints Management.** Managed services in relation to incidents and customer complaints, including the associated workflows to investigate and understand root causes, ensure due diligence and instigate corrective actions.
- **Non-conformity Management.** Tools to manage and assign actions to clear non-conformities.

Knowledge

Our knowledge products provide a blend of content and technology solutions to ensure that our clients are provided with the knowledge and insight to make critical decisions, based on aggregated information and analysis. With proper knowledge our customers can better manage risk.

We are a leading provider of aggregated Standards content, electronic engineering databases and legal reference services offering over 1.5 million

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 of solutions that manage and integrate content into an organisation's workflows. We are well positioned to maximise the value of this content and metadata by adding value through information management and workflow technology.

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

Our global footprint, extensive range of publisher permissions and focus on adding value to content for the end user sets us apart from our competitors, being National Standards Bodies, Standards Development Organisations, and content aggregators.

Following is a summary of the suite of information management and workflow solutions to add value to our proprietary content and third party content, with a view to creating long-term relationships with customers. The characteristics of each of the main solutions we offer are as follows:-

- **Global Aggregation of Standards, Regulatory, Technical & Client Content.** Distribution of licenced content from over 300 global publishers through configurable secure online services; includes Standards, legislation, technical documents, drawings, diagrams and video data sets broadcast to registered users on either a pay-as-you-go or subscription basis.
- **Content Modernisation & Enrichment.** Modernisation of clients' own content making it accessible in multiple formats across multiple devices.
- **Knowledge Bases.** Building, maintenance and notification to users of changes to large knowledge-led databases covering legislation, Employee Health & Safety (EHS), food safety, metal grades, material grades and US military parts.
- **Policy Lifecycle Management.** Automated lifecycle management of policies and procedures including customisable workflows for collaboration and approval, version control and audit trails, including authoring of standards.
- **Reporting & Analytics.** Interactive web-based portals providing clients with some analytics on "hot" areas, thematic issues, trend analysis, scorecards and leading performance indicators.
- **Customer Portals & Dashboards.** Client branded bespoke portals to centralise their information - powered by SAI Global.

Strategy and associated risks

SAI Global's vision is to be a focused risk management services business offering an integrated set of solutions to help clients address three key areas of enterprise risk: Corporate Risk, Food Risk, and Process Risk.

We will operate worldwide, building our capability to meet the needs of global customers in whichever country they do business, but our primary focus will be on those countries where the regulatory, legislative and operating standards' burden on business is most onerous.

We help our clients create trust in the face of increasing complexity by:

- Helping them identify and assess the key risks across their organisations.
- Keeping them fully informed of their regulatory obligations and the external standards to which they and their suppliers need to operate.
- Helping them create and maintain the policies they and their suppliers should follow.
- Auditing and certifying their own and their suppliers' operations to confirm compliance with regulatory obligations, standards and policies.
- Providing training in the full range of topics and formats which enable them to meet their compliance obligations and equip their own and their suppliers' staff with the knowledge and skills needed to follow their mandated standards and policies.
- Providing them with access to software solutions which:
  - hold and automatically update all their regulatory obligations, standards and policies.
  - Identify, assess and score risks they face and define and monitor appropriate mitigating controls.
  - prompt the right people in their organisations to take the right actions at the right time to meet their regulatory obligations and follow their mandated standards and policies.
  - record all actions taken to meet their regulatory obligations and follow their mandated standards and policies.
  - manage and maintain a record of training activities to meet their regulatory obligations and ensure that staff have the knowledge and skills to follow their mandated standards and policies.
  - help companies to better measure and manage their supply chain.
- Providing them with reports and analytical insights which they can use to monitor risks and improve performance in their business.

The key risks associated with this strategy are:

- Poor execution of the transformation from the siloed business structure to the integrated risk management solution business and failure to produce in a timely manner solutions that truly meet customer needs.
- Failure to deliver the top line growth impact from selling bundled risk management solutions and realising the expected benefits from cross-sell opportunities.
- Competitive threats, including aggressive price discounting by lower quality service providers, industry consolidation and technology disruption.

Risks associated with specific aspects of the risk management solutions business are:

- Difficulty in sourcing appropriately qualified auditors to undertake new business wins and service global accounts.
- Removal or suspension of accreditations by governing bodies
- SAI Global has an option to extend the Publishing Licence Agreement (PLA) with Standards Australia in December 2018 for five years to December 2023 on "market terms". "Market terms" are terms which are as favourable as those which are available from third party publishers during the year ending in December 2018.
- Loss of publisher permissions.
- Information becoming increasingly and freely 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.
- Increasing commoditisation of learning solutions and failure to adapt learning solutions to changing market demands.

Short and medium-term prospects

During FY16 we have implemented a new operating model and invested in capability to drive growth.

We have invested circa $8M in new digital platforms that will drive increased traffic to our website and increase conversion rates through an improved, customer centric, e-commerce solution.

We have also strengthened our sales and marketing capability with a 10% increase in headcount, and added new talent with 30% of the Commercial team having joined the business in the last 12 months.

In addition, we have started to train our sales team in the broader portfolio and we have started to see successes from this cross sell and upsell strategy. As this knowledge and capability expands across the business this is expected to drive revenue growth.

During FY16 our Governance, Risk and Compliance software platforms received external recognition. Forrester acknowledged C360 as one of the Industry leading GRC platforms in their 2016 Wave report and Verdantix awarded our Cintellate Environmental Health and Safety solution "Challenger" status during our first participation in the Green Quadrant review. These external endorsements are important as they are often a first reference point for prospective clients.

Medium-term targets for the risk management solutions business are for constant currency revenue growth in high single digits.

The markets in which SAI Global operates continue to be fragmented and therefore provide opportunities for consolidation through acquisitions. We will continue to assess opportunities for inorganic growth with a focus on software assets.

Property Services

Key products and services

SAI Global’s Property Services division provides two core areas of services:

- Business Process Outsourcing Services; and
- Information broking and data services

Business Process Outsourcing (BPO) Services

Property Settlement Services

SAI Global is Australia’s premier business process outsourcing services provider in the area of property settlement services. With an operations capability spanning nine locations across Australia, we provide our customers with truly national coverage in key CBD and regional hubs. Complementing our direct presence is an extensive network of settlement agent professionals, which enables us to conduct settlements in all major regional locations on a daily basis for our financial institution and legal and conveyancing industry clients. In FY16 SAI Global was involved in over 614,000 advances and discharges relating to property settlements in Australia. This volume represented participation in close to 55% of the estimated number of all bank transactions nationally and represented 2.5% growth in volume over FY15. This growth in BPO settlement services was achieved from increased volumes from existing clients, expansion of services within our customers, as well as the on-boarding of NAB Broker which commenced using SAI’s services in September 2015.

During FY16, the settlement failure rate attributed to SAI Global was 1:8,800 or just 0.011%. This was an improvement over the FY15 failure rate of 0.012%. The business continues to enjoy ISO9001 accreditation, which is unique in the industry sector and a proven indication of the quality of BPO service we provide in the area of property settlements.

During FY16 the property business was awarded ISO27001 accreditation (Information Security Management). This accreditation, combined with APRA compliant BCP and DRP initiatives, provides exceptional risk mitigation to our banking and legal clients.

Document Management Services

We provide a range of document management services which are complementary to the settlement services we offer. Document management services include scanning & imaging, proofing, digitising, indexing and archiving & storage of physical documents which are used to support a range of business processes. During FY16, we scanned and imaged more than 1.75 million documents on behalf of our clients.

Professional Services

SAI Global provides a range of professional services which originated from our undertaking the on-boarding and implementation of major BPO service contracts for property settlement services. These services include operational excellence consulting, business process engineering and project management services. The use of workforce management technologies by our Lean Sigma and 6 Sigma qualified professional service teams, have enabled us to achieve an all-time industry low property settlement average failure rate of just 0.011% in FY16.

Our team of professionals are specialists in driving resource and process efficiencies, minimising waste and reducing process cycle times and the implementation and change management leadership required to institute major business process changes, on-board new clients and support their smooth transition from existing service providers whether internal or external to their organisation. This enables us to work with clients to increase operational efficiency and reduce the direct costs to a business for both insourced and outsourced business functions.

As a result of winning the NAB Broker contract, we expanded our range of professional services to include Loan Drawdown, Account Opening and Document Verification services.

Settlement Manager

Through our Settlement Manager platform, we offer an end-to-end mortgage settlement management capability. Developed in-house and in conjunction with major financial institutions, Settlement Manager offers conveyancers and solicitors national scale, with online convenience.

To support the implementation of NAB Broker, several enhancements were made to the Settlement Manager platform, including the implementation of an Enterprise Services Bus which enables core banking platform integration with Settlement Manager's web services, supporting a more seamless end-to-end property transaction for our BPO clients.

Settlement Room

SAI Global Property Services has drawn on over two decades of experience to develop Settlement Room, a cloud-based facility for the property services industry.

Settlement Room was developed in-house in collaboration with the industry, and brought to market to improve industry efficiency and reduce settlement failure rates.

The platform is designed to enable the industry to further improve on the greatly reduced settlement failure rate achieved in the last five years as well as to enable line-of-sight co-operation between the two groups of settlement participants who act on behalf of their clients in a settlement, being financial institutions and conveyancing & legal practitioners.

Over 8,000 solicitors and conveyancers currently use Settlement Room nationally to verify key details of a settlement, enter and confirm financial details and book settlement, with a large number of those currently using Settlement Room involved in multiple transactions.

Information Broking and data services

SAI Global provides information and data search services to the conveyancing/legal sector, banking and finance and commercial sectors. This includes property searches and conveyancing certificates as well as company and securities searches. We are one of the largest providers of such information in Australia, delivering more than 7 million individual searches to clients during FY16.

As a registered broker to most available state and federal government registries, we provide direct web-based access to commercial information from the Australian Securities and Investment Commission (ASIC) Companies and Business Names registries as well as the Australian Financial Security Authority, Bankruptcy and PPSR searches and registration.

Search Manager:

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.

Planning and Roads Certificates:

Operating for more than 20 years, SAI Global Property Services continues to be the provider of choice for property transfer professionals today. Our 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. They are relied upon by the legal and conveyancing industry to support due diligence processes and assess some of the key risks associated with a property purchase for property buyers and sellers.

Encompass and Dynamic Company and Securities Reports:

SAI Global acquired the exclusive Australian rights to the Encompass platform late in the first half of FY15. Encompass is a patent protected visualisation platform which enables our clients to create and store interactive and shareable corporate trees showing relationships across data supplied by ASIC, Land Registries and the PPS Register. This enables users to rapidly understand how people, companies and property are connected, rather than just receive the underlying data extracts traditionally provided from government authorities.

The platform's capabilities enable us to deliver commercial 'value-add' products which were initially released in FY15, and expanded in FY16. These products have continued to grow in usage through FY16 with our banking and finance, legal and commercial customers.

Encompass is protected by patent, our rights to which are subject to current litigation by SAI and Encompass Corporation against a competitor.

Conveyancing Manager:

FY16 saw the continued growth of the Conveyancing Manager platform which enables legal and conveyancing firms to manage their end-to-end property workflows. The capital investment in the new architecture for Conveyancing Manager was completed in the first half of FY16 with all clients migrated to the new unique hybrid offline/online working capability. This investment has resulted in a more seamless user experience in working offline/online – further enhancing users' flexibility to work on their matters regardless of their location or connectivity.

Strategy and associated risks

A key strategic imperative is to continue to organically grow the Property Services business.

Industry focus on the digitisation of the property transaction, from listing to settlement, has provided SAI Global with a number of opportunities.

We have not seen any indication of acceleration in the uptake of electronic settlements during FY16 due to a range of issues with the available electronic settlement platform, industry readiness and the current participation model.

As announced at the FY16 half year results, SAI Global is working with The Australian Registrars National Electronic Conveyancing Council (ARNECC) and key clients, on the potential for a 'hybrid' settlement model to provide the industry with a transition path to electronic settlements. SAI Global's development of the hybrid approach has been driven by the significant challenges and lack of adoption we have observed with the current electronic settlements business model during FY15 and FY16. This transition model will enable the Company to leverage its current BPO capabilities and property transaction platforms to create value for industry through logical industry transformation, not disruption. SAI Global is currently working with ARNECC on the legal framework and feasibility of this model.

SAI Global remains a PEXA sponsor and will continue to work in partnership with industry participants, including ARNECC, our key banking clients, the Australian Institute of Conveyancers, various Law Societies and PEXA on potential solutions to drive uptake of electronic settlements. This will include the potential to partner with the key industry participants to introduce the hybrid settlement model which we believe can help the industry transition to a new way of working better together.

The industry focus on digitisation has also given rise to several opportunities for the Information Broking and Data Services business. SAI Global has a number of internal investments underway in new digital products and services which are aimed at supporting our commercial information and property information clients to work more efficiently. This will include a range of new property "value add" products designed to improve the way in which legal and conveyancing practitioners work, by improving business decision making and reducing the cost of the conveyancing process for the businesses involved.

Short and medium-term prospects

SAI Global will remain a central, unifying participant in the property ecosystem. We see continuing organic growth opportunities for both the Business Process Outsourcing and Information Broking and Data Services business within Property Services. Both businesses achieved positive organic EBITDA growth during FY16 as a result of new business wins, new products and the expansion of BPO professional services as a result of the implementation of NAB Broker.

The new range of SAI's BPO professional services has extended our reach up the banking value-chain. This service extension provides organic growth opportunities to expand our service offering with existing BPO clients, as well as provide a wider range of services to prospective clients. The Property Services business has a healthy pipeline of opportunities heading into FY17 that should provide for continued EBITDA growth.

In addition to a focus on new business and new products, we are continuing to work on the development of a number of strategic partnerships to further enhance the unique value proposition of our products and services and support the division's organic growth objectives. Together with a continuing drive to improve efficiencies, we remain confident that we have the market position and strategy to maintain EBITDA growth in FY17.

Dividends

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

	$'000
Final ordinary dividend for the year ended 30th June 2015 of 9.0 cents per share paid on 23rd September 2015	19,058
Interim ordinary dividend for the year ended 30th June 2016 of 7.5 cents per share paid on 8th April 2016	15,872

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 9.5 cents per share, fully franked, to be paid on 23rd September 2016.

The total dividends paid and payable in respect of the year ended 30 June 2016 are 17.0 cents per share, up from the 16.5 cents paid in respect of the year ended 30 June 2015.

Based on the expected number of shares on issue, total dividends declared in respect of the year ended 30 June 2016 are expected to be $36.2M, up 3.7% from the $34.9M paid in respect of the year ended 30 June 2015.

Going forward, the Directors will take into account future business conditions and opportunities, the level of retained earnings and the cash flow requirements of the Company in determining the level of dividend.

Significant changes in the state of affairs

Other than matters referred to previously in this report, there have been no other significant changes in the state of affairs of the Company.

Matters subsequent to the end of the financial year

In response to a report in the Australian Financial Review, on 26th July 2016 the Company confirmed that it is reviewing a possible sale of its Assurance business. This process was initiated by the Company following approaches from, and subsequent meetings with, a number of the leading global sector participants.

While Assurance is a valuable business to the Company, it would require broader geographic coverage and scale in order to be even more competitive. Moreover, at present, the industry is undergoing rapid consolidation. The Company's Assurance business delivers Assurance services to clients in about 120 countries and could offer significant strategic value to global competitors.

In the event of a sale, it is the Company's intention that the remaining Risk Management Solutions business would continue to offer assurance products and services through a strategic alliance with the successful acquirer.

Should there be a successful sale of the Assurance business, it will support SAI's strategy to focus its globally integrated risk management solutions business towards higher margin, higher growth software and digital products and services. The market for these products shows potential for strong demand and attractive returns on investment.

The strategic review is at a preliminary stage and there is no certainty that these discussions will result in a transaction.

On 17th August 2016 the Company announced that it has executed an agreement to acquire Modulo Security LLC, a U.S incorporated company which operates a software risk management business, from Brazilian company, Modulo Security Solutions SA for AU$6.86M on a debt-free, cash-free basis and subject to a customary working capital adjustment.

The acquisition complements SAI Global's portfolio of software risk management solutions and furthers its strategic focus on these products and in SAI Global's hands, is expected to deliver over AUD$5.8M in revenue in the coming year. The transaction will complete when customary conditions precedent have been satisfied.

The transaction includes the grant of a licence to the well regarded Modulo IT Risk Management software platform source code which complements and augments SAI Global's leading Governance, Risk and Compliance Software Platform, Compliance 360. The licence, that is an exclusive worldwide licence, except in Brazil, Angola and Mocambique, includes the perpetual rights to modify, use and sell the source code. Modulo Security Solutions SA will continue to own the source code.

Under the terms of the agreement, the parent, Modulo Security Solutions SA, will continue to deliver Modulo's Smart Government and Command & Control solutions worldwide, and will also have the exclusive right to continue to sell IT GRC solutions in Brazil, Mozambique and Angola for five years. After 5 years both companies will be free to operate internationally without territorial constraints.

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

Robert Aitken B.E.(Chem)(Hons), M.B.A., FAICD Independent, Non-Executive Director, based in Sydney

Length of service
4 years

Experience and expertise

An experienced non-executive director of ASX and NZX listed and private equity funded companies, Rob joined the Board of Directors of SAI Global Limited in September 2012.

During the early part of his career Rob worked as a chemical process engineer and systems engineer developing commercial and process control systems for manufacturing businesses. With over 25 years' experience in senior management roles with international firms in the manufacturing and industrial marketing sectors he has managed businesses located throughout Australia and New Zealand, America, Europe and Asia. Rob brings to the SAI Global Board his extensive experience in managing technology-based businesses, overseeing business improvement programmes and managing significant capital projects and capital raisings. In addition to a strong background in developing market-driven strategies for growth and business management, Rob is also experienced in divestments and acquisitions.

Most recent executive experience was as Executive General Manager at Southcorp Water Heaters and Southcorp Appliances, accountable for manufacturing based businesses in the USA, Australia, New Zealand, Italy and China. Prior to that, Rob was President, Formica Corporation in North America and Europe with responsibility for businesses in the USA, Canada, France, Spain and the UK. In these roles he also chaired joint ventures in China, Germany and the Philippines.

Other current directorships

Nil

Former directorships in last 3 years

Nuplex Industries Limited
Alesco Corporation Limited
Rubicor Group Limited

Special responsibilities

Chairman, Remuneration and People Committee
Member, Audit and Risk Committee (up to 10th August 2015)
Member, Audit Committee (since 10th August 2015)

Interests in shares (direct and related) as at 30 June 2016

50,000 shares in SAI Global Limited

Anna Buduls BA, MCom Independent, Non-Executive Director, based in Sydney

Length of service
12 years

Experience and expertise
Anna has over twenty years' experience as an independent non-executive director, working across a range of industries and working with both listed and government entities. This has given her insight into and experience of a very broad range of commercial circumstances that can confront companies from to time, and the skill sets to deal with them. Anna has dealt with management buyouts, mergers and acquisitions, large scale corporate and debt restructurings and initial listings.

Prior to commencing her Non-Executive Board career Anna worked in a variety of industries and roles, including 7 years in investment banking with Macquarie Bank. In addition to her non-executive director roles, in the last ten years Anna has owned and developed a successful Business-to-Business travel software company, and has undertaken various policy reviews for the Australian Government. Her policy work for the Australian Government has included that undertaken during 5 years as a member of the Foreign Investment Review Board. The IT knowledge gained through the B2B software company has equipped Anna to contribute relevant knowledge and analysis to the development of SAI's technology platforms and associated risk assessments.

Anna was also one of three Australian members of the APEC Business advisory for three years to December 2014. This has given her insights into international business practices relevant to SAI's global business.

Other current directorships
Tramada Holdings Pty Limited (Chairman)
Beyond Empathy (Chairman)

Former directorships in last three years
Foreign Investments Review Board
Australian Social Inclusion Board

Special responsibilities
Member, Audit and Risk Committee (up to 10th August 2015)

Chairman, Risk Committee (since 10th August 2015)
Member, Audit Committee (since 10th August 2015)
Member, Remuneration and People Committee

Interests in shares (direct and related) as at 30 June 2016
40,769 shares in SAI Global Limited

W Peter Day LLB, MBA, FCA, FCPA, CTA, FAICD. Independent, Non-Executive Director, based in Melbourne

Length of service
8 years

Experience and expertise
Peter has a background in finance, strategy and general management in mining, manufacturing, food and financial and regulatory services. He has held senior executive and executive director positions, mainly with the Rio Tinto Group and Bonlac Foods. He was Chief Financial Officer for Amcor for 7 years until 2007. Peter is a former Chairman of the Australian Accounting Standards Board and was Deputy Chairman of the Australian Securities and Investments Commission. He is currently a non-executive director of a number of listed and public interest organisations. He is also actively involved in supporting professional education and disability services.

