SAI GLOBAL LIMITED

Financial Report

Half-Year Ended 31 December 2012

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 2012.

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)
Robert Aitken	Appointed on 19 September 2012
Anna Buduls	
Peter Day	
Andrew Dutton	
John Murray AM	

Review of operations

The Group has continued to grow during the period, achieving growth in sales revenue from $222,638k to $237,846k, an increase of 6.8% over the prior corresponding period. All divisions recorded increased sales which includes the impact of recent acquisitions. Growth in the cost base outpaced the revenue growth as the Group continued to add resources and capability to service new business and potential opportunities in each division, particularly in the Property Services business. As a result, profitability and operating margins were down slightly on the prior corresponding period. Earnings before interest, tax, depreciation and amortization (EBITDA) were $47,279k, a decrease of 1.4% over the prior corresponding period. This trend is expected to reverse in the second-half with revenue growth expected to outstrip the increase in costs, resulting in an increase in operating margins. This will be driven by a full period contribution from the ANZ mortgage services contract, the rollout of similar services to the Commonwealth Bank in further states, and improved operating performance by the Compliance and Assurance businesses.

The profit of the Group attributable to shareholders was $18,438k, after accounting for non-controlling interests of $150k. This represents a decrease of 14.9% over the result for the prior corresponding period of $21,662k, driven by higher charges for depreciation and amortisation. These higher charges reflect the impact of investments in IT infrastructure and recent acquisitions.

Earnings per share decreased to 9.0 cents, down from 10.8 cents in the prior corresponding period.

Operating cash inflows were $29,503k, up 20.4% from the $24,500k achieved in the prior corresponding period.

The Directors have maintained the interim dividend at 6.8 cents per share. This dividend will be fully franked.

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. No such costs of any significance have been incurred in the current period and consequently there is no difference between the statutory and underlying results in the current period.

	Statutory			Underlying[1]		
$'000	**1H13**	1H12	Change	**1H13**	1H12	Change
Sales revenue	**237,846**	222,638	6.8%	**237,846**	222,638	6.8%
Other income[2]	**321**	408		**321**	408	
Segment revenue	**238,167**	223,046	6.8%	**238,167**	223,046	6.8%
Less: direct costs	**113,036**	100,964	12.0%	**113,036**	100,964	12.0%
Gross profit	**125,131**	122,082	2.5%	**125,131**	122,082	2.5%
Less: overheads	**77,852**	74,110	5.0%	**77,852**	73,344	6.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**47,279**	47,972	(1.4%)	**47,279**	48,738	(3.0%)
Less: depreciation	**9,313**	6,736	38.3%	**9,313**	6,736	38.3%
Less: amortisation of acquired intangible assets	**6,436**	5,581	15.3%	**6,436**	5,581	15.3%
Earnings before interest and tax (EBIT)	**31,530**	35,655	(11.6%)	**31,530**	36,421	(13.4%)
Add: share of net profits of associated companies	**75**	61	23.0%	**75**	61	23.0%
Segment result	**31,605**	35,716	(11.5%)	**31,605**	36,482	(13.4%)
Less: net financing costs[3]	**6,821**	6,324	7.9%	**6,821**	6,324	7.9%
Net profit before income tax	**24,784**	29,392	(15.7%)	**24,784**	30,158	(17.8%)
Less: income tax	**6,196**	7,642	(18.9%)	**6,196**	7,935	(21.9%)
Net profit after income tax	**18,588**	21,750	(14.5%)	**18,588**	22,223	(16.4%)
Profit is attributable to:						
Equity holders of SAI Global Limited	**18,438**	21,662	(14.9%)	**18,438**	22,135	(16.7%)
Non-controlling interests	**150**	88	70.5%	**150**	88	70.5%
	18,588	21,750	(14.5%)	**18,588**	22,223	(16.4%)

1. Excludes significant charges (none in 1H13)
2. Excludes interest income
3. Interest expense less interest income

Margin analysis:	**Underlying[1]**		
	1H13	1H12	**Change**
Gross profit	**52.6%**	54.8%	**(2.2%)**
EBITDA	**19.9%**	21.9%	**(2.0%)**
EBIT	**13.3%**	16.4%	**(3.1%)**
Cost to income ratio[2]	**84.1%**	81.2%	**2.9%**
Effective tax rate	**25.0%**	26.3%	**(1.3%)**

