SAI GLOBAL

2013 annual report

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

SAI GLOBAL

SAI Global Limited ABN 67 050 611 642

> “Reporting a loss for FY13 is very disappointing.
>
> The impairment of the compliance assets is the result of operational issues rather than any structural changes to the compliance market.
>
> We have a clear plan in place to address these issues.”
>
> *Tony Scotton*

Robert Wright
Chairman

2013 CHAIRMAN'S REPORT

The improved EBITDA achieved by SAI over the past twelve months has been over shadowed by the need to recognise a non-cash impairment charge of $86M in relation to its compliance assets, including goodwill. Disappointingly, this has resulted in the Company reporting a net loss of $43.2M for the year.

The Compliance division has continued to experience the operating issues with its learning platform that first emerged in the second-half of FY12. This platform failed to deliver to expectations and will be replaced by the "next generation" platform over the next twelve to eighteen months. Extra costs associated with an enhanced customer support effort have had an adverse impact on operating margins. The growth outlook for the learning business will also be tempered until the next generation learning platform is operational. It is necessary to factor into the valuation model the current lower margins and growth outlook for the compliance division as it works its way through these issues and restructures its Environment, Health and Safety (EHS) business.

I can assure shareholders that there is a clear plan in place to rectify the current issues and create a business with a market leading, integrated suite of compliance solutions. I can also inform shareholders that the Company is undertaking a comprehensive review of its IT governance and operating structures with the assistance of Cap Gemini.

The Board remains confident in the strategy and long-term potential of the compliance assets. The impairment of the compliance assets is the result of operational issues rather than any structural changes to the market for compliance solutions. SAI has built a strong set of GRC (Governance, Risk & Compliance) assets and its core capabilities (GRC platform, ethics and compliance training, policy and compliance management, audit management, regulatory intelligence, and content feeds, and enterprise risk management) are positioned in the "sweet spot" of the market.

The impairment charge has no impact on the Company's ability to pay a dividend. The balance sheet remains strong and conservatively geared. The Company continues to trade within its banking covenants.

Notwithstanding the impairment charge, the Company has delivered improved cash flows and an underlying EBITDA of $103.7M, up 4.8% on FY12 and consistent with the guidance provided in February 2013. This performance was achieved off the back of a 6.0% increase in sales revenue to $478.6M, which included organic growth and the contribution from recent acquisitions.

Pleasingly, SAI Global Property, in the Information Services Division admirably met the challenges of increased business from the Company's two largest customers, ANZ and Commonwealth Bank, and our compliance GRC assets exceeded our expectations. Our global food assurance business had another strong year supported by solid performances in our Asian and North American regions. On the other hand, the Assurance training business had a disappointing year, and our mature Australian certification business, including the Product Services business, also had a difficult year with revenues down slightly year on year.

Dividend

The Board has resolved to pay a final dividend to 8.2 cents per share fully franked. The Board has taken into account the underlying performance of the business, its continuing strong cash generating capability and the outlook for FY14, in maintaining the final dividend despite the impairment charge and statutory net loss after tax.

The final dividend takes the total dividend for the year to 15.0 cents, unchanged from FY12. The final dividend will be paid on 20 September 2013.

CEO succession and Board renewal

On 21 June I announced that the Company's long serving Chief Executive Officer (CEO), Tony Scotton, had indicated his desire to retire from the role by December 2013. The Board wishes to thank Tony for his enormous contribution to the Company, both in the CEO role for the last six years and prior to that as Chief Operating Officer. The Board has been working on CEO succession for some time and is advanced in the process to identify a suitable candidate, including assessing both internal and external candidates.

At the same time I also announced the decisions of two Non-Executive Directors, myself and John Murray AM, to retire at the upcoming AGM in October and not to seek re-election. Both John and I have been Non-Executive Directors since October 2003 just prior to the Company listing on the ASX. I would like to thank John for his contribution to the growth and development of SAI over the decade since listing. John and my retirements continue the Board renewal process that started in 2008. Searches are in process to find suitable replacements.

The Board is pleased to announce the appointment of Andrew Dutton as Chairman elect, to assume the position of Chairman on my retirement. Andrew has been a Non-Executive Director of the Company since August 2008 and is member of the Remuneration Committee. Andrew has significant information technology experience and sales and marketing skills, both very relevant experiences to guide the Company through the next stage of its development.

Diversity

SAI Global values diversity and aims to create a vibrant and inclusive workplace, reflective of the communities in which it operates. Equal opportunity is at the core of the Company's People Strategy as the Board believes a diverse workforce is critical for SAI's business to attract and retain the most talented people. The Board is convinced that gender diversity in leadership positions facilitates different and more innovative thinking, more informed decision-making and ultimately better business outcomes.

Two years ago the Board set a target to increase the proportion of women in senior management roles, defined as direct reports to the Chief Executive Officer plus their direct reports, from 28% at the end of FY11 to between 35% and 40% by the end of FY16. I am pleased to report that we have reached 31% at the end of FY13 and remain on track to achieve our target.

The Board has also set a target of increasing the proportion of female Non-Executive Directors from 20% at the end of FY11 to 40% at the end of FY14. Of the six Non-Executive Directors at 30 June 2013 Anna Buduls was the only female, representing 16.7%.

Looking across the whole organisation 52% of the Company's total workforce was female at the end of FY13, up from 50.6% twelve month ago.

Management

The Chief Executive Officer, Tony Scotton and his senior management team, supported by the hard work of all of our staff, continue to focus on taking advantage of the many opportunities, whilst dealing with the short-term challenges. On behalf of the Board I would like to thank Tony, his management team and all of SAI's employees for their contributions over the past year.

Outlook

We expect stronger organic revenue growth in FY14 compared to FY13 driven by:

- Continued solid growth in subscription revenue in the Standards & Technical Information business in the Information Services division
- Growth in the Property business, also in the Information Services division, due to the new business wins, an improving property market and a full year contribution from the ANZ and CBA contracts
- A return to trend growth of 5% to 7% in the Assurance business
- Potentially favourable currency movements

These factors are expected to drive EBITDA and margins higher for these businesses.

Revenue in the Compliance Services division is expected to grow slightly but higher costs associated with rectifying the operational issues are expected to result in a lower EBITDA outcome.

The Australian dollar started to weaken against major currencies towards the end of the financial year. A weaker Australian dollar increases the value of the Company's earnings that are denominated in foreign currencies, when that revenue is translated into Australian dollars. The Company's capital structure is designed to limit the impact of large fluctuations in exchange rates on net profit through the use of natural hedges.

Overall, SAI is expecting to report growth in both revenue and EBITDA in FY14.

Robert Wright, Chairman

Geoff Richardson
Chief Financial Officer

FY13 **PERFORMANCE**

KEY FEATURES

> Impairment charge of $86.0M recognised, resulting in a statutory net loss of $43.2M
> Revenue up 6.0% to $478.6M
> Underlying[1, 2] EBITDA up 4.8% to $103.7M
> Underlying[1, 2] net profit after tax down 5.1% to $42.4M
> Net operating cash inflows up 24.1% to $72.4M
> Full year dividend of 15.0 cents, fully franked
> Year end gearing ratio[3]: 38.1%, up from 36.4%

[1] Before significant charges of $89.1M (including an impairment charge of $86.0M) before tax, $85.6M after tax

[2] The underlying basis is an unaudited non-IFRS measure that, in the opinion of the Directors, is useful in understanding and appraising the Company's underlying performance. The underlying basis excludes significant charges associated with acquiring and integrating new businesses, and costs associated with any significant restructuring within the business. Ernst & Young, the Company's auditor, have undertaken procedures to confirm that the information used by the Directors in determining the underlying results is consistent with the Company's financial records

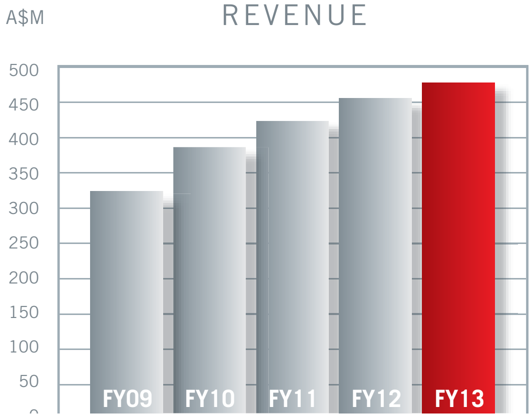
[3] Net debt divided by net debt plus equity

5 YEAR FINANCIAL SUMMARY

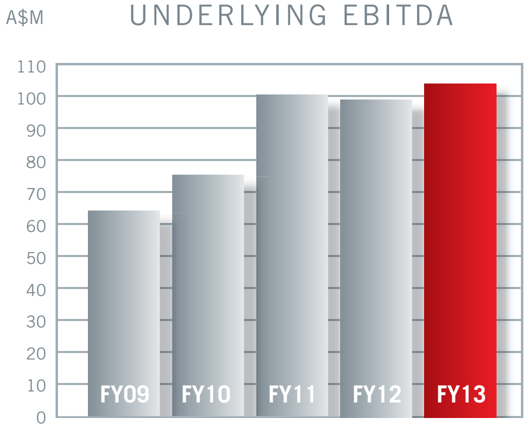
	2013 $'000s	2012 $'000s	2011 $'000s	2010 $'000s	2009 $'000s
Revenue[1]	**478,601**	451,677	427,115	392,228	323,759
EBITDA[2]	**100,661**	95,631	95,794	76,143	64,324
EBITDA Margin	**21.0%**	21.2%	22.4%	19.4%	19.9%
Statutory NPAT	**(43,242)**	42,384	44,806	33,725	26,095
Statutory earnings per share	**(20.9)**	20.9	23.1	21.5	17.7
Underlying[3] NPAT	**42,355**	44,651	48,014	33,725	26,095
Underlying[3] earnings per share	**20.5**	22.0	24.7	21.5	17.7
Net operating cash inflows	**72,392**	58,354	54,634	51,496	39,885
Total Assets	**777,506**	785,872	695,675	524,451	510,182
Net debt	**207,958**	210,125	169,367	145,885	146,439

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

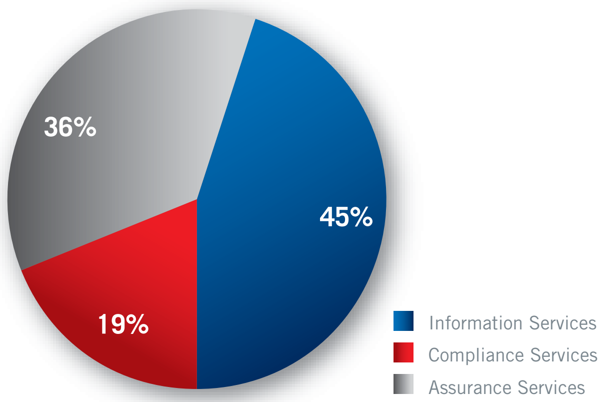
REVENUE



UNDERLYING EBITDA

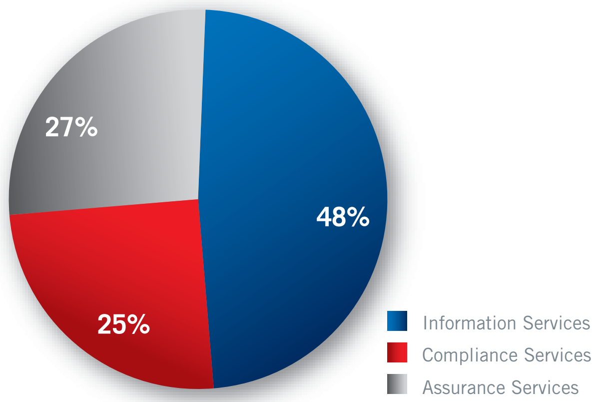


REVENUE BY DIVISION

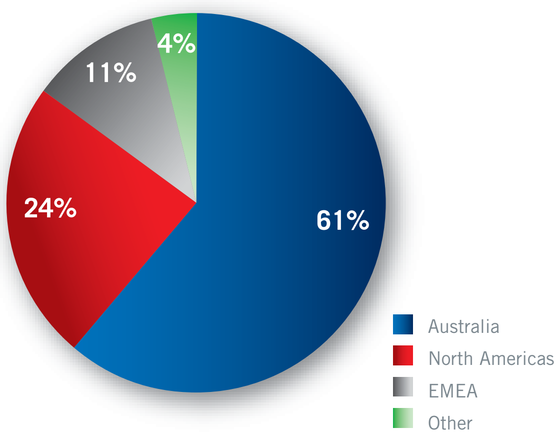


EBITDA BY DIVISION

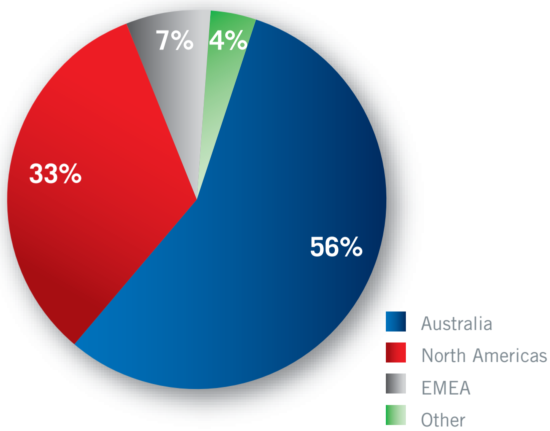
(excluding Corporate Services)



REVENUE BY REGION



EBITDA BY REGION



CORPORATE GOVERNANCE

1. INTRODUCTION

This statement describes SAI Global's corporate governance framework, policies and practices as at 14 August 2013.

2. FRAMEWORK AND APPROACH

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

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

3. THE BOARD OF DIRECTORS

A) The Membership, Expertise and Experience of the Board

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

B) The Role and Responsibilities of the Board

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

In summary these responsibilities include:

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

C) Board Composition

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

D) Selection and Role of the Chairman

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

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

The current Chairman, Robert Wright has been an independent Non-Executive Director since 2003 and Chairman since February 2008. As advised to the Australian Securities Exchange on 21 June 2013 Mr Wright will retire at the conclusion of the 2013 AGM and will not seek re-election. Andrew Dutton will assume the position of Chairman on Mr Wright's retirement.

Details are included in the Corporate Governance Policy, a copy of which is available from the Company's website.

E) Independence of Directors

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

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

- Having control of, or association with, more than 2 1/2% of issued shares in SAI Global Limited, or
- Having control of, or association with, a principal of a supplier of goods or services where that supply in total represents more than 10% of the organisation's total supply to all parties of those goods or services.

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

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

F) Conflicts of Interest of Directors

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

G) Meetings of the Board

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

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

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

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

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

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

H) Succession Planning

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

I) Review of Board and Management Performance

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

J) Nomination and Appointment of New Directors

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

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

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

K) Retirement and Re-election of Directors

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

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

L) Board Access to Information and Advice

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

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

M) Directors' Remuneration

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

4. BOARD COMMITTEES

A) Board Committees and Membership

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

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

B) Committee Charters

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

C) Committee Procedures

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

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

D) Audit & Risk Committee

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

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

E) Remuneration Committee

Details are provided in the Remuneration Report on pages 36 to 55.

F) Nomination Committee

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

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

5. ETHICAL AND RESPONSIBLE DECISION-MAKING

A) Code of Conduct and Principles for Doing Business

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

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

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

B) Conflicts of Interest

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

C) Fit and Proper Person Assessments

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

D) Concern Reporting and Whistleblowing

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

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

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

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

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

E) Securities Trading

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

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

- The insider trading provisions of our Share Trading Policy, which prohibits any dealing in any securities where a Director or employee has access to inside information that may affect the price of those securities.
- Restrictions limiting the periods in which the Directors and certain senior employees can trade in SAI Global Limited shares (Trading Windows).
- Requiring Directors and senior employees to notify their intention to trade during those Trading Windows and confirm that they have no inside information.
- Monitoring the trading of SAI Global Limited securities by Directors and senior employees.

- Trades by Directors of SAI securities are notified to ASX within five business days as required under the ASX Listing Rules.
- Employees are forbidden to enter into any hedging arrangements in relation to their unvested employee shares or securities.

6. DIVERSITY

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

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

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

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

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

1) An annual pay gap analysis to ensure there is no systemic bias in salaries.

2) The introduction of a requirement that at least one female be included on each shortlist for vacant positions at levels C1 and C2

3) The promotion of greater flexibility in terms of when work is conducted, where it is conducted and how it is conducted.
This will include:

- flexible hours working
  - increased part-time opportunities
  - working outside of traditional office hours
  - weekend working where it suits employees
- more working from home
  - where the job permits, working from home
  - increased opportunities to split work between home and office
- increased job sharing
  - shared management roles
  - shared front-line roles.

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

At the end of FY13 52% of the SAI's global workforce was female.

A copy of the Company's annual public report for 2013, as lodged with the Workplace Gender Equality Agency, is available on the website.

7. AUDIT, GOVERNANCE AND INDEPENDENCE

A) Audit, Governance and Independence

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

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

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

B) Audit Service and Assurance

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

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

C) Non-audit Services

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

D) Precluded Services

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

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

E) Annual Review

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

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

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

8. CONTROLLING AND MANAGING RISK

A) Risk Management Framework

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

B) Policy

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

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

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

C) Framework

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

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

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

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

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

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

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

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

The Company's Assurance business manages its risks by ensuring compliance with relevant standards - ISO/IEC 17021 (Audit and Certification of Management Systems), ISO/IEC 17020 (Performing Inspections), ISO/IEC Guide 65 (Product Certification), ISO/IEC 17025 (Accreditation of Laboratories), appropriate accreditation procedures, and any additional specifier requirements in specialist areas, such as food (BRC, SQF, for example).

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

- Standards Council of Canada (SCC)
- Ente Italiano di Accreditamento (Italian National Accreditation Body) (Accredia)
- Comite Francais d'Accreditation (COFRAC of France)
- Accreditation Body of Indonesia (Komite Akreditasi Nasional) (KAN)
- Joint Accreditation System of Australia and New Zealand (JAS-ANZ)
- Korea Accreditation Board (KAB)
- Spanish Accreditation Entity (Entidad Nacional de Acreditacion (ENAC)
- Mexican Accreditation Entity (Entidad Mexicana de Acreditacion) (EMA)
- United Kingdom Accreditation Service (UKAS)
- ANSI-ASQ National Accreditation Board (ANAB)
- American National Standards Institute (ANSI)
- National Association of Testing Authoritie (NATA)
- International Accreditation New Zealand (ANZ)
- IAOB (the International Automotive Oversight Bureau based in USA)
- ANFIA (the Italian National Association of the Automobile Industry)
- Accreditation Services International (ASI) (Forestry Stewardship Council programs)

In accordance with current accreditation rules, the Assurance division's processes are reviewed by an independent panel (the Certification Board) to ensure consistency and impartiality in the making of certification decisions.