Other current directorships
Ansell Limited
Alumina Limited
Boart Longyear Limited
Australia Unity Office Fund (Chairman)

Former directorships in the last 3 years
Orbital Corporation Limited
Federation Centres Limited

Special responsibilities
Chairman, Audit and Risk Committee (up to 10th August 2015)
Chairman, Audit Committee (since 10th August 2015)
Member, Risk Committee (since 10th August 2015)

Interests in shares (direct and related) as at 30 June 2016
35,215 shares in SAI Global Limited

Andrew Dutton BSC.,**MAICD**. Independent Chairman, based in Sydney

Length of service
8 years

Experience and expertise
Andrew has extensive international experience in managing and growing businesses particularly in the technology sector. Much of his career has been involved in anticipating and managing the impact of technology and the disruption it has enabled or created in business.

Based in Tokyo, Andrew ran IBM's Asia Pacific software division. At CA Technologies, he led all international operations from his base in London and as SVP Business Development at Visa, Andrew grew the operations across APJ from Singapore. Most recently Andrew, again based in Singapore, headed VMware in Asia Pacific. His experience was also broadened early on as CFO both at Norwich Union in Melbourne and IBM New Zealand based in Wellington.

Andrew has gained first-hand experience in international business, executive leadership, business execution and sales and marketing.

Over the last 26 years Andrew has held directorships from New Zealand to London and Chaired a business in Saudi Arabia. He was a member of IBM's WW Senior Leadership Team and has participated in three World Economic Forum meetings in Davos.

Other current directorships
Nvoi Limited (Chairman)

Former directorships in the last 3 years
A number of VMWare entities

Interest in shares (direct and indirect) as at 30 June 2016
55,407 shares in SAI Global Limited

Sylvia Falzon MIR & HRM (Hons) B Bus, GAICD, SF Finsia,
Independent, Non-Executive Director, based in Melbourne

Length of service
3 years

Experience and expertise
An experienced non-executive director of ASX listed companies, not-for-profit and government organisations, Sylvia joined the Board of Directors of SAI Global Limited in October 2012.

Sylvia has worked in the financial services industry for almost 3 decades and during that time has held senior executive positions responsible for institutional and retail funds management businesses both domestically and internationally.

Her roles have included Head of Business Development at AVIVA Investors Australia, an equity partner at Alpha Investment Management, and Chief Manager International Sales and Service at National Mutual Funds Management / AXA.

She has overseen strategy, product development and management distribution, marketing and communications as well as client services.

Other current directorships
Perpetual Limited
Regis Healthcare
Museums Board of Victoria
Cabrini Health Limited

Former directorships in last 3 years
Nil

Special responsibilities
Member, Remuneration and People Committee
Member, Risk committee (since 10th August 2016)

Interests in shares (direct and related) as at 30 June 2016
12,258

Peter Mullins B.A (Economics, Psychology) MAICD, Chief Executive Officer and Managing Director, based in Sydney

Length of service
7 years (1 year and 8 months as a Director)

Experience and expertise

Over 30 years of I.T. and Operational executive management experience in retail, life insurance and pensions, and BPO sectors. Peter has held CIO, COO and CEO positions at AMP and Unisys.

Other current directorships
A number of SAI Global Limited related entities

Former directorships in the last 3 years
None

Interest in shares (direct and indirect) as at 30 June 2016
202,260 shares in SAI Global Limited

David Spence, B. Comm. CA (SA) MAICD, Independent, Non-Executive Director, based in Sydney

Length of service
3 years

Experience and expertise
David is a well-known entrepreneur in the internet and telecommunication arena. He has been an independent Director or Chairman of nine listed entities and a Director of over 20 unlisted private equity or venture capital funded companies.

David is currently, Chairman of Vocus Communications Limited, Chairman PayPal Australia, and a Non-Executive Director at Hills Limited.

His past career includes being a General Manager at ACP Publications, CFO at Freedom Furniture and OPSM, COO and then CEO at Ozemail Limited, CEO at Unwired Limited, Venture partner at Allen & Buckeridge as well as being involved in numerous start-ups. He is also a past Chairman of the Internet Industry Association. David brings to the Board of Directors of SAI Global Limited his extensive experience in driving growth in technology-based businesses, strong commercial skills and experience in capital raisings as well as mergers and acquisitions. In addition to a strong background in the digital and telecommunications world David is also experienced in managing international operations out of Australia.

Other current directorships
Vocus Communications Limited (Chairman)
PayPal Australia Pty Limited (Chairman)
Hills Limited
National Narrowband Company Network Pty Limited (Chairman)

Former directorships in the last 3 years
Nil

Special responsibilities
Chairman, Capital Programme and IT Committee (up to 24th February 2016)
Member, Audit and Risk Committee (up to 10th August 2015)
Member, Risk Committee (since 10th August 2015)
Member, Audit Committee (since 10th August 2015)

Interests in shares (direct and related) as at 30 June 2016
53,896 shares in SAI Global Limited

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

With effect from 10th August 2015 the Company's Audit & Risk Committee has been replaced with two Committees, The Audit Committee and The Risk Committee. With effect from 24th February 2016 the role and responsibilities of the Company's Capital Programme and IT Committee were assumed by the Risk Committee.

The numbers of meetings of the Company's Board of Directors and of each Board Committee, held during the year ended 30 June 2016, and the numbers of meetings attended by each Director were:

	Board meetings	Audit & Risk Committee	Remuneration & People Committee	Capital Programme & IT Committee	Nomination Committee	Audit Committee	Risk Committee
Total number of meetings held:	**13**	**1**	**4**	**4**	**1**	**4**	**3**
Directors							
Andrew Dutton	13/13	N/A	N/A	N/A	1/1	N/A	N/A
Anna Buduls	13/13	1/1	4/4	4/4	1/1	4/4	3/3
W Peter Day	13/13	1/1	N/A	N/A	1/1	4/4	3/3
Robert Aitken	11/13	1/1	4/4	N/A	1/1	4/4	N/A
Sylvia Falzon	12/13	N/A	4/4	N/A	1/1	N/A	3/3
David Spence	12/13	1/1	N/A	4/4	1/1	4/4	3/3
Peter Mullins	11/13	N/A	N/A	N/A	N/A	N/A	2/3

Letter from the Chairman of the Remuneration & People Committee

Dear Shareholder,

I am pleased to present our Remuneration Report for 2016.

This has been a year of significant change including the business reorganisation announced on 1 July 2015, whereby the former Compliance, Assurance and Standards & Technical Information divisions were combined into an integrated, global Risk Management Solutions business.

In addition to realising synergies across the business, the new structure was focussed on improving organic revenue growth. With this in mind, the Board implemented a number of changes to the remuneration framework effective 1 July 2015, to generate superior shareholder returns whilst managing risk and the ability to attract, retain and motivate a talented team of executives. Key changes included:

- Higher proportion of variable pay with increased opportunity for Short Term Incentives (STI) and Long Term Incentives (LTI) for the Executive Management Team (Exco), details of which are provided in the Remuneration Report.
- The CEO and Exco members each have an element of their STI linked to revenue generation.
- EBITDA and revenue outcomes are calculated on a statutory basis (previously underlying) with no adjustment for significant items unless the Board applies discretion in consideration of a major event such as the sale or purchase of a business asset.
- The personal objectives or non-financial component of STI cannot be earned unless the threshold EBITDA for SAI Global Limited and a behavioural gateway is achieved.
- To reflect the Board's increased focus on improving the returns from funds invested in the company, LTI grants made in 2015 will be subject to the performance criteria of 50% dependent on EPS growth and 50% on Return on Funds Employed (ROFE). The ROFE measure replaces TSR which was used in previous years.
- Introduction of a Voluntary Share Purchase Plan (VSPP) which allows officers and employees the ability to purchase SAI Global Limited shares (Stock) on a regular basis.

SAI's remuneration framework is characterised by a balance between fixed base salary and variable performance based rewards delivered via a short term incentive scheme (focussed on both financial and non-financial outcomes) and long-term incentives (Share Options and Performance Share Rights).

The Board believes that the changes to the remuneration framework that were effective 1 July 2015 increased the alignment between staff and shareholder outcomes.

These changes continue to be aligned to the Company's future strategy and consequently, the Board has decided not to make any significant changes to the remuneration framework for FY17.

Employment Markets Globally

The year ended 30 June 2016, has seen relatively stable employment conditions in our largest markets of Australia, UK and the US; however, we continue to be challenged due to limited availability of talent in some of our specialist areas such as food auditors. As a global Company, the Board is committed to retaining a stable and talented workforce across geographies and is ready to respond accordingly to changing labour market circumstances and cycles.

The Employment Environment

The Board's continuing focus on the benefits of a diverse workforce is delivering a positive outcome. As an example, the representation of females in the most senior levels of the Company has increased to over 40% in the past year and the focus on promoting policies and practices that support diversity bodes well for further improvement in FY17. From a remuneration perspective, the Board oversees a rigorous annual gender analysis of remuneration aimed at ensuring fairness and equal opportunity. Last year and for the upcoming year, funds have been allocated to address any anomalies that emerge from the gender analysis of remuneration.

The CEO, Exco and other senior executives continue to have performance objectives built in to their STI plans that are specifically aimed at retaining key talent and increasing gender diversity at all levels of the Company. This will be a continued area of focus for the Board.

Company Performance

The weakened Australian dollar relative to FY15 has had a significant positive impact on the results reported by SAI Global in FY16. However, most results fell short of targets and as a consequence, the CEO and Exco will receive limited STI for FY16. In addition, only a small portion of the LTI that could have vested on 30 June 2016 did vest.

Yours faithfully

Rob Aitken

Rob Aitken
Chairman, Remuneration and People Committee

REMUNERATION REPORT

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

1. The Remuneration and People 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 and People Committee

The Remuneration and People Committee (the Committee) operates under the delegated authority of SAI Global's Board of Directors. Towards the end of FY15, the Committee's charter was expanded and the Committee was renamed the Remuneration and People Committee. The Committee's Charter is available on SAI Global's website www.saiglobal.com.

The Committee is comprised solely of Non-Executive Directors, being Rob Aitken (Chairman), Anna Buduls and Sylvia Falzon.

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.

Ernst & Young (EY) was engaged by the Committee to provide remuneration advice in relation to Key Management Personnel (KMP), but did not provide the Board Remuneration and People Committee with remuneration recommendations as defined under Division 1, Part 1.2, 9B (1) of the Corporations Act 2001 (Cth). The Board was satisfied that advice received was free from any undue influence by key management personnel to whom the advice may relate, because strict protocols were observed and complied with regarding any interaction between EY and management, and because all remuneration advice was provided to the Remuneration and People Committee chair.

The table below lists other consultants who were retained during the year. All consultants 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 21 October 2011, for the purpose of calculating the value of share based remuneration.
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 Long Term Incentive performance criteria have been met.

During the year ended 30 June 2016 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 are "at risk" and 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 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: Consists of base salary, post-employment (retirement) and other benefits.

- Variable remuneration: Consists of annual short-term and long-term incentives, which are tied to performance, are at risk, and are 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 external benchmarking data, in addition to the performance of individual executives. 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 is a sub group of companies listed on the Australian Securities Exchange with market capitalisations and run rate revenues between 50% and 200% of SAI Global's market capitalisation and run rate revenue.

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 STI and LTI plans are important elements of remuneration, providing tangible incentives for executives 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 the past year there was a focus to have an increased amount of the CEO and Executives total remuneration at risk, with increased potential for both STI and LTI.

(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. As a result of the business transformation, a number of changes were implemented in FY16 and these will continue for the coming year.

- Short-term incentive opportunities were increased to 60-90% (from 35-50%) of fixed remuneration for executives who were members of the Executive Committee for the entire financial year.

- The performance measures for STI payments were revised as shown below:

Year	Measure	Threshold 95% of Target	Target	Stretch 105% of Target
FY14/15	Financial: Payment	25%	75%	100%
	Non-Financial: Payment	25%	60%	100%

Year	Measure	Threshold 95% of Target	Target	Stretch 110% of Target
FY15/16	Financial: Payment	20%	60%	100%
	Non-Financial: Payment	20%	60%	100%

- An EBITDA hurdle must be achieved for the CEO and Exco to be eligible for the non-financial portion of the STI.

- The uncapped element of STI for the CEO and the Exco which was payable for performance above agreed targets was removed.

- The Company's Short Term Incentive Deferral policy, introduced in FY14 will continue to apply to STI payments made to the CEO and the Exco.

For the year ended 30 June 2016, the STI opportunity for Mr Mullins in his role as CEO was $810,000 representing 90% of his fixed remuneration; however, he received a STI of 5% based on the targets that were achieved.

(vi) Long-term incentive plan

At the Company's annual general meeting held on the 20 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 21 October 2011, shareholders approved amendments to the Plan and Sub Plan.

All long-term incentives granted in the year ended 30 June 2016 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 incentives issued in years prior to the change of control are deemed to have vested. Incentives issued in the year of change of control are vested pro-rata based on the proportion of the year that has elapsed up until the end of the month following the date of the change of 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 100% Options over Ordinary Shares in SAI Global Limited (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, 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 20 November 2015, for the purpose of applying performance hurdles, each grant of PSRs and each grant of Options is divided into two equal parts. One half will be subject to Return on Funds Employed (ROFE) performance criteria and the other half to Earnings per Share (EPS) criteria.

<u>The ROFE performance hurdle</u>

ROFE is defined as Statutory EBIT/Monthly Average Funds Employed. On each vesting date, the ROFE for SAI Global Limited is calculated and the vesting criteria is as shown:

ROFE	Vesting (% of Potential)
Less than 95% Target	No vesting
Equal to 95% Target	30% vesting
Between 95-105% Target	Vesting on a pro-rata basis
Equal to or greater than 105% Target	100% vesting

ROFE Targets are: FY18: 17%, FY19: 18%, FY20: 19%

<u>The EPS performance criteria</u>

On each vesting date, the compound EPS growth of ordinary shares in the Company over the vesting period is calculated and the vesting criteria is as shown:

Compound EPS Growth	Vesting (% of Potential)
Less than 8% per annum	No vesting
Equal to 8% per annum	30% vesting
Between 8 - 12% per annum	Vesting on a pro-rata basis
Equal to or greater than 12% per annum	100% vesting

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

As approved at the 2015 AGM, on 20 November 2015, Mr Mullins received 857,143 Options with an Option price of $4.40.

(vii) Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the responsibilities of the Directors. Non-Executive Directors’ fees and payments are regularly reviewed 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 $1,100,000. The current fee pool was last reviewed at the annual general meeting held in October 2015.

The Board has resolved that no retirement allowances will be paid for any Non-Executive Directors including the Chairman.

Chairman, Non-Executive Director and Committee fees for the year ended 30 June 2016 were:

Chairman	$245,000 per annum
Non-Executive Director	$110,000 per annum

Chairman, Audit Committee	$22,000 per annum
Chairman, Risk Committee	$22,000 per annum
Chairman, Remuneration and People Committee	$22,000 per annum
Committee Membership	$11,000 per annum per Committee

The board has decided to maintain the same fee structure and maximum fee pool for FY17.

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 Exco (as per the table below) who, apart from the CEO, are not Directors. The top 5 remunerated executives of the consolidated entity were Messrs. Mullins, Butcher, Richardson, Pascoe and Jouppi.

Name	Position	Employer
Peter Mullins	Chief Executive Officer	SAI Global Limited
Paul Butcher	Chief Commercial Officer	SAI Global Limited
Geoff Richardson	Chief Financial Officer	SAI Global Limited
Ann Wootton	Executive General Manager Property	SAI Global Property Division Pty Ltd.
Chris Jouppi	President Americas	QMI-SAI Canada Limited, Inc.
Anne Scorey	Regional Director EMEA	SAI Global Assurance Limited
Tim Jacob	Regional Director APAC	SAI Global Limited
Kim Jenkins	Director Strategy, Mergers & Acquisitions	SAI Global Limited
Hanna Myllyoja	General Counsel and Company Secretary	SAI Global Limited
Malcolm Pascoe	Group Chief Information Officer	SAI Global Limited
Cara Reil	Group Director Human Resources (part year)	SAI Global Limited
Andrew Jones	Group Director Human Resources (part year)	SAI Global Limited

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 or healthcare related benefits for employees outside of Australia.

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, the share price when the awards vest and the underlying shares are sold.

Table 2 below replicates 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 30 June 2016 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 30 June 2016. The Cash Value assumes that on 30 June 2016 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 30 June 2016 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 30 June 2015, calculated on the same basis, is also shown below:

Key Management Personnel of the SAI Global Limited Group

Table 1 – in accordance with AASB 124 for the year ended 30 June 2016:

2016	Short- term benefits			Post-employment		Other long term benefits	accordance with AASB2	Total
Name	fees [1]	incentive	Monetary	annuation	n benefits	leave	PSR/Options [3]	$
Non Executive Directors								
Andrew Dutton (Chairman)	225,692	-	-	19,307	-	-	-	244,999
Anna Buduls	140,512	-	-	13,348	-	-	-	153,860
David Spence	126,842	-	-	12,049	-	-	-	138,891
Peter Day	127,232	-	-	12,087	-	-	-	139,319
Robert Aitken	130,593	-	-	12,406	-	-	-	142,999
Sylvia Falzon	117,186	-	-	11,132	-	-	-	128,318
Sub-total	868,057	-	-	80,329	-	-	-	**948,386**
Executive Directors								
Peter Mullins	894,437	40,583	-	35,590		14,664	72,638	1,057,912
Executives								
Geoff Richardson	513,581	14,730	-	19,308	-	7,835	69,776	625,230
Hanna Myllyoja	374,718	19,540	-	19,308	-	9,032	45,690	468,288
Malcolm Pascoe	419,884	20,542	-	19,308	-	6,834	16,055	482,623
Cara Reil [4]	282,360	14,029	-	30,396	-	4,421	6,377	337,583
Kim Jenkins [5]	384,936	20,041	-	19,308	-	6,023	6,073	436,381
Paul Butcher	605,164	28,581	-	34,280	-	9,667	72,635	750,327
Anne Scorey [6]	376,016		45,253		-	-	20,291	441,560
Ann Wootton	388,121	38,375		34,114	-	9,901	26,964	497,475
Tim Jacob [7]	359,395	10,918		19,308	-	5,131	19,617	414,369
Chris Jouppi [8]	419,254	13,060	40,745	-	-	-	57,921	530,980
Andrew Jones [9]	14,230			5,489	277,854	-	-	297,573
Total	**5,900,153**	**220,399**	**85,998**	**316,738**	**277,854**	**73,508**	**414,037**	**7,288,687**

1. Included are accruals for Annual Leave.
2. Includes items such as Company contributions to health care plans, car allowance or other employee benefit programs.
3. Non-Executive Directors do not receive PSRs or Options.
4. Cara Reil was appointed as Group Director Human Resources and became a member of the Exco on 2 November 2015.
5. Kim Jenkins was appointed as Director Strategy, M&A and became a member of the Exco on 1 July 2015.
6. Anne Scorey promoted to Regional Director EMEA and became a member of the Exco on 1 July 2015. She is based in the UK and her remuneration has been translated into Australian Dollars using the average exchange rate between 1 July 2015 and 30 June 2016 of 0.492.
7. Tim Jacob was promoted to Regional Director APAC and became a member of the Exco on 1 July 2015 .
8. Chris Jouppi was promoted to President Americas and became a member of the Exco on 1 July 2015. He is based in Canada and his remuneration has been translated into Australian Dollars using the average exchange rate between 1 July 2015 and 30 June 2016 of 0.966.
9. Andrew Jones' contract ended on 1 July 2015. Included in his termination payment are Annual Leave and Long Service Leave accruals which were paid out on his retirement.