1. Excludes significant charges (none in 1H13)
2. Direct costs, overheads and depreciation as a proportion of segment revenue

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

$'000	**1H13**	**1H12**	**Change**
Statutory net profit after tax	**18,588**	21,750	**(14.5%)**
Add back significant charges net of tax:			
Transaction charges relating to the acquisition of Compliance 360	-	766	
Income tax impact of significant charges	-	(293)	
Significant charges net of tax	-	473	
Underlying net profit after tax	**18,588**	22,223	**(16.4%)**

Segment revenue increased by 6.8% over the prior corresponding period, driven by the combination of organic growth and contributions from recent acquisitions, offset slightly by the impact of the strong Australian dollar. The organic growth profile was mixed across the business. Information Services achieved organic revenue growth of 5.2%, driven by the property business. Compliance Services and Assurance Services achieved organic revenue growth of 1.5% and 2.4% respectively, both below trend but expected to improve in the second-half.

Notwithstanding the increase in revenue, EBITDA reduced slightly from $47,972k to $47,279K, down 1.4%. The EBITDA margin contracted to 19.9%, down from 21.9% achieved in the prior corresponding period. In a similar manner to the second-half of the last financial year, the revenue growth this half was more than offset by the growth in the cost base as the Company continued to invest in the property and assurance businesses and rectify issues encountered with the new learning content platform in the compliance business that emerged in the second-half of FY12. Looking ahead, this trend is expected to reverse in the second-half with revenue growth projected to exceed the growth in the cost base.

The charge for depreciation increased to $9,313k reflecting the continued investment in new product development, enhancing the IT infrastructure in the property business, overlayed with the impact of recent acquisitions. The amortisation charge relating to identifiable intangible assets has also increased to $6,436k, up from $5,581k in the prior corresponding period, following the acquisition of Compliance 360 in January 2012. The intangible assets consist of the assessed values of acquired customer relationships and contracts, product delivery platforms and intellectual property.

The net financing charge of $6,821k consists of an interest expense of $7,002k net of interest received of $181k.

Net profit after tax attributable to shareholders reduced 14.9% from $21,662k to $18,438k.

Business combinations

On 6 December 2012 the Company acquired 100% of Quality & Safety Risk Professional Services International Proprietary Limited, trading as "QPRO". QPRO provides a comprehensive range of services, partnering with clients to manage their food safety, quality and brand standards programs. QPRO is a leading provider of food safety auditing, microbiological testing and related services in Southern Africa. It has an established track record of providing services to a blue chip client base in the retail, catering, hospitality and food manufacturing sectors.

This acquisition provides the following benefits for SAI Global:

- Technical capability, scale and credibility
- Capability to better service existing global accounts
- New global account opportunities
- Enhanced management capability and depth
- Elevation of SAI's South African operations from sub-scale to sustainable

Consideration for the acquisition was A$6.1 million plus an adjustment for working capital.

Business operations

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

$'000	**Segment revenue**[1]		**Segment EBITDA**	
	6 months ending 31 Dec12	6 months ending 31 Dec 11	**6 months ending 31 Dec 12**	6 months ending 31 Dec 11
Information Services	**105,973**	100,797	**24,221**	25,376
Compliance Services	**47,552**	40,027	**15,502**	14,492
Assurance Services	**85,493**	82,882	**14,474**	14,484
	239,018	223,706	**54,197**	54,352
Corporate Services, eliminations and other income			**(6,918)**	(5,614)
Segment EBITDA before significant charges[2]			**47,279**	48,738
Depreciation and amortisation			**(15,749)**	(12,317)
Share of profits of associates			**75**	61
Segment result before tax, before significant charges			**31,605**	36,482

1. Excludes other income, Corporate Services income and eliminations
2. There were no significant charges in the current period

Information Services

The information Services division consists of two businesses, “Standards” and “Property”.

The Property business achieved revenue growth of 8.3% reflecting the increased mortgage services business flowing from the ANZ bank contract awarded in July 2011. Services to ANZ have been progressively rolled out to all States during the first-half and this, together with the scheduled rollout of further services to the Commonwealth Bank (CBA), will drive stronger revenue growth for this business in the second-half. The need to enhance the IT infrastructure and take on resources ahead of rolling out these services to ANZ and CBA saw EBITDA reduce 13.8% in the first-half. A return to profitable growth is expected in the second-half which will see the full year FY13 revenue and EBITDA for this business ahead of those achieved in FY12.