In addition, the business undertakes its own internal audits, the performing of which is a requirement of the accreditation procedures.

D) Responsibility and Authority

Risk management is the responsibility of all staff.

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

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

The Audit and Risk Committee oversees the operation of the risk management system and assesses its adequacy. The Committee monitors the internal policies for identifying and determining key risks to which the Company is exposed. Divisional Management is invited to attend Audit and Risk Committee meetings to assist the Committee in their understanding and oversight.

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

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

E) Internal Compliance and Control

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

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

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

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

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

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

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

F) Assessment of Effectiveness

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

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

CORPORATE GOVERNANCE

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

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

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

DIRECTORS' REPORT

Your Directors present their report on SAI Global Limited and the entities it controlled at the end of, or during, the year ended 30 June 2013.

Directors

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

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

Mr Robert Aitken was appointed on 19 September 2012.

As advised to ASX on 21 June 2013, Robert Wright and Joram Murray AM will retire at the next Annual General Meeting and will not seek re-election. These retirements continue the Board renewal process that started in 2008. Searches are in process to find suitable replacements. Andrew Dutton has been appointed as Chairman elect and will assume the position of Chairman on Robert Wright's retirement.

At the same time it was announced that Tony Scotton had indicated his desire to retire from the role of Chief Executive Officer by December 2013. The Board has been working on CEO succession for some time and is advanced in the process to identify a suitable candidate, including assessing both internal and external candidates.

Principal activities

During the year the principal activities of the consolidated entity consisted of:

<u>Information Services</u>

- Distributing technical and business information such as Standards, legislation and other technical information
- Providing internally developed intellectual property such as bibliographic databases and property certificates
- Providing conveyancing, lending and other workflow solutions

<u>Compliance Services</u>

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

Assurance Services

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

Following a strategic review of the Compliance Services division the publication of alerts and newsfeeds will be transferred to the Information Services division and reported as part of the results of that division with effect from 1st July 2013.

OPERATIONAL AND FINANCIAL REVIEW

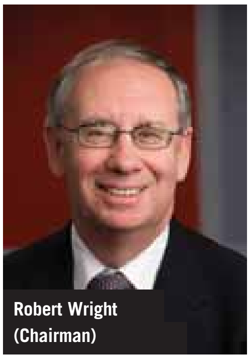
1. OPERATIONS AND FINANCIAL PERFORMANCE

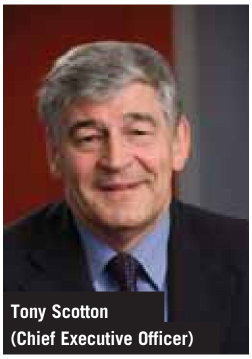
a) Consolidated result

The summary below shows the result both on the statutory basis and an underlying basis. The underlying basis is an unaudited non-IFRS measure that, in the opinion of the Directors, is useful in understanding and appraising the Company's underlying performance. The underlying basis excludes significant charges associated with impairment charges, acquiring and integrating new businesses, and costs associated with any significant restructuring within the business. The reconciliation between the statutory results and underlying results has not been audited or reviewed by the Company's auditor. However, the auditor has undertaken procedures to confirm that the information used by the Directors in determining the underlying results is consistent with the Company's financial records.

Notwithstanding an improvement at the EBITDA line, the FY13 result has been adversely impacted by non-cash impairment charges totalling $86M relating to the Company's compliance assets.

As a result of the impairment charges the Company reported a statutory net loss of $43.2M attributable to shareholders.


Robert Wright
(Chairman)


Tony Scotton
(Chief Executive Officer)


Robert Aitken


Anna Buduls


Peter Day


Andrew Dutton


Joram Murray AM

DIRECTORS' REPORT

	Statutory			Underlying[1,2]		
$'000s	**FY13**	FY12	**Change**	**FY13**	FY12	**Change**
Sales Revenue	**478,601**	451,677	**6.0%**	**478,601**	451,677	**6.0%**
Other income	**580**	158		**580**	158	
	479,181	451,835	**6.1%**	**479,181**	451,835	**6.1%**
Less: direct costs	**227,382**	215,182	**5.7%**	**227,382**	215,182	**5.7%**
Gross profit	**251,799**	236,653	**6.4%**	**251,799**	236,653	**6.4%**
Less: overheads	**151,138**	141,022	**7.2%**	**148,067**	137,665	**7.6%**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**100,661**	95,631	**5.3%**	**103,732**	98,988	**4.8%**
Less: depreciation	**19,888**	13,682	**45.4%**	**19,888**	13,682	**45.4%**
Less: amortisation of acquired intangible assets	**12,431**	12,641	**(1.7%)**	**12,431**	12,641	**(1.7%)**
Less: impairment of capitalised costs	**2,654**	-		**-**	-	
Less: impairment of goodwill	**78,608**	-		**-**	-	
Less: impairment of other intangible assets	**4,738**	-		**-**	-	
Earnings before interest and tax (EBIT)	**(17,658)**	69,308	**(125.5%)**	**71,413**	72,665	**(1.7%)**
Less: net financing costs	**13,640**	13,578	**0.5%**	**13,640**	13,578	**0.5%**
Add: associated companies	**111**	146		**111**	146	
Net (loss) / profit before income tax	**(31,187)**	55,876	**(155.8%)**	**57,884**	59,233	**(2.3%)**
Less: income tax	**11,917**	13,298	**(10.4%)**	**15,391**	14,387	**7.0%**
Net (loss) / profit after income tax	**(43,104)**	42,578	**(201.2%)**	**42,493**	44,846	**(5.2%)**
(Loss) / Profit is attributable to:						
Equity holders of SAI Global Limited	**(43,242)**	42,384	**(202.0%)**	**42,355**	44,652	**(5.1%)**
Minority interests	**138**	194	**(28.9%)**	**138**	194	**(28.9%)**
	(43,104)	42,578	**(201.2%)**	**42,493**	44,846	**(5.2%)**

1. Excludes significant charges
2. Unaudited

Following completion of the Company's annual intangible asset impairment review process and consideration of the carrying value of other assets, the Board has decided that it is appropriate to recognise impairment charges as follows:

$'000s	**FY13**
Impairment of capitalised costs	**2,654**
Impairment of goodwill	**78,608**
Impairment of other intangible assets	**4,738**
Impairment charges before tax	**86,000**
Income tax credit applicable to impairment charges	**2,609**
Impairment charges after tax	**83,391**

The Compliance division has continued to experience the operating issues with its learning platform that first emerged in the second half of FY12. This platform failed to deliver to expectations and will be replaced by the "next generation" platform over the next twelve to eighteen months. Extra costs associated with an enhanced customer support effort have had an adverse impact on operating margins. The growth outlook for the learning business will also be tempered until the next generation learning platform is operational. It is necessary to factor into the valuation model the current lower margins and growth outlook for the compliance division as it works its way through these issues and embarks on the development of the next generation learning platform.

These factors have resulted in the impairment of goodwill of $78.6M. In recognition that the learning content platform (LCP) did not meet expectations the capitalised costs associated with this platform of $2.7M have been written off. The intangible asset relating to acquired customer relationships has been written down by $4.7M in view of the lower level of customer retention rates currently being experienced. There is a clear plan in place to rectify the operating issues that have given rise to these impairment charges. More details are provided below.

The Board remains confident in the strategy and long-term potential of the compliance assets

The underlying result shows a 4.8% improvement at the EBITDA line to $103.7M, compared to the prior corresponding period. Higher depreciation charges and a higher effective tax rate have resulted in a 5.1% reduction in the underlying net profit after tax attributable to shareholders.

SAI Global has continued to grow revenue in FY13, achieving growth in sales revenue from $451.7M to $478.6M, an increase of 6.0%. Revenue growth in constant currency terms was 6.2%. Organic revenue growth of 3.4% was achieved and this growth was enhanced by the contribution from recent acquisitions which added a further 2.8%.

The Information Services division achieved above trend organic growth of 6.7%. This was driven by the Property business which grew revenue organically by 9.2% off the back of the growth in its mortgage settlement business. The Standards business achieved organic growth of 1.1% which is below trend and reflective of the subdued operating environment. The Compliance Services division achieved organic growth of 0.5%, well below medium term expectations for this business. Whilst the GRC assets performed ahead of expectations, the learning business continued to experience the adverse impact of the technical challenges that emerged in the second half of FY12. As a result, and despite strong new business generation, this product line posted a lower revenue and EBITDA contribution in FY13 than in FY12. Assurance Services also delivered revenue growth below expectations at 1.2% reflecting a disappointing performance from its training business which was down 19.5% year on year.

The growth in direct costs were relatively well contained, growing at 5.7% and resulting in an expansion in the gross margin from 52.4% to 52.6%. Overheads, increased by 7.2%, which included a number of significant charges outlined further below. EBITDA increased by 5.3% to $100.7M with underlying EBITDA increasing by 4.8% from $99.0M to $103.7M, consistent with the guidance range provided in February 2013. The underlying EBITDA margin contracted slightly from 21.9% in FY12 to 21.7% in FY13, reflecting the growth in overheads.

The significant charges incurred in FY13, other than those relating to impairment set out above, amounted to $3.1M before tax, $2.2M after tax. In the analysis above these costs are added back to the overheads line in the "statutory" column to determine overheads in the "underlying" column. Similarly, the tax credit associated with the significant charges is added back to the statutory income tax line to determine the underlying charge for income tax. Details of the significant charges are set out below:

$'000s	FY13	FY12	Change
Acquisition due diligence and transaction charges	**567**	1,571	**(63.9%)**
Integration and restructuring charges	**2,504**	1,786	**40.2%**
Significant charges before tax	**3,071**	3,357	**(8.5%)**
Income tax credit applicable to significant charges	**865**	1,089	**(20.6%)**
Significant charges after tax	**2,206**	2,268	**(2.7%)**

The increase in the depreciation charge in FY13 largely reflects the flow on impact of the increase in capital expenditure in FY12 to $31.4M, up from $16.7M in FY11. The increase also reflects the full year impact from Compliance 360 which was acquired in January 2012. The growth in capital expenditure, which commenced in FY12 and has continued into FY13 with a further $27.8M invested, relates to developing new products and investing in growth related technology initiatives across all of the divisions. A similar level of capital expenditure is expected in FY14.

The charge for the amortisation of identifiable intangible assets recognised in business combinations decreased by 1.7% in FY13 reflecting the fact that no substantial acquisitions were undertaken over the past twelve months. The assets to which the amortisation charge relates are publishing license agreements, customer relationships and contracts, product delivery platforms and intellectual property that were acquired in business combinations. Any subsequent expenditure on intellectual property such as courseware and product delivery platforms is capitalised to plant and equipment and depreciated through the depreciation charge.

Net financing charges for the year were as follows:

$'000s	FY13	FY12	Change
Interest expense	**14,307**	14,644	**(2.3%)**
Less: Interest income	**667**	1,066	**(37.4%)**
Net financing charges	**13,640**	13,578	**(0.5%)**

Notwithstanding that the FY13 interest expense included a full twelve months interest charge on the funds borrowed to acquire Compliance 360, the interest expense reduced slightly compared with FY12. The main factor driving the reduction is the maturity of floating to fixed interest rate swaps with the borrowing reverting to lower variable interest rates. The positive impact of this has been mitigated to some extent by the impact of the weaker Australian dollar. Looking into FY14, the interest expense can be expected to reduce further on a constant currency basis due to the lower effective interest rate going forward.

The weighted average cost of borrowing in FY13, inclusive of establishment fees, was 5.37%. At 30 June 2013 the weighted average cost of borrowing was 4.16%.

The underlying effective tax rate across the Group's operations was 26.6%, up from 24.3% in FY12. The increase is predominantly attributable to reduced claims for research and development in FY13.

b) Consolidated cash flow

Operating cash inflows were up 24.1% to $72.4M, up from $58.4M in FY12.

Cash conversion increased over the course of FY13 and remained strong at above 90%:

$'000s	FY13	FY12	Change
Operating cash inflow	**72,392**	58,354	**24.1%**
Add back: net financing charges	**13,640**	13,578	**0.5%**
Add back: income tax paid	**7,963**	16,387	**(51.4%)**
Ungeared pre-tax operating cash flows	**93,995**	88,319	**6.4%**
EBITDA	**100,661**	95,631	**5.3%**
Cash conversion ratio	**93%**	92%	**1.1%**

Free cash flow also increased:

$'000s	FY13	FY12	Change
EDITDA	**100,661**	95,631	**5.3%**
Less: net financing charges	**13,640**	13,578	**0.5%**
Less: income paid	**7,963**	16,387	**(51.4%)**
Less: capital expenditure	**27,814**	31,355	**(11.3%)**
Free cash flow	**51,244**	34,311	**49.4%**

Included in the operating cash inflow for FY13 is a refund of income tax paid in respect of prior years of $4,407k. If this amount is excluded from the calculations above the cash conversion ratio is 89.0% and the free cash flow is $46,837K.

c) Consolidated sensitivity to movements in foreign exchange rates

The company's results are impacted by the movement in foreign exchange rates relative to the Australian dollar. Notwithstanding that the Australian dollar began to weaken against other major currencies in May 2013, the average rates over FY13 were not significantly different to those of FY12. Consequently the impact of foreign currency translation on the FY13 result was lower than it has been in previous years.

The Company's operating results from its overseas operations increase in Australian dollar terms as the Australian dollar weakens, and are adversely affected as the Australian dollar strengthens.

A summary of the average rates for FY13 compared to FY12 for the major currencies that affect the Company's results is set out below:

Average exchange rate*	FY13	FY12	Change
US dollar	**1.0298**	1.0319	**(0.2%)**
Canadian dollar	**1.0338**	1.0348	**(0.1%)**
Pounds sterling	**0.6579**	0.6515	**1.0%**
Euro	**0.7981**	0.7710	**3.5%**

*source: Reserve Bank of Australia

In assessing the potential impact of the weaker Australian dollar on the Company's prospects for FY14, consideration needs to be given to the amount of the Company's revenue and profit that is denominated in foreign currencies. The following table sets out the relevant amounts for FY13.

Revenue demonination	Underlying currency $'000s	Australian dollar equivalent $'000s	%
Australian dollar	289,351	289,351	**60.5%**
US dollar	100,479	97,917	**20.5%**
Canadian dollar	18,022	17,531	**3.7%**
Pounds sterling	24,014	36,729	**7.7%**
Euro	13,447	17,081	**3.6%**
Other	-	19,992	**4.2%**
Total	-	**478,601**	**100.0%**

EBITDA demonination	Underlying currency $'000s	Australian dollar equivalent $'000s	%
Australian dollar	56,140	56,140	**55.8%**
US dollar	33,459	32,764	**32.5%**
Canadian dollar	415	498	**0.5%**
Pounds sterling	3,051	4,689	**4.7%**
Euro	2,303	2,776	**2.8%**
Other	-	3,794	**3.8%**
Total	-	**100,661**	**100.0%**

Although just over 60% of the Company's revenue is currently denominated in Australian dollars, and therefore not subject to foreign exchange risk, only 55.8% of EBITDA is denominated in Australian dollars. A major factor in explaining this apparent anomaly relates to the costs associated with the corporate office which resides in Australia. Corporate costs amounted to $10.1M in FY13.

The currency spread of the Company's underlying net profit before tax in FY13 is summarised below:

Underlying Net profit before tax demonination	Underlying currency $'000s	Australian dollar equivalent $'000s	%
Australian dollar	35,509	35,509	**61.3%**
US dollar	15,507	15,308	**26.4%**
Canadian dollar	(672)	(592)	**(1.0%)**
Pounds sterling	885	1,385	**2.4%**
Euro	2,208	2,651	**4.6%**
Other	-	3,623	**6.3%**
Total	-	**57,884**	**100.0%**

d) Earnings per share

Whilst EBITDA increased in FY13 both on a statutory and underlying basis, the significantly higher depreciation charge resulted in a reduced earnings per share outcome.

Cents	FY13	FY12	Change
Statutory earnings per share	**(20.9)**	20.9	**(200.0%)**
Underlying earnings per share	**20.5**	22.0	**(6.8%)**

e) Review of divisional performance

The Company's operational performance in FY13 was mixed. The combination of recent acquisitions and organic growth generated an increase in revenue from the operating businesses of 5.9% to $480.6M. However, a disappointing performance from the Assurance division and a flat result from the Compliance division partially offset the strong improvement in profitability in the Information Services division, resulting in the Company's segment EBITDA before significant charges increasing by 3.8%.

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

	Segment revenues			Segment EBITDA		
$'000s	**FY13**	FY12	**Change**	**FY13**	FY12	**Change**
Information Services	**214,704**	201,299	**6.7%**	**54,638**	49,668	**10.0%**
Compliance Services	**91,434**	84,052	**8.8%**	**28,053**	27,845	**0.7%**
Assurance Services	**174,482**	168,468	**3.6%**	**31,152**	32,147	**(3.1%)**
	480,620	453,819	**5.9%**	**113,843**	109,660	**3.8%**
Eliminations	**2,019**	2,142				
	478,601	451,677	**6.0%**	**113,843**	109,660	**3.8%**
Less: Corporate Services				**10,111**	10,672	**5.3%**
Segment EBITDA before significant charges				**103,732**	98,988	**4.8%**
Less: depreciation				**19,888**	13,682	**45.4%**
Less: amortisation of acquired intangible assets				**12,431**	12,641	**1.7%**
Add: associated companies				**111**	146	
Segment result before significant charges				**71,524**	72,811	**(1.8%)**

Information Services

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

The Property business achieved revenue growth of 9.2% reflecting the increased mortgage services business flowing from the ANZ and Commonwealth Bank (CBA) contracts.

The first half of FY13 was dominated by the increased workload associated with the national ANZ mortgage settlement business and further work with CBA in Queensland and Victoria. Planning for new business of this magnitude required hiring new staff up to two months before the scheduled cut-over date. This lead time allowed for training and getting operationally ready to handle the cut-over and to ensure that the transition risk was minimised. However, once the processes became established the business was able to remove cost in the second half and improve profitability and margins accordingly.

The Standards and Technical Information business grew its revenue by 1.1%. Although activity improved slightly over the course of the second half, the benign year on year growth reflects a continued softness in demand which, together with a reduced flow of new standards, saw sales of standards decline. However, subscriptions continued to grow. EBITDA was slightly firmer, up 4.9%.

