SAI GLOBAL

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SAI GLOBAL LIMITED

Financial Report

Half-Year Ended 31 December 2011

SAI Global Limited and controlled entities

Directors' report

The Directors present their report on the consolidated entity (the Group or SAI) consisting of SAI Global Limited (the Company) and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

Directors

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

Robert Wright	(Chairman)
Tony Scotton	(Chief Executive Officer)
Anna Buduls	
John Murray AM	
Peter Day	
Andrew Dutton	

Review of operations

The Group has continued to grow during the period, achieving growth in revenue and profitability despite the adverse impacts of the stronger Australian dollar, and costs associated with adding resources and capability to take maximum advantage of new business opportunities in each division. The growth was driven by solid results from all of the divisions, overlaid with a full period contribution from recent acquisitions.

The operating result of the Group attributable to shareholders was $21,662k. This represents an increase of 29.1% over the result for the corresponding period of $16,778k.

The result includes the adverse after tax impact of $473k of significant transaction charges that relate to the acquisition of Compliance 360, which was completed after balance date on 31 January 2012. The operating result of the Group attributable to shareholders before the impact of the significant charges was $22,135k. This represents an increase of 12.7% over the underlying result for the corresponding period.

Earnings per share increased to 10.8 cents, an increase of 22.7% compared to the corresponding period. Earnings per share before the impact of the significant charges increased by 6.7% from 10.4 cents to 11.1 cents.

First-half segment revenue of $223,046k represents growth of 6.8% over the corresponding period. This increase includes organic growth and the favourable impact of recent acquisitions together with the adverse impact of the stronger Australian dollar.

Earnings before interest, tax, depreciation and amortization (EBITDA) were $47,972k, representing an increase of 20.9% over the corresponding period. Segment EBITDA, before the impact of the significant charges increased by 10.9% to $48,738k.

The Directors have increased the interim dividend to 6.8 cents per share, up from 6.3 cents in the corresponding period. This dividend will be fully franked.

Operating cash inflows were $25,852k, up 44.4% from the $17,901k achieved in the corresponding period.

Further details relating the performance of the business are provided later in this report.

Summary financials

The summary financial analysis below shows the results both on a statutory basis and on an 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 the costs associated with acquiring and integrating new businesses, and costs associated with materially restructuring the business.

	Statutory			**Underlying**[1]		
$'000	**1H12**	1H11	**Change**	**1H12**	1H11	**Change**
Sales revenue	**222,638**	208,554	**6.8%**	**222,638**	208,554	**6.8%**
Other income[2]	**408**	298		**408**	298	
Segment revenue	**223,046**	208,852	**6.8%**	**223,046**	208,852	**6.8%**
Less: direct costs	**100,964**	95,857	**5.3%**	**100,964**	95,857	**5.3%**
Gross profit	**122,082**	112,995	**8.0%**	**122,082**	112,995	**8.0%**
Less: overheads	**74,110**	73,315	**1.1%**	**73,344**	69,046	**6.2%**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**47,972**	39,680	**20.9%**	**48,738**	43,949	**10.9%**
Less: depreciation	**6,736**	5,851	**15.1%**	**6,736**	5,851	**15.1%**
Less: amortisation of acquired intangible assets	**5,581**	6,626	**(15.8%)**	**5,581**	6,626	**(15.8%)**
Earnings before interest and tax (EBIT)	**35,655**	27,203	**31.1%**	**36,421**	31,472	**15.7%**
Less: net financing costs[3]	**6,324**	4,986	**26.8%**	**6,324**	4,986	**26.8%**
Add: share of net profits of associated companies	**61**	34	**79.4%**	**61**	34	**79.4%**
Net profit before income tax	**29,392**	22,251	**32.1%**	**30,158**	26,520	**13.7%**
Less: income tax	**7,642**	5,317	**43.7%**	**7,935**	6,722	**18.0%**
Net profit after income tax	**21,750**	16,934	**28.4%**	**22,223**	19,798	**12.2%**
Profit is attributable to:						
Equity holders of SAI Global Limited	**21,662**	16,778	**29.1%**	**22,135**	19,642	**12.7%**
Minority interests	**88**	156	**(43.6%)**	**88**	156	**(43.6%)**
	21,750	16,934	**28.4%**	**22,223**	19,798	**12.2%**