The Standards business continued to experience softness in demand which, together with a reduced flow of new standards, saw sales of standards decline. However, subscriptions continued to grow. Revenue declined 1.7% from $31,584k to $31,005k. EBITDA was slightly firmer, up 0.4%. An improved performance in the second-half is expected as the flow of standards picks up.

Compliance Services

The Compliance Services division has experienced both success and challenges in the first-half.

First-half successes include the successful integration of Compliance 360, a recognised leader in SaaS-based governance, risk and compliance (GRC) workflow solutions. This business has continued to enjoy strong organic growth in its core US markets, and took the first step towards globalisation by launching in Asia-Pacific in December 2012.

Divisional leadership transitioned from Andy Wyszkowski (who has announced his retirement) to Tim Whipple. Tim has deep credentials in product/service integration, international expansion and organic growth. Tim is working with new leaders in our key product/service lines to complete operational and strategic plans that drive growth over the next 3 years.

First-half challenges included weaker trading conditions in the EMEA and APAC regions. Our largest line of business, Compliance Learning has continued to address the technical challenges that emerged in the second-half of FY12 with its new learning content platform. Notwithstanding solid new business growth, lower than expected levels of renewals had an adverse impact on organic growth during the period.

The division achieved revenue growth of 18.8%, driven by the acquisition of Compliance 360. EBITDA also increased by 7.0% to $15,502k, up from $14,492k in the prior corresponding period.

Assurance Services

The Assurance Services division achieved revenue growth of 3.2% (4.8% on a constant currency basis, of which 2.4% was organic). This is below our medium term trend of 5% to 7% and reflects a decline in training revenues across key markets, particularly Australia.

Our Asian businesses performed strongly, delivering double digit revenue growth primarily as a result of expansion of both our ethical and 2nd party supplier audit programmes. The America's business continued to grow revenue at above trend rates, despite a reduction in training.

EBITDA was flat (1.4% growth on a constant currency basis) reflecting the impact of the decline in training revenues and investment in sales and account management resources, particularly in EMEA, that are expected to deliver revenue and EBITDA growth in the second half.

We continue to grow our share of the global retail-agri-food market, with key new customer wins in EMEA. The acquisition of the Global Trust business in 2012 has helped secure key new customer wins in the USA and Asia and the recent acquisition of QPro in South Africa is expected to help deliver further growth in this sector. Our global accounts programme has also continued to show success with a number of key new account wins that will drive growth in future periods.

Our new global business operations platform has successfully been implemented in Australia and will be progressively rolled out across all locations by the end of FY14. Common systems coupled with the single global management structure, under the leadership of Paul Butcher, are expected to drive increased harmonisation and improved operational performance. Paul has extensive experience in managing international businesses in an IT and professional services environment.

Our focus on strengthening our account management capabilities and increasing our value add to customers continues.

Capital Management

The Group finished the period with cash balances of $42.3 million, interest-bearing debt of $251.6 million and shareholders' funds of $373.7 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 2012 was 35.9%, down from 36.4% at 30 June 2012.

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 half-year

Other than matters referred to previously in this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the 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 2013

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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 2012, 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 2013

SAI Global Limited

Consolidated statement of comprehensive income for the half-year ended 31 December 2012

	Note	Half-Year Consolidated 2012 $'000	2011 $'000
Revenue		**237,846**	222,638
Other income		**502**	1,140
	2	**238,348**	223,778
Share of net gains of investments accounted for using the equity method		**75**	61
Expenses			
Employee benefits expense		**83,238**	70,789
Depreciation and amortisation expense	3	**15,749**	12,317
Finance costs	3	**7,002**	7,055
Other expenses	3	**107,650**	104,285
		213,639	194,447
Profit for the half-year before income tax expense		**24,784**	29,392
Income tax expense	4	**6,196**	7,642
Profit for the half-year		**18,588**	21,750
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement on cash flow hedges		**509**	(1,921)
Income tax effect		**(153)**	685
		356	(1,236)
Exchange differences on translation of foreign operations		**(3,007)**	7,089
Income tax effect		-	-
		(3,007)	7,089
Other comprehensive income for the half-year, net of tax		**(2,651)**	5,853
Total comprehensive income for the half-year		**15,937**	27,603
Profit for the half-year is attributable to:			
Owners of SAI Global Limited		**18,438**	21,662
Non-controlling interests		**150**	88
		18,588	21,750
Total comprehensive income for the half-year is attributable to:			
Owners of SAI Global Limited		**15,787**	27,515
Non-controlling interests		**150**	88
		15,937	27,603
Earnings per share attributable to the ordinary owners of the Company:			
Basic (cents per share)		**9.0**	10.8
Diluted (cents per share)		**8.9**	10.7