The business over the last 2-3 years has seen a significant and favourable change in revenue mix. Sales of individual standards have declined but have been offset by strong growth in subscription revenue that now represents 65-70% of revenue. This has made the business less vulnerable to the standards release cycle. The impact of this change in mix was evident particularly in the second half of FY13.

Driving subscription growth and continuing to build towards value added content services and work flow solutions is expected to see the stronger second half trends continue into FY14.

Overall, the division achieved revenue and EBITDA growth of 6.7% and 10.0% respectively. The EBITDA margins in both the Standards and Property verticals increased resulting in the margin across the division increasing from 24.7% in FY12 to 25.4% in FY13 despite the changing mix between the two businesses.

Compliance Services

The Compliance Services division's contribution in FY13 is overshadowed by the need to recognise the impairment charges noted earlier in this report, driven by operational issues rather than any structural changes to the market for compliance solutions. A clear plan to address these issues is in place, certain actions have already been undertaken, including significant changes to the senior management team, and it is expected that performance will improve into the future.

The main operational shortcoming related to the development of the learning content platform, which failed to deliver to expectations and will be replaced by the "next generation" platform over the next twelve to eighteen months.

These disappointing issues apart, the Compliance Services division delivered revenue growth of 8.8% driven by a full-year contribution from

Compliance 360, which accounted for 8.2% of this growth. EBITDA improved marginally to $28.1M. The key factors driving this result are as follows:

- Our SaaS-based governance, risk and compliance (GRC) workflow solutions outperformed expectations. Fuelled by our acquisition of Compliance 360 in 2012, this product line enjoyed strong organic growth in its core US markets and took the first step towards globalisation by launching in Asia-Pacific in FY13.
- Our compliance learning line of business continued to experience the adverse impact of the technical challenges with its learning platform that emerged in the second-half of FY12. As a result – and despite strong new business generation - this product line posted a lower revenue and EBITDA contribution in FY13 than in FY12.
- Our environmental, health and safety (EHS) workflow solutions were directly affected by economic slow-down in key sectors, particularly Australian mining. As a result, this unit posted a lower revenue and EBITDA contribution in FY13 than in FY12.

During the year divisional leadership transitioned to Tim Whipple following the retirement of Andy Wyszkowski. Tim has strong credentials in product/service integration, international expansion and organic growth. Tim and his leadership team completed a strategic review of the Compliance division in June 2013 and are now executing a revitalisation plan with four key elements:

- Compliance solution integration and innovation: leveraging our market-leading assets to build a competitively differentiated "compliance system of record"
- Technology integration: providing client and SAI benefits via deep solution integration on the Compliance 360 platform
- Sales and marketing: global go-to-market plan with appropriate localisation, including specialised focus on customer retention and new business generation
- Organisational alignment: recruitment of proven leaders in e-learning, sales, operations; elimination of redundant roles; cost reduction in EHS in line with performance

The global market for compliance solutions is large and growing at a healthy rate, and SAI Global's assets are expected to be well positioned for success. SAI has built a strong set of GRC assets and its core capabilities (GRC platform, ethics and compliance training, policy and compliance management, audit management, regulatory intelligence, and content feeds, and enterprise risk management) are positioned in the "sweet spot" of the market.

The FY14 operational plan is focused on taking the steps needed to accelerate organic growth and value creation over the next three years. Actions executed in early FY14 include:

- Recruitment of proven leadership talent in key functions, including eLearning, product management, product development, sales and marketing
- Acceleration of organic growth in GRC software and learning solutions via targeted integrations:
  - Global sales and marketing
  - Technology, via development of tightly integrated solutions on the Compliance 360 platform (including our next-generation compliance learning solution) and sun setting of legacy systems
- Restructuring the EHS product line to bring the cost structure into line with performance, and to re-define the go-to-market strategy to drive organic growth

We believe that these and associated actions are necessary precursors to the Compliance division's return to sustainable growth. This belief is based on the following facts:

- In the high-growth arena of enterprise GRC, our Compliance 360 business is performing strongly and provides a market-validated platform for solution integration and innovation
- Our compliance learning business continues to lead the market in terms of revenue and depth of content
- FY13 was a record year for new business wins in the Compliance division, and specifically in our compliance learning business
- Our compliance business is more globalised than most competitors, and is poised to capitalise on growth opportunities in EMEA and APAC as well as the Americas
- The integration of our GRC learning and workflow solutions will create the most comprehensive "compliance system of record" in the industry

Assurance Services

The Assurance Services division achieved revenue growth of 3.6% to $174.5M, of which 1.2% was organic. This result reflected the disappointing performance in our Training business which was down 19.5% year on year. Our global food businesses had another strong year supported by solid performances in our Asian and North American regions. Our mature Australian certification business, including the Product Services business, had a difficult year with revenues down slightly year on year. Encouragingly, new business wins grew in the second half and this flowed through to sales with a return to year on year growth in the fourth quarter of FY13.

EBITDA was down by 3.1% to $31.2M at a reduced margin of 17.9%, compared to 19.1% in the corresponding period. This was impacted by the sharp decline in Training revenues in the early part of the year and the time taken to adjust the cost base in that business.

During the year the division was brought together as a single global business under the leadership of Paul Butcher. Paul has extensive experience in managing international businesses in an IT and professional services environment.

Expanding our global capability through the roll out of a common business system platform continues and will be completed during FY14. Enhancing our account management skills remains a priority and whilst progress has been made in FY13 this is still a key focus going forward.

We continued 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. As noted below we added to our capability through the acquisitions of QPRO and the supply chain certification services business of the Steritech Group.

f) Business combinations

In November 2012 we announced the acquisition of Quality & Safety Risk Professional Services International Proprietary Limited, trading as "QPRO". QPRO provides a comprehensive range of services, partnering with clients to successfully 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. QPRO has an established track record of providing services to a blue chip client base in the retail, catering, hospitality and food manufacturing sectors. Consideration for the acquisition was $6.5M.

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-critical to sustainable

In April 2013 we acquired the supply chain certification services business of Steritech Inc (SCCS). SCCS is a recognised leader in food safety in North America and offers a wide range of auditing, training and other services to companies seeking to better manage their food safety risks throughout their supply chains. This acquisition strengthens our market position in the food safety assurance sector in North America, adding key technical skills and a broad customer base including some of the world's largest food companies offering a wide range of auditing, training and other services to companies seeking to better manage their food safety risks throughout their supply chains. Consideration for the acquisition was $3.4M.

2. Consolidated financial position

a) Statement of financial position

The Company's statement of financial position (balance sheet) remains strong despite shareholders' funds decreasing to $337M as a result of the impairment charge.

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

$M	30 June 2013	30 June 2012	Change $	Change %
Cash	**64.0**	43.9	**20.1**	**45.8%**
Plant and equipment	**54.9**	48.2	**6.7**	**13.9%**
Intangible assets	**515.1**	557.5	**(42.4)**	**(7.6%)**
Working capital	**(1.2)**	(6.3)	**5.1**	**(81.0%)**
Borrowings	**(270.6)**	(251.8)	**(18.8)**	**7.5%**
Provisions	**(9.9)**	(9.8)	**(0.1)**	**1.0%**
Deferred tax balances	**(9.5)**	(8.3)	**(1.2)**	**14.5%**
Other	**(5.4)**	(6.2)	**0.8**	**(12.9%)**
Net assets	**337.4**	367.2	**(29.8)**	**(8.1%)**
Contributed equity	**395.2**	379.2	**16.0**	**4.2%**
Retained earnings	**(2.6)**	71.5	**(74.1)**	**(103.6%)**
Other reserves	**(55.2)**	(83.5)	**28.3**	**(33.9%)**
Shareholders' funds	**337.4**	367.2	**(29.8)**	**(8.1%)**

Cash

The Company continues to generate strong cash inflows as evidenced by the $20.1M increase in cash balances held at 30 June 2013.

Cash flows from operating activities were $72.4M, up from $58.4M in FY12 and reflective of an increased underlying operating performance and a tax refund in respect of prior years of $4.4M. The Company invested $27.8M in new capital projects, consisting predominantly of software development, and $9.5M (net of cash acquired) in acquiring Assurance Services related businesses. An earn-out payment of $1.1M was made in relation to an acquisition made in FY12. Cash payments of $17.2M were made to shareholders who elected to receive their dividend entitlements by way of cash instead of new SAI Global Limited shares under the company's dividend reinvestment plan.

The impact on the cash balance from these major cash inflows and outflows, plus the impact of movements in exchange rates of $3.3M, has been to increase the cash balance by $20.1M at 30 June 2013.

The Group's cash reserves at $64.0 million are in excess of normal working capital and dividend payment requirements. At this stage the excess funds have not been applied to reduce borrowings as the Company continues to assess potential acquisition opportunities. However, should no acquisitions materialise in the medium-term the excess funds may be applied to reduce the amounts drawn under the Company's borrowing facilities.

Plant and equipment

As noted above the Company has continued to invest in its suite of products and services outlaying $27.8M in capital expenditure. The Company owns very little in the way of plant and equipment in the traditional sense, such assets being limited to computer hardware and leasehold improvements.

The majority of the Company's plant and equipment relates to courseware and product delivery platforms of an IT (software) nature. The combination of the capital expenditure during the year and the depreciation charge for the year of $19.9M has resulted in the carrying value of plant and equipment at 30 June 2013 increasing by $9.3M, after adjusting for the impact of movements in foreign exchange rates and the impairment of capitalised costs of $2.7M noted above. Capital expenditure in FY14 is expected to be of a similar quantum to FY13.

Over the medium term the depreciation charge will match the average capital expenditure over the period and hence the charge for depreciation can be expected to increase in FY14.

Intangible assets

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

Goodwill, at $438.2M accounts for the majority of this balance. Goodwill is not amortised but is subject to an annual impairment test. This balance has decreased from $468.0M at 30 June 2012 to $438.2M at 30 June 2013 due predominantly to the impairment charge of $78.6M noted above. This reduction has been mitigated by the impact of the weakening Australian dollar, which has accounted for a $40.6M increase in the balance. The majority of businesses acquired by SAI in terms of value have been offshore with the result that a large proportion of the goodwill balance is denominated in foreign currencies. The balance of the movement in the goodwill balance of $8.5M relates to goodwill associated with a number of small acquisitions made during the course of FY13.

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The non-goodwill intangible assets amount to $76.9M, down from $89.5M at 30 June 2012. This reduction includes the impact of the impairment charge of $4.7M noted above. These assets relate to the values ascribed to customer relationships and contracts, product delivery platforms and other intellectual property as part of the purchase price allocation exercise that SAI performs in respect of each acquisition. Other than the value of $16.1M that relates to the "5 Tick' Standards Mark, these assets are amortised over their expected useful lives. The Standards Mark is not amortised because the Directors believe that this asset has an indefinite life. It is, however, subject to an annual impairment review.

The reduction in the balance of these assets over the course of FY13 is accounted for by the amortisation charge of $12.4M, offset by additions during the year and the impact of the weakening Australian dollar.

Working capital

Working capital is essentially the Company's current assets less its current liabilities. SAI continues to operate with a negative working capital balance due to the balance of deferred revenue included in current liabilities. At 30 June 2013 the balance of deferred revenue was $75.2M.

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

Borrowings

Together with the equity contributed by shareholders, the Company continues to use bank debt to fund its operations. The debt is provided by way of a multi-currency syndicated facility with three of Australia's four major banks. Whilst the Company has not drawn down any new borrowings during the year, the liability has increased from $251.8M to $270.6M. The balance of $270.6M is net of $1.4M of unamortised facility establishment costs. The actual amount owed to the banks is therefore $272.0M.

This increase relates to the impact of the weakening Australia dollar on the borrowings denominated in foreign currencies, predominantly US dollars. Further information relating to the Company's borrowings is set out in section (b) below.

Provisions

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

Deferred tax balances

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

Contributed equity

The increase in the contributed equity of $16.0M reflects the issue of new shares during the year. The number of shares on issue has increased from 204.2M at 30 June 2012 to 209.4M at 30 June 2013, an increase of 5.2M. 3.6M of this increase relates to new shares issued under the Company's dividend reinvestment plan to shareholders who elected to have all or part of their dividend entitlements satisfied by new SAI Global Limited shares. These shares were issued at an average price of $3.81, raising a total of $13.7M in new equity capital.

The remaining $1.6M of new shares issued were in accordance with the Company's long-term executive incentive schemes and related to performance share rights and the exercise of options.

Retained earnings

The decrease in the amount of retained earnings of $74.1M is accounted for by the statutory net loss after tax of $43.2M, plus the amounts distributed by way of dividends of $30.9M.

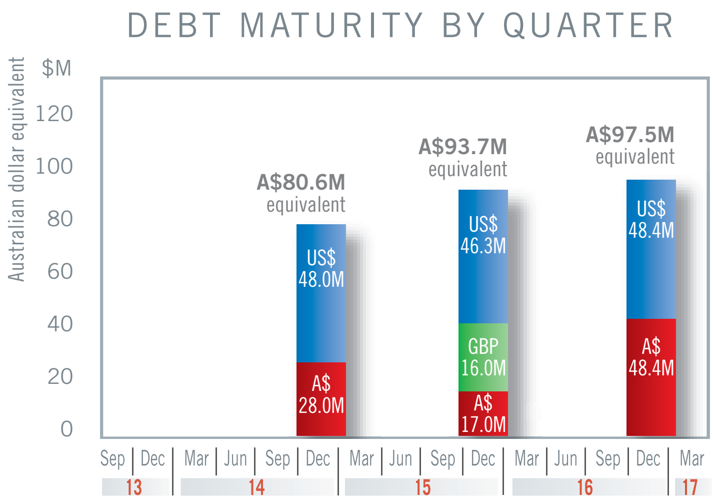
Other reserves

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

The largest reserve is the foreign currency translation reserve and it is the movement in this reserve that accounts for most of the positive movement in the other reserves balance of $28.4M. Exchange differences arising from the translation of the assets and liabilities relating to foreign controlled entities are taken to this reserve. As the Australian dollar has weakened the value of the net foreign assets has increased which has resulted in a reduction in the debit balance in this reserve. The translation gain of $28.4M is reflected in the consolidated statement of comprehensive income as part of "Other comprehensive income" and does not form part of the statutory "Profit/(Loss) for the Year".

b) Borrowings and gearing

As noted above the amounts owing to the Company's bankers at 30 June 2013 were $272.0M. These borrowings are denominated in either Australian dollars, US dollars or pounds sterling. The amounts outstanding in each currency and the maturity profile of the debt are set out in the chart below:



From the statement of financial position perspective the Company's net gearing ratio at 30 June 2013 was 38.1%, up from 36.4% at 30 June 2012. The ratio remains below the Board's current medium-term target net gearing ratio of between 40% and 50%. The calculation of the Company's net period end gearing ratio is set out below:

$M	FY13	FY12	Change
Borrowings	272.0	254.0	7.1%
Cash resources	64.0	43.9	45.8%
Net debt	**208.0**	210.1	**(1.0%)**
Equity	337.4	367.2	(8.1%)
Total capital resources	**545.4**	577.3	**(5.5%)**
Gearing (net debt divided by total capital resources)	**38.1%**	36.4%	**1.7%**

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 company does not undertake hedging activities in relation to its projected foreign currency earnings.

The Company continues to operate within its banking covenants.

c) Sensitivity to movements in foreign exchange rates

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

In assessing the potential impact that movements in the Australian dollar may have on the FCTR and therefore shareholders' funds, consideration needs to be given to the net assets of the company that are denominated in foreign currencies. A summary of the net assets by currency at 30 June 2013 is provided below:

Net assets demonination	Underlying currency M	Australian dollar equivalent $M	%
Australian dollar	193.8	193.8	57.4%
US dollar	72.1	79.0	23.4%
Canadian dollar	9.5	9.9	2.9%
Pounds sterling	27.6	45.9	13.6%
Euro	5.7	8.0	2.4%
Other	-	0.8	0.2%
Total	**-**	**337.4**	**100.0%**

2. BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

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

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

Information Services – Standards and Technical Information

Key products and services

The Standards and technical information business provides access to business critical content such as Standards, regulations, directives, legislation and codes of practice, to clients wherever they operate in the world.

SAI is a leading provider of aggregated Standards content, electronic engineering databases, and legal reference services. This has created a rich resource of bibliographic data over a considerable number of years and is the core enabler to provide solutions to manage and integrate content into an organisation's workflows. SAI offers over 1,000,000 Standards and directives from hundreds of technical organisations and societies around the world.

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

SAI also has, through Anstat Legal and Lawlex, a suite of legal reference services. SAI is the official publisher for the Victorian State legislation and the exclusive distributor for Food Standards Australia New Zealand publications and for the National Standards Authority of Ireland.

In addition to a number of established subscription platforms, the following is a summary of the suite of workflow solutions offered by this business which to add value to SAI's proprietary content and third party content with a view to creating long-term relationships with customers:

- ***Infostore*** is the global e-commerce platform to drive transactional sales plus the up-sell /cross-sell of subscription services.
- ***The i2i Platform*** is a configurable secure on-line service platform for organising critical information such as standards and technical documents for storage, retrieval and distribution. The platform is content agnostic.
- ***Myi2i*** allows clients to use the i2i Platform to build relationships between data, integrate and host their own internal standards, policies and other non-standards subscription content.
- ***i2i Content Conversion*** creates xml driven mobile information away from paper and PDF, links client's data to standards and engages partners with new services such as Apps.
- ***i2i Participate*** is an xml based content management system that helps clients create their own standards and policies linked to international standards, audit reports or legal information.
- ***i2i Gap Analysis*** is a risk assessment tool that identifies the changes between different document versions and through collaboration tools, seeks to mitigate the risk of change across organisational products and processes.

- ***SOL40*** is the electronic subscription platform for Australian and international standards in the Asia Pacific market
- ***LexConnect*** is a service allowing clients with a subscription to SOL40 to see what standards are referenced in which legislation and vice versa in the Australian market.
- ***SH&E Knowledge Base*** is a complete list of all possible SH&E compliance obligations in the ANZ jurisdictions, and contains obligations from legislation, Standards, Codes of Practice, Policies etc., which are mapped against 140+ business processes.

The following workflow solutions are currently in development:

- ***i2i Red-line***, will allow users to compare the changes between old and new versions of information.
- ***i2i Horizon Scan*** is a data harvesting tool that helps gather global information to predict future changes and their potential impacts on client's products or processes
- ***E-reader***, making a number of highly used Australian Standards available on mobile hand-held devices

Strategy and associated risks

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

- Subscription models continue to drive organic growth against a softening of transactional sales.
- The real value of content moves beyond efficient delivery to building relationships between complimentary data sets, flexibility of delivery and integration.
- Traditional resellers of content need to provide workflow and information management solutions to service the growing complex information management needs of their customers.