1. Excludes significant charges
2. Excludes interest income
3. Interest expense less interest income

Margin analysis:	**Underlying[1]** 1H11	1H10	Change
Gross profit	**54.8%**	54.2%	0.6%
EBITDA	**21.9%**	21.1%	0.8%
EBIT	**16.4%**	15.1%	1.3%
Cost to income ratio	**81.2%**	81.8%	(0.6%)
Effective tax rate	**26.3%**	25.3%	1.0%

1. Excludes significant charges

A reconciliation of the statutory result to underlying result is provided below:

$'000	1H12	1H11	Change
Statutory net profit after tax	**21,750**	16,934	28.4%
Add back significant charges net of tax:			
Transaction charges relating to the acquisition of Compliance 360	**766**	-	
Transaction charges relating to the acquisition of Integrity Interactive	-	1,825	
Integration and restructuring charges relating to the acquisition of Integrity Interactive	-	1,369	
Other signifcant charges	-	1,075	
Significant charges before tax	**766**	4,269	(82.1%)
Income tax impact of significant charges	**(293)**	(1,405)	
Significant charges net of tax	**473**	2,864	(83.5%)
Underlying net profit after tax	**22,223**	19,798	12.2%

Segment revenue increased by 6.8% over the corresponding period, driven by the combination of organic growth and contributions from recent acquisitions, offset by the impact of the stronger Australian dollar. All divisions achieved organic revenue growth. Information Services achieved organic revenue growth of 4.5% which reflects growth in both the Standards and Property businesses. Compliance Services achieved organic growth of 10.9% and Assurance Services achieved above trend growth at 8%.

EBITDA grew strongly compared to the corresponding period, up 20.9%, assisted by the reduction in significant charges compared to the prior period. Underlying EBITDA increased by 10.9%. The growth reflects organic growth across all of the divisions and the contribution from recent acquisitions, offset by the adverse impact of the stronger Australian dollar.

The EBITDA margin, before the impact of significant charges expanded to 21.9%, up from 21.1% achieved in the corresponding period.

As noted in the reconciliation above the significant charges incurred in the first-half relate to the acquisition of Compliance 360 which was completed after the balance date on 31 January 2012.

The charge for depreciation increased to $6,736k reflecting the continued investment in new product development and the impact of the recent acquisitions. The amortisation charge relating to identifiable intangible assets has decreased predominantly because the prior period included initial charges relating to Integrity Interactive. The intangible assets consist of the assessed values of customer relationships and contracts, product delivery platforms and intellectual property acquired.

EBIT increased 31.1%. Underlying EBIT increased by 15.7% compared to the corresponding period. The EBIT margin before the impact of significant charges expanded to 16.4%, up from 15.1% in the corresponding period.

The net financing charge of $6,324k consists of an interest expense of $7,056k net of interest received of $732k. The increased interest expense reflects the new borrowings undertaken to part fund the acquisition of Integrity Interactive.

Net profit after tax increased 28.4%. Net profit after tax before significant charges increased by 12.2% compared with the result for the corresponding period.

Business combinations

There were no material business combinations undertaken during the period. However, the acquisition of Compliance 360 was completed on 31 January 2012. More details relating to this transaction are set out later in this report.

Business operations

A summary of segment revenue and earnings before significant charges and related commentary is set out below:

$'000	**Sales revenue**[1]		**Segment EBITDA**	
	6 months ending 31 Dec 11	6 months ending 31 Dec 10	**6 months ending 31 Dec 11**	6 months ending 31 Dec 10
Information Services	**100,797**	97,226	**25,376**	22,979
Compliance Services	**40,027**	35,228	**14,492**	12,860
Assurance Services	**82,882**	77,219	**14,484**	12,582
	223,706	209,673	**54,352**	48,421
Corporate Services, eliminations and other income			**(5,614)**	(4,472)
Segment EBITDA before significant charges			**48,738**	43,949
Depreciation and amortisation			**(12,317)**	(12,477)
Share of profits of associates			**61**	34
Segment result before tax, before significant charges			**36,482**	31,506

1. Excludes other income, Corporate Services income and eliminations

Information Services

Both businesses within the information Services division experienced organic growth during the period.

The Property business achieved revenue and EBITDA growth of 6.1% and 23.6% respectively reflecting the benefits from operational efficiency initiatives and strong growth in the banking workflow business. The EBITDA margin expanded to 12.8%, up from 11.0% in the corresponding period.

In July 2011 the Property business was awarded a national settlement services contract with ANZ bank. Much of the focus over the first-half has been on preparing the business to take on the ANZ settlement services in the States that it currently does not service, together with pursuing opportunities with other financial institutions.