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 2012

	Note	Consolidated 31-Dec-12 $'000	30-Jun-12 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**42,259**	43,911
Trade and other receivables		**99,380**	106,900
Current tax receivable		**7,103**	7,735
Inventories		**696**	553
Total current assets		**149,438**	159,099
Non-current assets			
Investments accounted for using the equity method		**837**	820
Plant and equipment		**53,314**	48,220
Deferred tax assets		**23,263**	20,198
Intangible assets	8	**551,427**	557,535
Total non-current assets		**628,841**	626,773
Total assets		**778,279**	785,872
LIABILITIES			
Current liabilities			
Trade and other payables	5	**107,597**	120,017
Current tax liabilities		**-**	1,445
Provisions		**6,211**	6,546
Total current liabilities		**113,808**	128,008
Non-current liabilities			
Borrowings [1]		**249,738**	251,807
Deferred tax liabilities		**31,193**	28,514
Provisions		**3,278**	3,253
Derivative financial instruments		**4,557**	5,127
Retirement benefit obligations		**2,020**	1,916
Total non-current liabilities		**290,786**	290,617
Total liabilities		**404,594**	418,625
Net assets		**373,685**	367,247
EQUITY			
Contributed equity	9	**386,866**	379,199
Reserves	6	**(87,622)**	(84,679)
Retained profits		**73,187**	71,540
Capital and reserves attributable to the ordinary owners of SAI Global Limited		**372,431**	366,060
Non-controlling interests		**1,254**	1,187
Total equity		**373,685**	367,247

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

[1] Non-current borrowings is net of $1.832M of facility establishment costs (30 June 2012: $2.229M)

SAI Global Limited

Statement of changes in equity for the half-year ended 31 December 2012

	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 2012	379,199	(84,679)	71,540	1,187	367,247
Profit for the half-year	**-**	**-**	**18,438**	**150**	**18,588**
Changes in the fair value of cash flow hedges, net of tax	-	356	-	-	356
Exchange differences on translation of foreign operations	-	(3,007)	-	-	(3,007)
Total comprehensive income for the half-year	**-**	**(2,651)**	**18,438**	**150**	**15,937**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	7,667	-	-	-	7,667
Dividends paid	-	-	(16,791)	(83)	(16,874)
Movement in share based payments reserve	-	(292)	-	-	(292)
Balance at 31 December 2012	**386,866**	**(87,622)**	**73,187**	**1,254**	**373,685**

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**

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 2012

	Half-Year Consolidated	
	2012	2011
	$'000	$'000
Cash flows from operating activities		
Receipts from customers	**256,294**	247,491
Payments to suppliers and employees	**(213,937)**	(208,749)
Interest received	**181**	732
Interest paid	**(7,002)**	(7,055)
Income taxes paid	**(6,033)**	(7,735)
	29,503	24,684
Cash outflow impact of significant charges [1]	**-**	(184)
Net cash inflow from operating activities	**29,503**	24,500
Cash flows from investing activities		
Payments for purchase of controlled entities (net of cash acquired)	**(6,044)**	(278)
Payments for product development	**(2,173)**	(2,501)
Payments for plant and equipment	**(8,996)**	(6,694)
Payments for capital work-in-progress	**(3,288)**	(5,736)
Earn-out payments for acquisitions	**(1,074)**	(1,026)
Net cash outflow from investing activities	**(21,575)**	(16,236)
Cash flows from financing activities		
Repayments of borrowings	-	(1,245)
Proceeds from issue of shares	**1,132**	1,352
Payments for shares	**(200)**	-
Dividends paid	**(10,062)**	(7,528)
Net cash outflow from financing activities	**(9,130)**	(7,421)
Net increase/(decrease) in cash and cash equivalents	**(1,202)**	843
Cash and cash equivalents at the beginning of the financial period	**43,911**	52,339
Effects of exchange rate changes on cash and cash equivalents	**(450)**	484
Cash and cash equivalents at the end of the half-year	**42,259**	53,666

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

Acquisition related transaction charges	-	(766)
Less amounts accrued for not yet paid	-	(582)
Cash outflow impact of significant charges	-	(184)

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

Contents of the notes to the financial statements **Page**

Note 1. Summary of significant accounting policies

Basis of preparation of half-year report

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 report

This general purpose condensed financial report for the half-year reporting period ended 31 December 2012 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 a disclosure 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 2012 and considered together with any public announcements made by SAI Global Limited during the half year ended 31 December 2012 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.