SAI will continue with the transformation from single transactional services into annuity revenue based platforms and services. However, key to this is leveraging SAI's historic assets of bibliographic content and publisher relations. Clients then move up the value chain using SAI's proprietary products and solutions. This journey involves enhancing existing services, creating new services and exploring technological advantages to combine solutions. SAI's strategy is different to the three classes of competitors (Standards Development Organisations, National Standards Bodies and content aggregators). SAI's global footprint, extensive range of publisher permissions and focus on adding value to content for the end users enhances SAI's offerings. This is particularly relevant for the Australian market.

The key risks associated with this strategy are:

- Loss of publisher permissions including exclusive agreements
- Information becoming increasing available over the Internet. For example, government legislation, standards referenced in legislation or critical safety standards. This can present a risk in reducing revenues through our traditional model of reselling content but also an opportunity to add value to the content via SAI's information management and workflow tools.

Short and medium term prospects

We expect the migration from single sale transactions to annual subscriptions to continue with no degradation to the underlying profitability of this business. Revenue growth is expected to average 4% to 6% over the medium term with the potential for a spike in revenue of circa $5M associated with the release of the Wiring Rules in FY15.

Information Services – Property

Key products and services

SAI Global Property provides two interrelated services:

- Mortgage processing services; and
- Information broking services

1. Mortgage processing services

SAI Global Property is Australia's premier outsourced settlement service provider. SAIG Property currently has 8 offices, being in all Australian States, as well as on the Gold Coast and in Canberra. It also has an extensive agent network across Australia, and is able to conduct settlements in all major regional locations on a daily basis for both major and second tier financial institutions. In FY13 SAI Global Property was involved in 461,000 property settlements in Australia, around 50% of all such transactions, and up from 276,000 in FY12.

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

Settlement Services:

- Conduct a final search prior to settlement
- Settlement attendance
- Stamp documents at or after settlement
- Clear land tax at settlement

Stamping & Registration Services:

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

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

In parallel with its recent growth, the business has invested heavily in administration systems (Settlement Manager), risk management, business continuity planning (BCP) and disaster recovery planning (DRP) capability. The business has also focused on defining and streamlining its processes and its 'Operational Excellence' programme has resulted in efficiency and quality improvements. The business continues to enjoy ISO9001 accreditation, which is unique in the industry sector.

During Q4 of FY13, the Conveyancing Manager application was launched. This system is 'cloud-based' and offers conveyancers:

- a national workflow system to manage their conveyancing matters
- sophisticated document / precedent generation
- searching services (via an interface to the Search Manager system)
- an interface to trust accounting
- an effective BCP

The Conveyancing Manager system supersedes SAI's desktop Iceridge system. Since the launch, over half of the Iceridge users have been migrated and over 50 new licences have been sold. Focus in FY14 will be on expanding market share in NSW and Queensland.

2. Information Broking services

The year saw significant change in the Information Broking business. The business has grown out of the acquisition of a number of companies. As a result, multiple searching platforms were offered to customers. During the past year, all searching was consolidated onto the Search Manager platform and the legacy systems were retired. This involved migrating circa 2,000 conveyancers and solicitors and 6 banks. In excess of 60,000 users were successfully migrated to the new Search Manager system.

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

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

SAI Global Property provides easy and convenient web-based access to a full range of national online and manual Land Information searches and certificates. As a registered broker, it also provides direct web-based access to ASIC, Insolvency Trustees Service Australia (ITSA), Bankruptcy and National Business Names registry searches and extracts. PPSR searches and registration can also be undertaken through the Search Manager platform.

Strategic alliances have been formed with two complementary companies. Encompass Corporation's visualisation product provides our customers the ability to perform a thorough corporate, property and personal search in order to understand the full corporate structure of an organisation and its related entities, subsidiaries, shareholders, grantors and securities. Users of this product can:

- Quickly assess the risks and opportunities involved and understand any potential conflicts of interest before taking on a new case;
- Increase efficiencies by searching ASIC, ITSA, PPSR and Land Titles all within the one application, minimising the number of steps and resources involved in standard workflows; and
- View the combined search results on a visual chart to easily understand the relationships between people, property and companies.

Experian's credit and value add products will be offered via Search Manager to give clients access to a broader set of information. Experian's products will become available by the middle of FY14. Experian is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE 100 index.

Strategy and associated risks

The first key strategic imperative is to continue to organically grow the Information Broking business through offering new products and services:

- Increase the take up of Encompass analytics and move into new market segments
- Expand Conveyancing Manager and its take up across Australia
- Introduce new product offerings with credit reporting and new alliances

The introduction of electronic conveyancing via National e-Conveyancing Development Limited (NECDL) and their Property Exchange Australia (PEXA) system will change the mortgage processing landscape over the next two to three years, with consequent implications for SAI's business.

SAI Global Property is developing an electronic transaction workspace that is aimed at streamlining the manual property settlement process. The transaction workspace will provide an online forum where the four parties to a property transaction (incoming bank, outgoing bank, vendor's solicitor and purchaser's solicitor) can 'meet' to exchange the salient information for the property settlement. The transaction workspace is intended to compliment the PEXA application and will provide SAI's clients with the ability to align their processes for both their electronic and manual property settlements.

The second strategic imperative is to deliver the electronic workspace to the market and solutions to support banks, lawyers and conveyancers transitioning to electronic conveyancing and working closely with NECDL. The first phase of the transaction workspace will be released in the first half of FY14.

SAI Global Property welcomes electronic conveyancing and is working closely with NECDL and its major clients to transition onto this new platform. Inevitably, the number of manual settlement transactions will decline as the PEXA system is rolled out. We believe, however, that there will remain a niche market for those manual settlements which cannot be automated (circa 25% of total transactions).

In addition, SAI Global Property is exploring complementary services which can be delivered to clients in support of electronic conveyancing. To this end, the business has signed a sponsorship agreement with NECDL that will allow the integration of our Conveyancing Manager system with PEXA.

A key risk faced by the Mortgage Servicing business is the timing of the rollout and industry take-up of NECDL's PEXA system. While we see minimal impact in FY14, we believe the usage of the PEXA system to facilitate electronic conveyancing may accelerate during FY15 and beyond.

Short and medium term prospects

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

The medium term prospects for this business will depend on the impact and timing of PEXA. As noted above, the introduction of PEXA will change the mortgage processing landscape, with consequent implications for SAI's business. In the meantime SAI remains in active discussions regarding potential new opportunities to expand its Mortgage Services business.

Compliance Services

Key products and services

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

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

1. Compliance Learning Solutions

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

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

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

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

SAI's compliance learning solutions are supplemented by advisory services delivered by a team of attorneys, former compliance officers, professional writers and curriculum planners to help ensure that compliance and risk management programs achieve objectives.
The services include:

- Reviewing and re-writing compliance policies and codes of conduct
- Conducting peer-measured program benchmarks, gap analyses and risk assessments
- Providing best practice recommendations for designing and deploying ethics, compliance and risk management programs

2. GRC Software Solutions

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

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

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

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

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

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

Strategy and associated risks

SAI currently estimates the global GRC market at US$1B, growing 5-6% annually. Market expansion is driven by increasing regulatory pressures worldwide, coupled with risk management and brand-protection consistently ranking high on Board and CEO agendas. With Compliance division revenue of $91M, SAI is one of the leading providers of GRC solutions in the industry, with an estimated market share of 8-9%.

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

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

To drive sustainable growth and value creation, SAI has four strategic imperatives:

1. Product integration and innovation

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

2. Technology integration

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

3. Sales and marketing integration

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

4. Align organisation with strategy and performance

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

- Recruitment of new leadership talent, specifically in sales; operations; and leadership of compliance learning solutions (president, product management, product development and services)
- Redundancy of management positions no longer required under the new strategy
- Cost reduction in the EHS product line, to align operating expenses with performance
- Accelerated depreciation of prior investments in compliance learning technology, in light of the decision to develop the next generation solution on the Compliance 360 platform

The key risks associated with this strategy are:

- Delay in the development and launch of the next-generation compliance learning solution (mitigated via careful governance, project management and independent review of SAI's work)
- Execution risk in connection with the sales and marketing integration and organisational alignment (mitigated by actions taken as early as possible in FY14 to accelerate positive impact and alignment of team members)
- Further impairment charges if growth targets are not achieved (mitigated via clear accountability for key success indicators driving organic growth and value creation, and opportunity for cost management to address revenue under-performance)

Short and medium term prospects

SAI is well positioned to gain market share in a healthily growing market. FY14 will be a pivotal year as the business reorganises for success.

SAI foresees compliance revenue continuing to grow, albeit at a reduced rate, as it addresses the operating issues, gradually increasing to organic growth rates averaging 8-10% per annum. EBITDA margins will remain under pressure until the next generation platform becomes operational, and a lower EBITDA contribution is projected in FY14. In the medium term SAI expects the operating margins to trend up towards the mid-thirties in percentage terms.

Assurance Services

Key products and services

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

- Internationally accredited certification services
- Customer specified assessment services
- Learning services
- Improvement solutions

The characteristics of each of these businesses are as follows:

1. Internationally accredited certification services

Recent research by a leading investment bank estimates that the Certification sector is a global market of circa $5Bn and that SAI Global is the 6th largest player in this market.

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

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

2. Customer specified assessment services

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

3. Learning Services

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

DIRECTORS' REPORT

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

4. Improvement solutions

SAI's Assurance value added services cover the following areas:

Supplier Compliance Management Services - SAI acts on behalf of customers to manage supplier compliance activities through our proprietary technology platform, SAIGOL™. This service automates a significant proportion of the activity and provides clients with dynamic information on the status of their supply network in relation to key compliance risks.

Standards Facilitation - Our experts work with industry bodies and individual companies to develop standards that meet the needs of consumers, advocacy groups and governments to generate workable outcomes to address issues such as sustainability and also develop solutions for vertical sectors such as the Seafood industry.

Consulting Services - SAI uses its network of subject matter experts to work with clients on the development of internal systems and processes that enable them to run more efficient businesses that comply with the risk management requirements of their stakeholders.

Strategy and associated risks

The strategy for Assurance is based on three macro-economic mega trends impacting our world.

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

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

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

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

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

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

SAI continues to build its strong presence in the Global Agri-Food sector through expansion of both our client base and the portfolio of services offered, achieving $48M in revenue in FY13.

In addition to providing on farm audits for the cropping and livestock sectors SAI has worked with prominent industry associations to connect producers and packers with global supply chains providing visibility of assurance statuses to buyers in other parts of the globe. This service is valuable as it streamlines critical information from thousands of growers and packers for buyers in international supply chains promoting greater visibility of performance and compliance with requirements.

At the opposite end of the Retail-Agri-Food supply chain the same technology platform is used to underpin services that help major global retailers manage consistent standards across different continents, products and cultures. These services help manage the risks associated with different jurisdictions and maintain uniformity in operating standards regardless of location.

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

SAI has also been effective in building solutions that help regionally based clients manage regulatory risk in areas as diverse as EU beef labelling and local council regulations on fire prevention. For a number of clients we have been able to extend our scope from these initial services focused on regulatory compliance to solutions that contribute substantially to business performance including service standards and merchandising activity.

The depth and breadth of these services demonstrate our ability to provide significant value to our clients and also confirm the presence of substantial future market opportunities globally to expand our customer base and grow in retail-agri-food.

Key risks associated with the strategy are:

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

Short and medium term prospects

Growth in Assurance services is expected to remain in line with our previously communicated medium term trend range of 5% to 7%. This reflects a combination of low single digit growth in our traditional management systems certification business and higher double digit growth rates in areas such as Food, Sustainability and the Environment. New value-add services such as supplier compliance management, business improvement solutions and advisory services are also providing strong growth.

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

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

Dividends

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

	$'000s
Final ordinary dividend for the year ended 30 June 2012 of 8.2 cents per share paid on 21 September 2012	16,791
Interim ordinary dividend for the year ended 30 June 2013 of 6.8 cents per share paid on 27 March 2013	14,074

In addition to the above dividend, since the end of the financial year, the Directors have declared the payment of a final ordinary dividend of 8.2 cents per share to be paid on 20 September 2013.

The total dividends paid and payable in respect of the year ended 30 June 2013 are 15 cents per share, unchanged from the 15 cents paid in respect of the year ended 30 June 2012.

Based on the expected number of shares on issue, total dividends declared in respect of the year ended 30 June 2013 are expected to be $31.2 million, up 2.6% from the $30.4 million declared in respect of the year ended 30 June 2012.

Going forward, the Directors expect dividend growth from current levels, having regard to future business conditions and opportunities, the level of retained earnings and the cash flow requirements of the Company. The Board currently intends to declare dividends at 60% or above of earnings per share over the medium-term so that the Company retains the ability to take advantage of strategic business development opportunities without frequent recourse to the debt and equity markets.

The Directors have decided to remove the 2.5% discount to the VWAP calculation in determining the price at which shares taken in lieu of a cash dividend under the dividend reinvestment plan are issued.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Environmental regulation

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

DIRECTORS’ REPORT

Information on Directors

Robert Wright BCom FCPA. Chairman and Non-Executive Director.

Experience and expertise
Over 30 years of financial management experience. Has held a number of Chief Financial Officer positions including Finance Director of David Jones Limited.

Other current Directorships
Australian Pipeline Limited
Super Retail Group Limited (Non-Executive Chairman)
APA Ethane Limited (Non-Executive Chairman)

Former Directorships in last three years
Dexion Limited
RCL Group

Special responsibilities
Chairman of the Board

Interests in shares (direct and related) as at 30 June 2013
41,737 shares in SAI Global Limited, held by the Director comprising 24,719 held by the Director and 17,018 shares held on the Director’s behalf by the Trustee of the SAI Global Deferred Tax Employee Share Plan.

Tony Scotton BEng., Grad.Dip. Food Technology. Chief Executive Officer.

Experience and expertise
Many years of general management experience across a broad range of manufacturing and distribution businesses, most recently as Managing Director and Chairman of the Construction Products Division of Pacifica Group. Has managed several business disposals, acquisitions and integrations and is experienced in establishing and managing international businesses.

Other current Directorships
A number of SAI Global Limited controlled entities
Telarc SAI Limited (A New Zealand company in which SAI Global Limited has a 25% equity interest)

Former Directorships in last three years
None

Special responsibilities
Chief Executive Officer

Interests in shares (direct and related), performance share rights (PSRs) and Options as at 30 June 2013
767,348 shares in SAI Global Limited, 450,252 PSRs and 230,850 Options

Robert Aitken BE(Chem)(Hons) M.B.A., Non-executive Director.

Experience and expertise
Over 25 years’ experience in senior international management roles with manufacturing, industrial marketing and distribution businesses for Southcorp Limited, BTR Plc and CSR Limited. This included roles as Executive General Manager Southcorp Water Heaters, Southcorp Appliances and President Formica Corporation.

Other current Directorships
Nuplex Industries Limited (Chairman and Non-Executive Director)
Rubicor Group Limited (Non-Executive Director)

Former Directorships in last three years
Alesco Corporation Limited

Special responsibilities
Member, Audit & Risk Committee
Member, Remuneration Committee

Interests in shares (direct and related) as at 30 June 2013
40,000 shares in SAI Global Limited

Anna Buduls BA, MCom Non-executive Director.

Experience and expertise
Experience in journalism, investment banking (particularly mergers and acquisitions), investor relations, travel software development and 20 years as a non-executive director across a range of industries.

Other current Directorships
Foreign Investments Review Board
Tramada Holdings Pty Limited (Chairman)
Australian Social Inclusion Board
APEC Business Advisory Council
Beyond Empathy (Non-Executive Chairman)

Former Directorships in last three years
Centro Properties Group
Centro Retail Trust Limited
Elders Limited

Special responsibilities
Member, Audit & Risk Committee
Member, Remuneration Committee

Interests in shares (direct and related) as at 30 June 2013
40,769 shares in SAI Global Limited, comprising 37,962 shares held by the Director and 2,807 shares held on the Director’s behalf by the Trustee of the SAI Global Deferred Tax Employee Share Plan

W Peter Day LLB, MBA, FCA, FCPA, FTIA, FAICD. Non-Executive Director.

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

Other current Directorships
Ansell Limited
Orbital Corporation Limited
Centro Retail Australia Limited
Accounting Professional & Ethical Standards Board
Central Gippsland Region Water Corporation
Multiple Sclerosis Australia Limited and related entities

Former Directorships in the last 3 years
Nil

Special responsibilities
Chairman of Audit & Risk Committee

Interests in shares (direct and related) as at 30 June 2013
21,389 shares in SAI Global Limited

Andrew Dutton BSC.,MAICD. Non-Executive Director.

Experience and expertise
Has held a number of senior executive roles in general management, finance and marketing in international organisations based throughout the world.

Other current Directorships
A number of VMware controlled entities, including VMware Australia

Former Directorships in the last 3 years
Computer Associates Italy, France and Belgium

Special responsibilities
Member, Remuneration Committee

Interest in shares (direct and indirect) as at 30 June 2013
11,942 shares in SAI Global Limited

Joram ("John") Murray AM LLB, B Ec, FAIB. Non-Executive Director.

Experience and expertise
Has extensive background in the construction, financial investment, superannuation, property development and hotel industries

Other current Directorships
Construction and Building Industry Superannuation ("Cbus")
Cbus Property Pty Ltd

Former Directorships in last three years
Australian Super Developments Pty Ltd
Hotel Leisure and Tourism Trust
Mitchell Centre Nominees Pty Ltd
Building Professionals Board
Parkland Group Pty Ltd
Frances Park (Darwin) Pty Ltd

Special responsibilities
Chairman of Remuneration Committee

Interests in shares (direct and related) as at 30 June 2013
30,972 shares in SAI Global Limited

Company Secretary

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

Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each Board Committees, held during the year ended 30 June 2013, and the numbers of meetings attended by each Director were:

Directors	Full meetings of Directors		Audit & Risk Committee		Remuneration Committee		Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert Wright	12	12	5	5*	3	3*	1	1
Tony Scotton	12	12	5	5*	3	3*	1	0
Robert Aitken**	9	9	3	3	2	2	1	1
Anna Buduls	12	11	5	5	3	2	1	1
Joram Murray AM	12	12	5	4	3	3	1	1
W Peter Day	12	12	5	5	3	3*	1	1
Andrew Dutton	12	12	5	2*	3	3	1	1

* Attended by invitation

** Appointed as a Non-Executive Director on 19 September 2012; Member of Remuneration Committee since 29 October 2012; Member of Audit & Risk Committee since 13 December 2012

REMUNERATION REPORT

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

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

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

1. THE REMUNERATION COMMITTEE

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

The Committee is comprised solely of Non-Executive Directors, being Joram Murray AM (Chairman), Anna Buduls, Andrew Dutton and Robert Aitken (appointed to the Committee 29th October 2012).