Table 2 – with illustration of cash value of share based payments for the year ended 30 June 2016:

Key management personnel of SAI Global Limited Group

Table 2 - with illustration of cash value of share based payments for the year ended 30th June 2016

2016	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 [2]	Super-annuation	Termination benefits	Long Service leave	PSR/Options [3]	$
Non Executive Directors								
Sub-total	**868,057**	**-**	**-**	**80,329**	-	-	-	**948,386**
Executive Directors								
Peter Mullins	894,437	40,583	-	35,590	-	14,664	11,677	996,951
Executives								
Geoff Richardson	513,581	14,730	-	19,308	-	7,835	12,799	568,253
Hanna Myllyoja	374,718	19,540	-	19,308	-	9,032	7,092	429,690
Malcolm Pascoe	419,884	20,542	-	19,308	-	6,834	-	466,568
Cara Reil [4]	282,360	14,029	-	30,396	-	4,421	-	331,206
Kim Jenkins [5]	384,936	20,041	-	19,308	-	6,023	-	430,308
Paul Butcher	605,164	28,581	-	34,280	-	9,667	4,284	681,976
Anne Scorey [6]	376,016	-	45,253	-	-	-	3,882	425,151
Ann Wootton	388,121	38,375	-	34,114	-	9,901	3,882	474,393
Tim Jacob [7]	359,395	10,918	-	19,308	-	5,131	3,882	398,634
Chris Jouppi [8]	419,254	13,060	40,745	-	-	-	10,814	483,873
Andrew Jones [9]	14,230	-	-	5,489	277,854	-	-	297,573
Total	**5,900,153**	**220,399**	**85,998**	**316,738**	**277,854**	**73,508**	**58,312**	**6,932,963**

1. Included are accruals for Annual Leave.
2. Includes items such as Company contributions to health care plans, car allowance or other employee benefit programs.
3. Non-Executive Directors do not receive PSRs or Options.
4. Cara Reil was appointed as Group Director Human Resources and became a member of the Exco on 2 November 2015.
5. Kim Jenkins was appointed as Director Strategy, M&A and became a member of the Exco on 1 July 2015.
6. Anne Scorey promoted to Regional Director EMEA and became a member of the Exco on 1 July 2015. She is based in the UK and her remuneration has been translated into Australian Dollars using the average exchange rate between 1 July 2015 and 30 June 2016 of 0.492.
7. Tim Jacob was promoted to Regional Director APAC and became a member of the Exco on 1 July 2015 .
8. Chris Jouppi was promoted to President Americas and became a member of the Exco on 1 July 2015. He is based in Canada and his remuneration has been translated into Australian Dollars using the average exchange rate between 1 July 2015 and 30 June 2016 of 0.966.
9. Andrew Jones' contract ended on 1 July 2015. Included in his termination payment are Annual Leave and Long Service Leave accruals which were paid out on his retirement.

Table 3 – in accordance with AASB 124 for the year ended 30 June 2015:

2015	Short- term benefits			Post-employment		Other long term benefits	Share-based in accordance with AASB2	Total
Name	Salary and fees [1]	Short-term incentive	Non-Monetary benefits [4]	Super-annuation	Termination benefits	Long Service leave	PSR/Options [5]	$
Non Executive Directors								
Andrew Dutton (Chairman) [6]	118,408	-	-	9,392	-	-	-	127,800
Anna Buduls	118,721	-	-	11,279	-	-	-	130,000
David Spence	113,978	-	-	10,828	-	-	-	124,806
Peter Day	125,395	-	-	11,913	-	-	-	137,308
Robert Aitken	90,155	-	-	34,845	-	-	-	125,000
Sylvia Falzon	100,456	-	-	9,543	-	-	-	109,999
Sub-total	667,113	-	-	87,800	-	-	-	**754,913**
Executive Directors								
Peter Mullins [9]	679,296	392,579	-	32,449	-	17,923	80,050	1,202,297
Andrew Dutton [5]	444,431	-	-	9,392	-	-	-	453,823
Executives								
Brett Lenthall [6]	16,663		-	4,696	322,649	(47,780)	18,563	314,791
Geoff Richardson	694,399	275,272	-	18,783	-	7,819	94,927	1,091,200
Andrew Jones	395,121	188,032	-	36,008	-	6,515	54,929	680,605
Hanna Myllyoja	477,150	163,825	-	18,783	-	(11,535)	49,115	697,338
Malcolm Pascoe [7]	185,530	89,670	-	9,392	-	3,030	-	287,622
Ann Wootton [8]	202,877	141,568	-	34,469	-	14,522	22,469	415,905
Paul Butcher	544,912	293,671	-	34,983	-	9,646	89,950	973,162
Tim Whipple [2]	280,363	102,954	14,024	-	366,644	-	55,336	819,321
Total	4,587,855	1,647,571	14,024	286,755	689,293	140	465,339	**7,690,977**

1.Included are special payments made to Mr Richardson and Ms Myllyoja in recognition of the extensive additional work they were required to complete in relation to SAI's Strategic Review announced by the Board in June 2014. Mr Richardson received a special payment of $227,769 and Ms Myllyoja received a special payment of $124,425. Also included are changes in accruals for Annual Leave.
2. Tim Whipple was based in the USA and his salary and fees and non-monetary benefits have been translated into Australian Dollars at the average exchange rate between 1 July 2014 and 31 October 2014 , the date his employment terminated. This rate was 0.9132. His termination payment and Short Term Incentive have been translated at the exchange rate on 15 December 2014 (the date his termination payment was made), which was 0.8337. Share based payments for Mr Whipple are calculated in Australian Dollars.
3.Includes items such as Company contributions to health care plans.
4. Non-Executive Directors do not receive PSRs or Options.
5. During the period 1 July 2014 to 4 November 2014 Mr Dutton was Executive Chairman of SAI Global Limited. During the period 5 November 2014 to 30 June 2015 Mr Dutton was Non-Executive Chairman of SAI Global Limited.
6. Mr Lenthall's salary includes $37,676 paid to him in lieu of share options he was unable to exercise due to the constraints imposed by the Strategic Review announced by the Board in June 2014.
7. Mr Pascoe joined SAI Global and became a member of the Exco on 12 January 2015.
8. Ms Wootton was appointed a member of the Exco on 5 November 2014.
9. Mr Mullins was promoted to Chief Executive Officer on 5 November 2014.

Table 4 – with illustration of cash value of share based payments for the year ended 30 June 2015:

2015		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 [3]	Super-annuation	Termination benefits	Long Service leave	PSR/Options [4]	$
Non Executive Directors								
Sub-total	667,113	-	-	87,800	-	-	-	**754,913**
Executive Directors								
Peter Mullins [9]	679,296	392,579	-	32,449	-	17,923	-	1,122,247
Andrew Dutton [5]	444,431	-	-	9,392	-	-	-	453,823
Executives								
Brett Lenthall [6]	16,663	-	-	4,696	322,649	(47,780)	-	296,228
Geoff Richardson	694,399	275,272	-	18,783	-	7,819	-	996,273
Andrew Jones	395,121	188,032	-	36,008	-	6,515	-	625,676
Hanna Myllyoja	477,150	163,825	-	18,783	-	(11,535)	-	648,223
Malcolm Pascoe [7]	185,530	89,670	-	9,392	-	3,030	-	287,622
Ann Wootton [8]	202,877	141,568	-	34,469	-	14,522	-	393,436
Paul Butcher	544,912	293,671	-	34,983	-	9,646	-	883,212
Tim Whipple [2]	280,363	102,954	14,024	-	366,644	-	-	763,985
Total	**4,587,855**	**1,647,571**	**14,024**	**286,755**	**689,293**	**140**	**-**	**7,225,638**

1.Included are special payments made to Mr Richardson and Ms Myllyoja in recognition of the extensive additional work they were required to complete in relation to SAI's Strategic Review announced by the Board in June 2014. Mr Richardson received a special payment of $227,769 and Ms Myllyoja received a special payment of $124,425. Also included are changes in accruals for Annual Leave.

2. Tim Whipple was based in the USA and his salary and fees and non-monetary benefits have been translated into Australian Dollars at the average exchange rate between 1 July 2014 and 31 October 2014 , the date his employment terminated. This rate was 0.9132. His termination payment and Short Term Incentive have been translated at the exchange rate on 15 December 2014 (the date his termination payment was made), which was 0.8337. Share based payments for Mr Whipple are calculated in Australian Dollars.

3.Includes items such as Company contributions to health care plans.

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

5. During the period 1 July 2014 to 4 November 2014 Mr Dutton was Executive Chairman of SAI Global Limited. During the period 5 November 2014 to 30 June 2015 Mr Dutton was Non-Executive Chairman of SAI Global Limited.

6. Mr Lenthall's salary includes $37,676 paid to him in lieu of share options he was unable to exercise due to the constraints imposed by the Strategic Review announced by the Board in June 2014.

7. Mr Pascoe joined SAI Global and became a member of the Exco on 12 January 2015.

8. Ms Wootton was appointed a member of the Exco on 5 November 2014.

9. Mr Mullins was promoted to Chief Executive Officer on 5 November 2014.

The relative proportions of remuneration that were linked to performance and those that were fixed, for the year ended 30 June 2016 and the previous year, were as follows:

	Fixed Remuneration		At Risk - STI		At Risk - LTI	
Name	**2016 %**	**2015 %**	**2016 %**	**2015 %**	**2016 %**	**2015 %**
Executive Directors						
Peter Mullins	**89%**	61%	**4%**	32%	**7%**	7%
Executives						
Geoff Richardson	**87%**	66%	**2%**	25%	**11%**	9%
Hanna Myllyoja	**86%**	70%	**4%**	23%	**10%**	7%
Malcolm Pascoe	**93%**	69%	**4%**	31%	**3%**	0%
Cara Reil	**94%**	N/A	**4%**	N/A	**2%**	N/A
Kim Jenkins	**94%**	N/A	**5%**	N/A	**1%**	N/A
Paul Butcher	**86%**	61%	**4%**	30%	**10%**	9%
Anne Scorey	**95%**	N/A	**0%**	N/A	**5%**	N/A
Ann Wootton	**87%**	61%	**8%**	34%	**5%**	5%
Tim Jacob	**92%**	N/A	**3%**	N/A	**5%**	N/A
Chris Jouppi	**87%**	N/A	**2%**	N/A	**11%**	N/A
Andrew Jones	**100%**	64%	**0%**	28%	**0%**	8%

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, superannuation (or equivalent benefit) and participation in the Executive Incentive Plan.

Other major provisions of the agreements relating to remuneration are set out below. There are no termination benefits other than those noted below.

Name	Termination By Company	Termination by Employee	Base salary, inclusive of superannuation for year ended 30 June 2016
Peter Mullins Chief Executive Officer	6 Months	6 Months	$900,000
Geoff Richardson Chief Financial Officer	6 Months	3 Months	$490,000
Paul Butcher Chief Commercial Officer	6 Months	6 Months	$600,000
Tim Jacob Regional Director APAC	6 Months	3 Months	$340,000
Chris Jouppi President Americas	6 Months	3 Months	CAD$405,000
Anne Scorey Regional Director EMEA	6 Months	6 Months	GBP£185,000
Ann Wootton Executive GM Property	6 Months	3 Months	$400,000
Hanna Myllyoja General Counsel and Company Secretary	6 Months	3 Months	$390,000
Malcolm Pascoe Group Chief Information Officer	6 Months	3 Months	$410,000
Kim Jenkins Director Strategy, Mergers & Acquisitions	6 Months	3 Months	$400,000
Cara Reil Group Director, Human Resources (2 November 2015- 30 June 2016)	6 Months	3 Months	$420,000
Contracts of Former Executives			
Andrew Jones, Group Director, Human Resources (Contract terminated on 1 July 2015)	6 Months	3 Months	$429,874

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	Date Vesting
05 Nov 2010	01 Jul 2015	Nil	$ 4.40	$ 3.46	- Up to 33.3% on 1 Jul 2013
					- Up to 66.6% on 1 Jul 2014 less any vested on 1 Jul 2013
					- Up to 100% on 1 Jul 2015 less any vested on 1 Jul 2014
04 Nov 2011	01 Jul 2016	Nil	$ 4.71	$ 3.67	- Up to 33.3% on 1 Jul 2014
					- Up to 66.6% on 1 Jul 2015 less any vested on 1 Jul 2014
					- Up to 100% on 1 Jul 2016 less any vested on 1 Jul 2015
12 Nov 2012	01 Jul 2017	Nil	$ 3.89	$ 3.62	- Up to 33.3% on 1 Jul 2015
					- Up to 66.6% on 1 Jul 2016 less any vested on 1 Jul 2015
					- Up to 100% on 1 Jul 2017 less any vested on 1 Jul 2016
22 Nov 2013	22 Nov 2018	Nil	$ 4.07	$ 3.02	- Up to 33.3% on 1 Jul 2016
					- Up to 33.3% on 1 Jul 2017
					- Up to 33.3% on 1 Jul 2018
19 Nov 2014	19 Nov 2019	Nil	$ 3.95	$ 2.50	- Up to 33.3% on 1 Jul 2017
					- Up to 33.3% on 1 Jul 2018
					- Up to 33.3% on 1 Jul 2019
06 Jan 2015	06 Jan 2020	Nil	$ 4.40	$ 3.84	- Up to 33.3% on 1 Jul 2018
					- Up to 33.3% on 1 Jul 2019
					- Up to 33.3% on 1 Jul 2020
20 Nov 2015	20 Nov 2020	Nil	$ 4.40	$ 3.84	- Up to 33.3% on 1 Jul 2018
					- Up to 33.3% on 1 Jul 2019
					- Up to 33.3% on 1 Jul 2020

Details of PSRs and ordinary shares in the Company provided as a result of the exercise of performance share rights by Key Management Personnel 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 27 to the financial statements. Details of ordinary shares in the Company:

	Number of PSRs granted during the year		Number of PSRs vested during the year		Number of ordinary shares issued on exercise of PSRs during the year	
Name	**FY16**	**FY15**	**FY16**	**FY15**	**FY16**	**FY15**
Executive Director						
Peter Mullins	32,042	39,701	-	17,257	-	17,257
Executives						
Geoff Richardson	-	39,928	-	20,116	-	20,116
Hanna Myllyoja	-	22,124	-	11,499	-	11,499
Paul Butcher	-	19,850	-	-	-	-
Andrew Jones	-	38,090	21,772	13,451	21,772	13,451
Ann Wootton	-	17,722	-	6,717	-	6,717
Malcolm Pascoe	6,055	-	-	-	-	-
Cara Reil	-	-	-	-	-	-
Kim Jenkins	-	-	-	-	-	-
Tim Jacob	38,636	17,722	-	885	-	885
Chris Jouppi	-	50,224	-	12,884	-	12,884
Anne Scorey	45,105	17,722	-	6541	-	6,541

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	Date Vesting
09 Nov 2007	09 Nov 2017	$ 2.99	$ 2.99	$ 0.68	- Up to 33.3% on 1 Jul 2010
					- Up to 66.6% on 1 Jul 2011 less any vested on 1 Jul 2010
					- Up to 100% on 1 Jul 2012 less any vested on 1 Jul 2011
18 Jul 2008	18 Jul 2018	$ 2.29	$ 2.29	$ 0.54	- Up to 33.3% on 1 Jul 2011
					- Up to 66.6% on 1 Jul 2012 less any vested on 1 Jul 2011
					- Up to 100% on 1 Jul 2013 less any vested on 1 Jul 2012
04 Nov 2011	04 Nov 2018	$ 4.71	$ 4.71	$ 0.89	- Up to 33.3% on 1 Jul 2014
					- Up to 66.6% on 1 Jul 2015 less any vested on 1 Jul 2014
					- Up to 100% on 1 Jul 2016 less any vested on 1 Jul 2015
12 Nov 2012	12 Nov 2019	$ 3.89	$ 3.89	$ 0.80	- Up to 33.3% on 1 Jul 2015
					- Up to 66.6% on 1 Jul 2016 less any vested on 1 Jul 2015
					- Up to 100% on 1 Jul 2017 less any vested on 1 Jul 2016
22 Nov 2013	22 Nov 2020	$ 4.07	$ 4.07	$ 0.75	- Up to 33.3% on 1 Jul 2016
					- Up to 33.3% on 1 Jul 2017
					- Up to 33.3% on 1 Jul 2018
19 Nov 2014	19 Nov 2019	$ 3.95	$ 3.95	$ 0.65	- Up to 33.3% on 1 Jul 2017
					- Up to 33.3% on 1 Jul 2018
					- Up to 33.3% on 1 Jul 2019
06 Jan 2015	06 Jan 2025	$ 4.40	$ 4.40	$ 0.71	- Up to 33.3% on 1 Jul 2018
					- Up to 33.3% on 1 Jul 2019
					- Up to 33.3% on 1 Jul 2020
20 Nov 2015	20 Nov 2025	$ 4.40	$ 4.40	$ 0.71	- Up to 33.3% on 1 Jul 2018
					- Up to 33.3% on 1 Jul 2019
					- Up to 33.3% on 1 Jul 2020

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 27 to the financial statements.

	Number of Options granted during the year		Number of Options vested during the year	
Name	**FY16**	**FY15**	**FY16**	**FY15**
Executive Director				
Peter Mullins	945,036	108,901	-	-
Executives				
Geoff Richardson	320,833	109,525	-	10,760
Hanna Myllyoja	232,143	60,689	-	6,104
Paul Butcher	392,857	217,802	-	-
Andrew Jones	-	-	-	7,181
Ann Wootton	238,095	-	-	-
Malcolm Pascoe	310,483	-	-	-
Cara Reil	250,000	-	-	-
Kim Jenkins	238,095	-	-	-
Tim Jacob	-	-	-	-
Chris Jouppi	256,473	-	-	-
Anne Scorey	-	-	-	-

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 and movements in holdings during the year.

Name	Holdings at 1 July 15	Granted	Vested	Exercised	Lapsed	Holdings at 30 June 16	Vested and exercisable at 30 June 16 [1]
Executive Director							
Peter Mullins	166,458	32,042	-	-	24,911	173,589	-
Executives							
Geoff Richardson	185,163	-	-	-	32,540	152,623	-
Hanna Myllyoja	104,382	-	-	-	18,600	85,781	-
Paul Butcher	58,110	-	-	-	-	58,110	-
Andrew Jones	133,724	-	21,772	21,772	-	111,952	-
Ann Wootton	66,622	-	-	8,712	-	57,910	-
Malcolm Pascoe	-	6,055	-	-	-	6,055	-
Cara Reil	-	-	-	-	-	-	-
Kim Jenkins	-	-	-	-	-	-	-
Tim Jacob	55,963	38,636	-	-	-	94,599	-
Chris Jouppi	160,583	-	-	-	26,857	133,726	-
Anne Scorey	63,647	45,105	-	-	8,712	100,039	-
	994,651	**121,838**	**21,772**	**30,484**	**111,620**	**974,385**	

The table below summarises the holdings of options granted to the Key Management Personnel.

Name	Holdings at 1 July 15	Granted	Vested	Exercised	Lapsed	Holdings at 30 June 16	Vested and exercisable at 30 June 16
Executive Director							
Peter Mullins	309,399	945,036	-	-	-	1,254,435	-
Executives							
Geoff Richardson	323,454	320,833	-	-	-	644,287	-
Hanna Myllyoja	181,882	232,143	-	-	-	414,025	-
Paul Butcher	599,336	392,857	-	-	-	992,193	-
Andrew Jones	142,508	-	-	-	-	142,508	-
Ann Wootton	-	238,095	-	-	-	238,095	-
Malcolm Pascoe	-	310,483	-	-	-	310,483	-
Cara Reil	-	250,000	-	-	-	250,000	-
Kim Jenkins	-	238,095	-	-	-	238,095	-
Tim Jacob	-	-	-	-	-	-	-
Chris Jouppi	276,264	256,473	-	44,799	-	487,938	3,949
Anne Scorey	-	-	-	-	-	-	-
	1,832,843	**3,184,015**	-	**44,799**	-	**4,972,059**	

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 Key Management Personnel.