New Acccounting Standards and Intepretations

(a) Changes in accounting policy

The following amendments to Standards has been adopted from 1 July 2012. Adoption of this Standard did not have any material effect on the financial position or performance of the Group:

AASB101: Presentation of Financial Statements: This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.

(b) Changes in accounting policy affecting future periods

The following amendments to Standards have been adopted from 1 January 2013. Adoption of these Standards will not have any material effect on the financial position or performance of the Group:

AASB10 Consolidated Financial Statements: AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation - Special Purpose Entities.
The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

AASB12 Disclosure of Interests in Other Entities: AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

AASB13 Fair Value Measurement: AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.
AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

AASB 119 Employee Benefits: The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets.
The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

Note 2. Segment information

The segment information provided to the Board and Executive Committee for the half-year ended 31 December 2012 is as follows:

Half-year ended 31 December 2012	Information Services $'000s	Compliance Services $'000s	Assurance Services $'000s	Corporate Services $'000s	Eliminations $'000s	Consolidated $'000s
Sales revenue	105,973	47,552	85,493	-	(1,172)	237,846
Other income	276	(59)	102	2	-	321
Segment revenue	**106,249**	**47,493**	**85,595**	**2**	**(1,172)**	**238,167**
Less: direct costs	(63,806)	(10,439)	(39,866)	(97)	1,172	(113,036)
Gross margin	**42,443**	**37,054**	**45,729**	**(95)**	**-**	**125,131**
Less: overheads	(15,388)	(19,621)	(27,743)	(15,100)	-	(77,852)
Less: corporate allocations	(2,834)	(1,931)	(3,512)	8,277	-	-
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	**24,221**	**15,502**	**14,474**	**(6,918)**	**-**	**47,279**
Less: depreciation	(2,795)	(3,360)	(1,429)	(1,729)	-	(9,313)
Less: amortisation of intangible assets	(1,660)	(4,371)	(405)	-	-	(6,436)
	19,766	**7,771**	**12,640**	**(8,647)**	**-**	**31,530**
Share of net profits of associates and joint venture partnership accounted for using the equity method	-	-	75	-	-	75
Segment result	**19,766**	**7,771**	**12,715**	**(8,647)**	**-**	**31,605**

a) Reconciliation of segment revenue

Segment revenue	238,167
Interest income	181
Total revenue	**238,348**

b) Reconciliation of segment result

Segment result	31,605
Interest income	181
Interest expense	(7,002)
Profit for the period before income tax expense	**24,784**

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 3. Expenses

	Half-Year Consolidated 2012 $'000	2011 $'000
Profit for the half-year before income tax expense includes the following expenses:		
Expenses		
Cost of providing services	**37,576**	34,275
Property service disbursements	**42,229**	44,640
Administration costs	**8,253**	7,707
Promotional costs	**2,202**	1,999
Lease costs	**8,933**	7,708
Other expenses from ordinary activities	**8,457**	7,190
Total other expenses before significant charges	**107,650**	103,519
Significant charges [1]	**-**	766
Total other expenses	**107,650**	104,285
Employee benefits expense	**83,238**	70,788
Depreciation of plant and equipment	**4,640**	2,876
Depreciation of capitalised product development expenditure	**4,673**	3,860
Total depreciation	**9,313**	6,736
Amortisation:		
Publishing licence agreement	**802**	802
Customer relationships and contracts	**3,034**	2,947
Product delivery platforms	**881**	-
Intellectual property	**1,719**	1,832
Total amortisation	**6,436**	5,581
Total depreciation and amortisation	**15,749**	12,317
Other expenses:		
Accounts receivable impairment expense	**322**	253
	322	253
Finance costs:		
Interest and finance charges paid/payable	**7,002**	7,056
	7,002	7,056

[1] Significant, non-recurring charges is comprised of:

Acquisition related transaction charges	**-**	(766)