The Committee met three times during the year, with Joram Murray AM, and Andrew Dutton attending all three meetings and Anna Buduls and Robert Aitken attending two each. Robert Wright attended all three meetings in his capacity as Chairman of the Board. Other Directors also attended meetings ex-officio or by invitation.

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

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

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

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

Advisor	Services Provided
PricewaterhouseCoopers	• Calculation of the volume weighted average price of shares in SAI Global Limited during the 5 days immediately preceding the offer to executives of equity based long-term incentives. • Calculation of the fair value of options and performance share rights, granted under the Company's Executive Long-Term Incentive Plan, approved by shareholders at the Annual General Meeting held on 20th October 2006 and amended at the Annual General Meeting held on 21st October 2011, for the purpose of calculating the value of share based remuneration.
Ernst & Young	• Comparative remuneration data and taxation advice
Hudson Talent Management	• Cultural vitality survey
Orient Capital	• Calculation of the total shareholder return achieved by SAI Global Limited compared to the S&P/ASX 200 Index, for the purpose of determining whether performance hurdles have been met.

During the year ended 30th June 2013 no remuneration recommendations, as defined by the Corporations Act, were provided by any of the advisors retained by the Committee.

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

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

(i) SAI Global's remuneration principles

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

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

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

In particular, to ensure that:

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

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

(ii) Remuneration structure

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

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

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

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

(iii) Fixed remuneration

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

For the year ended 30 June 2013, the base salary of SAI Global's CEO was close to the median.

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

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

(iv) Variable remuneration

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

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

In general terms, the Committee applied the following broad principles in relation to the year ended 30th June 2013:

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

(v) Short-term incentive plan

Under the short-term incentive (STI) plan, performance is measured across a number of financial and non-financial key performance indicators that are directly linked to the Company's business plan and strategy. The non-financial key performance indicators for the CEO are agreed between the Board and CEO and those for individual members of the senior executive team between the CEO and each individual. The Committee reviews the non-financial performance indicators the CEO agrees with each individual member of the senior executive team. Financial key performance indicators include Group cash earnings per share and return on funds employed. "Cash earnings per share" for the purposes of the short-term incentive plan is calculated by adjusting statutory earnings per share for the after tax impacts of the amortisation of intangible assets, the charge for equity based remuneration and the impact of any separately disclosed significant charges or credits.

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

For the year ended 30 June 2013, the targeted STI opportunity for the CEO was $540,000, representing 60% of his fixed remuneration. The STI opportunity for the other members of the senior executive team ranged from 35% to 50% of fixed remuneration.

Non-financial key performance indicators for the CEO for the year ended 30 June 2013 focussed on:

- Succession planning
- A strategic business review
- Specific strategic objectives that were pertinent to individual business units and corporate functions

Examples of non-financial Objectives for executives other than the CEO, for the year ending 30th June 2013 are:

- The development of a more sophisticated customer segmentation model in the Assurance business
- The effective "on boarding" of key banking clients in the Property business
- The implementation of a new Enterprise Resource Planning system
- Conducting a review and update of the Company's Code of Business Conduct

Members of the Executive Committee are eligible for an uncapped element of variable remuneration. To qualify for this, additional financial targets must be achieved, at which time the eligible executives become entitled to a percentage of the "over target" earnings. For the year ended 30 June 2013, the Executive Committee did not qualify for uncapped STI.

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

(vi) Long-term incentive plan

At the Company's annual general meeting held on the 20th October 2006, the Company's Executive Long-Term Incentive Plan (Plan) and a UK Sub Plan (Sub Plan) were approved by shareholders. At the Company's Annual General Meeting held on 21st October 2011 shareholders approved amendments to the Plan and Sub Plan. All long-term incentives granted in the year ending 30th June 2013 were granted under these plans, as amended. Both plans contain a prohibition on any participant engaging in any hedging arrangements in relation to any unvested incentive granted under the plans, or purporting to do so. If the Company is subject to a change of control, in relation to all incentives granted prior to the amendments, all vesting conditions are waived and all incentives are deemed to have vested unless otherwise determined by the Board. In relation to all incentives granted subsequent to the amendments, if the Company is subject to a change of control all such Incentives are deemed to have vested pro-rata based on the extent to which the Board determines that the relevant Vesting Conditions in respect of those Incentives are satisfied at the time of the change in Control and the proportion of the relevant period over which a Vesting Condition is to be determined which has elapsed up to the time of the change in Control, unless otherwise determined by the Board.

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

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

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

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

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

PSRs and Options carry no voting or dividend rights.

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

Performance hurdles are attached to any PSRs and Options granted. In relation to the grant dated 12th November 2012, for the purpose of applying performance hurdles, each grant of PSRs and each grant of Options is divided into two equal parts. One half is subject to a total shareholder return (TSR) performance hurdle and the other half to an earnings per share (EPS) hurdle

The TSR performance hurdle

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

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

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

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

The EPS performance criteria

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

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

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

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

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

Limitation on usage of shares for employee share schemes

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

CEO long-term incentives

For the year ended 30 June 2013, the long-term component of the CEO's remuneration package, on a face value basis, was set at $585,000. The share price of SAI Global shares used in determining the PSR grant to the CEO was $3.89, resulting in the allocation of 150,386 PSRs. The CEO chose to receive the long-term component of his remuneration package as 100% PSRs. The grant was approved by shareholders at the annual general meeting held in October 2012. These PSRs only vest on the achievement of the performance hurdles noted above.

<u>Changes to long-term incentive performance hurdles to apply to new grants</u>

In relation to grants of PSRs and Options made subsequent to the year ended 30th June 2013 the following changes will be made:

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

(vii) Non-Executive Directors

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

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

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

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $800,000. The current fee pool was last reviewed at the annual general meeting held in October 2011. The Board intends seeking shareholder approval to increase the Non-Executive Director's fee pool to $1,000,000 at the Annual General Meeting to be held in October 2013.

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

Chairman, Non-Executive Director and Committee fees for the year ending 30th June 2013 were:

Chairman	$220,000 per annum
Non-Executive Director	$100,000 per annum
Chairman of Audit and Risk Committee	$20,000 per annum
Chairman of Remuneration Committee	$15,000 per annum
Committee membership	$10,000 per annum per Committee

3. DETAILS OF REMUNERATION

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

Name	Position	Employer
Brett Lenthall	Group Chief Information Officer	SAI Global Limited
Hanna Myllyoja	General Counsel and Company Secretary	SAI Global Limited
Paul Butcher	Global Head of Assurance (Appointed 24th September 2012)	SAI Global Limited
Duncan Lilley	Head of Assurance Europe and Asia Pacific Assurance (Left Company on 14th August 2012)	SAI Global Limited
Geoff Richardson	Chief Financial Officer	SAI Global Limited
Chris Jouppi	Head of Assurance Americas (ceased to be a member of the Senior Executive Team on 30th September 2012)	QMI SAI Canada Limited
Andy Wyszkowski	Global Head of Compliance and Publishing (Retired 28th February 2013)	SAI Global Inc.
Tim Whipple	Global Head of Compliance (Appointed 4th September 2012)	SAI Global Inc.
Andrew Jones	Group Director Human Resources	SAI Global Limited
Peter Mullins	Executive General Manager Property Services	SAI Global Limited

The short-term incentives are dependent on the satisfaction of performance conditions as set out in the section headed "short-term incentive plan" above. Other benefits consist primarily of company vehicles and parking.

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

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

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

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

Key management personnel of SAI Global Limited Group *Table 1 – in accordance with AASB 124 for the year ending 30th June 2013*

2013	Short-term benefits			Post-employment		Share-based in accordance with AASB2	Total
Name	Cash salary and fees $	Short-term incentive $	Non-monetary benefits[2] $	Superannuation $	Termination Benefits $	PSRs/ Options[1] $	$
Non-Executive Directors							
Robert Wright (Chairman)	203,530	-	-	16,470	-	-	220,000
Anna Buduls	109,562	-	-	9,861	-	-	119,423
Andrew Dutton	100,917	-	-	9,083	-	-	110,000
Peter Day	110,092	-	-	9,908	-	-	120,000
Joram Murray AM	110,092	-	-	9,908	-	-	120,000
Robert Aitken	89,481	-	-	-	-	-	89,481
Sub-total	**723,674**	**-**	**-**	**55,230**	**-**	**-**	**778,904**
Executive Director							
Tony Scotton (Chief Executive Officer)	868,505	-	5,358	24,998	-	75,083	973,944
Executives							
Brett Lenthall	329,138	-	5,358	18,220	-	16,970	369,686
Duncan Lilley[6]	98,903	-	-	4,117	288,213	170,853	562,086
Geoff Richardson	423,819	-	5,358	16,470	-	19,927	465,574
Andrew Jones	383,301	-	-	24,998	-	22,203	430,502
Hanna Myllyoja	325,541	-	5,358	16,470	-	16,790	364,159
Andy Wyszkowski[3]	316,056	-	9,785	4,129	-	190,998	520,968
Chris Jouppi[4]	89,476	-	1,883	6,711	-	3,190	101,260
Peter Mullins	376,929	-	-	25,440	-	37,034	439,403
Paul Butcher[5]	356,813	-	-	12,953	-	21,046	390,812
Tim Whipple[3]	401,186	43,797	12,232	12,947	-	122,618	592,780
Total	**4,693,341**	**43,797**	**45,332**	**222,683**	**288,213**	**696,712**	**5,990,078**

1. Non-Executive Directors do not receive PSRs or Options
2. Includes items such as a company vehicle and parking
3. Andy Wyszkowski and Tim Whipple are based in the USA and all remuneration amounts with the exception of their short-term incentive and share based payments have been translated into Australian dollars at the average exchange rate for the year of 1.0298. Mr Whipple's short-term incentive has been translated into Australian dollars at the year end exchange rate 0.9133. Share based payments for Mr Wyszkowski and Mr Whipple are calculated in Australian Dollars. Included in Mr Wyszkowski's share based payments is an amount of $172,935 associated with the accelerated vesting of his unvested Long Term Incentives granted in 2008, 2009 and 2010 in accordance with the Company's Executive Incentive Plan. Incentives issued to Mr Wyszkowski after 2010 are not eligible for accelerated vesting. Included in Mr Whipple's share based payments is a cost to reflect the Restricted Shares he received on appointment to the Company. These shares are held in trust and will be released to Mr Whipple periodically, contingent upon him remaining in the employment of the Company.
4. Chris Jouppi ceased to be KMP, effective 30th September 2012. The remuneration amounts above reflect the period of time during year ending 30th June 2013 that he was KMP. Chris Jouppi is based in Canada and all remuneration amounts with the exception of his short-term incentive and share based payments have been translated into Australian dollars at the average exchange rate for the year of 1.0338. His share based payments are calculated in Australian Dollars.
5. Includes $32,266 in "sign on' bonus offered to Mr. Butcher at the time of his recruitment.
6. Included in Mr Lilley's share based payments is an amount of $167,878 associated with the accelerated vesting of his unvested Long Term Incentives granted in 2008, 2009 and 2010, in accordance with the Company's Executive Incentive Plan. Incentives issued to Mr Lilley after 2010 are not eligible for accelerated vesting.

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

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

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

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

Table 2 below replicates the table 1 save for the data relating to PSRs and Options. In table 2 below the value attributed to PSRs and Options is the potential realisable cash value of the PSRs and Options that were eligible to vest as of 30th June 2013 and did vest (Cash Value). The Cash Value is calculated using a 5 day Volume Weighted Average Price (VWAP) of Ordinary Shares in SAI Global Limited over the 5 days up to and including 30th June 2013. The Cash Value assumes that on 30th June 2013 vested PSRs converted to shares and vested Options were exercised by paying the exercise price, and that the shares acquired were sold at the VWAP. Holders of vested Options may exercise them after 30th June 2013 and the illustration in table 2 is not intended to infer that any of the Options that vested have been exercised, or that shares acquired on conversion of PSRs or exercise of Options have been sold, as of the date of this report. A comparison table (table 4) relating to the year ended 30th June 2012, calculated on the same basis, is also shown below:

Key management personnel of SAI Global Limited Group *Table 2 – with Illustration of cash value of share based payments for the year ending 30th June 2013*

2013	Short-term benefits			Post-employment		Share-based Cash Value	Total
Name	**Cash salary and fees**	**Short-term incentive**	**Non-monetary benefits[2]**	**Superannuation**	**Termination Benefits**	**PSRs/ Options[1]**	
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors							
Robert Wright (Chairman)	203,530	-	-	16,470	-	-	220,000
Anna Buduls	109,562	-	-	9,861	-	-	119,423
Andrew Dutton	100,917	-	-	9,083	-	-	110,000
Peter Day	110,092	-	-	9,908	-	-	120,000
Joram Murray AM	110,092	-	-	9,908	-	-	120,000
Robert Aitken	89,481	-	-	-	-	-	89,481
Sub-total	**723,674**	**-**	**-**	**55,230**	**-**	**-**	**778,904**
Executive Director							
Tony Scotton (Chief Executive Officer)	868,505	-	5,358	24,998	-	147,044	1,045,905
Executives[6]							
Brett Lenthall	329,138	-	5,358	18,220	-	45,698	398,414
Geoff Richardson	423,819	-	5,358	16,470	-	72,607	518,254
Andrew Jones	383,301	-	-	24,998	-	48,469	456,768
Hanna Myllyoja	325,541	-	5,358	16,470	-	40,511	387,880
Chris Jouppi[4]	89,476	-	1,883	6,711	-	2,062	100,132
Peter Mullins	376,929	-	-	25,440	-	14,764	417,133
Paul Butcher[5]	356,813	-	-	12,953	-	-	369,766
Tim Whipple[3]	401,186	43,797	12,232	12,947	-	-	470,162
Total	**4,278,382**	**43,797**	**35,547**	**214,437**	**-**	**371,155**	**4,943,318**

1. Non-Executive Directors do not receive PSRs or Options
2. Includes items such as a company vehicle and parking
3. Tim Whipple is based in the USA and all of his remuneration amounts with the exception of his short-term incentive and share based payments have been translated into Australian dollars at the average exchange rate for the year ending 30th June 2013 of 1.0298. Mr Whipple's short-term incentive has been translated into Australian dollars at the year- end exchange rate of 0.9133. Share based payments for Mr Whipple are calculated in Australian Dollars.
4. Chris Jouppi ceased to be KMP, effective 30th September 2012. The remuneration amounts above reflect the period of time during year ending 30th June 2013 that he was KMP. Chris Jouppi is based in Canada and all remuneration amounts with the exception of his short-term incentive and share based payments have been translated into Australian dollars at the average exchange rate for the year of 1.0338. His share based payments are calculated in Australian Dollars.
5 Includes $32,266 in "sign on' bonus offered to Mr. Butcher at the time of his recruitment.
6 Neither Mr Lilley nor Mr Wyszkowski was in office as of 30th June 2013. Consequently, remuneration amounts relating to these two executives have been omitted from this table.

Key management personnel of SAI Global Limited Group (continued) *Table 3 – in accordance with AASB 124 for the year ending 30th June 2012*

2012	Short-term benefits			Post-employment		Share-based in accordance with AASB2	Total
Name	Cash salary and fees $	Short-term incentive $	Non-monetary benefits[2] $	Superannuation $	Termination Benefits $	PSRs/ Options[1] $	$
Non-Executive Directors							
Robert Wright (Chairman)	165,138	-	-	14,862	-	-	180,000
Anna Buduls	87,156	-	-	7,844	-	-	95,000
Andrew Dutton	82,569	-	-	7,431	-	-	90,000
Peter Day	91,743	-	-	8,257	-	-	100,000
Joram Murray AM	91,743	-	-	8,257	-	-	100,000
Sub-total	**518,349**	**-**	**-**	**46,651**	**-**	**-**	**565,000**
Executive Director							
Tony Scotton (Chief Executive Officer)	788,293	-	5,358	53,930	-	178,557	1,026,138
Executives							
Brett Lenthall	310,377	-	5,358	24,079	-	48,899	388,713
Duncan Lilley	332,038	-	-	15,778	-	60,005	407,821
Geoff Richardson	408,582	-	5,358	15,779	-	77,401	507,120
Andrew Jones	328,457	-	-	40,793	-	50,442	419,692
Hanna Myllyoja	298,557	-	5,358	15,792	-	42,234	361,941
Andy Wyszkowski[3]	450,625	-	12,831	11,266	-	106,878	581,600
Chris Jouppi[4]	340,162	110,306	7,373	25,512	-	32,719	516,072
Peter Mullins	331,273	100,000	-	43,390	-	40,610	515,273
Total	**4,106,713**	**210,306**	**41,636**	**292,970**	**-**	**637,745**	**5,289,370**

1. Non-Executive Directors do not receive PSRs or Options
2. Includes items such as a company vehicle and parking
3. Andy Wyszkowski is based in the USA and all remuneration amounts with the exception of his short-term incentive and share based payments have been translated into Australian dollars at the average exchange rate for the year of 1.0319. His short-term incentive has been translated into Australian dollars at the year- end exchange rate 1.0159. His share based payments are calculated in Australian Dollars
4. Chris Jouppi is based in Canada and all remuneration amounts with the exception of his short-term incentive and share based payments have been translated into Australian dollars at the average exchange rate for the year of 1.0348. His short-term incentive has been translated into Australian dollars at the year- end exchange rate 1.0411. His share based payments are calculated in Australian Dollars.