Name	Holdings at 1 July 2015	Received on vesting of performance share rights	Other changes	Holdings at 30 June 2016
Non-Executive Directors				
Andrew Dutton	50,462		4,945	55,407
Anna Buduls	40,769		-	40,769
Peter Day	31,389		24,018	35,215
Robert Aitken	50,000			50,000
Sylvia Falzon	-		12,258	12,258
David Spence	5,000		48,896	53,896

Name	Holdings at 1 July 2015	Received on vesting of performance share rights	Other changes	Holdings at 30 June 2016
Executive Director				
Peter Mullins	92,430		109,830	202,260
Executives				
Geoff Richardson	25,116		(3,998)	21,118
Hanna Myllyoja	17,376		20,001	37,377
Paul Butcher	9,788		16,955	26,743
Ann Wootton	38,539		1,268	39,807
Malcolm Pascoe	-		-	-
Cara Reil	-		-	-
Kim Jenkins	-		-	-
Tim Jacob	-		885	885
Chris Jouppi	-		9,132	9,132
Anne Scorey	-		20,618	20,618

6. Additional information:

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 2016, the performance period for which ended on 30 June 2015:

1. The unvested balance of the first and second tranches plus the third tranche of the PSRs granted on 5 November 2010.

2. The unvested balance of the first tranche plus the second tranche of the PSRs granted on 4 November 2011.

3. The first tranche of PSRs and Options granted on 12 November 2012.

The performance of each tranche eligible to vest on 1 July 2015, was as follows:

<u>The unvested balance of the first and second tranches plus the third tranche of the PSRs and Options granted on 5 November 2010</u>

These PSRs were eligible to vest on 1 July 2015 provided the performance hurdles had been satisfied over the vesting period, being the five year period from 1 July 2010 to 30 June 2015. The results were as follows:

Performance Criteria	Result	Vesting
TSR from 1 July 2010 to 30 June 2015	47th percentile: Below threshold of 50th percentile	No Vesting
EPS from 1 July 2010 to 30 June 2015	Negative growth: Below the threshold	No Vesting

As a result of the TSR and EPS thresholds not being met, all remaining unvested PSRs/Options from 2010 lapsed.

<u>The unvested balance of the first tranche plus the second tranche of the PSRs and Options granted on 4 November 2011</u>

These PSRs and Options were eligible to vest on 1 July 2015 provided the performance hurdles had been satisfied over the vesting period, being the four year period from 1 July 2011 to 30 June 2015. The results were as follows:

Performance Criteria	Result	Vesting
TSR from 1 July 2011 to 30 June 2015	45th percentile: Below threshold of 50th percentile	No Vesting
EPS from 1 July 2011 to 30 June 2015	Negative growth: Below the threshold	No Vesting

The unvested PSRs/Options from tranches 1 and 2 of the PSRs/Options issued in 2011 will be carried forward and will be retested as of 30 June 2016.

<u>The first tranche of PSRs and Options granted on 12 November 2012</u>

These PSRs and Options were eligible to vest on 1 July 2015 provided the performance hurdles had been satisfied over the vesting period, being the three year period from 1 July 2012 to 30 June 2015. The results were as follows:

Performance Criteria	Result	Vesting
TSR from 1 July 2012 to 30 June 2015	38th percentile: Below threshold of 50th percentile	No Vesting
EPS from 1 July 2012 to 30 June 2015	Negative growth: Below the threshold	No Vesting

The unvested PSRs/Options from tranche 1 of the PSRs/Options issued in 2012 will be carried forward and will be retested as of 30 June 2016.

Subsequent to the end of the financial year, on 1 July 2016 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 4 November 2011.

2. The balance of the first tranche plus the second tranche of PSRs and Options granted on 12 November 2012.

3. The first tranche of the PSRs and Options granted on 22 November 2013.

The performance of each tranche eligible to vest subsequent to the end of the financial year, on 1 July 2016, was as follows:

<u>The unvested balance of the first and second tranches plus the third tranche of the PSRs and Options granted on 4 November 2011</u>

These PSRs and Options were eligible to vest on 1 July 2016 provided the performance hurdles had been satisfied over the vesting period, being the five year period from 1 July 2011 to 30 June 2016. The results were as follows:

Performance Criteria	Result	Vesting
TSR from 1 July 2011 to 30 June 2016	41th percentile: Below threshold of 50th percentile	No Vesting
EPS from 1 July 2011 to 30 June 2016	24.9: Below threshold	No Vesting

As a result of the TSR and EPS thresholds not being met, all remaining unvested PSRs/Options from 2011 will lapse.

<u>The balance of the first tranche plus the second tranche of PSRs and Options granted on 12 November 2012</u>

These PSRs and Options were eligible to vest on 1 July 2016 provided the performance hurdles had been satisfied over the vesting period, being the four year period from 1 July 2012 to 30 June 2016. The results were as follows:

Performance Criteria	Result	Vesting
TSR from 1 July 2012 to 30 June 2016	35th percentile: Below threshold of 50th percentile	No Vesting
EPS from 1 July 2012 to 30 June 2016	24.9: Below threshold	No Vesting

The unvested PSRs/Options from tranches 1 and 2 of the PSRs/Options issued in 2012 will be carried forward and will be retested as of 30 June 2017.

<u>The first tranche of the PSRs and Options granted on 22 November 2013</u>

These PSRs and Options were eligible to vest on 1 July 2016 provided the performance hurdles had been satisfied over the vesting period, being the three year period from 1 July 2013 to 30 June 2016. The results were as follows:

Performance Criteria	Result	Vesting
TSR from 1 July 2013 to 30 June 2016	41st percentile: Below threshold of 50th percentile	No Vesting
EPS from 1 July 2013 to 30 June 2016	24.9: Above threshold	37% Vesting

As a result of the EPS over the period being 24.9, a total of 18.5% of the first tranche of the PSRs/Options granted in 2013 will vest. The remaining PSRs/Options from the first tranche will lapse.

<u>The relationship between performance and the vesting of LTIs</u>

The tables below illustrate historical TSR, EPS and ROFE performance and the resultant LTI vesting that has occurred. The tables also illustrate TSR, EPS and ROFE performance requirements necessary to trigger vesting on future vesting dates.

Performance Rights and Options	**Grant Year**	**Performance Level**	**Payment Potential**	**Year 3 FY10 -12**	**Year 4 FY10 -13**	**Year 5 FY10 -14**
TSR Vs. S&P/ASX 200 Index						
Actual TSR Percentile	FY10			90	63	75
		Threshold < P50	0%	> P50	> P50	> P50
Performance required for Payment		Target = P50	50%	P50	P50	P50
		Stretch => P75	100%	≥ P75	≥ P75	≥ P75

Performance Rights and Options	**Grant Year**	**Performance Level**	**Payment Potential**	**Year 3 FY11 -13**	**Year 4 FY11 -14**	**Year 5 FY11 -15**
TSR Vs. S&P/ASX 200 Index						
Actual TSR Percentile	FY11			48	60	48
		Threshold < P50	0%	> P50	> P50	> P50
Performance required for Payment		Target = P50	50%	P50	P50	P50
		Stretch => P75	100%	≥ P75	≥ P75	≥ P75

Performance Rights and Options	**Grant Year**	**Performance Level**	**Payment Potential**	**Year 3 FY12 -14**	**Year 4 FY12 -15**	**Year 5 FY12 -16**
TSR Vs. S&P/ASX 200 Index						
Actual TSR Percentile	FY12			50	46	41
		Threshold < P50	0%	> P50	> P50	> P50
Performance required for Payment		Target = P50	50%	P50	P50	P50
		Stretch => P75	100%	≥ P75	≥ P75	≥ P75

Performance Rights and Options	**Grant Year**	**Performance Level**	**Payment Potential**	**Year 3 FY13 -15**	**Year 4 FY13 -16**	**Year 5 FY13 -17**
TSR Vs. S&P/ASX 200 Index						
Actual TSR Percentile	FY13			39	35	TBA
		Threshold < P50	0%	> P50	> P50	> P50
Performance required for Payment		Target = P50	50%	P50	P50	P50
		Stretch => P75	100%	≥ P75	≥ P75	≥ P75

Performance Rights and Options	**Grant Year**	**Performance Level**	**Payment Potential**	**Year 3 FY14 -16**	**Year 4 FY14 -17**	**Year 5 FY14 -18**
TSR Vs. S&P/ASX 200 Index						
Actual TSR Percentile	FY14			41	TBA	TBA
		Threshold < P50	0%	> P50	> P50	> P50
Performance required for Payment		Target = P50	50%	P50	P50	P50
		Stretch => P75	100%	≥ P75	≥ P75	≥ P75

Performance Rights and Options	**Grant Year**	**Performance Level**	**Payment Potential**	**Year 3 FY15 -17**	**Year 4 FY15 -18**	**Year 5 FY15 -19**
TSR Vs. S&P/ASX 200 Index						
Actual TSR Percentile	FY15			TBA	TBA	TBA
		Threshold < P50	0%	> P50	> P50	> P50
Performance required for Payment		Target = P50	50%	P50	P50	P50
		Stretch => P75	100%	≥ P75	≥ P75	≥ P75

Performance Rights and Options	**Grant Year**	**Performance Level**	**Payment Potential**	**Year 3 FY16 -18**	**Year 4 FY16 -19**	**Year 5 FY16 -20**
Return on Funds Employed (ROFE)	FY16					
Actual ROFE				TBA	TBA	TBA
		Target		17%	18%	19%
Performance required for Payment		Threshold = 95% Target	30%	> P50	> P50	> P50
		Stretch => 105% Target	100%	≥ P75	≥ P75	≥ P75

Performance Rights and Options	Grant Year	Base	Performance Level	Payment Potential	Year 1 FY10	Year 2 FY11	Year 3 FY12	Year 4 FY13	Year 5 FY14
EPS									
Actual EPS (Cents)	FY10	17.7			21.5	23.1	20.9	(20.9)	16.8
Performance required for Payment			Threshold = 8% p.a.	30%			22.3	24.1	26.0
			Stretch >= 15% p.a.	100%			26.9	31.0	35.6

Performance Rights and Options	Grant Year	Base	Performance Level	Payment Potential	Year 1 FY11	Year 2 FY12	Year 3 FY13	Year 4 FY14	Year 5 FY15
EPS									
Actual EPS (Cents)	FY11	21.5			23.1	20.9	(20.9)	16.8	18.6
Performance required for Payment			Threshold = 8% p.a.	30%			27.1	29.3	31.6
			Stretch >= 15% p.a.	100%			32.7	37.6	43.2

Performance Rights and Options	Grant Year	Base	Performance Level	Payment Potential	Year 1 FY12	Year 2 FY13	Year 3 FY14	Year 4 FY15	Year 5 FY16
EPS									
Actual EPS (Cents)	FY12	23.1			20.9	(20.9)	16.8	18.6	24.9
Performance required for Payment			Threshold = 8% p.a.	30%			29.1	31.4	33.9
			Stretch >= 15% p.a.	100%			35.1	40.4	46.5

Performance Rights and Options	Grant Year	Base	Performance Level	Payment Potential	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17
EPS									
Actual EPS (Cents)	FY13	20.9			(20.9)	16.8	18.6	24.9	TBA
Performance required for Payment			Threshold = 8% p.a.	30%			26.3	28.4	30.7
			Stretch >= 15% p.a.	100%			31.8	36.6	42.0

Performance Rights and Options	Grant Year	Base	Performance Level	Payment Potential	Year 1 FY14	Year 2 FY15	Year 3 FY16	Year 4 FY17	Year 5 FY18
EPS									
Actual EPS (Cents)	FY14	19.41			16.8	18.6	24.9	TBA	TBA
Performance required for Payment			Threshold = 8% p.a.	30%			24.5	26.4	28.5
			Stretch >= 15% p.a.	100%			29.5	33.9	39.0

Performance Rights and Options	Grant Year	Base	Performance Level	Payment Potential	Year 1 FY15	Year 2 FY16	Year 3 FY17	Year 4 FY18	Year 5 FY19
EPS									
Actual EPS (Cents)	FY15	16.8			18.6	24.9	TBA	TBA	TBA
Performance required for Payment			Threshold = 8% p.a.	30%			21.2	22.9	24.7
			Stretch >= 15% p.a.	100%			25.6	29.4	33.8

Performance Rights and Options	Grant Year	Base	Performance Level	Payment Potential	Year 1 FY16	Year 2 FY17	Year 3 FY18	Year 4 FY19	Year 5 FY20
EPS									
Actual EPS (Cents)	FY16	18.6			24.9	TBA	TBA	TBA	TBA
Performance required for Payment			Threshold = 8% p.a.	30%			23.4	25.3	27.3
			Stretch >= 12% p.a.	100%			26.1	29.3	32.8

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 FY09, FY10, FY11, FY12, FY13, FY14, FY15 and FY16 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 30 June 2009, 30 June 2010, 30 June 2011, 30 June 2012, 30 June 2013, 30 June 2014, 30 June 2015 and June 30 2016 respectively, vest over a maximum of 5 years, with vested Options granted in years ended 30 June 2008, 2009 and 2016 lapsing 10 years from the date they were granted and vested. Options granted in the years ended 30 June 2010, 30 June 2011, 30 June 2012, 30 June 2013, 30 June 2014 and 30 June 2015 lapse 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 30 June 2016

	Short- term benefits		Performance share rights (PSRs)					
Name	Paid %	Forfeited %	Year granted	Vested	Forfeited %	Financial year in which PSRs may vest	Minimum total value of grant yet to vest	Maximum value of grant yet to vest
Peter Mullins	5%	95%						
			2010/11	23.3	-	2013/14	Nil	-
				-	43.3	2014/15	Nil	-
				-	33.3	2015/16	Nil	-
			2011/12	8.3	-	2014/15	Nil	-
				-	-	2015/16	Nil	-
				-	-	2016/17	Nil	-
			2012/13	-	-	2015/16	Nil	10,427
				-	-	2016/17	Nil	10,427
				-	-	2017/18	Nil	12,399
			2013/14	-	-	2016/17	Nil	27,808
				-	-	2017/18	Nil	30,110
				-	-	2018/19	Nil	29,948
			2014/15	-	-	2017/18	Nil	42,758
				-	-	2018/19	Nil	47,273
				-	-	2019/20	Nil	49,908
Geoff Richardson	5%	95%						
			2010/11	23.3	-	2013/14	Nil	-
				-	43.3	2014/15	Nil	-
				-	33.3	2015/16	Nil	-
			2011/12	8.3	-	2014/15	Nil	-
				-	-	2015/16	Nil	-
				-	-	2016/17	Nil	-
			2012/13	-	-	2015/16	Nil	11,126
				-	-	2016/17	Nil	11,126
				-	-	2017/18	Nil	13,394
			2013/14	-	-	2016/17	Nil	30,481
				-	-	2017/18	Nil	35,342
				-	-	2018/19	Nil	38,236
			2014/15	-	-	2017/18	Nil	21,917
				-	-	2018/19	Nil	24,707
				-	-	2019/20	Nil	26,578

Hanna Myllyoja	8%	92%						
			2010/11	23.3	-	2013/14	Nil	-
				-	43.3	2014/15	Nil	-
				-	33.3	2015/16	Nil	-
			2011/12	8.3	-	2014/15	Nil	-
				-	-	2015/16	Nil	-
				-	-	2016/17	Nil	-
			2012/13	-	-	2015/16	Nil	6,303
				-	-	2016/17	Nil	6,303
				-	-	2017/18	Nil	7,588
			2013/14	-	-	2016/17	Nil	16,892
				-	-	2017/18	Nil	17,894
				-	-	2018/19	Nil	17,819
			2014/15	-	-	2017/18	Nil	12,144
				-	-	2018/19	Nil	13,690
				-	-	2019/20	Nil	14,727
Andrew Jones	N/A	N/A						
			2010/11	23.3	-	2013/14	Nil	-
				-	43.3	2014/15	Nil	-
				-	33.3	2015/16	Nil	-
			2011/12	8.3	-	2014/15	Nil	-
				-	-	2015/16	Nil	-
				-	-	2016/17	Nil	-
			2012/13	-	-	2015/16	Nil	7,411
				-	-	2016/17	Nil	7,411
				-	-	2017/18	Nil	8,923
			2013/14	-	-	2016/17	Nil	19,576
				-	-	2017/18	Nil	20,740
				-	-	2018/19	Nil	20,654
			2014/15	-	-	2017/18	Nil	20,908
				-	-	2018/19	Nil	23,570
				-	-	2019/20	Nil	25,355
Paul Butcher	8%	92%						
			2012/13	-	-	2015/16	Nil	11,643
				-	-	2016/17	Nil	11,643
				-	-	2017/18	Nil	14,017
			2013/14	-	-	2016/17	Nil	10,202
				-	-	2017/18	Nil	10,809
				-	-	2018/19	Nil	10,764
			2014/15	-	-	2017/18	Nil	10,896
				-	-	2018/19	Nil	12,283
				-	-	2019/20	Nil	13,213
Ann Wootton	16%	84%						
			2010/11	23.3	-	2013/14	Nil	-
				-	43.3	2014/15	Nil	-
				-	33.3	2015/16	Nil	-
			2011/12	8.3	-	2014/15	Nil	-
				-	-	2015/16	Nil	-
				-	-	2016/17	Nil	-
			2012/13	-	-	2015/16	Nil	6,831
				-	-	2016/17	Nil	6,831
				-	-	2017/18	Nil	8,223
			2013/14	-	-	2016/17	Nil	9,244
				-	-	2017/18	Nil	9,958
				-	-	2018/19	Nil	9,933
			2014/15	-	-	2017/18	Nil	9,728
				-	-	2018/19	Nil	10,966
				-	-	2019/20	Nil	11,797

Malcolm Pascoe	8%	92%						
			2014/15	-	-	2014/15	Nil	3,962
				-	-	2015/16	Nil	4,291
				-	-	2016/17	Nil	4,437
Tim Jacob	5%	95%						
			2012/13	-	-	2015/16	Nil	10,670
				-	-	2016/17	Nil	9,081
				-	-	2017/18	Nil	9,948
			2013/14	-	-	2016/17	Nil	15,219
				-	-	2017/18	Nil	16,221
				-	-	2018/19	Nil	16,519
			2014/15	-	-	2017/18	Nil	13,464
				-	-	2018/19	Nil	13,355
				-	-	2019/20	Nil	13,384
			2015/16	-	-	2018/19	Nil	50,227
				-	-	2019/20	Nil	47,600
				-	-	2020/21	Nil	45,384
Chris Jouppi	5%	95%						
			2012/13	-	-	2015/16	Nil	14,954
				-	-	2016/17	Nil	12,727
				-	-	2017/18	Nil	13,942
			2013/14	-	-	2016/17	Nil	42,398
				-	-	2017/18	Nil	45,189
				-	-	2018/19	Nil	46,020
			2014/15	-	-	2017/18	Nil	38,158
				-	-	2018/19	Nil	37,849
				-	-	2019/20	Nil	37,930
Anne Scorey	0%	100%						
			2012/13	-	-	2015/16	Nil	9,700
				-	-	2016/17	Nil	8,255
				-	-	2017/18	Nil	9,043
			2013/14	-	-	2016/17	Nil	15,219
				-	-	2017/18	Nil	16,221
				-	-	2018/19	Nil	16,519
			2014/15	-	-	2017/18	Nil	13,464
				-	-	2018/19	Nil	13,355
				-	-	2019/20	Nil	13,384
			2015/16	-	-	2018/19	Nil	58,636
				-	-	2019/20	Nil	55,569
				-	-	2020/21	Nil	52,982

The Vesting, Forfeiture and expensing of Share Options as at 30 June 2016

Name	Year granted	Vested	Forfeited %	Financial year in which options may vest	Minimum total value of grant yet to vest	Maximum value of grant yet to vest
Peter Mullins						
	2012/13	-	-	2015/16	Nil	26,733
		-	-	2016/17	Nil	26,733
		-	-	2017/18	Nil	34,804
	2014/15	-	-	2017/18	Nil	27,588
		-	-	2018/19	Nil	33,869
		-	-	2019/20	Nil	38,411
	2015/16	-	-	2018/19	Nil	195,000
		-	-	2019/20	Nil	195,250
		-	-	2020/21	Nil	196,457
Geoff Richardson						
	2012/13	-	-	2015/16	Nil	28,524
		-	-	2016/17	Nil	28,524
		-	-	2017/18	Nil	37,713
	2014/15	-	-	2017/18	Nil	14,126
		-	-	2018/19	Nil	17,730
		-	-	2019/20	Nil	20,495
	2015/16	-	-	2018/19	Nil	72,990
		-	-	2019/20	Nil	73,083
		-	-	2020/21	Nil	73,535