The Standards business achieved constant currency revenue and EBITDA growth of 1.2% and 7.5% respectively. The lower than trend growth in revenue reflects the reduced sales of the Pressure Vessel Code which was revised last year and resulted in a revenue "spike" in the corresponding period.

Sales of standards within Australia in the first-half have been hampered by a lack of new product. In addition, the State of Victoria has delayed publishing the new workplace health and safety legislation. Together these factors contributed to the below trend revenue growth in the standards business. Standards production in Australia is projected to pick up over the next several months. The operating focus over the past six months has been on advancing business development through establishing relationships with trade associations, government agencies and other standards organizations to broaden our distribution reach.

Compliance Services

The Compliance Services division achieved solid growth in the first-half reflecting both organic growth and a full period contribution from Integrity Interactive. Despite the adverse impact of the stronger Australian dollar, revenue grew by 13.6% over the corresponding period to $40.0 million and EBITDA before significant charges grew by 12.7% to $14.5 million. The EBITDA margin before significant charges was 36.2%, down marginally from the 36.5% achieved in the corresponding period. The EBITDA margin has been adversely impacted by the extra expense associated with investment in sales and marketing resources to support the division's product suite relating to the UK Bribery Act.

While global interest in anti-bribery/anti-corruption (ABAC) persists, the take-up by clients to date has been slower than projected. Adjustments to the level of sales focus coupled with the provision of a SaaS-based ABAC solution at a more compelling price point (a result of the Compliance 360 acquisition) are expected to result in improved bookings performance over the next several months. The long-term expectation that ABAC will be a driver of growth for the Compliance business remains firm.

In January 2012, i.e. after the balance date, the division announced that it had acquired Compliance 360, a recognised leader in the provision of SaaS-based governance, risk and compliance (GRC) services to markets in the United States. A cornerstone of the strategy for our Compliance Services business is to build market leading positions across key product areas. In 2010 a leadership position was achieved in the ethics training and awareness space through the acquisition of Integrity Interactive. The acquisition of Compliance 360 is a significant step in achieving similar status in the GRC space.

This acquisition provides the following key benefits for SAI Global:

- a global SaaS-based GRC platform
- a business model based on high recurring revenue and low relative support costs
- a platform that is extensible, scalable, flexible in how it can be configured and deployed and easily upgradable

- a platform that can integrate content from third parties and deliver this content to end users in a contextually relevant manner
- a platform with highly credible ratings and standings amongst the major GRC consulting organizations such as Forrester Research
- Key reference accounts, particularly in the United States

Consideration for the acquisition was USD42.3M plus an adjustment for working capital. The consideration was funded from a combination of existing cash reserves and new borrowings.

Assurance Services

The Assurance Services division saw growth rates ahead of trend due to strong performances across our Asia and EMEA businesses, supported by solid performances across our more mature Australian, North America and Product Services businesses. This growth was achieved on the back of ongoing growth in our food, retail and environmental products. Sales revenue grew by 7.3% to $82.9 million despite the adverse impact of the stronger Australian dollar. EBITDA grew by 15.1% to $14.5 million at an expanded margin of 17.5%, up from 16.3% in the corresponding period through improved operational efficiencies at the gross margin line and better leveraging of the overhead base on higher revenues, most significantly in our larger North American and Australia businesses and emerging Asia business.

We continue to grow our share of the global retail-agri-food market, most significantly in the Americas and Europe, whilst expanding our capabilities in key related supplier markets. Expanding our global capability through a harmonised operational approach and business systems platform, complimented by strong account management capability continues.

Capital Management

During the period the Group's entered into a syndicated arrangement with the Group's two existing lenders plus one additional lender. All three of the banks in the syndicate are Australian majors. The renegotiated facility consists of an A$350 million multi-currency facility divided into three equal tranches maturing in 3, 4, and 5 years respectively.

The Group finished the period with cash reserves of $53.7 million, interest-bearing debt of $225.1 million and shareholders' funds of $348.7 million.

The Group's current internal gearing guideline is to target net gearing, measured as interest-bearing debt less cash as a percentage of capital resources (net debt plus equity), at between 40% and 50%. The gearing ratio as at 31 December 2011 was 33.0%, down from 34.1% at 30 June 2011. Following completion of the acquisition of compliance 360 the gearing ratio has increased to 38.2%.