Table 4 – with illustration of cash value of share based payments for the year ending 30th June 2012

2012	Short-term benefits			Post-employment		Share-based Cash Value	Total
Name	**Cash salary and fees**	**Short-term incentive**	**Non-monetary benefits[2]**	**Superannuation**	**Termination Benefits**	**PSRs/ Options[1]**	
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors							
Robert Wright (Chairman)	165,138	-	-	14,862	-	-	180,000
Anna Buduls	87,156	-	-	7,844	-	-	95,000
Andrew Dutton	82,569	-	-	7,431	-	-	90,000
Peter Day	91,743	-	-	8,257	-	-	100,000
Joram Murray AM	91,743	-	-	8,257	-	-	100,000
Sub-total	**518,349**	**-**	**-**	**46,651**	**-**	**-**	**565,000**
Executive Director							
Tony Scotton (Chief Executive Officer)	788,293	-	5,358	53,930	-	466,188	1,313,769
Executives							
Brett Lenthall	310,377	-	5,358	24,079	-	143,854	483,668
Duncan Lilley	332,038	-	-	15,778	-	171,885	519,701
Geoff Richardson	408,582	-	5,358	15,779	-	229,261	658,980
Andrew Jones	328,457	-	-	40,793	-	152,988	522,238
Hanna Myllyoja	298,557	-	5,358	15,792	-	107,175	426,882
Andy Wyszkowski[3]	450,625	-	12,831	11,266	-	303,206	777,928
Chris Jouppi[4]	340,162	110,306	7,373	25,512	-	29,853	513,206
Peter Mullins	331,273	100,000	-	43,390	-	25,351	500,014
Total	**4,106,713**	**210,306**	**41,636**	**292,970**	**-**	**1,629,761**	**6,281,386**

1. Non-Executive Directors do not receive PSRs or Options
2. Includes items such as a company vehicle and parking
3. Andy Wyszkowski is based in the USA and all remuneration amounts with the exception of his short-term incentive and share based payments have been translated into Australian dollars at the average exchange rate for the year ending 30th June 2012 of 1.0319. His short-term incentive has been translated into Australian dollars at the year- end exchange rate 1.0159. His share based payments are calculated in Australian Dollars.
4. Chris Jouppi is based in Canada and all remuneration amounts with the exception of his short-term incentive and share based payments have been translated into Australian dollars at the average exchange rate for the year of 1.0348. His short-term incentive has been translated into Australian dollars at the year end exchange rate 1.0411. His share based payments are calculated in Australian Dollars.

The relative proportions of remuneration that were linked to performance and those that were fixed, for the year ending 30th June 2013 and the previous year, were as follows:

Name	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2013 %	2012 %	2013 %	2012 %	2013 %	2012 %
Executive director						
Tony Scotton (Chief Executive Officer)	**92**	83	**-**	-	**8**	17
Executives						
Brett Lenthall	**95**	87	**-**	-	**5**	13
Duncan Lilley	Note 1	85	Note 1	-	Note 1	15
Geoff Richardson	**96**	85	**-**	-	**4**	15
Andrew Jones	**95**	88	**-**	-	**5**	12
Andy Wyszkowski	**63**	82	**-**	-	**37**	18
Hanna Myllyoja	**95**	88	**-**	-	**5**	12
Chris Jouppi	**97**	72	**-**	22	**3**	6
Peter Mullins	**92**	74	**-**	20	**8**	6
Paul Butcher	**95**	N/A	**-**	N/A	**5**	N/A
Tim Whipple	**72**	N/A	**7**	N/A	**21**	N/A

1. Mr Lilley's remuneration in the year ending 30th June 2013 comprised 18% fixed, 51% termination benefits and 31% Long Term Incentives

REMUNERATION REPORT

4. SERVICE AGREEMENTS

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

Tony Scotton, Chief Executive Officer

- Contract may be terminated by the Company with six months' notice and by Mr Scotton with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2013 of $900,000 to be reviewed annually by the Remuneration Committee.

Brett Lenthall, Group Chief Information Officer

- Contract may be terminated by the company with six months' notice and by Mr Lenthall with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2013 of $353,000, to be reviewed annually by the CEO.

Geoff Richardson, Chief Financial Officer

- Contract may be terminated by the company with six months' notice and by Mr Richardson with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2013 of $446,000 to be reviewed annually by the CEO.

Paul Butcher, Global Head of Assurance

- Contract may be terminated by the company with six months' notice and by Mr Butcher with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2013 of $450,000 to be reviewed annually by the CEO.

Andrew Jones, Group Director Human Resources

- Contract may be terminated by the company with six months' notice and by Mr Jones with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2013 of $409,200 to be reviewed annually by the CEO.

Tim Whipple, Global Head of Compliance

- Mr Whipple's contract is an "at will" contract which can be terminated by the Company or by Mr Whipple with 10 days' notice. In the event that the contract is terminated without cause by the Company, Mr Whipple is entitled to receive his salary and benefits for a period of six months.
- Base salary of $US500,000 for the year ended 30th June 2013 to be reviewed annually by the CEO.

Hanna Myllyoja, General Counsel and Company Secretary

- Contract may be terminated by the company with six months' notice and by Ms Myllyoja with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2013 of $348,000 to be reviewed annually by the CEO.

Peter Mullins, Executive General Manager, Property Services

- Contract may be terminated by the company with six months' notice and by Mr Mullins with 3 months' notice.
- Base salary, inclusive of superannuation for the year ended 30 June 2013 of $403,000 to be reviewed annually by the CEO.

5. SHARE BASED COMPENSATION

Performance share rights (PSRs)

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

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

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

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

	Number of PSRs granted during the year		Number of PSRs vested during the year	
Name	**FY13**	FY12	**FY13**	FY12
Executive Director				
Tony Scotton	**150,386**	108,280	**61,725**	74,838
Executives				
Geoff Richardson	**18,423**	40,977	**30,172**	34,280
Brett Lenthall	**10,587**	25,256	**18,928**	20,347
Duncan Lilley	**-**	33,248	**91,752**	23,491
Andrew Jones	**12,272**	27,457	**20,134**	23,959
Andy Wyszkowski	**38,218**	16,100	**63,337**	16,654
Chris Jouppi	**15,853**	21,529	**-**	-
Hanna Myllyoja	**10,437**	23,779	**13,935**	11,506
Peter Mullins	**17,266**	35,828	**5,395**	-
Paul Butcher	**19,280**	N/A	**-**	N/A
Tim Whipple	**22,170**	N/A	**-**	N/A

Details of ordinary shares in the Company provided as a result of the exercise of performance share rights by key management personnel are set out below:

	Number of ordinary shares issued on exercise of PSRs during the year	
Name	**FY13**	FY12
Executive Director		
Tony Scotton	**61,725**	74,838
Executives		
Geoff Richardson	**30,172**	34,280
Brett Lenthall	**18,928**	20,347
Duncan Lilley	**91,752**	23,491
Andrew Jones	**20,134**	23,959
Hanna Myllyoja	**13,935**	11,506
Andy Wyszkowski	**63,337**	16,654
Chris Jouppi	**-**	-
Peter Mullins	**5,395**	-
Paul Butcher	**-**	N/A
Tim Whipple	**-**	N/A

Options over ordinary shares (Options)

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

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

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

Name	Number of Options granted during the year FY13	Number of Options granted during the year FY12	Number of Options vested during the year FY13	Number of Options vested during the year FY12
Executive Director				
Tony Scotton	**-**	-	**89,506**	107,705
Executives				
Brett Lenthall	**122,935**	-	**27,629**	42,694
Duncan Lilley	**-**	-	**86,222**	46,349
Geoff Richardson	**213,930**	-	**44,040**	78,946
Andrew Jones	**142,507**	-	**29,386**	34,665
Chris Jouppi	**184,080**	47,385	**-**	-
Andy Wyszkowski	**110,945**	141,743	**414,689**	95,540
Hanna Myllyoja	**121,194**	-	**20,454**	16,494
Peter Mullins	**200,498**	-	**-**	-
Paul Butcher	**223,881**	N/A	**-**	N/A
Tim Whipple	**257,438**	N/A	**-**	N/A

6. ADDITIONAL INFORMATION

Relationship between remuneration and company performance as it relates to the PSRs and Options eligible to vest during the year ending 30th June 2013, the performance period for which ended on 30th June 2012.

Other than the PSRs and Options that vested on the termination or resignation of employees, the following tranches of PSRs were eligible to vest during the year ended 30 June 2013:

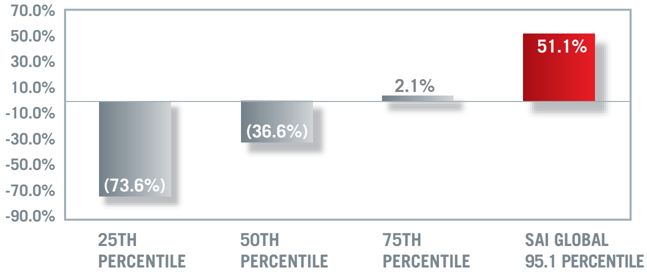
1. The unvested balance of the first and second tranches plus the third tranche of the PSRs and Options granted on 9th November 2007 to members of SAI Global's Executive Management Team and other executives and managers of the Company.
2. The second tranche of the PSRs and Options granted on 18 July 2008 and 7th November 2008 to members of SAI Global's Executive Management Team and other executives and managers of the Company.
3. The first tranche of the PSRs and Options granted on 6th November 2009 to members of SAI Global's Executive Management Team and other executives and managers of the Company

The performance of each tranche eligible to vest during the year ending 30th June 2013 was as follows:

The unvested balance of the first and second tranches plus the third tranche of the PSRs and Options granted on 9th November 2007 to members of SAI Global's Executive Management Team and other executives and managers of the Company

These PSRs and Options were eligible to vest on 1 July 2012 provided the performance hurdles had been satisfied over the vesting period, being the five year period from 1 July 2007 to 30 June 2012.

TOTAL SHAREHOLDER RETURN OVER THE FIVE YEAR PERIOD FROM 1 JULY 2007 TO 30 JUNE 2012 RELATIVE TO S&P/ASX 200 INDEX



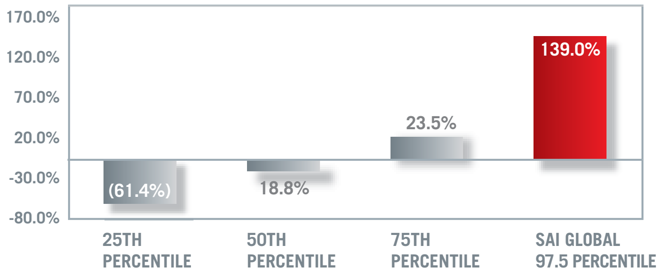
The TSR achieved over the vesting period was 51.1% which placed SAI Global Limited at the 95th percentile of companies in the S&P/ASX200 Index over the vesting period. Consequently all of the PSRs/Options, subject to TSR performance criteria that were eligible to vest, did vest.

The compound EPS growth over the vesting period was 9.79%. Consequently, 47.9% of the PSRs/ Options, subject to EPS performance criteria that were eligible to vest, did vest.

The second tranche of the PSRs and Options granted on 18 July 2008 and 7th November 2008 to members of SAI Global's Executive Management Team and other executives and managers of the Company

These PSRs and Options were eligible to vest on 1 July 2012 provided the performance hurdles had been satisfied over the vesting period, being the four year period from 1 July 2008 to 30 June 2012.

TOTAL SHAREHOLDER RETURN OVER THE FOUR YEAR PERIOD FROM 1 JULY 2008 TO 30 JUNE 2012 RELATIVE TO S&P/ASX 200 INDEX



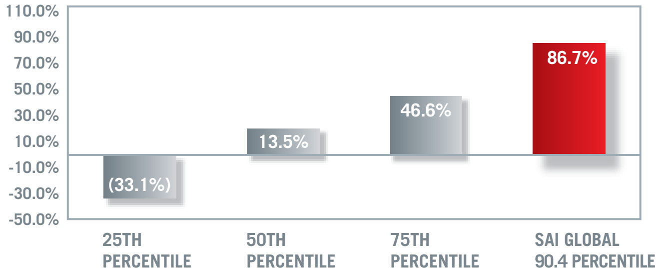
The TSR achieved over the vesting period was 139% which placed SAI Global Limited at the 97th percentile of companies in the S&P/ASX200 Index over the vesting period. Consequently all of the PSRs/Options, subject to TSR performance criteria that were eligible to vest, did vest.

The compound EPS growth over the vesting period was 18.5%. Consequently, all of the PSRs/Options, subject to EPS performance criteria that were eligible to vest, did vest.

The first tranche of the PSRs and Options granted on 6th November 2009 to members of SAI Global's Executive Management Team and other executives and managers of the Company

These PSRs and Options were eligible to vest on 1 July 2012 provided the performance hurdles had been satisfied over the vesting period, being the three year period from 1 July 2009 to 30 June 2012.

TOTAL SHAREHOLDER RETURN OVER THE THREE YEAR PERIOD FROM 1 JULY 2009 TO 30 JUNE 2012 RELATIVE TO S&P/ASX 200 INDEX



The TSR achieved over the vesting period was 86.7% which placed SAI Global Limited at the 90th percentile of companies in the S&P/ASX200 Index over the vesting period. Consequently all of the PSRs/Options, subject to TSR performance criteria that were eligible to vest, did vest.

The compound EPS growth over the vesting period was 5.7%. Consequently, none of the PSRs/Options, subject to EPS performance criteria that were eligible to vest, did vest.

PSRs and Options that became eligible to vest subsequent to the end of the financial year, on 1 July 2013

Subsequent to the end of the financial year, on 1 July 2013 the following tranches of PSRs and Options became eligible to vest:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cash short-term incentives, PSRs and Options

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

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

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

Short Term Incentives paid and forfeited and the expensing of Performance Share Rights as at 30th June 2013

Name	Short-term incentives* *excluding uncapped element in relation to year ending 30th June 2013		Performance share rights (PSRs)					
	Paid %	Forfeited %	Year granted	Vested %	Forfeited %	Financial years in which PSRs may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
Tony Scotton	0	100	2007/08	33.3	-	2010/11	Nil	-
				33.3	-	2011/12	Nil	-
				24.6	8.7	2012/13	Nil	-
			2008/09	33.3	-	2011/12	Nil	-
				33.3	-	2012/13	Nil	-
				16.65	16.65	2013/14	Nil	-
			2009/10	16.7	-	2012/13	Nil	36,758
				12.69	-	2013/14	Nil	41,025
						2014/15	Nil	38,906
			2010/11	-	-	2013/14	Nil	114,188
						2014/15	Nil	66,096
						2015/16	Nil	69,736
			2011/12	-	-	2014/15	Nil	102,593
						2015/16	Nil	104,708
						2016/17	Nil	106,121
			2012/13	-	-	2015/16	Nil	129,460
						2016/17	Nil	130,764
						2017/18	Nil	129,726
Brett Lenthall	0	100	2007/08	33.3	-	2010/11	Nil	-
				33.3	-	2011/12	Nil	-
				24.6	8.7	2012/13	Nil	-
			2008/09	33.3	-	2011/12	Nil	-
				33.3	-	2012/13	Nil	-
				16.65	16.65	2013/14	Nil	-
			2009/10	16.7	-	2012/13	Nil	10,464
				12.69	-	2013/14	Nil	11,678
						2014/15	Nil	9,798
			2010/11	-	-	2013/14	Nil	30,319
						2014/15	Nil	17,549
						2015/16	Nil	18,516
			2011/12	-	-	2014/15	Nil	23,930
						2015/16	Nil	24,423
						2016/17	Nil	24,752
			2012/13	-	-	2015/16	Nil	9,114
						2016/17	Nil	9,206
						2017/18	Nil	9,133

	Short-term incentives* *excluding uncapped element in relation to year ending 30th June 2013		Performance share rights (PSRs)					
Name	**Paid %**	**Forfeited %**	**Year granted**	**Vested %**	**Forfeited %**	**Financial years in which PSRs may vest**	**Minimum total value of grant yet to vest $**	**Maximum total value of grant yet to vest $**
Geoff Richardson	0	100	2007/08	33.3	-	2010/11	Nil	-
				33.3	-	2011/12	Nil	-
				24.6	8.7	2012/13	Nil	-
			2008/09	33.3	-	2011/12	Nil	-
				33.3	-	2012/13	Nil	-
				16.65	16.65	2013/14	Nil	-
			2009/10	16.7	-	2012/13	Nil	16,629
				12.69	-	2013/14	Nil	18,559
						2014/15	Nil	16,624
			2010/11	-	-	2013/14	Nil	49,022
						2014/15	Nil	35,449
						2015/16	Nil	35,206
			2011/12	-	-	2014/15	Nil	38,825
						2015/16	Nil	39,625
						2016/17	Nil	40,160
			2012/13	-	-	2015/16	Nil	15,860
						2016/17	Nil	16,019
						2017/18	Nil	15,892
Duncan Lilley	0	100	2011/12	-	-	2014/15	Nil	14,788
						2015/16	Nil	9,983
						2016/17	Nil	7,338
Andy Wyszkowski	0	100	2011/12	-	-	2014/15	Nil	9,895
						2015/16	Nil	6,616
						2016/17	Nil	4,628
			2012/13	-	-	2015/16	Nil	10,966
						2016/17	Nil	7,976
						2017/18	Nil	5,969
Hanna Myllyoja	0	100	2007/08	33.3	-	2010/11	Nil	-
				33.3	-	2011/12	Nil	-
				24.6	8.7	2012/13	Nil	-
			2008/09	33.3	-	2011/12	Nil	-
				33.3	-	2012/13	Nil	-
				16.65	16.65	2013/14	Nil	-
			2009/10	16.7	-	2012/13	Nil	9,434
				12.69	-	2013/14	Nil	10,529
						2014/15	Nil	8,834
			2010/11	-	-	2013/14	Nil	28,021
						2014/15	Nil	16,220
						2015/16	Nil	17,113
			2011/12	-	-	2014/15	Nil	22,530
						2015/16	Nil	22,995
						2016/17	Nil	23,305
			2012/13	-	-	2015/16	Nil	8,985
						2016/17	Nil	9,075
						2017/18	Nil	9,003

	Short-term incentives* *excluding uncapped element in relation to year ending 30th June 2013		Performance share rights (PSRs)					
Name	**Paid %**	**Forfeited %**	**Year granted**	**Vested %**	**Forfeited %**	**Financial years in which PSRs may vest**	**Minimum total value of grant yet to vest $**	**Maximum total value of grant yet to vest $**
Andrew Jones	0	100	2007/08	33.3	-	2010/11	Nil	-
				33.3	-	2011/12	Nil	-
				24.6	8.7	2012/13	Nil	-
			2008/09	33.3	-	2011/12	Nil	-
				33.3	-	2012/13	Nil	-
				16.65	16.65	2013/14	Nil	-
			2009/10	16.7	-	2012/13	Nil	11,098
				12.69	-	2013/14	Nil	12,387
						2014/15	Nil	11,747
			2010/11	-	-	2013/14	Nil	32,800
						2014/15	Nil	18,986
						2015/16	Nil	20,031
			2011/12	-	-	2014/15	Nil	26,015
						2015/16	Nil	26,551
						2016/17	Nil	26,909
			2012/13	-	-	2015/16	Nil	10,564
						2016/17	Nil	10,671
						2017/18	Nil	10,586
Chris Jouppi	0	100	2009/10	16.7	-	2012/13	Nil	7,133
				12.69	-	2013/14	Nil	7,961
						2014/15	Nil	6,679
			2010/11	-	-	2013/14	Nil	40,461
						2014/15	Nil	23,420
						2015/16	Nil	24,710
			2011/12	-	-	2014/15	Nil	20,398
						2015/16	Nil	20,819
						2016/17	Nil	21,100
Paul Butcher	0	100	2012/13	-	-	2015/16	Nil	16,597
						2016/17	Nil	16,764
						2017/18	Nil	16,631
Tim Whipple	16	84	2012/13	-	-	2015/16	Nil	19,085
						2016/17	Nil	19,277
						2017/18	Nil	19,124
Peter Mullins	0	100	2009/10	16.7	-	2012/13	Nil	18,075
				12.69	-	2013/14	Nil	21,997
						2014/15	Nil	19,267
			2010/11	-	-	2013/14	Nil	37,529
						2014/15	Nil	21,723
						2015/16	Nil	22,920
			2011/12	-	-	2014/15	Nil	42,938
						2015/16	Nil	33,963
						2016/17	Nil	34,706
			2012/13	-	-	2015/16	Nil	14,725
						2016/17	Nil	14,902
						2017/18	Nil	14,823