Hanna Myllyoja						
	2012/13	-	-	2015/16	Nil	16,159
		-	-	2016/17	Nil	16,159
		-	-	2017/18	Nil	21,365
	2014/15	-	-	2017/18	Nil	7,827
		-	-	2018/19	Nil	9,824
		-	-	2019/20	Nil	11,356
	2015/16	-	-	2018/19	Nil	52,813
		-	-	2019/20	Nil	52,880
		-	-	2020/21	Nil	53,207
Andrew Jones						
	2012/13	-	-	2015/16	Nil	19,001
		-	-	2016/17	Nil	19,001
		-	-	2017/18	Nil	25,172
Paul Butcher						
	2012/13	-	-	2015/16	Nil	29,851
		-	-	2016/17	Nil	29,851
		-	-	2017/18	Nil	39,467
	2013/14	-	-	2016/17	Nil	18,603
		-	-	2017/18	Nil	21,402
		-	-	2018/19	Nil	22,091
	2014/15	-	-	2017/18	Nil	28,090
		-	-	2018/19	Nil	35,258
		-	-	2019/20	Nil	40,756
	2015/16	-	-	2018/19	Nil	89,375
		-	-	2019/20	Nil	89,490
		-	-	2020/21	Nil	90,043
Ann Wootton						
	2015/16	-	-	2018/19	Nil	54,167
		-	-	2019/20	Nil	54,236
		-	-	2020/21	Nil	54,571
Malcolm Pascoe						
	2014/15	-	-	2017/18	Nil	10,237
		-	-	2018/19	Nil	12,276
		-	-	2019/20	Nil	13,630
	2015/16	-	-	2018/19	Nil	55,521
		-	-	2019/20	Nil	55,592
		-	-	2020/21	Nil	55,936
Cara Reil						
	2015/16	-	-	2018/19	Nil	56,875
		-	-	2019/20	Nil	56,948
		-	-	2020/21	Nil	57,300
Kim Jenkins						
	2015/16	-	-	2018/19	Nil	54,167
		-	-	2019/20	Nil	54,236
		-	-	2020/21	Nil	54,571
Chris Jouppi						
	2012/13	-	-	2015/16	Nil	45,815
		-	-	2016/17	Nil	37,009
		-	-	2017/18	Nil	41,813
	2015/16	-	-	2018/19	Nil	58,348
		-	-	2019/20	Nil	58,422
		-	-	2020/21	Nil	58,784

Share-based compensation: PSRs and Options

Further details relating to PSRs and Options in relation to the year ended 30 June 2016, 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 $
Peter Mullins	7%	608,571	-	102,135
Geoff Richardson	11%	227,792	-	133,413
Hanna Myllyoja	10%	164,821	-	76,262
Malcolm Pascoe	3%	173,274	-	-
Cara Reil	2%	177,500	-	-
Kim Jenkins	1%	169,048	-	-
Paul Butcher	10%	278,929	-	-
Anne Scorey	5%	173,352	-	35,720
Ann Wootton	5%	169,048	-	-
Tim Jacob	5%	148,492	-	-
Chris Jouppi	11%	182,096	-	110,113
Andrew Jones	0%	-	-	-

A= The percentage of the value of remuneration consisting of PSRs/options, based on the value of PSRs/options exercised during the year. The percentage is calculated by reference to the remuneration tables, which assign 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 PSRs/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 and Options

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

Date PSRs granted	Expiry Date	Issue Price of Shares	Number under PSR
05 Nov 2010	01 Jul 2015	Nil	-
04 Nov 2011	01 Jul 2016	Nil	428,250
12 Nov 2012	01 Jul 2017	Nil	262,003
22 Nov 2013	22 Nov 2018	Nil	515,051
19 Nov 2014	19 Nov 2019	Nil	513,441
06 Jan 2015	06 Jan 2020	Nil	32,042
20 Nov 2015	20 Nov 2020	Nil	386,961
Total Shares under Performance Share Rights			2,137,748
Maximum permitted under Executive Incentive Plan			10,671,603

Date Options granted	Expiry Dates	Exercise Price	Number under Options
09 Nov 2007	09 Nov 2017	$ 2.99	13,045
18 Jul 2008	18 Jul 2018	$ 2.29	52,463
04 Nov 2011	04 Nov 2018	$ 4.71	121,407
12 Nov 2012	12 Nov 2019	$ 3.89	977,143
22 Nov 2013	22 Nov 2020	$ 4.07	230,766
19 Nov 2014	19 Nov 2019	$ 3.95	563,352
06 Jan 2015	06 Jan 2025	$ 4.40	87,893
20 Nov 2015	20 Nov 2025	$ 4.40	3,029,687
Total Shares under Performance Share Rights			5,075,756
Maximum permitted under Executive Incentive Plan			9,998,240

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

The following ordinary shares of SAI Global Limited were issued during the year ended 30 June 2016 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
05 Nov 2010	Nil	21,772
04 Nov 2011	Nil	-
12 Nov 2012	Nil	-
22 Nov 2013	Nil	-
19 Nov 2014	Nil	-
06 Jan 2015	Nil	-
20 Nov 2015	Nil	-
Total Shares issued		21,772

Date Options granted	Option price	Number of Shares issued
09 Nov 2007	$ 2.99	12,683
18 Jul 2008	$ 2.29	11,159
04 Nov 2011	$ 4.71	68,844
12 Nov 2012	$ 3.89	-
22 Nov 2013	$ 4.07	-
19 Nov 2014	$ 3.95	-
06 Jan 2015	$ 4.40	-
Total Shares issued		92,686

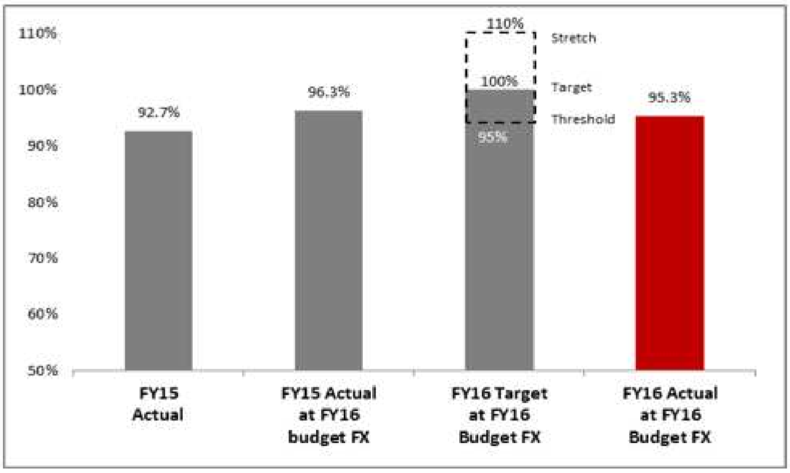
Since the end of the financial year the following ordinary shares of SAI Global Limited were issued on the exercise of PSRs/Options granted under the SAI Global Executive Performance Share Rights Plan and the SAI Global Executive Incentive Plan.

Date PSRs granted	Issue price of shares	Number of Shares issued
12 Nov 2012	Nil	-
22 Nov 2013	Nil	-
19 Nov 2014	Nil	-
06 Jan 2015	Nil	-
20 Nov 2015	Nil	-
Total Shares issued		-

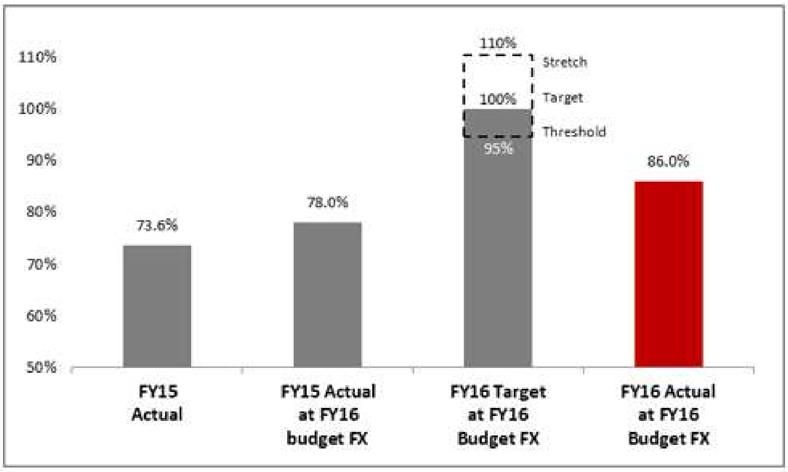
Date Options granted	Option price	Number of Shares issued
09 Nov 2007	$ 2.99	-
18 Jul 2008	$ 2.29	-
04 Nov 2011	$ 4.71	-
12 Nov 2012	$ 3.89	-
22 Nov 2013	$ 4.07	-
19 Nov 2014	$ 3.95	-
06 Jan 2015	$ 4.40	-
Total Shares issued		-

The key STI achievements relative to the FY16 Targets set for management (pro-rated to 100) and the prior year results (at the FY16 Budget FX rates) are shown below:

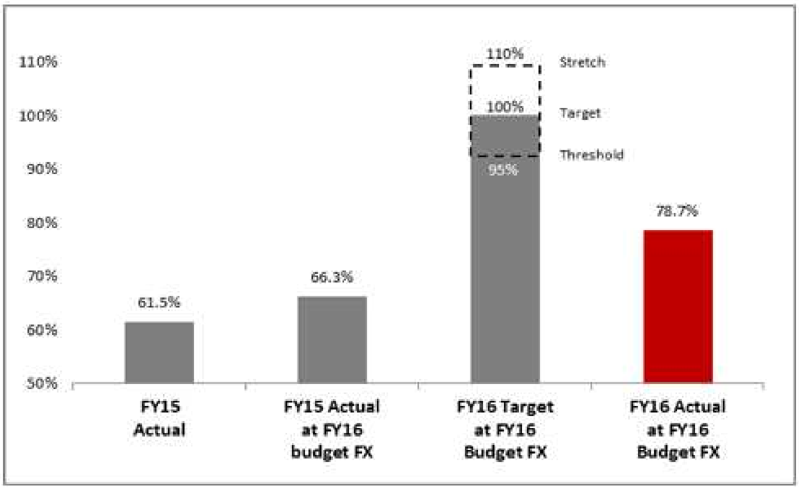
SAI Revenue



SAI EBITDA



SAI NPAT



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 2016.

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 ratio of non-audit to audit services provided by Ernst & Young to SAI Global is approximately 1.2:1. This ratio reflects that:

- The fees paid by SAI to Ernst & Young in respect of non-audit services, largely taxation advisory services, mostly reflect the decision by the company not to employ an internal taxation advisory function.

The Directors have considered the position and, in accordance with the advice received from the Audit 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 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 94.

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	
	FY16	FY15
	$	$
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	**817,200**	746,058
Other assurance services	**-**	14,078
2. Taxation Services:		
Taxation compliance services	**290,803**	550,451
Taxation advice	**653,039**	914,229

3. Other Services:		
Provision of comparative remuneration data	**-**	65,920
Total remuneration for non-audit services	**943,842**	1,544,678

Rounding of amounts to nearest thousand dollars

The Company is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/91 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

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

Andrew Dutton
Chairman

Peter Mullins
Managing Director and Chief Executive Officer

Sydney
18 August 2016

Building a better working world

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

As lead auditor for the audit of SAI Global Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of SAI Global Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
18 August 2016

Consolidated statement of profit and loss

For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Revenue	3	**570,845**	547,987
Other income	3	**2,306**	(205)
		573,151	547,782
Share of net profits of associates accounted for using the equity method	18	**195**	189
Expenses			
Employee benefits expense		**198,049**	191,973
Cost of providing services		**89,637**	84,315
Property service disbursements		**83,207**	85,715
Depreciation and amortisation expense	4	**40,113**	38,023
Finance costs	4	**10,700**	11,068
Other expenses	4	**77,715**	81,942
		499,421	493,036
Profit before income tax expense		**73,925**	54,935
Income tax expense	5	**20,750**	15,382
Profit for the year		**53,175**	39,553
Profit is attributable to:			
Owners of SAI Global Limited		**53,064**	39,264
Non-controlling interests		**111**	289
		53,175	39,553
Earnings per share attributable to the shareholders of SAI Global Limited:			
Basic (cents per share)	14	**24.9**	18.6
Diluted (cents per share)	14	**24.9**	18.5

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

Consolidated statement of other comprehensive income

For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Profit for the year		**53,175**	39,553
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement on cash flow hedges		**(356)**	1,014
Income tax effect		**100**	(379)
	13(c)	**(256)**	635
Exchange differences on translation of foreign operations		**(4,680)**	41,060
	13(c)	**(4,680)**	41,060
Items that may not be reclassified subsequently to profit or loss			
Reversal of the minimum funding requirement on settlement of defined benefit plan		**-**	1,610
Income tax effect		**-**	(431)
Re-measurement losses on defined benefit plans		**-**	(637)
Income tax effect		**-**	172
		-	714
Other comprehensive income/(loss) for the year, net of tax		**(4,936)**	42,409
Total comprehensive income for the year		**48,239**	81,962
Total comprehensive income for the year is attributable to:			
Owners of SAI Global Limited		**48,128**	81,673
Non-controlling interests		**111**	289
		48,239	81,962

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

Consolidated statement of financial position

For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash assets and cash equivalents	6	**85,388**	83,939
Trade and other receivables	7	**139,804**	149,196
Current tax receivable	5	**1,284**	6,738
Inventories		**372**	389
Total current assets		**226,848**	240,262
Non-current assets			
Investments accounted for using the equity method	18	**1,223**	1,145
Plant and equipment [1]	8	**73,885**	67,600
Deferred tax assets	5	**27,984**	25,800
Intangible assets	9	**569,899**	583,261
Total non-current assets		**672,991**	677,806
Total assets		**899,839**	918,068
LIABILITIES			
Current liabilities			
Trade and other payables	10	**142,571**	177,410
Current tax liabilities	5	**10,594**	6,979
Provisions	11	**5,945**	5,961
Total current liabilities		**159,110**	190,350
Non-current liabilities			
Borrowings	15	**285,348**	283,040
Deferred tax liabilities	5	**30,468**	37,037
Provisions	11	**6,574**	7,224
Derivative financial instruments	17	**2,400**	2,035
Retirement benefit obligations		**1,642**	1,467
Total non-current liabilities		**326,432**	330,803
Total liabilities		**485,542**	521,153
Net assets		**414,297**	396,915
EQUITY			
Contributed equity	13(a)	**407,132**	402,395
Reserves	13(c)	**(18,422)**	(12,822)
Retained earnings	13(d)	**23,928**	5,794
Capital and reserves attributable to the shareholders of SAI Global Limited		**412,638**	395,367
Non-controlling interest		**1,659**	1,548
Total equity		**414,297**	396,915

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

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

Consolidated statement of changes in equity

For the year ended 30 June 2016

	Note	Contributed Equity $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total $'000
Balance at 1 July 2015		402,395	(12,822)	5,794	1,548	396,915
Profit for the year		-	-	53,064	111	53,175
Other comprehensive income		-	(4,936)	-	-	(4,936)
Total comprehensive income for the year		**-**	**(4,936)**	**53,064**	**111**	**48,239**
Transactions with shareholders in their capacity as shareholders:						
Contributions of equity, net of transaction costs		4,737	-	-	-	4,737
Dividends provided for or paid	12	-	-	(34,930)	-	(34,930)
Movement in share based payments reserve	13(c)	-	(664)	-	-	(664)
Balance at 30 June 2016		**407,132**	**(18,422)**	**23,928**	**1,659**	**414,297**
Balance at 1 July 2014		399,977	(56,205)	(376)	1,259	344,655
Profit for the year		-	-	39,264	289	39,553
Other comprehensive income		-	41,695	714	-	42,409
Total comprehensive income for the year		**-**	**41,695**	**39,978**	**289**	**81,962**
Transactions with shareholders in their capacity as shareholders:						
Contributions of equity, net of transaction costs		2,418	-	-	-	2,418
Dividends provided for or paid	12	-	-	(33,808)	-	(33,808)
Movement in share based payments reserve	13(c)	-	1,688	-	-	1,688
Balance at 30 June 2015		**402,395**	**(12,822)**	**5,794**	**1,548**	**396,915**

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 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		**644,949**	615,402
Payments to suppliers and employees		**(537,651)**	(493,439)
Interest received	3	**688**	326
Interest paid	4	**(10,700)**	(11,068)
Income taxes paid		**(18,513)**	(16,924)
		78,773	94,297
Cash outflow impact of significant charges [1]		**(12,829)**	(14,283)
Net cash inflow from operating activities	6	**65,944**	80,014
Cash flows from investing activities			
Payments for purchase of controlled entities (net of cash acquired)		**-**	(2,905)
Payment for Encompass rights		**-**	(8,000)
Payments for product development		**(6,252)**	(4,672)
Payments for plant and equipment [2]		**(8,331)**	(16,380)
Payments for capital work in progress	8	**(19,872)**	(6,747)
Net cash outflow from investing activities		**(34,455)**	(38,704)
Cash flows from financing activities			
Dividends paid		**(25,207)**	(27,361)
Proceeds from issue of shares	13	**-**	163
Payment for shares	13	**(1,500)**	(875)
Payment for shares bought on market for issue of shares under DRP	13	**(3,962)**	(3,563)
Net cash outflow from financing activities		**(30,669)**	(31,636)
Net increase in cash and cash equivalents		**820**	9,674
Cash and cash equivalents at the beginning of the financial year		**83,939**	67,730
Effects of exchange rate changes on cash and cash equivalents		**628**	6,535
Cash and cash equivalents at the end of the year	6	**85,387**	83,939

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

Incidental charges relating to acquisition activity	**(1,606)**	(473)
Advisory fees relating to potential divestments	**(953)**	-
Restructuring of EMEA operations (consulting fees, terminations and office rationalisation)	**(1,254)**	-
Accounting, Legal, Tax, advisory and other incidental costs incurred in responding to the unsolicited, conditional and non-binding approach and subsequent process	**-**	(5,228)
Operational efficiency initiatives (consulting fees, terminations and office rationalisation)	**(7,214)**	(4,071)
Strategy formulation and transformation (consulting fees, temporary resources and other incidental costs)	**(225)**	(2,092)
Winding up of the Canadian defined benefit plan	**-**	(2,419)
Other significant charges	**(1,577)**	-
	(12,829)	(14,283)

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

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

Notes to the consolidated financial statements

Contents

Notes to the consolidated financial statements

Group Performance

NOTE 1: ABOUT THIS REPORT

Corporate Information

The consolidated financial statements of SAI Global Limited and its subsidiaries (collectively, the Group) for the full year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 18 August 2016.

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

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out throughout the accounts. 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.

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 comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Notes to the Financial Statements

In preparing the 2016 financial report, SAI Global Limited has made changes to the layout and presentation of the notes to the financial statements. The changes have been made to improve the disclosures and assist with the understanding of the financial statements. The notes have been grouped into sections that are based on materiality and relevance to the performance of the Group and reflects the internal management financial reporting.

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 29.

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 2016 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. Control is achieved when the Group 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. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

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.

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 does 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 18).

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. Gains or losses on disposal to non-controlling interests are also recorded in equity.

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 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.

Rounding of amounts

The company is a kind referred to in ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/91 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.

Comparative Information

Certain comparative information was amended in these financial statements to conform to the current year presentation. These amendments do not have a material impact on the Group's financial results or balance sheet.

NOTE 2: SEGMENT INFORMATION

a) 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.

As noted in SAI Global's FY15 Annual Report, prior to 1 July 2015, the Company had historically been run as four distinct operating divisions, being Assurance Services, Compliance Services, Standards & Technical Information and Property Services.

With the collective desire to accelerate the rate of organic revenue growth and move to a more cost effective operating model, and in recognition that the common thread across our unique combination of assets was the provision of products and services to help our customers manage risk, we decided that the appropriate strategy going forward would be to combine the Assurance, Compliance and Standards & Technical Information divisions into a single Risk Management Solutions division. It was also recognised that Property Services should remain as a stand-alone division, given its Australia-only franchise and the discrete nature of the services it provides.

The new Risk Management Solutions division is managed on a regional basis; Asia Pacific (APAC), the Americas (AMER), and Europe, Middle East and Africa (EMEA). Regional Directors are accountable for regional profitability and for Operations, being the delivery of the products and services sold by the Commercial team. They are supported by regional Human Resources, IT, Finance and Legal teams, all of which report to their respective Global Head.