Where practicable, the debt component of 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 Group does not undertake hedging activities in relation to its projected foreign currency earnings.

Matters subsequent to the end of the financial year

As noted earlier in this report, the Group acquired Compliance 360 on 31 January 2012.

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 Group, the results of those operations or the state of affairs of the Group in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Rounding of amounts to nearest thousand dollars

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

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

Robert Wright
Chairman

Tony Scotton
Chief Executive Officer

14 February 2012

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

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

In relation to our review of the financial report of SAI Global Limited for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Christopher George
Partner
14 February 2012

SAI Global Limited

Consolidated statement of comprehensive income for the half-year ended 31 December 2011

	Note	Half-Year Consolidated 2011 $'000	2010 $'000
Revenue		**222,638**	208,554
Other income		**1,140**	1,384
	2	**223,778**	209,938
Share of net gains of investments accounted for using the equity method		**61**	34
Expenses			
Employee benefits expense		**70,789**	65,604
Depreciation and amortisation expense	3	**12,317**	12,477
Finance costs	3	**7,056**	6,072
Other expenses	3	**104,285**	103,568
		194,447	187,721
Profit for the half-year before income tax expense		**29,392**	22,251
Income tax expense	4	**7,642**	5,317
Profit for the half-year		**21,750**	16,934
Other comprehensive income			
Changes in the fair value of cash flow hedges, net of tax		**(1,236)**	668
Exchange differences on translation of foreign operations		**7,089**	(39,767)
Other comprehensive income for the half-year, net of tax		**5,853**	(39,099)
Total comprehensive income for the half-year		**27,603**	(22,165)
Profit for the half-year is attributable to:			
Owners of SAI Global Limited		**21,662**	16,778
Non-controlling interests		**88**	156
		21,750	16,934
Total comprehensive income for the half-year is attributable to:			
Owners of SAI Global Limited		**27,515**	(22,321)
Non-controlling interests		**88**	156
		27,603	(22,165)
Earnings per share attributable to the ordinary owners of the Company:			
Basic (cents per share)		**10.8**	8.8
Diluted (cents per share)		**10.7**	8.7

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

SAI Global Limited

Consolidated statement of financial position as at 31 December 2011

	Note	Consolidated 31-Dec-11 $'000	30-Jun-11 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**53,666**	52,339
Trade and other receivables		**95,145**	93,720
Current tax receivable		**4,422**	4,206
Inventories		**815**	726
Total current assets		**154,048**	150,991
Non-current assets			
Investments accounted for using the equity method		**734**	674
Plant and equipment		**39,261**	29,870
Deferred tax assets		**13,598**	11,834
Intangible assets	8	**508,374**	502,306
Total non-current assets		**561,967**	544,684
Total assets		**716,015**	695,675
LIABILITIES			
Current liabilities			
Trade and other payables	5	**102,576**	109,023
Borrowings		**-**	1,941
Current tax liabilities		**1,937**	1,101
Provisions		**6,812**	6,890
Total current liabilities		**111,325**	118,955
Non-current liabilities			
Borrowings[1]		**223,410**	218,507
Deferred tax liabilities		**23,326**	23,817
Provisions		**2,778**	3,035
Derivative financial instruments		**4,375**	2,389
Retirement benefit obligations		**2,057**	2,157
Total non-current liabilities		**255,946**	249,905
Total liabilities		**367,271**	368,860
Net assets		**348,744**	326,815
EQUITY			
Contributed equity	9	**370,411**	360,632
Reserves	6	**(87,142)**	(93,707)
Retained profits		**64,418**	58,921
Capital and reserves attributable to the ordinary owners of SAI Global Limited		**347,687**	325,846
Non-controlling interests		**1,057**	969
Total equity		**348,744**	326,815

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

[1] Non-current borrowings is net of $1.651M of facility establishment costs (30 June 2010: $689k)