The Vesting, Forfeiture and expensing of Share Options as at 30th June 2013

Name	Year granted	Vested[1]	Forfeited	Financial years in which Options may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
		%	%		$	$
Tony Scotton	2007/08	33.3	-	2010/11	Nil	-
		33.3	-	2011/12	Nil	-
		24.6	8.7	2012/13	Nil	-
	2008/09	33.3	-	2011/12	Nil	-
		33.3	-	2012/13	Nil	-
		16.65	16.65	2013/14	Nil	-
	2009/10	16.7	-	2012/13	Nil	20,813
		12.69	-	2013/14	Nil	23,295
				2014/15	Nil	22,114
	2010/11			2013/14	Nil	-
				2014/15	Nil	-
				2015/16	Nil	-
	2011/12			2014/15	Nil	-
				2015/16	Nil	-
				2016/17	Nil	-
	2012/13			2015/16	Nil	-
				2016/17	Nil	-
				2017/18	Nil	-
Brett Lenthall	2007/08	33.3	-	2010/11	Nil	-
		33.3	-	2011/12	Nil	-
		24.6	8.7	2012/13	Nil	-
	2008/09	33.3	-	2011/12	Nil	-
		33.3	-	2012/13	Nil	-
		16.65	16.65	2013/14	Nil	-
	2009/10	16.7	-	2012/13	Nil	5,925
		12.69	-	2013/14	Nil	6,626
				2014/15	Nil	5,574
	2010/11			2013/14	Nil	-
				2014/15	Nil	-
				2015/16	Nil	-
	2011/12			2014/15	Nil	-
				2015/16	Nil	-
				2016/17	Nil	-
	2012/13			2015/16	Nil	27,293
				2016/17	Nil	27,725
				2017/18	Nil	27,726
Geoff Richardson	2007/08	33.3	-	2010/11	Nil	-
		33.3	-	2011/12	Nil	-
		24.6	8.7	2012/13	Nil	-
	2008/09	33.3	-	2011/12	Nil	-
		33.3	-	2012/13	Nil	-
		16.65	16.65	2013/14	Nil	-
	2009/10	16.7	-	2012/13	Nil	9,416
		12.69	-	2013/14	Nil	10,538
				2014/15	Nil	9,467
	2010/11			2013/14	Nil	-
				2014/15	Nil	-
				2015/16	Nil	-
	2011/12			2014/15	Nil	-
				2015/16	Nil	-
				2016/17	Nil	-
	2012/13			2015/16	Nil	47,496
				2016/17	Nil	48,246
				2017/18	Nil	48,248

Name	Year granted	Vested[1]	Forfeited	Financial years in which Options may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
		%	%		$	$
Andy Wyszkowski	2011/12			2014/15	Nil	20,397
				2015/16	Nil	13,724
				2016/17	Nil	9,684
	2012/13			2015/16	Nil	8,210
				2016/17	Nil	5,954
				2017/18	Nil	4,474
Hanna Myllyoja	2007/08	33.3	-	2010/11	Nil	-
		33.3	-	2011/12	Nil	-
		24.6	8.7	2012/13	Nil	-
	2008/09	33.3	-	2011/12	Nil	-
		33.3	-	2012/13	Nil	-
		16.65	16.65	2013/14	Nil	-
	2009/10	16.7	-	2012/13	Nil	5,342
		12.69	-	2013/14	Nil	5,979
				2014/15	Nil	5,024
	2010/11			2013/14	Nil	-
				2014/15	Nil	-
				2015/16	Nil	-
	2011/12			2014/15	Nil	-
				2015/16	Nil	-
				2016/17	Nil	-
	2012/13			2015/16	Nil	26,907
				2016/17	Nil	27,322
				2017/18	Nil	27,333
Andrew Jones	2007/08	33.3	-	2010/11	Nil	-
		33.3	-	2011/12	Nil	-
		24.6	8.7	2012/13	Nil	-
	2008/09	33.3	-	2011/12	Nil	-
		33.3	-	2012/13	Nil	-
		16.65	16.65	2013/14	Nil	-
	2009/10	16.7	-	2012/13	Nil	6,284
		12.69	-	2013/14	Nil	7,033
				2014/15	Nil	6,677
	2010/11			2013/14	Nil	-
				2014/15	Nil	-
				2015/16	Nil	-
	2011/12			2014/15	Nil	-
				2015/16	Nil	-
				2016/17	Nil	-
	2012/13			2015/16	Nil	31,639
				2016/17	Nil	32,139
				2017/18	Nil	32,140
Paul Butcher	2012/13			2015/16	Nil	49,705
				2016/17	Nil	50,490
				2017/18	Nil	50,493
Peter Mullins	2012/13			2015/16	Nil	44,514
				2016/17	Nil	45,217
				2017/18	Nil	45,219
Tim Whipple	2012/13			2015/16	Nil	57,155
				2016/17	Nil	58,058
				2017/18	Nil	58,061

Name	Year granted	Vested[1]	Forfeited	Financial years in which Options may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
		%	%		$	$
Chris Jouppi	2009/10	16.7	-	2012/13	Nil	16,204
		12.69	-	2013/14	Nil	18,135
				2014/15	Nil	15,238
	2011/12	-	-	2014/15	Nil	10,590
				2015/16	Nil	10,931
				2016/17	Nil	11,155

Share-based compensation: PSRs and Options

Further details relating to PSRs and Options in relation to the year ending 30th June 2013, as required by the Corporations Act are set out below:

Name	A Remuneration consisting of PSRs/Options	B Value at grant date	C Value at vesting date	D Value at lapse date
	%	$	$	$
Tony Scotton	8	424,840	407,359	38,107
Geoff Richardson	4	211,776	200,394	18,873
Duncan Lilley	31	-	447,003	16,176
Andrew Jones	5	141,071	133,725	12,581
Brett Lenthall	5	121,698	125,743	11,743
Andy Wyszkowski	37	190,803	513,866	20,197
Hanna Myllyoja	5	119,974	93,798	4,193
Chris Jouppi	3	-	23,129	-
Peter Mullins	8	198,478	23,252	-
Paul Butcher	5	221,627	-	-
Tim Whipple	21	254,846	-	-

A = The percentage of the value of remuneration consisting of PSRs/options, based on the value of PSR's/options exercised during the year. The percentage is calculated by reference to the remuneration tables set out on page 50, which assigns a value to PSRs/Options for remuneration purposes based on fair value. PSRs are allocated to executives on the basis of the face value of SAI Global's shares at grant date and not fair value. Options are allocated to executives on the basis of an undiscounted Black Scholes valuation of an Option which ignores the performance criteria.

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

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

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

Shares under PSRs

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

Date PSRs granted	Expiry date	Issue price of shares	Number under PSR
9-Nov-07	1-Jul-12	Nil	-
18-Jul-08	1-Jul-13	Nil	-
7-Nov-08	1-Jul-13	Nil	-
6-Nov-09	1-Jul-14	Nil	263,819
19-Feb-10	1-Jul-14	Nil	22,877
5-Nov-10	1-Jul-15	Nil	474,676
4-Nov-11	1-Jul-16	Nil	562,738
12-Nov-12	1-Jul-17	Nil	635,449
Total shares under performance share rights			1,959,559
Maximum permitted under Executive Incentive Plan			10,473,309

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

Date Options granted	Expiry dates	Exercise Price	Number under Options
3-Nov-06	3-Nov-16	$3.51	-
14-Feb-07	14-Feb-17	$3.91	-
9-Nov-07	9-Nov-17	$2.99	155,302
18-Jul-08	18-Jul-18	$2.29	258,110
7-Nov-08	7-Nov-18	$2.49	68,159
9-Nov-09	9-Nov-16	$3.44	353,798
5-Nov-10	5-Nov-17	$4.40	205,188
4-Nov-11	4-Nov-18	$4.71	121,406
12-Nov-12	12-Nov-19	$3.89	1,495,432
Total shares under options			2,657,395
Maximum permitted under Executive Incentive Plan			9,998,240

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

The following ordinary shares of SAI Global Limited were issued during the year ended 30 June 2013 on the vesting of PSRs and the vesting and exercise of Options in accordance with the terms of the SAI Global Executive Performance Share Rights Plan and the SAI Global Executive Incentive Plan.

Date PSRs granted	Issue price of shares	Number of shares issued
3-Nov-06	Nil	-
14-Feb-07	Nil	-
9-Nov-07	Nil	72,629
18-Jul-08	Nil	143,532
7-Nov-08	Nil	32,128
9-Nov-09	Nil	158,001
19-Feb-10	Nil	5,395
5-Nov-10	Nil	89,385
4-Nov-11	Nil	-
12-Nov-12	Nil	-
Total shares issued		501,070

Date Options Granted	Option Price	Number of shares issued
3-Nov-06	$3.51	105,659
14-Feb-07	$3.91	-
9-Nov-07	$2.99	224,719
18-Jul-08	$2.29	492,890
7-Nov-08	$2.49	-
9-Nov-09	$3.44	181,685
5-Nov-10	$4.40	-
4-Nov-11	$4.71	-
12-Nov-12	$3.89	-
Total shares issued		1,004,953

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

Date PSRs granted	Issue price of shares	Number of shares issued
9-Nov 07	Nil	-
18-Jul 08	Nil	46,919
7-Nov-08	Nil	16,064
9-Nov-09	Nil	56,231
19-Feb-10	Nil	4,101
5-Nov-10	Nil	9,091
4-Nov-11	Nil	-
12-Nov-12	Nil	-
Total shares issued	Nil	132,406

Date Options Granted	Option Price	Number of shares issued
3-Nov-06	$3.51	Nil
14-Feb-07	$3.91	Nil
9-Nov-07	$2.99	Nil
18-Jul-08	$2.29	Nil
7-Nov-08	$2.49	Nil
9-Nov-09	$3.44	Nil
5-Nov-10	$4.40	Nil
4-Nov-11	$4.71	Nil
12-Nov-12	$3.89	Nil

DIRECTORS' REPORT (CONTINUED)

Insurance of officers

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

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

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

Under the deed, the Company has agreed to:

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

No amount has been paid under any of these indemnities during the financial year ended 30 June 2013.

Non-audit services

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

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

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

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

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

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 57.

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

	Consolidated	
	FY13 $	FY12 $
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:		
Assurance Services		
1. Audit services		
Ernst & Young:		
Audit and review of financial statements and other audit work under the Corporations Act 2001	**664,947**	658,015
Review of governance policies	-	31,200
Other assurance services	-	14,876
2. Taxation Services		
Taxation compliance services	**806,643**	804,428
Taxation advice	**150,180**	529,779
3. Other Services		
Provision of comparative remuneration data	**50,000**	59,025
Total remuneration for non-audit services	**1,008,823**	1,439,308

Rounding of amounts to nearest thousand dollars

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

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

Robert Wright
Chairman

Tony Scotton
Chief Executive Officer

Sydney
14 August 2013

Building a better working world

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

In relation to our audit of the financial report of SAI Global Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Christopher George
Partner
14 August 2013

FINANCIAL REPORT – 30 JUNE 2013

Contents	**Page**

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

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

SAI Global Limited
286 Sussex Street
Sydney NSW 2000.

A description of the nature of the consolidated entity's operations and its principal activities and the review of operations is included in the Directors' Report on pages 18 to 56 which are not part of this report.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Revenue	5	**479,268**	452,743
Other income	6	**580**	158
		479,848	452,901
Share of net profits of associates accounted for using the equity method	35	**111**	146
Expenses			
Employee benefits expense		**162,971**	143,933
		71,126	70,090
		82,325	87,569
	7	**32,319**	26,323
Depreciation and amortisation expense	7	**14,307**	14,644
Finance costs	7	**62,098**	54,612
Other expenses	7	**86,000**	-
		511,146	397,171
Profit / (loss) before income tax expense		**(31,187)**	55,876
Income tax expense	8	**11,917**	13,298
Profit / (loss) for the year		**(43,104)**	42,578
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement on cash flow hedges		**1,727**	(2,643)
Income tax effect		**(501)**	926
	25(a)	**1,226**	(1,717)
Exchange differences on translation of foreign operations		**28,359**	6,966
Income tax effect		**-**	-
	25(a)	**28,359**	6,966
Other comprehensive income for the year, net of tax		**29,585**	5,249
Total comprehensive income for the year		**(13,519)**	47,827
Profit / (loss) is attributable to:			
Owners of SAI Global Limited		**(43,242)**	42,384
Non-controlling interests		**138**	194
		(43,104)	42,578
Total comprehensive income for the year is attributable to:			
Owners of SAI Global Limited		**(13,657)**	47,633
Non-controlling interests		**138**	194
		(13,519)	47,827
Earnings per share attributable to the shareholders of SAI Global Limited:			
Basic (cents per share)	27	**(20.9)**	20.9
Diluted (cents per share)	27	**(20.9)**	20.8

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	2013 $'000	2012 $'000
ASSETS			
Current assets			
Cash assets and cash equivalents	9	**64,048**	43,911
Trade and other receivables	10	**118,545**	106,900
Current tax receivable	18	**4,324**	7,735
Inventories	11	**686**	553
Total current assets		**187,603**	159,099
Non-current assets			
Investments accounted for using the equity method	12	**873**	820
Plant and equipment[1]	14	**54,863**	48,220
Deferred tax assets	15	**19,034**	20,198
Intangible assets	16	**515,133**	557,535
Total non-current assets		**589,903**	626,773
Total assets		**777,506**	785,872
LIABILITIES			
Current liabilities			
Trade and other payables	17	**123,465**	120,017
Current tax liabilities	18	**3,008**	1,445
Provisions	19	**6,347**	6,546
Total current liabilities		**132,820**	128,008
Non-current liabilities			
Borrowings	20	**270,552**	251,807
Deferred tax liabilities	21	**28,508**	28,514
Provisions	22	**3,572**	3,253
Derivative financial instruments	13	**3,594**	5,127
Retirement benefit obligations	23	**1,082**	1,916
Total non-current liabilities		**307,308**	290,617
Total liabilities		**440,128**	418,625
Net assets		**337,378**	367,247
EQUITY			
Contributed equity	24	**395,225**	379,199
Reserves	25(a)	**(56,465)**	(84,679)
Retained profits	25(b)	**(2,567)**	71,540
Capital and reserves attributable to the shareholders of SAI Global Limited		**336,193**	366,060
Non-controlling interest	26	**1,185**	1,187
Total equity		**337,378**	367,247

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

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

	Attributable to shareholders of SAI Global Limited				
	Contributed Equity $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total $'000
Balance at 1 July 2012	**379,199**	**(84,679)**	**71,540**	**1,187**	**367,247**
Profit / (loss) for the year	-	-	(43,242)	138	(43,104)
Other comprehensive income	-	29,585	-	-	29,585
Total comprehensive income for the year	**-**	**29,585**	**(43,242)**	**138**	**(13,519)**
Transactions with shareholders in their capacity as shareholders:					
Contributions of equity, net of transaction costs	16,026	-	-	-	16,026
Dividends provided for or paid	-	-	(30,865)	(140)	(31,005)
Movement in share based payments reserve	-	(1,371)	-	-	(1,371)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-
Balance at 30 June 2013	**395,225**	**(56,465)**	**(2,567)**	**1,185**	**337,378**
Balance at 1 July 2011	360,632	(93,707)	58,921	969	326,815
Profit for the year	-	-	42,384	194	42,578
Other comprehensive income	-	5,249	-	-	5,249
Total comprehensive income for the year	**-**	**5,249**	**42,384**	**194**	**47,827**
Transactions with shareholders in their capacity as shareholders:					
Contributions of equity, net of transaction costs	18,567	-	-	-	18,567
Dividends provided for or paid	-	-	(29,765)	-	(29,765)
Movement in share based payments reserve	-	3,779	-	-	3,779
Non-controlling interest on acquisition of subsidiary	-	-	-	24	24
Balance at 30 June 2012	**379,199**	**(84,679)**	**71,540**	**1,187**	**367,247**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers		**485,797**	453,383
Payments to suppliers and employees		**(388,731)**	(361,988)
Interest received	5	**667**	1,066
Interest paid	7	**(14,307)**	(14,644)
Income taxes paid		**(7,963)**	(16,387)
		75,463	61,430
Cash outflow impact of significant charges[1]		**(3,071)**	(3,076)
Net cash inflow from operating activities	29	**72,392**	58,354
Cash flows from investing activities			
Payments for purchase of controlled entities (net of cash acquired)	33	**(9,467)**	(48,015)
Payments for product development	14	**(5,153)**	(3,427)
Payments for plant and equipment[2]	14	**(12,491)**	(12,676)
Payments for capital work in progress	14	**(10,170)**	(15,252)
Earn-out payments for acquisitions		**(1,074)**	(1,026)
Net cash outflow from investing activities		**(38,355)**	(80,396)
Cash flows from financing activities			
Proceeds from borrowings		**-**	27,408
Repayments of borrowings		**-**	(1,245)
Dividends paid	28	**(17,199)**	(12,866)
Net cash outflow from financing activities		**(17,199)**	13,297
Net increase in cash and cash equivalents		**16,838**	(8,745)
Cash and cash equivalents at the beginning of the financial year		**43,911**	52,339
Effects of exchange rate changes on cash and cash equivalents		**3,299**	317
Cash and cash equivalents at the end of the year	9	**64,048**	43,911

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

Acquisition related transaction charges	(567)	(1,571)
Integration and restructuring charges	(2,504)	(1,505)
	(3,071)	(3,076)

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Critical accounting estimates

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

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SAI Global Limited ("company" or "parent entity") as at 30 June 2013 and the results of all subsidiaries for the year then ended. SAI Global Limited and its subsidiaries together are referred to in this financial statement as the Group or the consolidated entity.