Note 4. Income tax expense

	Half-Year Consolidated 2012 $'000	2011 $'000
(a) Income tax expense		
Current tax	**7,584**	8,542
Deferred tax	**(1,222)**	(1,318)
Under/(over)provision from prior year	**(166)**	418
	6,196	7,642
Deferred income tax expense/(income) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**(483)**	283
(Decrease)/increase in deferred tax liabilities	**(739)**	(1,601)
	(1,222)	(1,318)
(b) Numerical reconciliation of income tax expense to prima facie tax payable.		
Profit before income tax expense	**24,784**	29,392
Tax at the Australian income tax rate of 30% (2010 - 30%)	**7,435**	8,818
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income	**(1,326)**	(87)
	6,109	8,731
Under/(over)provision from prior year	**(166)**	418
Tax effect of different foreign tax rates and other adjustments	**253**	(1,507)
Income tax expense	**6,196**	7,642
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	**(661)**	(684)
	(661)	(684)
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**1,011**	2,379
Potential benefit at US tax rate of 39%	**394**	928

(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-12	30-Jun-12
	$'000	$'000
Trade payables	**11,012**	17,909
Accrued expenses	**30,932**	31,447
Deferred revenue	**65,653**	70,661
	107,597	120,017

Note 6. Reserves

(a) Reserves

Share-based payments reserve	**8,477**	8,769
Foreign currency translation reserve	**(71,791)**	(68,784)
Hedging reserve - cash flow hedges	**(5,092)**	(5,448)
Transactions with non-controlling interests	**(19,216)**	(19,216)
	(87,622)	(84,679)

(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 accumulates the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges.

Transactions with non-controlling interests

Accounting Standard AASB127, Consolidated and Separate Financial Statements, was revised with effect from 1 July 2009. Under the revised Standard, transactions with non-controlling interests which do not result in a loss of control must be treated as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid is now recognised directly in equity and not taken to goodwill.

Note 7. Dividends

	Half Year Consolidated	
	2012	2011
	$'000	$'000
Ordinary shares		
Dividends provided for or paid during the half-year	**16,791**	15,999
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 (2011 - 6.8 cents) per fully paid ordinary share, 100% franked (2011 - 100%) based on tax paid at 30%. The aggregate amount of the proposed interim dividend expected to be paid on 27 March 2013 out of retained profits at the end of the half-year, but not recognised as a liability, is	**14,062**	13,746

8. Non-current assets - Intangible assets

	Consolidated	
	31-Dec-12	30-Jun-12
	$'000	$'000
Goodwill		
At cost	**468,954**	467,977
Identifiable intangible assets		
Trademark	**16,100**	16,100
Publishing Licence Agreement	**31,955**	31,955
Less: Accumulated amortisation	**(14,373)**	(13,571)
	17,582	18,384
Customer relationships and contracts	**57,672**	58,052
Less: Accumulated amortisation	**(31,629)**	(28,709)
	26,043	29,343
Product delivery platforms	**16,579**	16,720
Less: Accumulated amortisation	**(9,520)**	(8,614)
	7,059	8,106
Intellectual property	**26,305**	26,533
Less: Accumulated amortisation	**(10,616)**	(8,908)
	15,689	17,625
Total identifiable intangible assets	**82,473**	89,558
Total Intangible assets	**551,427**	557,535

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-12	30-Jun-12
	$'000	$'000
Goodwill		
Opening net book amount	**467,977**	415,953
Additions		
- Acquisition of QPRO [1]	**5,556**	-
- Acquisition of Compliance 360 Inc	**-**	36,132
- Acquisition of Integrity Interactive	**-**	(5,306)
- Other business combinations	**52**	7,440
Adjustments to goodwill arising on prior year acquisitions	**-**	158
Re-translation of goodwill denominated in foreign currencies	**(4,631)**	13,600
Closing net book amount	**468,954**	467,977

[1] On 6 December 2012, SAI Global Assurance Services Limited, a subsidiary of SAI Global Limited acquired Quality & Safety Risk Professional Services International Pty Ltd (trading as QPRO) for $6.1M. Provisional net assets acquired amount to $0.5M.

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

	Consolidated	
	31-Dec-12	30-Jun-12
	$'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. The trademark is subjected to a annual impairment test.