SAI Global Limited

Statement of changes in equity for the half-year ended 31 December 2011

	Half-Year Consolidated				
	Attributable to owners of SAI Global Limited				
	Contributed Equity	Reserves	Retained earnings	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2011	360,632	(93,707)	58,921	969	326,815
Profit for the half-year	-	-	**21,662**	**88**	**21,750**
Changes in the fair value of cash flow hedges, net of tax	-	(1,236)	-	-	(1,236)
Exchange differences on translation of foreign operations	-	7,089	-	-	7,089
Total comprehensive income for the half-year	**-**	**5,853**	**21,662**	**88**	**27,603**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	9,779	-	-	-	9,779
Dividends paid	-	-	(16,165)	-	(16,165)
Movement in share based payments reserve	-	712	-	-	712
Balance at 31 December 2011	**370,411**	**(87,142)**	**64,418**	**1,057**	**348,744**
Balance at 1 July 2010	220,702	(49,121)	40,311	768	212,660
Total comprehensive income for the half-year	**-**	**(39,099)**	**16,778**	**156**	**(22,165)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	132,953	-	-	-	132,953
Dividends paid	-	-	(13,751)	-	(13,751)
Movement in share based payments reserve	-	-	-	-	-
Transactions with non-controlling interests in subsidiary	-	499	-	-	499
Balance at 31 December 2010	**353,655**	**(87,721)**	**43,338**	**924**	**310,196**

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

SAI Global Limited

Consolidated statement of cash flows for the half-year ended 31 December 2011

	Half-Year Consolidated 2011 $'000	2010 $'000
Cash flows from operating activities		
Receipts from customers	**247,491**	230,550
Payments to suppliers and employees	**(207,397)**	(196,259)
Interest received	**732**	1,086
Interest paid	**(7,055)**	(6,072)
Income taxes paid	**(7,735)**	(7,821)
	26,036	21,484
Cash outflow impact of significant charges[1]	**(184)**	(3,583)
Net cash inflow from operating activities	**25,852**	17,901
Cash flows from investing activities		
Payments for purchase of controlled entities (net of cash acquired)	**(278)**	(196,908)
Earn-out payments for acquisitions	**(1,026)**	(1,868)
Payments for product development	**(2,501)**	(2,162)
Payments for plant and equipment	**(12,431)**	(4,809)
Proceeds from sale of plant and equipment	**-**	1
Net cash outflow from investing activities	**(16,236)**	(205,746)
Cash flows from financing activities		
Proceeds from borrowings	**-**	72,368
Repayments of borrowings	**(1,245)**	-
Proceeds from issue of shares	**-**	130,000
Share issue costs paid	**-**	(4,927)
Dividends paid	**(7,528)**	(6,631)
Net cash outflow from financing activities	**(8,773)**	190,810
Net increase/(decrease) in cash and cash equivalents	**843**	2,965
Cash and cash equivalents at the beginning of the financial period	**52,339**	33,493
Effects of exchange rate changes on cash and cash equivalents	**484**	(2,504)
Cash and cash equivalents at the end of the half-year	**53,666**	33,954

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

	2011	2010
Acquisition related transaction charges	(766)	(1,825)
Integration and restructuring charges	-	(1,369)
Other significant charges	-	(1,075)
	(766)	(4,269)
Less amounts accrued for not yet paid	(582)	(686)
Cash outflow impact of significant charges	(184)	(3,583)

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

Note 1. Summary of significant accounting policies

Basis of preparation of half-year

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

Basis of preparation of half-year

This general purpose condensed financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Acccounting Standard AASB 134*Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2011 and considered together with any public announcements made by SAI Global Limited during the half year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policies noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy affecting future periods

The following amendments to Standards have been adopted from 1 January 2012. Adoption of these Standards will not have any material effect on the financial position or performance of the Group:

*AASB 124 Related Party Transactions (Amendment):*The AASB has issued an amendment to AASB 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity.

*AASB 132 Financial Instruments: Presentation (Amendment):*The amendment alters the definition of a financial liability in AASB 132 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

*AASB Int 14 Prepayments of a Minimum Funding Requirement (Amendment):*The amendment removes an unintended consequence when an entity is subject to minimum funding requirements (MFR) and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as pension asset.

Note 2. Segment information

The segment information provided to the Board and Executive Committee for the half-year ended 31 December 2011 is as follows:

Half-year ended 31 December 2011	Information Services $'000s	Compliance Services $'000s	Assurance Services $'000s	Corporate Services $'000s	Eliminations $'000s	Consolidated $'000s
Sales revenue	100,797	40,027	82,882	-	(1,068)	222,638
Other income	98	226	91	(7)	-	408
Segment revenue	**100,895**	**40,253**	**82,973**	**(7)**	**(1,068)**	**223,046**
Less: direct costs	(54,355)	(8,758)	(38,824)	(95)	1,068	(100,964)
Gross margin	**46,540**	**31,495**	**44,149**	**(102)**	**-**	**122,082**
Less: overheads	(19,056)	(15,550)	(26,323)	(12,415)	-	(73,344)
Less: corporate allocations	(2,108)	(1,453)	(3,342)	6,903	-	-
Segment earnings before interest, tax, depreciation and amortisation (EBITDA), before significant charges	**25,376**	**14,492**	**14,484**	**(5,614)**	**-**	**48,738**
Less: depreciation	(1,544)	(2,974)	(917)	(1,301)	-	(6,736)
Less: amortisation of intangible assets	(1,778)	(3,357)	(446)	-	-	(5,581)
	22,054	**8,161**	**13,121**	**(6,915)**	**-**	**36,421**
Share of net profits of associates and joint venture partnership accounted for using the equity method	-	-	61	-	-	61
Segment result before significant charges	**22,054**	**8,161**	**13,182**	**(6,915)**	**-**	**36,482**

a) Reconciliation of segment revenue

Segment revenue	223,046
Interest income	732
Total revenue	**223,778**

b) Reconciliation of segment result

Segment result before significant charges	36,482
Significant charges:	
Acquisition related transaction charges	(766)
Interest income	732
Interest expense	(7,056)
Profit for the period before income tax expense	**29,392**

Note 2. Segment information

The segment information provided to the Board and Executive committee for the half-year ended 31 December 2010 is as follows:

Half-year ended 31 December 2010	Information Services $'000s	Compliance Services $'000s	Assurance Services $'000s	Corporate Services $'000s	Eliminations $'000s	Consolidated $'000s
Sales revenue	97,226	35,228	77,219	-	(1,119)	208,554
Other income	218	21	89	(30)	-	298
Segment revenue	**97,444**	**35,249**	**77,308**	**(30)**	**(1,119)**	**208,852**
Less: direct costs	(54,610)	(6,793)	(35,487)	(86)	1,119	(95,857)
Gross margin	**42,834**	**28,456**	**41,821**	**(116)**	**-**	**112,995**
Less: overheads	(17,960)	(14,631)	(25,284)	(11,171)	-	(69,046)
Less: corporate allocations	(1,895)	(965)	(3,955)	6,815	-	-
Segment earnings before interest, tax, depreciation and amortisation (EBITDA) before significant charges	**22,979**	**12,860**	**12,582**	**(4,472)**	**-**	**43,949**
Less: depreciation	(1,317)	(2,692)	(794)	(1,048)	-	(5,851)
Less: amortisation of intangible assets	(2,167)	(3,931)	(528)	-	-	(6,626)
	19,495	**6,237**	**11,260**	**(5,520)**	**-**	**31,472**
Share of net profits of associates and joint venture partnership accounted for using the equity method	-	-	34	-	-	34
Segment result before significant charges	**19,495**	**6,237**	**11,294**	**(5,520)**	**-**	**31,506**

a) Reconciliation of segment revenue

Segment revenue	208,852
Interest income	1,086
Total revenue	**209,938**

b) Reconciliation of segment result

Segment result before significant charges	31,506
Significant charges:	
Acquisition related transaction charges	(1,825)
Integration and restructuring charges	(1,369)
Other significant charges	(1,075)
Total significant charges	(4,269)
Interest income	1,086
Interest expense	(6,072)
Profit for the period before income tax expense	**22,251**

Note 3. Expenses

	Half-Year Consolidated 2011 $'000	2010 $'000
Profit for the half-year before income tax expense includes the following expenses:		
Expenses		
Cost of providing services	**34,275**	30,881
Property service disbursements	**44,640**	44,857
Administration costs	**7,707**	6,868
Promotional costs	**1,999**	1,961
Lease costs	**7,708**	7,580
Other expenses from ordinary activities	**7,190**	7,152
Total other expenses before significant charges	**103,519**	99,299
Significant charges [1]	**766**	4,269
Total other expenses	**104,285**	103,568
Employee benefits expense	**70,788**	65,604
Depreciation of plant and equipment	**2,876**	2,837
Depreciation of capitalised product development expenditure	**3,860**	3,014
Total depreciation	**6,736**	5,851
Amortisation:		
Publishing licence agreement	**802**	802
Customer relationships and contracts	**2,947**	4,770
Product delivery platforms	**-**	236
Intellectual property	**1,832**	818
Total amortisation	**5,581**	6,626
Total depreciation and amortisation	**12,317**	12,477
Other expenses:		
Accounts receivable impairment expense	**253**	424
	253	424
Finance costs:		
Interest and finance charges paid/payable	**7,056**	6,072
	7,056	6,072