With effect from 1st July 2015, the Assurance Services, Compliance Services and Standards & Technical Information divisions ceased to exist. The financial report for the six months ending on 31 December 2015 was the first report under the new operating structure. Prior year comparatives have been restated to reflect the new reporting structure.

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. 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.

The consolidated entity is organised on a global basis into the following business units by product and service type:

Risk Management 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
- Whistle blower and related case management and incident reporting 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 tools for improving critical business processes
- Providing Standards related training and business improvement solutions
- Advisory services in relation to regulatory compliance needs and solutions
- Providing newsfeeds, alerts and databases covering key compliance and regulatory topics
- 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

The Risk Management Solutions business is managed and reported in the segment note on a geographical basis under three regions: APAC, EMEA and Americas.

Property Services

- Business process outsourcing services; and
- Information broking and data services

Corporate Services and Eliminations

Corporate Services and Eliminations do not meet the definition of reportable segments and are presented to reconcile the results of the Operating Segments to the Consolidated statutory results of the Group. Corporate Services includes the cost of providing company secretarial, legal, financial and information technology, human resource management, investor and public relations and internal audit services to the group, and central management services to the business units. Eliminations includes other adjustments required to reconcile the results of the Operating Segments to the Consolidated statutory results of the Group.

The segment information provided to the Board and Executive Committee for the year ended 30 June 2016 is as follows:

Year ended 30 June 2016	Risk Management Solutions (RMS) APAC $'000	EMEA $'000	Americas $'000	Total RMS $'000	Property Services $'000	Corporate Services $'000	Eliminations $'000	Consolidated $'000
Sales revenue								
Risk Software	12,380	1,682	39,824	53,886	-	-	(1,538)	52,348
Learning	10,222	11,933	57,111	79,266	-	-	(9)	79,257
Assurance	70,988	46,901	66,674	184,563	-	-	(1,524)	183,039
Knowledge	57,997	20,495	7,656	86,148	-	-	(2,964)	83,184
Property	-	-	-	-	172,329	-	-	172,329
Total Sales Revenue	**151,587**	**81,011**	**171,265**	**403,863**	**172,329**	**-**	**(6,035)**	**570,157**
Other income	(45)	1,856	131	1,942	207	157	-	2,306
Segment revenue	**151,542**	**82,867**	**171,396**	**405,805**	**172,536**	**157**	**(6,035)**	**572,463**
Less: direct costs	(48,984)	(42,977)	(58,063)	(150,024)	(114,211)	(147)	6,035	(258,347)
Gross margin	**102,558**	**39,890**	**113,333**	**255,781**	**58,325**	**10**	**-**	**314,116**
Less: overheads	(45,912)	(36,000)	(58,147)	(140,059)	(24,253)	(18,485)	-	(182,797)
EBITDA[1]	**56,646**	**3,890**	**55,186**	**115,722**	**34,072**	**(18,475)**	**-**	**131,319**
Less: depreciation	(1,108)	(3,709)	(8,351)	(13,168)	(6,041)	(8,161)	-	(27,370)
Less: amortisation of intangible assets	(1,888)	(1,320)	(8,346)	(11,554)	(1,189)	-	-	(12,743)
	53,650	(1,139)	38,489	91,000	26,842	(26,636)	-	91,206
Share of net profits of associates and joint venture partnership accounted for using the equity method	195	-	-	195	-	-	-	195
Segment result: (Profit before interest, tax and significant charges)	**53,845**	**(1,139)**	**38,489**	**91,195**	**26,842**	**(26,636)**	**-**	**91,401**

Reconciliation of segment revenue	Note	$'000
Segment revenue		572,463
Interest income	3	688
Total revenue		**573,151**

Reconciliation of segment result	Note	$'000
Segment result		91,401
Significant charges	4	(7,464)
Interest income	3	688
Interest expense	4	(10,700)
Profit for the period before income tax expense		**73,925**

(1)Earnings before interest, tax, depreciation and amortisation (EBITDA) before significant charges

b) Segment reporting

The segment information provided to the Board and Executive Committee for the year ended 30 June 2015 is as follows:

Year ended 30 June 2015	Risk Management Solutions (RMS) APAC $'000	EMEA $'000	Americas $'000	Total RMS $'000	Property Services $'000	Corporate Services $'000	Eliminations $'000	Consolidated $'000
Sales revenue								
Risk Software	11,847	1,509	32,189	45,545	-	-	(1,019)	44,526
Learning	10,911	11,065	49,906	71,882	-	-	-	71,882
Assurance	73,457	49,721	60,380	183,558	-	-	(646)	182,912
Knowledge	56,166	18,047	6,566	80,779	-	-	(2,089)	78,690
Property	-	-	-	-	169,651	-	-	169,651
Total sales revenue	**152,381**	**80,342**	**149,041**	**381,764**	**169,651**	**-**	**(3,754)**	**547,661**
Other income	196	(105)	(359)	(268)	62	1	-	(205)
Segment revenue	**152,577**	**80,237**	**148,682**	**381,496**	**169,713**	**1**	**(3,754)**	**547,456**
Less: direct costs	(48,587)	(40,115)	(51,884)	(140,586)	(115,457)	(85)	3,754	(252,374)
Gross margin	**103,990**	**40,122**	**96,798**	**240,910**	**54,256**	**(84)**	**-**	**295,082**
Less: overheads	(49,003)	(29,361)	(49,146)	(127,510)	(25,560)	(15,703)	-	(168,773)
EBITDA[1]	**54,987**	**10,761**	**47,652**	**113,400**	**28,696**	**(15,788)**	**-**	**126,309**
Less: depreciation	(1,378)	(2,887)	(7,684)	(11,949)	(5,518)	(8,461)	-	(25,928)
Less: amortisation of intangible assets	(1,915)	(1,501)	(7,759)	(11,175)	(920)	-	-	(12,095)
	51,694	**6,373**	**32,209**	**90,276**	**22,258**	**(24,248)**	**-**	**88,286**
Share of net profits of associates and joint venture partnership accounted for using the equity method	189	-	-	189	-	-	-	189
Segment result: (Profit before interest, tax and significant charges)	**51,883**	**6,373**	**32,209**	**90,465**	**22,258**	**(24,248)**	**-**	**88,475**

Reconciliation of segment revenue	**Note**	**$'000**
Segment revenue		547,456
Interest income	3	326
Total revenue		**547,782**

Reconciliation of segment result	**Note**	**$'000**
Segment result		88,475
Significant charges	4	(22,798)
Interest income	3	326
Interest expense	4	(11,068)
Profit for the period before income tax expense		**54,935**

(1)Earnings before interest, tax, depreciation and amortisation (EBITDA) before significant charges

NOTE 3: REVENUE

a) Revenue

	2016 $'000	2015 $'000
Sales revenue		
Sale of goods	**19,485**	17,754
Services	**544,213**	523,006
Royalties received	**6,459**	6,901
	570,157	547,661
Other revenue		
Interest income	**688**	326
	688	326
Total revenue	**570,845**	547,987

b) Other income

	2016 $'000	2015 $'000
Foreign exchange gain / (losses)	**1,735**	(565)
Other	**571**	360
Total other income	**2,306**	(205)

RECOGNITION AND MEASUREMENT

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:

Risk Management Services:

Risk Software and Learning

Risk Software provides an extensive range of solutions and services in the areas of compliance, regulation, ethics, risk management and corporate:

> 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

> Whistle-blower 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, that 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 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 first year.

Learning 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.

Learning provides 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.

Consulting revenue is brought to account as services are performed.

Knowledge related services

Knowledge provides services that are subscription in nature such as annual subscription fees and online subscriptions (Newsfeeds, alerts and databases covering key compliance and regulatory topics) 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. Royalties on Standards are brought to account as the Standards are sold.

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. That 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.

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.

Other income

All other income is recognised on an accruals basis.

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.

NOTE 4: EXPENSES

	2016 $'000	2015 $'000
Profit before income tax includes the following specific net gains and expenses		
Other Expenses		
Administration costs	**18,340**	25,468
Promotional costs	**4,453**	4,315
Lease costs – minimum lease payments	**19,874**	18,159
Other expenses from ordinary activities	**35,048**	34,000
Total other expenses before significant charges	**77,715**	81,942
Included within the statement of comprehensive income are the following significant charges:		
Incidental charges relating to acquisition activity, including Modulo	**1,506**	808
Advisory fees relating to potential divestments, including Assurance	**1,517**	-
Restructuring of EMEA operations (consulting fees, terminations and office rationalisation)	**3,166**	-
Accounting, legal, tax, advisory and other incidental costs incurred in responding to the unsolicited, conditional and non-binding approach and subsequent process	**-**	5,228
Operational efficiency initiatives (consulting fees, terminations and office rationalisation)	**-**	11,228
Strategy formulation and transformation (consulting fees, temporary resources and other incidental costs)	**-**	2,635
Winding up/closure of Canadian defined benefit pension plan	**-**	2,399
Other significant charges	**1,275**	500
Significant charges	**7,464**	22,798

	Note	2016 $'000	2015 $'000
Depreciation of plant and equipment	8	**27,370**	25,928
Amortisation:			
Publishing licence agreement	9	**1,591**	1,591
Customer relationships and contracts	9	**4,461**	4,833
Product delivery platforms	9	**2,503**	2,199
Intellectual property	9	**3,382**	3,002
Encompass software rights	9	**806**	470
Total amortisation		**12,743**	12,095
Total depreciation and amortisation		**40,113**	38,023

	2016 $'000	2015 $'000
Other charges against assets:		
Provision for impairment – trade receivables	**1,460**	1,207
Inventory provision	**24**	140
	1,484	1,347
Finance costs:		
Interest and finance charges paid/payable	**10,700**	11,068
	10,700	11,068

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.

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.

	2016 $'000	2015 $'000
Employer contributions	**12,347**	10,634

NOTE 5: INCOME TAX

a) Income tax expense

	2016 $'000	2015 $'000
Current tax	**29,278**	15,356
Deferred tax	**(7,892)**	(987)
Under/(over)provision from prior year	**(636)**	1,013
	20,750	15,382
Deferred income tax expense/(income) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**(811)**	85
(Decrease)/increase in deferred tax liabilities	**(7,081)**	(1,072)
	(7,892)	(987)

b) Numerical reconciliation of income tax expense to prima facie tax payable

	2016 $'000	2015 $'000
Profit before income tax expense	**73,925**	54,935
Tax at the Australian tax rate of 30% (2015: 30%)	**22,178**	16,481
Entertainment	**38**	54
Employee Share Plan costs	**151**	(378)
R&D additional claim	**(203)**	(610)
Income tax loss not brought to account	**-**	570
Other non-taxable items/(deductions)	**(2,998)**	(3,560)
	19,166	12,557
Under/(over)provision from prior year	**(636)**	1,013
Tax effect of different foreign tax rates and other adjustments	**2,173**	1,884
Prior year profit (loss) not recognised now recouped	**47**	(72)
Income tax expense	**20,750**	15,382
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	**(248)**	(1,045)
	(248)	(1,045)

c) Tax losses

	2016 $'000	2015 $'000
Corporate tax losses	**-**	-
US state tax losses:		
Unused tax losses for which no deferred tax asset has been recognised	**43,473**	55,018
Potential benefit at the applicable US state tax rate of 5.94% (2015: 5.94%)	**2,589**	3,268

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.

e) Non-current assets – Deferred tax assets

	Note	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:			
Amounts recognised in profit or loss			
Accruals		**3,612**	2,856
Employee benefits		**4,044**	5,303
Provision for doubtful debts		**473**	486
Provision for stock obsolescence		**5**	5
Fixed assets		**2,733**	2,820
Tax losses		**10,163**	8,432
Retirement benefit obligations		**439**	430
Cost of takeover offers		**1,077**	1,167
Foreign exchange		**168**	125
Employee share plan costs		**3,164**	2,515
Other timing differences		**1,289**	912
Net deferred tax assets		**27,167**	25,051
Amounts recognised directly in equity			
Cash flow hedges		**817**	749
		817	749
Total deferred tax assets		**27,984**	25,800
Set-off of deferred tax liabilities pursuant to set-off provisions:			-
Net deferred tax assets		**27,984**	25,800
Deferred tax assets to be recovered within 12 months		**14,270**	13,799
Deferred tax assets to be recovered after more than 12 months		**13,714**	12,001
		27,984	25,800

Movements	Tax Losses $'000	Employee share plan costs $'000	Employee benefits $'000	Other $'000	Total $'000
At 30 June 2015	**8,432**	**2,515**	**5,303**	**9,550**	**25,800**
(Charged)/Credited to the statement of comprehensive income	1,496	405	(1,203)	113	811
(Charged)/Credited to equity	-	244	-	220	464
Foreign exchange	167	-	(56)	738	849
Adjustments in respect of deferred income tax in previous years	68	-	-	180	248
Net transfers	-	-	-	(188)	(188)
At 30 June 2016	**10,163**	**3,164**	**4,044**	**10,613**	**27,984**

f) Current tax liabilities/(receivable)

	Note	2016 $'000	2015 $'000
Income tax receivable		**(1,284)**	(6,738)
Balance relates to refundable tax instalments			
Income tax liability		**10,594**	6,979

g) Non-current liabilities – Deferred tax liabilities

	Note	2016 $'000	2015 $'000
The balance comprises temporary differences relating to:			
Work in progress not invoiced		**356**	442
Plant and equipment		**9,706**	8,114
Intangible assets		**18,776**	21,731
Other timing differences		**1,630**	6,750
		30,468	37,037
Set-off of deferred tax liabilities pursuant to set-off provisions		**-**	-
Net deferred tax liabilities		**30,468**	37,037
Deferred tax liabilities to be settled within 12 months		**1,986**	7,192
Deferred tax liabilities to be settled after 12 months		**28,482**	29,845
		30,468	37,037

Movements	Plant and equipment $'000	Intangible assets $'000	Other $'000	Total $'000
At 30 June 2015	**8,114**	**21,731**	**7,192**	**37,037**
Charged/(Credited) to the statement of comprehensive income	(1,670)	(1,989)	(3,422)	(7,081)
Net transfers	-	-	(188)	(188)
(Charged)/Credited to equity	-	-	-	-
Acquisition of subsidiary	-	-	-	-
Adjustments in respect of deferred income tax in previous years	3,234	(1,795)	(2,292)	(853)
Foreign exchange movement	28	829	696	1,553
At 30 June 2016	**9,706**	**18,776**	**1,986**	**30,468**

RECOGNITION AND MEASUREMENT

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.

NOTE 6: CASH AND CASH EQUIVALENTS

a) Current assets – Cash assets and cash equivalents

	2016 $'000	2015 $'000
Cash at bank and on hand	**82,476**	81,151
Deposits at call	**2,911**	2,788
	85,387	83,939

RECOGNITION AND MEASUREMENT

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.

b) Reconciliation of net profit after income tax to net cash inflow from operating activities

	Note	2016 $'000	2015 $'000
Net profit after tax		**53,175**	39,553
Depreciation and amortisation	4	**40,113**	38,023
Non-cash employee benefits expense – share based payments		**532**	840
Charge for provision for impairment of trade receivables	4	**1,460**	1,207
Loss on disposal of plant and equipment		**26**	6
Share of profit of associates and joint ventures not received as dividends or distributions		**(195)**	(189)
Net exchange differences		**779**	504
Changes in operating assets and liabilities, net of effects from purchase of controlled entity:			
Increase in receivables		**(5,576)**	(235)
Decrease in inventories		**7**	155
Decrease in deferred tax balances		**(11,283)**	7,589
Increase in other operating assets		**(8,599)**	(39,922)
(Increase) / decrease in trade creditors		**(17,214)**	30,082
Increase / (Decrease) in income receivable		**15,276**	(4,817)
Decrease in other provisions		**(210)**	(28)
(Decrease) / Increase in deferred revenue		**(2,347)**	7,246
Cash flow from operating activities		**65,944**	80,014

NOTE 7: RECEIVABLES

Current assets – Trade and other receivables

	2016 $'000	2015 $'000
Trade receivables	**104,561**	114,965
Less: Provision for impairment of receivables	**(2,546)**	(2,563)
	102,015	112,402
Prepayments	**15,674**	13,980
Accrued income	**17,681**	18,437
Advances to employees	**62**	144
Other receivables	**4,372**	4,233
	139,804	149,196

Impaired receivables

As at 30 June 2016 current trade receivables of the Group with a nominal value of $2.5M (2015: $2.6M) were impaired. The amount of the provision was $2.5M (2015: $2.6M).

Movements in the provision for impaired receivables are as follows:

	2016 $'000	2015 $'000
Opening balance	**(2,563)**	(1,748)
Provision for impairment recognised during the year as an expense	**(1,460)**	(1,207)
Receivables written off during the year as uncollectible	**1,477**	534
Impact of acquisitions and foreign currency movements	**-**	(142)
Closing balance	**(2,546)**	(2,563)

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.

Not yet due

	2016 $'000	2015 $'000
Due within current trading terms	**68,821**	76,687
	68,821	76,687

All current receivables do not contain impaired assets and are not past due. Based on the credit history of these other receivables, it is expected that these amounts will be received when due.

Past due but not impaired

At 30 June 2016 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:

	2016 $'000	2015 $'000
Less than 3 months (as due date ageing)	**25,426**	26,120
Over 3 months overdue	**7,768**	9,595
	33,194	35,715

RECOGNITION AND MEASUREMENT

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.

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 16 for more information on the risk management policy of the Group.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

a) Non-current assets – Plant and equipment

	2016 $'000	2015 $'000
Plant and equipment – at cost [1]	**198,177**	185,702
Less: Accumulated depreciation	**(143,658)**	(125,317)
	54,519	60,385
Capital work in progress	**19,366**	7,215
Total plant and equipment	**73,885**	67,600

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

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	2016 $'000	2015 $'000
Carrying amount at beginning of period		**60,385**	50,011
Additions		**14,584**	26,376
Transfer from capital work in progress		**7,721**	6,228
Disposals		**-**	(617)
Additions through acquisition of entities		**-**	105
Depreciation charge	4	**(27,370)**	(25,928)
Foreign currency exchange movements		**(801)**	4,210
Carrying amount at end of period		**54,519**	60,385

b) Non-current assets – Plant and equipment continued

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:

	2016 $'000	2015 $'000
Carrying amount at beginning of period	**7,215**	6,696
Additions	**19,872**	6,747
Transfer to plant and equipment	**(7,721)**	(6,228)
Carrying amount at end of period	**19,366**	7,215

Capital work in progress consists mainly of information technology related projects in progress.

RECOGNITION AND MEASUREMENT

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.

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 useful lives of 3 to 10 years.

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.

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.

NOTE 9: GOODWILL AND INTANGIBLE ASSETS

	2016 $'000	2015 $'000
Goodwill		
Net book value	**512,393**	512,682
Identifiable intangible assets		
Trademark (5 Tick Standards Mark)	**16,100**	16,100
Publishing Licence Agreement	**31,955**	31,955
Less: Accumulated amortisation	**(19,935)**	(18,344)
	12,020	13,611
Customer relationships and contracts	**76,763**	77,748
Less: Accumulated amortisation and impairment	**(63,670)**	(59,841)
	13,093	17,907
Product delivery platforms	**20,709**	20,695
Less: Accumulated amortisation	**(19,478)**	(17,109)
	1,231	3,586
Intellectual property (courseware, databases)	**33,402**	33,707
Less: Accumulated amortisation	**(25,121)**	(21,919)
	8,281	11,788
Encompass software rights	**8,057**	8,057
Less: Accumulated amortisation	**(1,276)**	(470)
	6,781	7,587
Total identifiable intangible assets	**57,506**	70,579
Total Intangible assets	**569,899**	583,261

	Goodwill $'000	Trademark (5 Tick Standards Mark) $'000	Publishing Licence Agreement $'000	Customer relationships and contracts $'000	Product delivery platforms $'000	Intellectual property (databases, courseware) $'000	Encompass software rights $'000	Total $'000
Balance at 1 July 2015	512,682	16,100	13,611	17,907	3,586	11,788	7,587	583,261
Amortisation	-	-	(1,591)	(4,461)	(2,503)	(3,382)	(806)	(12,743)
Differences arising on translation of foreign operations	(289)	-	-	(353)	148	(125)	-	(619)
Balance at 30 June 2016	**512,393**	**16,100**	**12,020**	**13,093**	**1,231**	**8,281**	**6,781**	**569,899**
Balance at 1 July 2014	434,477	16,100	15,202	19,737	4,857	13,098	-	503,471
Additions	2,762	-	-	-	-	-	8,057	10,819
Adjustments to goodwill from prior period acquisitions	5,392	-	-	-	-	-	-	5,392
Amortisation	-	-	(1,591)	(4,833)	(2,199)	(3,002)	(470)	(12,095)
Differences arising on translation of foreign operations	70,051	-	-	3,003	928	1,692	-	75,674
Balance at 30 June 2015	**512,682**	**16,100**	**13,611**	**17,907**	**3,586**	**11,788**	**7,587**	**583,261**

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 an annual impairment test and no indication of impairment is evident.