	31-Dec-12	30-Jun-12
Publishing licence agreement		
Opening net book amount	**18,384**	19,975
Amortisation charge	**(802)**	(1,591)
Closing net book amount	**17,582**	18,384
Customer relationships and contracts		
Opening net book amount	**29,343**	29,751
Acquisition of Compliance 360 Inc	**-**	5,264
Revaluation of assets denominated in foreign currency	**(266)**	774
Amortisation charge	**(3,034)**	(6,446)
Closing net book amount	**26,043**	29,343
Product delivery platforms		
Opening net book amount	**8,106**	363
Acquisition of Compliance 360 Inc	**-**	8,883
Transfer to Intellectual Property	**-**	(363)
Revaluation of assets denominated in foreign currency	**(166)**	142
Amortisation charge	**(881)**	(919)
Closing net book amount	**7,059**	8,106
Intellectual property		
Opening net book amount	**17,625**	20,164
Transfer from Product delivery platforms	**-**	363
Capitalisation of existing products	**40**	-
Revaluation of assets denominated in foreign currency	**(257)**	785
Amortisation charge	**(1,719)**	(3,687)
Closing net book amount	**15,689**	17,625
Total identifiable intangible assets	**82,473**	89,558
Total intangible assets	**551,427**	557,535

Note 9. Contributed equity

	Note	Consolidated 31-Dec-12 $'000	30-Jun-12 $'000
Share capital			
Ordinary shares		**387,220**	379,361
Less reserved shares		**(354)**	(162)
Net ordinary shares	(a)	**386,866**	379,199

Movements in ordinary share capital

Details	Number of shares	Issue price	$'000
Opening balance at 1 July 2012	204,203,552		**379,199**
Shares issued under the exercise of Performance Share Rights	543,172	Nil	**-**
Shares issued under the Employee Share Plan and UK Share Incentive Plan	102,467	Nil	**-**
Exercise of options over shares	103,984	$2.99	**311**
Exercise of options over shares	196,322	$2.29	**450**
Exercise of options over shares	105,659	$3.51	**371**
Exercise of Performance Share Rights and options over shares	881,974		**3,781**
Transfer to reserved shares	(931,654)		**(3,973)**
Shares issued under dividend reinvestment plan	1,594,060	$4.22	**6,727**
Closing balance at 31 December 2012	206,799,536		**386,866**
Opening balance at 1 July 2011	199,434,794		**360,632**
Shares issued under the exercise of Performance Share Rights	447,770	Nil	**-**
Exercise of options over shares	220,130	$2.99	**658**
Exercise of options over shares	187,380	$2.29	**429**
Exercise of options over shares	147,040	$3.51	**516**
Exercise of options over shares	53,960	$2.49	**134**
Exercise of options over shares	44,921	$3.91	**176**
Shares issued under dividend reinvestment plan	1,873,285	$4.52	**8,467**
Shares issued under dividend reinvestment plan	1,828,195	$4.61	**8,428**
Shares issuance costs	-		**(79)**
Shares held in employee share plan trust	(33,923)	$4.78	**(162)**
Closing balance at 30 June 2012	204,203,552		**379,199**

(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 2012 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 2012 Annual Report.

Reserved Shares [1]

Details	Number of shares	Issue price	$'000
Opening balance at 1 July 2012	33,923		**162**
Purchase of reserved shares	931,654		**3,973**
Distribution of shares under exercise of Performance Share Rights and options over shares	(881,974)		**(3,781)**
Closing balance at 31 December 2012	83,603		**354**
Opening balance at 1 July 2011	-	-	**-**
Shares held in employee share plan trust	33,923	$4.78	**162**
Closing balance at 30 June 2012	33,923		**162**

[1] 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.

Note 10. Earnings per share

	Half year 2012	2011
Basic earnings per share (cents)	**9.0**	10.8
Diluted earnings per share (cents)	**8.9**	10.7
Profit attributable to the ordinary owners of SAI Global Limited used in calculating earnings per share ($'000)	**18,438**	21,662
Weighted average number of shares used as the denominator in calculating basic earnings per share	**205,693,188**	201,041,210
Weighted average number of shares used as the denominator in calculating diluted earnings per share	**206,338,109**	201,739,221

Note 11. Events occuring after the balance sheet date

Other than matters referred to previously in this report, the Directors are not aware of any matter of 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.

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 2012 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 2013

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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 2012, 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 2012 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 Limited 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.

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 2012 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

Christopher George
Partner
Sydney
14 February 2013