[1] Significant, non-recurring charges is comprised of:		
Acquisition related transaction charges	(766)	(1,825)
Integration and restructuring charges	-	(1,369)
Other significant non-recurring charges	-	(1,075)
	(766)	(4,269)

Note 4. Income tax expense

	Half-Year Consolidated 2011 $'000	2010 $'000
(a) Income tax expense		
Current tax	**8,542**	6,401
Deferred tax	**(1,318)**	(1,033)
Under/(over)provision from prior year	**418**	(51)
	7,642	5,317
Deferred income tax expense/(income) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**283**	664
(Decrease)/increase in deferred tax liabilities	**(1,601)**	(1,697)
	(1,318)	(1,033)
(b) Numerical reconciliation of income tax expense to prima facie tax payable.		
Profit before income tax expense	**29,392**	22,251
Tax at the Australian income tax rate of 30% (2010 - 30%)	**8,818**	6,675
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income	**(87)**	(929)
	8,731	5,746
Under/(over)provision from prior year	**418**	(51)
Tax effect of different foreign tax rates and other adjustments	**(1,507)**	(378)
Income tax expense	**7,642**	5,317
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	**(684)**	334
	(684)	334
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**2,379**	8,377
Potential benefit at US tax rate of 39%	**928**	3,267

(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 installments. The funding amounts are recognised as current intercompany receivables or payables.

Note 5. Current liabilities - Trade and other payables

	Half-Year Consolidated 31-Dec-11 $'000	30-Jun-11 $'000
Trade payables	**14,232**	16,991
Accrued expenses	**28,664**	31,171
Deferred revenue	**59,680**	60,861
	102,576	109,023

Note 6. Reserves

(a) Reserves

	31-Dec-11 $'000	30-Jun-11 $'000
Share-based payments reserve	**5,702**	4,990
Foreign currency translation reserve	**(68,661)**	(75,750)
Hedging reserve - cash flow hedges	**(4,967)**	(3,731)
Transactions with non-controlling interests	**(19,216)**	(19,216)
	(87,142)	(93,707)

(b) 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. 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. Amounts are recognised in the statement of comprehensive income when the associated hedged transaction affects comprehensive income.

Note 7. Dividends

	Half Year Consolidated 2011 $'000	2010 $'000
Ordinary shares		
Dividends provided for or paid during the half-year	**15,999**	13,718
Dividends not recognised at the end of the half-year		
Since the end of the half-year the Directors have declared the payment of an interim dividend of 6.8 cents (2010 - 6.3 cents) per fully paid ordinary share, 100% franked (2010 - 100%) based on tax paid at 30%. The aggregate amount of the proposed interim dividend expected to be paid on 27 March 2012 out of retained profits at the end of the half-year, but not recognised as a liability, is	**13,746**	12,468

8. Non-current assets - Intangible assets

	Consolidated 31-Dec-11 $'000	30-Jun-11 $'000
Goodwill		
At cost	**426,256**	415,953
Identifiable intangible assets		
Trademark	**16,100**	16,100
Publishing Licence Agreement	**31,955**	31,955
Less: Accumulated amortisation	**12,782**	11,980
	19,173	19,975
Customer relationships and contracts	**52,566**	51,578
Less: Accumulated amortisation	**25,051**	21,827
	27,515	29,751
Product delivery platforms	**7,677**	8,439
Less: Accumulated amortisation	**7,677**	8,076
	-	363
Intellectual property	**26,407**	25,302
Less: Accumulated amortisation	**7,077**	5,138
	19,330	20,164
Total identifiable intangible assets	**82,118**	86,353
Total Intangible assets	**508,374**	502,306

A reconciliation of the carrying amount of intangible assets at the beginning and end of the current financial year is set out below.

	Consolidated 31-Dec-11 $'000	30-Jun-11 $'000
Goodwill		
Opening net book amount	**415,953**	299,892
Additions		
- Acquisition of Integrity Interactive	-	180,937
- Other business combinations	-	257
Adjustments to goodwill arising on prior year acquisitions	-	(67)
Re-translation of goodwill denominated in foreign currencies	**10,303**	(65,066)
Closing net book amount	**426,256**	415,953

8. Non-current assets - Intangible assets (continued)

	Consolidated	
	31-Dec-11	30-Jun-11
	$'000	$'000
Trademark - Assurance Services Division		
Opening net book amount at 1 July and closing	**16,100**	16,100

The Directors have determined that the trademark has an indefinite life as there is no finite or contractual term and is therefore not amortised.