Amortisation of $12,743,000 (2015: $12,095,000) is included in depreciation and amortisation expense in the statement of comprehensive income.

RECOGNITION AND MEASUREMENT

Intangible assets

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.

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.

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.

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.

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 4.8 years (2015: 5.8 years).

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%.

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.

Impairment tests for goodwill

Goodwill is calculated and allocated to cash-generating units (CGUs) into which acquired businesses are integrated.

The operations of acquired legal entities are generally absorbed into the existing business operations of the Group as a result of integration activities. 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 allocated to CGUs is set out below and the key assumptions used for the value in use impairment testing are as follows:

2016	RMS APAC $'000	RMS AMERICAS $'000	RMS EMEA $'000	Property Services $'000	Total $'000
Opening balance	128,509	317,335	39,842	26,996	512,682
Closing balance	**124,028**	**322,935**	**38,434**	**26,996**	**512,393**
Indefinite life intangible asset:					
Trademark (5 tick standards Mark)	16,100	-	-	-	16,100
Key assumptions					
Pre-tax discount rates (%)	11.79%	12.53%	10.56%	13.16%	
Post-tax discount rates (%)	9.10%	8.80%	8.90%	9.10%	
Terminal growth rates beyond five years (%)	3.00%	3.00%	2.00%	-%	
EBITDA 4 year average growth(1) (%)	5.59%	10.71%	12.65%	3.45%	

(1)The EBITDA growth rate is the 4 year average rate applied for the periods from the FY17 budget.

Prior to the change in organisation structure on 1 July 2015 the Group's CGUs were Assurance Services, Compliance Services, Standards and Technical Information and Property Services. The Property business was unchanged by the organisation restructure.

The goodwill and indefinite life intangible assets allocated to the CGUs prior to the change and the key assumptions used for the value in use impairment testing were as follows:

2015	Goodwill $'000	Indefinite Life Intangibles $'000	Pre-tax discount rate %
Assurance Services	115,153	16,100	13.73 %
Compliance Services	275,165	-	17.80 %
Standards & Technical Information	95,368	-	13.85 %
Property Services	26,996	-	13.84 %
Total	512,682	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 FY17. Cash flows for subsequent years are extrapolated using the estimated growth rates stated above. 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.

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.

At 30 June 2016, the assessed value-in-use for each CGU exceeded the carrying amounts of the CGU 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.

Sensitivity Analysis

Management recognise that cash flow projections, discount rates and growth rates used to calculate the value in use of the Group's CGUs may vary from what has been estimated. Management notes that the value in use estimates are particularly sensitive to the long term growth rates and discount rates.

- Holding all other assumptions constant, a decline in forecast cash flows in years 1 through 5 of 25% for RMS APAC; 30% for RMS AMERICAS; 10% for RMS EMEA; or 30% for Property would not result in impairment.
- Holding all other assumptions constant, a decline in terminal growth rates of 1% would not result in any impairment for any of the Group's CGUs
- Holding all other assumptions constant, an increase in after tax discount rates of 1% would not result in an impairment for any of the Group's CGUs

RECOGNITION AND MEASUREMENT

Impairment of non-financial 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.

NOTE 10: PAYABLES

Current liabilities – Trade and other payables

	2016 $'000	2015 $'000
Trade payables	**19,882**	30,091
Accrued expenses	**40,297**	61,348
Deferred revenue	**82,392**	85,971
	142,571	177,410

RECOGNITION AND MEASUREMENT

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.

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.

NOTE 11: PROVISIONS

Movements in current and non-current provisions other than provisions relating to employee benefits, are set out below:

Current liabilities – Provisions

	2016 $'000	2015 $'000
Lease provision	**471**	477
Employee benefits	**5,474**	5,484
	5,945	5,961

Non-current liabilities – Provisions

	2016 $'000	2015 $'000
Lease provision	**3,074**	3,545
Employee benefits	**3,500**	3,679
	6,574	7,224

RECOGNITION AND MEASUREMENT

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.

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.

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 'Short-term obligations' 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.

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.

"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.

NOTE 12: DIVIDENDS

	2016 $'000	2015 $'000
Ordinary shares		
Final dividend for the year ended 30 June 2015 of 9.0 cents per share paid on 23 September 2015: 80% franked based on tax paid @30%		
Cash paid to shareholders	**15,138**	
Dividend reinvestment plan	**3,920**	
	19,058	
Interim dividend for the year ended 30 June 2016 of 7.5 cents per share paid on 8 April 2016		
100% franked based on tax paid @30%		
Cash paid to shareholders	**10,059**	
Dividend reinvestment plan	**5,813**	
	15,872	
	34,930	
Final dividend for the year ended 30 June 2014 of 8.5 cents per share paid on 26 September 2014: 45% franked based on tax paid @30%		
Cash paid to shareholders		15,028
Dividend reinvestment plan		2,908
		17,936
Interim dividend for the year ended 30 June 2015 of 7.5 cents per share paid on 10 April 2015: 60% franked based on tax paid @30%		
Cash paid to shareholders		12,320
Dividend reinvestment plan		3,552
		15,872
		33,808
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 9.5 cents per share (2015 – 9.0 cents), 100% franked based on tax paid at 30%.		
The aggregate amount of the declared dividend expected to be paid on 23 September 2016 out of retained earnings at 30 June 2016, but not recognised as a liability at year end, is	**20,276**	19,059
Franked dividends		
The final dividends declared after 30 June 2016 will be franked out of existing franking credits.		
Franking credits available for subsequent financial years including payment of FY16 final dividend, based on a tax rate of 30% (2015: 30%)	**3,224**	4,294

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 $8,689,743 (2015: $6,534,362).

RECOGNITION AND MEASUREMENT

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.

NOTE 13: EQUITY AND RESERVES

	2016 $'000	2015 $'000
Share capital		
Ordinary shares	**409,036**	403,265
Less reserved shares	**(1,904)**	(870)
Net ordinary shares	**407,132**	402,395

(a) Movements in ordinary share capital

Details	Note	Number of shares	Issue Price	$'000
Opening balance at 1 July 2015		211,538,126		**402,395**
Shares issued under dividend reinvestment plan		1,670,327	$3.48	**5,814**
Shares issued under dividend reinvestment plan		892,633	$4.39	**3,919**
Shares purchased on market for the issue of shares under dividend reinvestment plan		(892,633)	$4.44	**(3,962)**
Transfer to reserve shares bought on market	13(b)	(342,568)	$4.38	**(1,500)**
Exercise of Performance Share Rights and options over shares	13(b)	118,817		**466**
Closing balance at 30 June 2016		**212,984,702**		**407,132**
Opening balance at 1 July 2014		210,779, 307		399,977
Shares issued under the exercise of Performance Share Rights		237,130	NIL	-
Exercise of options over shares		13,045	$2.99	39
Exercise of options over shares		54,127	$2.29	124
Shares issued under dividend reinvestment plan		641,884	$4.53	2,908
Shares issued under dividend reinvestment plan		857,962	$4.14	3,552
Shares purchased on market for the issue of shares under dividend reinvestment plan		(857,962)	$4.15	(3,563)
Transfer to reserve shares bought on market	13(b)	(224,763)	$3.89	(875)
Shares issued to the Trust by SAI Global Ltd	13(b)	(304,302)		(163)
Exercise of Performance Share Rights and options over shares	13(b)	341,698		396
Closing balance at 30 June 2015		211,538,126		402,395

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 2016 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.

(b) Reserved Shares

Details	Note	Number of shares	Issue Price [1]	$'000
Opening balance at 1 July 2015		223,601		**870**
Purchase of reserved shares bought on market	13(a)	342,568	$4.38	**1,500**
Distribution of shares under exercise of Performance Share Rights and options over shares	13(a)	(118,817)		**(466)**
Closing balance at 30 June 2016		447,352		**1,904**
Opening balance at 1 July 2014		36,234		228
Purchase of reserved shares bought on market	13(a)	224,763	$3.89	875
Shares issued to the Trust by SAI Global Ltd	13(a)	304,302		163
Distribution of shares under exercise of Performance Share Rights and options over shares	13(a)	(341,698)		(396)
Closing balance at 30 June 2015		223,601		870

1) Weighted average issue price reflects various transactions that have occurred throughout the year at different issue prices.

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.

RECOGNITION AND MEASUREMENT

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.

Reserved shares

Reserved (or Treasury) shares represent shares held by the Group (via 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). Share options exercised each year are settled using the reserved shares of the Group. Reserved shares are treated as issued but not outstanding, cannot vote, and do not receive dividends.

(c) Reserves

	2016 $'000	2015 $'000
Reserves		
Share-based payments reserve	**9,424**	10,088
Foreign currency translation reserve	**(5,094)**	(414)
Hedging reserve – cash flow hedges	**(3,281)**	(3,025)
Transactions with non-controlling interests reserve	**(19,471)**	(19,471)
Total Reserves	**(18,422)**	(12,822)
Movements:		
Share-based payments reserve:		
Opening balance	**10,088**	8,400
Performance share rights and options expense	**(664)**	1,688
Closing balance	**9,424**	10,088
Foreign currency translation reserve:		
Opening balance	**(414)**	(41,474)
Currency translation differences arising during the year	**(4,680)**	41,060
Closing balance	**(5,094)**	(414)
Hedging reserve – Cash flow hedge:		
Opening balance	**(3,025)**	(3,660)
Revaluation increase arising during the year on interest rate swaps (net of tax)	**(256)**	635
Closing balance	**(3,281)**	(3,025)
Transactions with non-controlling interests reserve:		
Opening and Closing balance	**(19,471)**	(19,471)

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. 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 17. Amounts are recognised in the statement of comprehensive income when the associated hedged transaction affects comprehensive income.

Transactions with non-controlling interests

Under the revised Standard, transactions with non-controlling interests which do not result in a loss of control are treated as an equity transaction. The 'Transactions with non-controlling interests reserve' represents the difference between the fair-value of the consideration paid to acquire a non-controlling interest, and the amount by which the non-controlling interests are adjusted, which has been recognised directly in equity and not taken to goodwill.

(d) Retained Earnings

	2016 $'000	2015 $'000
Opening balance	**5,794**	(376)
Net profit for the year	**53,064**	39,264
Re-measurement on defined benefit plan	**-**	714
Dividends	**(34,930)**	(33,808)
Closing balance	**23,928**	5,794

NOTE 14: EARNINGS PER SHARE

	2016 cents	2015 cents
Basic earnings per share (cents)	**24.9**	18.6
Diluted earnings per share (cents)	**24.9**	18.5
Profit attributable to the ordinary equity holders of the company used in calculating earnings per share ($'000)	**53,065**	39,264
Weighted average number of shares used as the denominator in calculating basic earnings per share	**212,712,571**	211,555,139
Performance share rights and options	**83,554**	159,938
Weighted average number of shares used as the denominator in calculating diluted earnings per share	**212,796,125**	211,715,077

The performance share rights (PSRs) and options have not been included in the determination of basic earnings per share. Details relating to the PSRs and options are set out in note 26.

RECOGNITION AND MEASUREMENT

Earnings per share

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.

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

NOTE 15: INTEREST BEARING LOANS AND BORROWINGS

Non-current liabilities – Borrowings

	2016 $'000	2015 $'000
Bank loans (unsecured)	**286,370**	284,938
Facility establishment costs	**(1,022)**	(1,898)
	285,348	283,040

Fair value

The carrying amounts approximate 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.

RECOGNITION AND MEASUREMENT

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.

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.

NOTE 16: 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.

A Chief Risk Officer was appointed during FY16 with responsibility for the Enterprise Risk Management Framework. Risk management related policies and the overall risk appetite are approved by the Board.

Market Risk

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 2016 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.

	2016				
	USD $'000	**CAD $'000**	**EURO $'000**	**GBP $'000**	**Other $'000**
Cash	**14,282**	**964**	**(1,082)**	**43**	**306**
Trade receivables	**1,382**	**116**	**2,903**	**1,782**	**622**
Trade payables	**1,886**	**193**	**2,084**	**3,920**	**369**

	2015				
	USD $'000	**CAD $'000**	**EURO $'000**	**GBP $'000**	**Other $'000**
Cash	6,574	914	3,499	117	203
Trade receivables	4,080	40	3,212	375	1,202
Trade payables	1,035	77	603	3,756	1,285

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 0.74 (2015: 0.77), GBP 0.52 (2015: 0.49), EUR 0.66 (2015: 0.69), and CAD 0.95 (2015: 0.95). For the period ended on, and as at, 30 June 2016, 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:

		Net profit Profit/(loss)		**Other equity (Debit)/credit**	
		2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
If USD was 10% stronger/(weaker) relative to all other currencies	+/-	**1,378**	962	**-**	-
If GBP was 10% stronger/(weaker) relative to all other currencies	+/-	**(209)**	(326)	**-**	-
If EUR was 10% stronger/(weaker) relative to all other currencies	+/-	**(26)**	611	**-**	-
If CAD was 10% stronger/(weaker) relative to all other currencies	+/-	**89**	88	**-**	-
If other currencies were 10% stronger/(weaker) relative to all other currencies	+/-	**56**	12	**-**	-

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 cash flows relating to cash flow hedging currently in place are expected to occur over the next 2.5 years. 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-Jun-16		**30-Jun-15**	
	Weighted average interest rates	**Balance $'000**	**Weighted average interest rates**	**Balance $'000**
Bank Loans	**3.26%**	**286,370**	3.13%	284,938
Interest rates swaps (notional principal amounts)	**3.43%**	**(161,268)**	3.74%	(158,819)
		125,102		126,119

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.

	Net profit Profit/(loss)		**Other equity (Debit)/credit**	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
If interest rates were 100 basis points lower with all other variables constant	**1,251**	1,261	**2,748**	4,441
If interest rates were 100 basis points higher with all other variables constant	**(1,251)**	(1,261)	**(2,695)**	(4,355)

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and 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.

The following table presents the fair value measurement hierarchy of the group's liabilities measured and recognised at fair value at 30 June 2016:

At 30 June 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Net settled (Interest Rate Swap)	**-**	**(2,400)**	**-**	**(2,400)**

At 30 June 2015	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Net settled (Interest Rate Swap)	-	(2,035)	-	(2,035)

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 7 for further details of receivables: not yet due; past due but not impaired and impaired receivables.

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	2016 $'000	2015 $'000
Floating rate		
Total Facilities: Bank overdraft and bill facility	**329,000**	329,000
Used at reporting date: Bank overdraft and bill facility	**286,370**	284,938
Unused at reporting date: Bank overdraft and bill facility	**42,630**	44,062

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.

At 30 June 2016	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)	142,571	-	-	142,571	142,571
Variable rate (borrowings)	3,807	131,077	-	134,884	125,102
Fixed rate (hedged borrowings)	5,529	171,544	-	177,073	161,268
Total non-derivatives	**151,907**	**302,621**	**-**	**454,528**	**428,941**
Derivatives					
Net settled (interest rate swaps)	-	5,316	-	5,316	2,400
Total non-derivatives and derivatives	**151,907**	**307,937**	**-**	**459,844**	**431,341**

At 30 June 2015	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)	177,410	-	-	177,410	177,410
Variable rate (borrowings)	2,007	133,151	-	135,158	126,118
Fixed rate (hedged borrowings)	5,935	176,496	-	182,431	158,819
Total non-derivatives	**185,352**	**309,647**	**-**	**494,999**	**462,347**
Derivatives					
Net settled (interest rate swaps)	-	8,799	-	8,799	2,035
Total non-derivatives and derivatives	**185,352**	**318,446**	**-**	**503,798**	**464,382**

Capital Resources

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 on the balance sheet as "Borrowings" and is disclosed 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 return on capital employed 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 earnings per share.

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.

Calculation of the gearing ratio is summarised below:	**Consolidated**	
	2016	**2015**
	$'000	**$'000**
Total borrowings	**286,370**	284,938
Less: cash and cash equivalents	**(85,388)**	(83,939)
Net debt (A)	**200,982**	200,999
Total equity (B)	**414,298**	396,915
Total capital (A)+(B)	**615,280**	597,914
Gearing Ratio (A)/(A+B)	**32.7%**	33.6%

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 2016 a loss of $73,000 was reclassified into the statement of comprehensive income (2015: loss of $824,000) 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 of the underlying hedged item is $94,938,655 (2015: $122,973,654) denominated in USD, GBP and AUD.

Instruments used by the Group

During the year the Board reconfirmed its gearing targets as follows:

Over the medium-term the gearing ratio will be maintained at below 45% and total debt will be less than 2.5 times underlying EBITDA. These limits may be increased to take advantage of strategic opportunities that may arise from time to time, but restored as soon as practicable thereafter.

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 below:

- note 1 Foreign currency translation
- note 17 Derivative Financial Instruments
- note 26 Share-based payments

Processes

All of the Group's capital management policies 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.

During 2016 the Group complied with all of the external capital covenants imposed as a result of its debt funding arrangements.

NOTE 17: DERIVATIVE FINANCIAL INSTRUMENTS

	Note	2016 $'000	2015 $'000
Interest rate swap contracts – cash flow hedges	16	**(2,400)**	(2,035)
Total non-current derivative financial instrument (liabilities)/assets		**(2,400)**	(2,035)

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 16).

Interest rate swap contracts – cash flow hedges

Bank loans of the Group currently bear an average variable interest rate of 3.3% (2015: 3.1%). 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 56% (2015: 56%) of the variable loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rates range between 2.54% and 7.0% (2015: 2.18% and 7.0%) and the variable rates are between 2.03% and 4.07% (2015: 1.63% and 4.02%) above the LIBOR rate which at reporting date was 0.46% (2015: 0.13%) for USD, 0.49% (2015: 0.48%) for GBP and BBSW rate of 1.98% (2015: 2.16%) 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.

Risk exposures

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 16.

RECOGNITION AND MEASUREMENT

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.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in this note. Movements in the hedging reserve in shareholder's equity are shown in note 13. 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.

NOTE 18: ASSOCIATES AND JOINT ARRANGEMENTS

Non-current assets – Investments accounted for using the equity method

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.

Information relating to associates is set out below

Name of company	Ownership interest	2016 $'000	2015 $'000
Unlisted			
Shares in Associates (Telarc SAI Global Limited [1])	25%	**1,223**	1,145
		1,223	1,145

1) Telarc SAI Global Limited is an assurance services provider and is incorporated in New Zealand.

Movements in carrying amounts

	2016 $'000	2015 $'000
Carrying amount at the beginning of the financial year	**1,145**	1,079
Share of net profits after income tax	**195**	189
Dividends received	**(117)**	(123)
Carrying amount at the end of the financial year	**1,223**	1,145

Contingent liabilities of associates

No associated entities had any contingent liabilities at 30 June 2016.

NOTE 19: 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:

Name of entity	Principal Activities	Country of Incorporation	Class of shares	Equity Holding [1] 2016 %	Equity Holding [1] 2015 %
SAI Global Australia Pty Limited	Corporate Services	Australia	Ordinary	100	100
Anstat Pty Limited [2]	Risk Management Solutions	Australia	Ordinary	100	100
Cintellate Pty Limited [2]	Risk Management Solutions	Australia	Ordinary	100	100
Advancing Food Safety Pty Limited	Risk Management Solutions	Australia	Ordinary	100	100
SAI Global Certification Services Pty Limited	Risk Management Solutions	Australia	Ordinary	100	100
Enertech Australia Pty Limited [2]	Risk Management Solutions	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
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 (NZ) Limited	Risk Management Solutions	New Zealand	Ordinary	100	100
CQC-SAI Management Technologies Beijing Co. Ltd	Risk Management Solutions	China	Ordinary	70	70
PT Global Assurance Services	Risk Management Solutions	Indonesia	Ordinary	100	100
PT SAI Global Indonesia	Risk Management Solutions	Indonesia	Ordinary	100	100
SAI Global India	Risk Management Solutions	India	Ordinary	100	100
SAI Global Japan Co., Limited	Risk Management Solutions	Japan	Ordinary	68	68
SAI Global Korea Co. Ltd	Risk Management Solutions	Korea	Ordinary	70	70
SAI Global Thailand Ltd	Risk Management Solutions	Thailand	Ordinary	100	100
Cistera Limited (HK)	Risk Management Solutions	Hong Kong	Ordinary	100	100
SAI Global Compliance Inc. [3]	Risk Management Solutions	USA	Ordinary	100	100
Easy I Inc.	Risk Management Solutions	USA	Ordinary	100	100
BMS Solutions USA Inc. Texas	Risk Management Solutions	USA	Ordinary	100	100
Software Impressions Inc.	Risk Management Solutions	USA	Ordinary	100	100
SAI Global do Brasilia Ltda	Risk Management Solutions	USA	Ordinary	100	100
SAI Global Inc.	Risk Management Solutions	USA	Ordinary	100	100
Excel Partnership Inc.	Risk Management Solutions	USA	Ordinary	100	100
ILI Infodisk Inc.	Risk Management Solutions	USA	Ordinary	100	100
SAI Global CIS US GP	Corporate Services	USA	Ordinary	100	100
SAI Global US Holdings Inc.	Corporate Services	USA	Ordinary	100	100
SAI Global GP	Corporate Services	USA	Ordinary	100	100
QMI-SAI Canada Limited	Risk Management Solutions	Canada	Ordinary	100	100
OCICERT Mexico S.A. de C.V. [4]	Risk Management Solutions	Mexico	Ordinary	100	100
SAI Global Mexico	Risk Management Solutions	Mexico	Ordinary	100	100
Easy I Limited	Risk Management Solutions	UK	Ordinary	100	100
SAI Global Compliance Ltd	Risk Management Solutions	UK	Ordinary	100	100
Foodcheck Limited	Risk Management Solutions	UK	Ordinary	100	100
Global Trust Certification (UK) Limited	Risk Management Solutions	UK	Ordinary	100	100
SAI Global Assurance Services – Oficina de representacion en Espan a	Risk Management Solutions	UK	Ordinary	100	100
SAI Global Assurance Services Limited	Risk Management Solutions	UK	Ordinary	100	100
ILI Limited	Risk Management Solutions	UK	Ordinary	100	100
IQ Management Systems Limited (Co. No. 2556339)	Risk Management Solutions	UK	Ordinary	100	100

Name of entity	Principal Activities	Country of Incorporation	Class of shares	Equity Holding [1] 2016 %	Equity Holding [1] 2015 %
SAI Global UK CIS Ltd	Corporate Services	UK	Ordinary	100	100
SAI Global UK Holdings Ltd	Corporate Services	UK	Ordinary	100	100
SAI Global Limited (Company No. 7109048)	Corporate Services	UK	Ordinary	100	100
SAI Global Tunisia	Risk Management Solutions	Italy	Ordinary	75	75
Controlli Torinesi Prodoi e Porcessi S.R.L.	Risk Management Solutions	Italy	Ordinary	100	100
SAI Global Italia s.r.l.	Risk Management Solutions	Italy	Ordinary	100	100
SAI Global Assurance Services Sp. z. o. o. Oddzial w Gdyni (Poland)	Risk Management Solutions	Poland	Ordinary	100	100
Con.Top Polska Sp.z o.o.	Risk Management Solutions	Poland	Ordinary	100	100
SAIGAS Africa Pty Ltd	Risk Management Solutions	South Africa	Ordinary	100	100
Quality and Safety Risk Professional Services International (Pty) Ltd	Risk Management Solutions	South Africa	Ordinary	100	100
Emerald Panther Investments 101 Proprietary Limited	Risk Management Solutions	South Africa	Ordinary	100	100
Global Trust Certification Limited	Risk Management Solutions	Ireland	Ordinary	100	100
SAI Global Services Limited - Merkezi İngiltere Türkiye İstanbul Şubesi	Risk Management Solutions	Turkey	Ordinary	100	100
SAI Global Czech s.r.o.	Risk Management Solutions	Czech Republic	Ordinary	100	100
SAI Global Certification s.r.o.	Risk Management Solutions	Czech Republic	Ordinary	51	51
SAI Global Cyprus Holdings Ltd	Risk Management Solutions	Cyprus	Ordinary	60	60
SAI Global Eurasia Ltd	Risk Management Solutions	Russia	Ordinary	59	59
SAI Global GmbH	Risk Management Solutions	Germany	Ordinary	100	100
SAI Global S.a.r.l.	Risk Management Solutions	France	Ordinary	100	100
NV Integrity Interactive Europe SA	Risk Management Solutions	Belgium	Ordinary	100	100
Cintellate Europe Limited	Risk Management Solutions	Belgium	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 23.
3) As at 30 June 2015, 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 17 July 2014, SAI Global Inc. and SAI Global Mexico, subsidiaries of SAI Global Limited, acquired OCICERT Mexico S.A. de C.V.

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 (2015: 25%).

Unrecognised items

NOTE 20: COMMITMENTS AND CONTINGENCIES

Commitments

Lease commitments	2016	2015
	$'000	$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**10,213**	17,993
Later than one year but not later than 5 years	**26,640**	28,932
Later than 5 years	**10,614**	13,292
	47,467	60,217
Representing:		
Minimum lease payments relating to non-cancellable operating leases	**47,467**	60,217

The Group leases various properties under non-cancellable operating leases expiring with 2 to 10 years, have various terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

RECOGNITION AND MEASUREMENT

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.

Contingencies

Contingent liabilities

The Group had contingent liabilities at 30 June 2016 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 23. No deficiencies of assets exist in any of these companies.

No material losses are anticipated in respect of any of the above contingent liabilities.

Standards Australia Claim

SAI Global is party to a publishing license agreement (PLA). As at 30 June 2016, SAI Global is party to three arbitrations against Standards Australia in respect of the agreement.

The first arbitration, commenced by Standards Australia in June 2015, alleges that SAI Global has failed to pay royalties under the PLA on certain revenues received from membership fees in respect of an SAI Global customer loyalty program. SAI Global denies liability. On 1 June 2015, SAI estimated that its maximum potential exposure could approximate $1.5 million in respect of this claim.

The second arbitration, commenced by SAI Global in November 2015, alleges that Standards Australia has breached certain provisions of the PLA with respect to the currency of its catalogue and the production of new and updated standards and other material. Standards Australia denies liability.

The third arbitration, commenced by Standards Australia in June 2016, alleges that SAI Global has breached certain provisions of the PLA with respect to the conversion and publishing of certain materials in formats other than PDF. SAI Global denies liability.

The extent of liability that may arise from these claims cannot be reliably estimated. All arbitrations are expected to be heard in June and July 2017.

NOTE 21: EVENTS AFTER THE REPORTING DATE

Subsequent to year end, on 26 July 2016 the Company confirmed that it is reviewing a possible sale of its Assurance business. This process was initiated by the Company following approaches from, and subsequent meetings with, a number of the leading global sector participants.

While Assurance is a valuable business to the Company, it would require broader geographic coverage and scale in order to be even more competitive. Moreover, at present, the industry is undergoing rapid consolidation. The Company's Assurance business delivers Assurance services to clients in about 120 countries and could offer significant strategic value to global competitors.

In the event of a sale, it is the Company's intention that the remaining Risk Management Solutions business would continue to offer assurance products and services through a strategic alliance with the successful acquirer.

Should there be a successful sale of the Assurance business, it will support SAI's strategy to focus its globally integrated risk management solutions business towards higher margin, higher growth software and digital products and services. The market for these products shows potential for strong demand and attractive returns on investment.

The strategic review is at a preliminary stage and there is no certainty that these discussions will result in a transaction.

On 17 August 2016 the Company announced that it has executed an agreement to acquire Modulo Security LLC, a U.S incorporated company which operates a software risk management business, from Brazilian company, Modulo Security Solutions SA for AU$6.86M on a debt-free, cash-free basis and subject to a customary working capital adjustment.

The acquisition complements SAI Global's portfolio of software risk management solutions and furthers its strategic focus on these products and in SAI Global's hands, is expected to deliver over AUD$5.8M in revenue in the coming year. The transaction will complete when customary conditions precedent have been satisfied.

The transaction includes the grant of a licence to the well regarded Modulo IT Risk Management software platform source code which complements and augments SAI Global's leading Governance, Risk and Compliance Software Platform, Compliance 360. The licence, that is an exclusive worldwide licence, except in Brazil, Angola and Mocambique, includes the perpetual rights to modify, use and sell the source code. Modulo Security Solutions SA will continue to own the source code.

Under the terms of the agreement, the parent, Modulo Security Solutions SA, will continue to deliver Modulo's Smart Government and Command & Control solutions worldwide, and will also have the exclusive right to continue to sell IT GRC solutions in Brazil, Mozambique and Angola for five years. After 5 years both companies will be free to operate internationally without territorial constraints.

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.

NOTE 22: PARENT DISCLOSURES

Parent entity financial information

Summary financial statements for the parent entity show the following aggregate amounts:

	2016 $'000	2015 $'000
Statement of financial position		
Current assets	**26,920**	36,957
Total assets	**333,945**	497,376
Current liabilities	**34,641**	54,792
Total liabilities	**121,085**	139,179
Net assets	**212,860**	358,197
Shareholders' equity		
Issued capital	**407,132**	402,395
Reserves		
Cash flow hedges	**(75)**	(353)
Share based payments	**9,678**	10,342
Foreign currency translation	**(124)**	(180)
Retained earnings	**(203,751)**	(54,007)
	212,860	358,197
Profit for the year	**9,476**	10,559
Total comprehensive income	**9,810**	10,323

Guarantees entered into by the parent entity

The parent entity has provided financial guarantees in respect of banks loans of subsidiaries; refer to note 23 for further details of financing facilities.

In addition, there are cross guarantees given by SAI Global Limited as described in note 23. 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.

RECOGNITION AND MEASUREMENT

Parent entity financial information

The financial information for the parent entity, SAI Global Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

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.

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.

NOTE 23: DEED OF CROSS GUARANTEES

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.

In accordance with the policy detailed in note 28, 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.

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.

Condensed consolidated statement of comprehensive income and a 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 2016 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.

Consolidated statement of comprehensive income	**2016 $'000**	**2015 $'000**
Sale of goods	**13,624**	13,397
Services	**287,605**	287,611
Other income	**7,278**	9,340
Total revenue from continuing operations	**308,507**	310,348
Expenses from continuing operations		
Employee benefits expense	**41,328**	44,667
Depreciation and amortisation expenses	**16,048**	16,148
Finance costs	**(1,678)**	(847)
Dividends	**34,898**	30,506
Other expenses	**202,187**	211,128
	292,783	301,602
Profit before income tax expense	**15,724**	8,746
Income tax expense	**13,650**	7,877
Profit for the year	**2,074**	869

Condensed statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2016 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.

	2016 $'000	2015 $'000
ASSETS		
Current assets		
Cash assets and cash equivalents	**36,157**	29,219
Trade and other receivables	**147,574**	144,400
Inventories	**218**	251
Total current assets	**183,949**	173,870
Non-current assets		
Investments	**178,446**	178,368
Plant and equipment	**51,147**	42,702
Deferred tax assets	**12,915**	11,043
Intangible assets	**127,759**	130,204
Total non-current assets	**370,267**	362,317
Total assets	**554,216**	536,187
LIABILITIES		
Current liabilities		
Trade and other payables	**69,687**	68,650
Current tax liabilities	**8,531**	1,264
Provisions	**5,082**	5,026
Total current liabilities	**83,300**	74,940
Non-current liabilities		
Borrowings	**79,537**	79,537
Derivative financial instruments	**107**	505
Deferred tax liabilities	**9,775**	12,069
Provisions	**7,351**	7,835
Total non-current liabilities	**96,770**	99,946
Total liabilities	**180,070**	174,886
Net assets	**374,146**	361,301
EQUITY		
Contributed equity	**409,035**	403,264
Reserves	**9,264**	10,567
Retained earnings	**(25,072)**	(33,449)
Non-controlling interest	**(19,081)**	(19,081)
Total equity	**374,146**	361,301

NOTE 24: 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:

a) Assurance Services	2016 $	2015 $
Ernst & Young:		
Audit and review of financial statements and other audit work under the *Corporations Act 2001*	**817,200**	746,058
Other assurance services	**-**	14,078
b) Taxation services		
Taxation compliance services	**290,803**	550,451
Taxation advice	**653,039**	914,229
c) Other services		
Provision of comparative remuneration data	**-**	65,920
Total remuneration for non-audit services	**943,842**	1,544,678

Directors monitor the level of non-audit fees to ensure the independence of the auditors.

The ratio of non-audit to audit services provided by Ernst & Young to SAI Global has decreased in 2016 due to the following one-off matters which impacted FY15:

- Ernst & Young advised SAI Global on tax related matters in responding to the unsolicited indicative, conditional and non-binding proposal from Pacific Equity Partners;
- Ernst & Young acted on behalf of the company in dealing with an Internal Revenue Service audit on part of the US tax consolidated group; and
- The fees paid by SAI Global to Ernst & Young in respect of non-audit services, largely taxation advisory services, mostly reflect the decision by the company not to employ an internal taxation advisory function.

NOTE 25: RELATED PARTY TRANSACTION

Parent entity

The ultimate parent entity of the Group is SAI Global Limited.

Subsidiaries

Interests in subsidiaries are set out in note 19.

Key management personnel

Disclosures relating to key management personnel are set out in note 27.

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.

Terms and conditions

Outstanding balances are unsecured and repayable in cash.

NOTE 26: 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
- 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 20 October 2006.

Amendments to the Plan were approved by shareholders at the Company's Annual General Meeting held on 21 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 30 June 2016 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.

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 or Return on Funds Employed (ROFE) criterion and the other half to an Earnings per Share (EPS) criterion.

i) The TSR and ROFE 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 75thth 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.

The TSR performance hurdle was replaced by ROFE (return on funds employed) in FY16.

If ROFE is less than 95% of target ROFE, none of the PSRs/Options eligible to vest will vest.

If ROFE is 95% of target ROFE, 30% of the PSRs/Options eligible to vest will vest.

If ROFE is 105% of target ROFE or greater, all of the PSRs/Options eligible to vest will vest on a pro rate basis.

ROFE targets for the FY16 grant are:

- FY18 17%
- FY19 18%
- FY20 19%

The ROFE for FY16 calculated on an underlying basis is 13.6%

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 12% (15% for FY15 and prior) 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 20 October 2007. Amendments to the Sub Plan were approved by shareholders at the Company's Annual General Meeting held on 21 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 2016 no options were issued under the UK Sub-Plan to key management personnel.

Options and Performance Share Rights Granted

Set out below are summaries of options and PSRs rights granted under all plans.

2016 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						
5 November 2010	5 November 2015	230,099	-	21,772	208,327	-
4 November 2011	4 November 2016	445,353	-	-	17,126	428,227
12 November 2012	12 November 2017	447,771	-	-	33,934	413,837
22 November 2013	22 November 2018	558,049	-	-	42,998	515,051
19 November 2014	22 November 2019	549,158	6,055	-	41,772	513,441
6 January 2015	6 January 2020	-	32,042	-	-	32,042
20 November 2015	20 November 2020	-	427,870	-	40,909	386,961
		2,230,430	465,967	21,772	385,066	2,289,559
Options						
9 November 2007	9 November 2017	25,728	-	12,683	-	13,045
18 July 2008	18 July 2018	65,365	-	12,902	-	52,463
9 November 2009	9 November 2016	68,844	-	68,844	-	-
4 November 2011	4 November 2018	121,407	-	-	-	121,047
12 November 2012	12 November 2019	1,363,358	-	-	-	1,363,358
22 November 2013	22 November 2020	230,766	-	-	-	230,766
19 November 2014	19 November 2021	496,917	66,435	-	-	563,352
6 January 2015	6 January 2025	-	87,893	-	-	87,893
20 November 2015	20 November 2025	-	3,029,687	-	-	3,029,687
		2,372,385	3,184,015	94,429	-	5,461,971

2015 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						
9 November 2009	9 November 2014	172,379	-	62,829	109,550	-
19 February 2010	19 February 2014	22,877	-	6,690	16,187	-
5 November 2010	5 November 2015	337,175	-	100,882	6,194	230,099
4 November 2011	4 November 2016	506,419	-	45,082	15,984	445,353
12 November 2012	12 November 2017	509,022	-	-	61,251	447,771
22 November 2013	22 November 2018	648,662	-	-	90,613	558,049
19 November 2015	22 November 2019	-	549,158	-	-	549,158
		2,196,534	549,158	215,483	299,779	2,230,430
Options						
9 November 2007	9 November 2017	38,774	-	13,046	-	25,728
18 July 2008	18 July 2018	128,218	-	62,853	-	65,365
9 November 2009	9 November 2016	204,579	-	32,761	102,974	68,844
4 November 2011	4 November 2018	121,407	-	-	-	121,407
12 November 2012	12 November 2019	1,495,432	-	-	132,074	1,363,358
22 November 2013	22 November 2020	344,324	-	-	113,558	230,766
19 November 2014	19 November 2021	-	496,917	-	-	496,917
		2,332,734	496,917	108,660	348,606	2,372,385

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2016 was 71 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 2016 included:

a) Expected price volatility of the company's shares: 25%

b) Expected dividend yield: 4.11%

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.

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.

	2016 Number	2015 Number
Shares issued under the plan to participating employees	**-**	-

SAI Global UK Share Incentive plan

The numbers of shares purchased under the UK Share Incentive plan were as follows:

	2016 Number	2015 Number
Shares purchased under the plan	**11,158**	9,742

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:

	2016 $'000	2015 $'000
Options and Performance Share Rights granted under Long Term Incentive Plans	**532**	840
	532	840

NOTE 27: DIRECTOR AND EXECUTIVE DISCLOSURES

Key management personnel compensation	2016 $	2015 $
Short-term employee benefits	**6,280,058**	6,249,590
Post-employment benefits	**316,738**	286,755
Termination benefits	**277,854**	689,293
Share-based payments	**414,037**	465,339
	7,288,687	7,690,977

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report on pages 64 to 90.

NOTE 28: OTHER ACCOUNTING POLICIES

Below is a summary of the accounting policies that are not necessarily aligned to a Note to the Financial Statements in the new report format, but appropriate to the understanding of the Financial Statements.

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 is recognised 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.

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.

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.

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 7) in the statement of financial position.

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.

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.

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.

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.

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.

NOTE 29: CRITCAL 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.

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. 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 9.

Amortising intangibles

These assets are amortised over their assessed useful lives in accordance with the accounting policy. 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 explained above.

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.

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 2016, the Group had recognised assets in respect of tax losses amounting to $10,163,000 (note 5). 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

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.

NOTE 30: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

New accounting standards and AASB Interpretations applied

This general purpose financial report adopts all new and amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2015, all of which did not have a material impact on the financial statements.

New accounting standards and AASB Interpretations

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning on or after 1 July 2016 and have not been applied in preparing these financial statements. The Group has reviewed these standards and interpretations and with the exception of those mentioned in the table below (where the impact is yet to be assessed), none of the other standards and interpretations materially impact the Group.

Reference	Summary	Mandatory application date of Standard	Application date for the Group
AASB 15 Revenue from Contracts with Customers	Requires revenue to be recognised on satisfaction of the performance obligations specified under contracts.	1 July 2018	1 July 2018
AASB 16 Leases	Requires operating leases to be recognised on balance sheet.	1 July 2019	1 July 2019

The group intends to early adopt AASB 9 Financial Instruments for the period commencing 1 July 2016. The adoption of this standard will not have a material impact.

In the Directors' opinion:

a) The financial statements and notes set out on pages 95 to 147 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 2016 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 23 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 23.
d) Note 1(b) 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 Chief Executive Officer 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.

Andrew Dutton
Chairman

Peter Mullins
Managing Director and Chief Executive Officer
Sydney
18 August 2016

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 2016, 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.

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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 2016 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 Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 64 to 90 of the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
Sydney
18 August 2016