	31-Dec-11	30-Jun-11
Publishing licence agreement		
Opening net book amount	**19,975**	21,566
Amortisation charge	**(802)**	(1,591)
Closing net book amount	**19,173**	19,975
Customer relationships and contracts		
Opening net book amount	**29,751**	20,537
- Acquisition of Integrity Interactive Corporation	**-**	21,833
- Other acquisitions	**-**	463
Revaluation of assets denominated in foreign currency	**711**	(4,974)
Amortisation charge	**(2,947)**	(8,108)
Closing net book amount	**27,515**	29,751
Product delivery platforms		
Opening net book amount	**363**	689
- Capitalisation of existing products	**-**	116
- Transfer to Intellectual Property	**(421)**	-
Revaluation of assets denominated in foreign currency	**58**	(94)
Amortisation charge	**-**	(348)
Closing net book amount	**-**	363
Intellectual property		
Opening net book amount	**20,164**	7,661
- Acquisition of Integrity Interactive Corporation	**-**	14,342
- Capitalisation of existing products	**-**	96
- Transfer from Plant & Equipment	**-**	2,542
- Transfer from Product delivery platforms	**421**	-
Revaluation of assets denominated in foreign currency	**577**	(2,857)
Amortisation charge	**(1,832)**	(1,620)
Closing net book amount	**19,330**	20,164
Total identifiable intangible assets	**82,118**	86,353
Total intangible assets	**508,374**	502,306

Note 9. Contributed equity

	Note	Consolidated 31-Dec-11 $'000	Consolidated 30-Jun-11 $'000
Share capital			
Ordinary shares	(a)	**370,411**	360,632

Movements in ordinary share capital

Details	Number of	Issue price	$'000
Opening balance at 1 July 2011	199,434,794		**360,632**
Shares issued under the exercise of Performance Share Rights	369,753		
Exercise of options over shares	161,963	$2.99	**484**
Exercise of options over shares	131,439	$2.29	**301**
Exercise of options over shares	129,216	$3.51	**454**
Exercise of options over shares	45,440	$2.49	**113**
Shares issued under dividend reinvestment plan	1,873,285	$4.52	**8,467**
Shares issuance costs	-		**(40)**
Closing balance at 31 December 2011	202,145,890		**370,411**
Opening balance at 1 July 2010	159,581,559		**220,702**
Shares issued under the exercise of Performance Share Rights	281,551	Nil	**-**
Exercise of options over shares	101,908	$2.99	**305**
Exercise of options over shares	78,562	$2.29	**180**
Exercise of options over shares	79,535	$4.04	**321**
Shares issued under the Entitlement Offer and the Placement	36,111,140	$3.60	**130,000**
Shares issued under dividend reinvestment plan	1,732,231	$4.09	**7,085**
Shares issued under dividend reinvestment plan	1,468,308	$4.64	**6,813**
Shares issuance costs	-		**(4,774)**
Closing balance at 30 June 2011	199,434,794		**360,632**

(a) 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 31 December 2011 all shares were fully paid.

(b) 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 attached to the June 2011 Annual Report.

Note 10. Earnings per share

	Half year 2011	2010
Basic earnings per share (cents)	**10.8**	8.8
Diluted earnings per share (cents)	**10.7**	8.7
Profit attributable to the ordinary owners of SAI Global Limited used in calculating earnings per share ($'000)	**21,662**	16,778
Weighted average number of shares used as the denominator in calculating basic earnings per share	**201,041,210**	189,584,261
Weighted average number of shares used as the denominator in calculating diluted earnings per share	**201,739,221**	192,537,607

Note 11. Events occuring after the balance sheet date

On 31 January 2012, SAI Global Limited completed the acquisition of Compliance 360, a provider of governance, risk and compliance services to markets in the United States.
Consideration for the acquisition was USD 42.3M plus an adjustment for working capital. The consideration was funded from a combination of existing cash reserves and new borrowings.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 9 to 23 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 consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that SAI Global Limited will be able to pay its debts as and when they become due and payable.

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

Robert Wright
Chairman

Tony Scotton
Chief Executive Officer

Sydney

14 February 2012

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Independent Auditor's Review Report

To the members of SAI Global Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of SAI Global Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of SAI Global and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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.

Ernst & Young

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of SAI Global Limited is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Ernst & Young

Ernst & Young

Christopher George
Partner
Sydney
14 February 2012