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

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

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

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

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

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

(ii) Associates

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

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

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

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

(iii) Changes in ownership interests

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

(c) Segment reporting

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

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

(e) Revenue recognition

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

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

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

Revenue is recognised for the major business activities as follows:

(i) Information Services

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

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

Property Services

The revenue for the rendering of services is recognised when it can be estimated reliably and by reference to the stage of completion of the transaction at the reporting date. All of the following conditions should be satisfied to prove that the transaction can be reliably estimated:

(a) the amount of revenue can be reliably measured;

(b) it is probable that the economic benefits associated with the transaction will flow to the entity;

(c) the stage of completion of the transaction at the reporting date can be measured reliably; and

(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(ii) Compliance Services

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Assurance Services

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

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

(iv) Other income

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

(v) Dividends

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

(f) Income tax

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

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

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

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

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

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

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

Tax consolidation legislation

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

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

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

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

(g) Leases

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Business Combinations

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

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

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

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

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

(i) Impairment of assets

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

(j) Cash and cash equivalents

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

(k) Trade receivables

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

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

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

(l) Inventories

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

(m) Derivatives and hedging activities

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash flow hedge

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

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

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

(n) Plant and equipment

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

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

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

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

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

(o) Intangible assets

(i) Goodwill

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

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

(ii) Trademark

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

(iii) Research and development

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

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

(iv) Publishing license agreements

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

(v) Customer relationships and contracts

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Intangible assets (continued)

Customer relationships are amortised over their assessed useful lives using a sum-of-the-digits methodology derived from decay factors which are determined by a review of customer retention metrics. Customer related contracts are amortised over the period to the end of the current life of the asset on a sum-of-the-digits basis. The remaining average life of customer relationships is 6.7 years (2012: 8.5 years).

(vi) Product delivery platforms

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

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

(vii) Intellectual property

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

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

(viii) IT development and software

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

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

(p) Trade and other payables

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

(q) Borrowings

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

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

(r) Borrowing costs

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

(s) Provisions

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

(t) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

(iii) Retirement benefit obligations

The Group currently has both defined contribution and defined benefit superannuation plans. However, as outlined in note 23 the Group has announced the closure of the defined benefit plan on 28 February 2013.

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

The defined benefit pension plan provides defined lump sum benefits based upon years of service and final average salary. A liability or asset in respect of the defined benefit superannuation plan is recognised in the statement of financial position and is measured at the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation funds assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based upon expected future payments

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

which arise from membership of the fund to the reporting date, calculated annually by independent actuaries. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

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

Actuarial gains and losses from experience adjustments and changes in actuarial assumptions are recognised in the statement of comprehensive income in the period in which they occur.

Past service costs are recognised immediately in income, unless the changes to the superannuation fund are conditional on the employee remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

(iv) Share-based payments

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

Shares/Performance Share Rights

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

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

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

(v) "At risk" incentives

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

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

(u) Contributed equity

Ordinary shares are classified as equity.

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

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

(v) Dividends

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

(w) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(x) Financial guarantee contracts

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

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

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

(y) Investments and other financial assets

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Investments and other financial assets (continued)

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

(z) Goods and Services Tax (GST)

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

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

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

(aa) Rounding of amounts

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

(ab) New accounting standards and AASB Interpretations

The following standards and interpretations have been applied for the first time for the year ended 30 June 2013.

(i) AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012)

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.

The Group has applied this amendment for the year ended 30 June 2013. The Group currently has three items in other comprehensive income, none of which would be expected to be reclassified subsequently to the profit and loss.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below:

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

The main change introduced by this standard is to revise the accounting for 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.

Consequential amendments were also made to other standards via AASB 2011-10.

Not withstanding the fact that the Group closed the defined benefit plan on 28th February 2013, until its final settlement, the Group will recognise actuarial gains and losses in the period in which they occur, in total, in other comprehensive income, which represents a change in current practice. Other changes in AASB 119 are not expected to have a material impact on the Group.

(ii) AASB 9: Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2015)

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.

At present, all of the company's investments are held with controlling interests in excess of 50% of the voting rights, with the exception of the investment in Telarc, which is 25% owned. No control exists over this investment and thus it is equity accounted. As such, this Standard is not expected to impact the Group.

(iii) AASB 10: Consolidated Financial Statements (applicable for annual reporting periods commencing on or after 1 January 2013)

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and Interpretation 112 Consolidation – Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

At present, all of the company's investments are held with controlling interests in excess of 50% of the voting rights, with the exception of the investment in Telarc, which is 25% owned. No control exists over this investment and thus it is equity accounted. As such, this Standard is not expected to impact the Group.

(iv) AASB 12: Disclosure of Interests in Other Entities (applicable for annual reporting periods commencing on or after 1 January 2013)

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

The Company will apply this Standard however it is not expected to materially impact the Group.

(v) AASB 13: Fair Value Measurement (applicable for annual reporting periods commencing on or after 1 January 2013)

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

Consequential amendments were also made to other standards via AASB 2011-8.Consequential amendments were also made to other standards via AASB 2011-8.

This Standard is not expected to impact the Group.

(vi) AASB 2012-2: Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.

This amendment is not expected to impact the Group.

(vii) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 July 2014)

AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This amendment is not expected to impact the Group.

(viii) AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applies to periods beginning on or after 1 July 2013)

AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following:

- Repeat application of AASB 1 is permitted (AASB 1)
- Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).

This amendment is not expected to impact the Group.

(ac) Parent entity financial information

The financial information for the parent entity, SAI Global Limited, disclosed in note 42 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the financial statements of SAI Global Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

SAI Global Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, SAI Global Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, SAI Global Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) Parent entity financial information (continued)

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate SAI Global Limited for any current tax payable assumed and are compensated by SAI Global Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to SAI Global Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

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

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(ad) Comparative Information

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

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. These risks are foreign exchange and translation risk, cash flow interest rate risk, credit risk and liquidity risk.

The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

Risk management is carried out by a central finance department, located in Head Office under the guidance of the Senior Executive Team, and under policies approved by the Board.

(i) Market Risk

(a) Foreign exchange and translation risk

Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to translation risk arising from exposures to overseas jurisdictions predominantly the US dollar, Canadian dollar, British pound and the Euro.

The Group manages the translation risk through the use of natural hedges. This is achieved by funding the debt component of the consideration for foreign acquisitions in the currency that best matches the currency of the underlying net assets acquired.

At 30 June 2013 the Group had not entered into any derivative instruments for the purposes of managing foreign exchange risk. The Group does not currently hedge projected earnings streams in foreign currencies.

The Group's exposure to foreign currency risk at the reporting date, expressed in Australian dollars, was as follows:

	2013					2012				
	USD $'000	**CAD $'000**	**EURO $'000**	**GBP $'000**	**Other $'000**	USD $'000	CAD $'000	EURO $'000	GBP $'000	Other $'000
Cash	**1,451**	**589**	**760**	**9**	**368**	2,083	716	1,745	12	461
Trade receivables	**2,158**	**-**	**2,652**	**17**	**700**	2,361	107	2,864	91	334
Trade payables	**243**	**-**	**2**	**12**	**270**	81	-	59	-	5

The books of account for each of SAI Global's foreign operations are maintained in each jurisdiction's local currency. For the purposes of preparing the Group's consolidated financial information, each foreign operation's financial results and statements of financial position are translated into Australian dollars using the applicable foreign exchange rates, being the average rate for the period for the statement of comprehensive income, and the period end rate for the statement of financial position items. A translation risk therefore exists on translating the financial statements of SAI Global's foreign operations into Australian dollars for the purposes of reporting consolidated Group financial information. As a result, volatility in foreign exchange rates can impact both the Group's net assets through movements in the foreign currency translation reserve, and the reported net profit for the period.

The following sensitivity table is based on the foreign currency risk exposures in existence at the reporting date relative to the reporting date rates of USD 0.91 (2012: 1.02), GBP 0.60 (2012: 0.65), EUR 0.70 (2012: 0.81), and CAD 0.96 (2012: 1.04). For the period ended on, and as at, 30 June 2013, the impact on post tax profit and equity following reasonably possible changes to movements in foreign currencies, with all other variables held constant, are illustrated in the table below:

		Net profit		**Other equity**	
		2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
		Profit/(loss)		(Debit)/credit	
If USD was 10% stronger/ (weaker) relative to all other currencies	+ / –	**337**	436	**-**	-
If GBP was 10% stronger/ (weaker) relative to all other currencies	+ / –	**1**	-	**-**	-
If EURO was 10% stronger/ (weaker) relative to all other currencies	+ / –	**341**	455	**-**	-
If CAD was 10% stronger/ (weaker) relative to all other currencies	+ / –	**59**	82	**-**	-
If other currencies were 10% stronger/ (weaker) relative to all other currencies	+ / –	**80**	79	**-**	-

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Cash flow and fair value interest-rate risk

The Group's interest-rate risk arises from long-term borrowings. Borrowings at variable interest rates expose the Group to cash flow interest-rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group's borrowings are denominated in either Australian dollars, US dollars or British pounds, depending on the assets they are funding.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally the Group raises long-term borrowings at floating rates and swaps them into fixed rates which are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties (the Group's bankers) to exchange, at specified intervals, (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The Board's policy is to hedge at least 50% of loans outstanding at any one time, as well as comply with the lender's requirements. As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

(c) Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

	30 June 2013		30 June 2012	
	Weighted average interest rates	**Balance**	Weighted average interest rates	Balance
	%	**$'000**	%	$'000
Bank Loans	**3.98%**	**272,006**	4.91%	254,036
Interest rates swaps (notional principal amounts)	**4.75%**	**(150,449)**	5.72%	(160,945)
		121,557		93,091

With regards to cash flow interest rate risk, the following table presents the impact on profit and equity after income tax from a reasonably possible adverse/favourable movement in interest rates of +/- 100 basis points from the year end rates with all other variables held constant.

	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
	Net profit Profit/(loss)		**Other equity (Debit)/credit**	
If interest rates were 100 basis points lower with all other variables constant	**1,213**	1,011	**2,528**	1,551
If interest rates were 100 basis points higher with all other variables constant	**(1,213)**	(1,011)	**(2,480)**	(1,600)

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

As of 1 July 2009, SAI Global Limited has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value hierarchy:

(a) quoted prices (unadjusted) in active markets for identical liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the liability that are not based on observable market data (level 3)

The following table present the group's liabilities measured and recognised at fair value at 30 June 2013:

At 30 June 2013	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Net settled (Interest Rate Swap)	**-**	**(3,594)**	**-**	**(3,594)**
At 30 June 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Net settled (Interest Rate Swap)	-	(5,127)	-	(5,127)

(ii) Credit risk

Credit risk arises from cash and cash equivalents on deposit with third parties, derivative financial instruments and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk. In addition, the Group has policies that limit the amount of credit exposure to any one financial institution. Refer to note 10 for further details of receivables: not yet due; past due but not impaired; impaired receivables and maximum exposure to credit risk.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves and the availability of committed credit facilities to meet the Group's liabilities as and when they fall due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. In addition, the Group maintains a gearing policy commensurate with the Group's strong operational net cash inflows.

The Group seeks to stagger the maturity profile of its liabilities, in particular its debt funding, and ensure an appropriate maturity time line is maintained. The Groups seeks to renegotiate the maturity of individual loans ahead of the maturity date falling due.

The Group had access to the following undrawn borrowing facilities at the reporting date:

Financing arrangements

Floating rate	2013	2012
	$'000	$'000
Total Facilities: Bank overdraft and bill facility	**350,000**	358,132
Used at reporting date: Bank overdraft and bill facility	**272,006**	254,036
Unused at reporting date: Bank overdraft and bill facility	**77,994**	104,096

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities and net settled derivative financial instruments into relevant maturity groupings based upon the remaining period to the contractual maturity date at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 June 2013	Less than 1 year	1-5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing (trade and other payables)	123,465	-	-	123,465	123,465
Variable rate	3,899	127,120	-	131,019	121,557
Fixed rate (hedged borrowings)	7,147	163,164	-	170,311	150,449
Total non-derivatives	**134,511**	**290,284**	**-**	**424,795**	**395,471**
Derivatives					
Net settled (interest rate swaps)	1,646	3,589	-	5,235	3,594
Total non-derivatives and derivatives	**136,157**	**293,873**	**-**	**430,030**	**399,065**

At 30 June 2012	Less than 1 year	1-5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing (trade and other payables)	120,017	-	-	120,017	120,017
Variable rate	3,296	99,731	-	103,027	93,091
Fixed rate (hedged borrowings)	9,202	186,913	-	196,115	160,945
Total non-derivatives	**132,515**	**286,644**	**-**	**419,159**	**374,053**
Derivatives					
Net settled (interest rate swaps)	2,432	4,601	-	7,033	5,127
Total non-derivatives and derivatives	**134,947**	**291,245**	**-**	**426,192**	**379,180**

The Group regards its capital resource base as consisting of:
1. Equity capital contributed by shareholders
2. Retained earnings
3. Other capital reserves that may arise from time to time
4. Debt funding

The first three items are collectively shown as "Capital and reserves attributable to the members of SAI Global Limited" in the statement of financial position.

Debt funding is shown as either a current or non-current liability depending upon the maturity date.

The objectives, policies and processes for managing capital are summarised below:

Objectives

The key objective of the Group's capital management strategy over the medium-term is to achieve growth in earnings per share whilst maintaining an appropriate mix of equity and debt.

Other objectives include:

- Ensuring that the Company maintains sufficient liquidity at all times to meet its financial obligations as and when they fall due
- Maintaining a prudent gearing ratio so as not to expose the Group to excessive liquidity or interest rate risk
- Achieving annual growth in dividends
- Growing the Group's return on equity (ROE) and return on capital employed (ROCE) ratios

Policies

The Group uses debt to gear the statement of financial position with a view to increasing the returns to shareholders and lowering the overall cost of capital resources.

The providers of the debt finance impose certain capital related covenants on the Group. The company continues to operate within these covenants.

The Board currently has an internal target gearing ratio of between 40% and 50%, measured as net debt as a proportion of net debt plus equity. The Board may increase or decrease this target from time to time depending on specific circumstances or opportunities.

The Group's dividend policy, which has a direct impact on the level of retained earnings, is to grow dividends from current levels, having regard to future business conditions and opportunities, the level of retained earnings and the cash flow requirements of the Group.

The Group's accounting policies which may result in the creation of certain capital reserves from time to time are set out in note 1, in particular:
- note 1(d) Foreign currency translation
- note 1(t)(iv) Share-based payments
- note 1(m) Derivative and hedging activities

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Processes

All of the Group's capital management polices are reviewed periodically by the Board.

Compliance with the externally imposed capital covenants is confirmed monthly by Management and the calculations are formally reported to the Board on a monthly basis and to the lenders on a quarterly basis.

The capital implications of acquisitions are considered on a case by case basis as part of due diligence reviews.

At 30 June 2013 the gearing ratio was 38.1% (2012: 36.4%) and below the Board's medium-term target gearing ratio of 40-50%.

Calculation of the gearing ratio is summarised below:

	Consolidated	
	2013	2012
	$'000	$'000
Total borrowings	**272,006**	254,036
Less: cash and cash equivalents	**(64,048)**	(43,911)
Net debt (A)	**207,958**	210,125
Total equity (B)	**337,378**	367,247
Total capital (A)+(B)	**545,336**	577,373
Gearing Ratio (A)/(A+B)	**38.1%**	36.4%

During 2013 the Group complied with all of the external capital covenants imposed as a result of its debt funding arrangements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial effect on the Group and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group's operations, and in particular business combinations, necessitate making estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, not equal the related actual outcomes. The estimates and assumptions that could potentially result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill and identifiable intangible assets

The Group tests whether goodwill and indefinite life intangible assets have suffered any impairment on an annual basis, in accordance with the accounting policy stated in note 1(i). The recoverable amounts of cash-generating units have been determined based primarily on value-in-use calculations. These calculations require the use of assumptions which are set out in note 16.

Amortising intangibles

These assets are amortised over their assessed useful lives in accordance with the accounting policy stated in note 1(o). If there is an indication that the value of these assets has become impaired during the reporting period an impairment test is undertaken and any resulting loss taken to the statement of comprehensive income. These calculations require the use of assumptions which are set out in note 16.

(ii) Purchase price allocation exercise on business combinations

The price paid for acquired entities is allocated between the fair values of net assets acquired. Net assets acquired include identifiable intangible assets such as customer relationships and contracts, intellectual property, and product delivery platforms. Unless they are deemed to have an indefinite life, these intangible assets are amortised over their assessed useful lives which results in a charge to the statement of comprehensive income. Both the initial value assigned to intangible assets and the period over which they are amortised have a direct impact on the Group's reported result for the period. Independent valuations are obtained where intangible assets values are likely to be significant. Useful lives are determined on an entity-by-entity and asset-by-asset basis with reference to past experience and future projections.

The purchase price allocation for acquisitions made in 2013 is outlined in note 33.

(iii) Recognition of tax losses

Tax losses are recognised as tax assets where it is deemed probable that they will be recovered in future periods. At 30 June 2013, the Group had recognised assets in respect of tax losses amounting to $3,216,000 (note 15). Should future trading profits not generate sufficient taxable income to utilise the tax losses some or all of these assets may need to be written off in future periods.

(b) Critical judgements in applying the entity's accounting policies

(i) Tax base of indefinite life intangible assets

Management has determined that the intangible assets with indefinite life will be realised through sale rather than use. Consequently no deferred tax liability is recognised in relation to these assets.

4. SEGMENT INFORMATION

Business segments

Management has determined the operating segments based on the reports reviewed by the Board and senior executive team that are used to make strategic decisions.

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

Information Services

- Distributing technical and business information such as Standards, legislation and other technical information
- Providing internally developed intellectual property such as bibliographic databases and property certificates
- Providing conveyancing, lending and other workflow solutions

Compliance Services

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

Assurance Services

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

Corporate Services

Provides company secretarial, legal, financial, information technology, human resource management, investor and public relations and internal audit services to the group, and central management services to the business units.

Management monitors the operating results of its business segements separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before interest, income tax and significant charges.

Inter-segment revenues and costs are eliminated upon consolidation and are reflected in the 'eliminations' column.

4. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board and Executive Committee for the year ended 30 June 2013 is as follows:

Year ended 30 June 2013	Information Services $'000s	Compliance Services $'000s	Assurance Services $'000s	Corporate Services $'000s	Eliminations $'000s	Consolidated $'000s
Sales revenue	214,704	91,434	174,482	-	(2,019)	478,601
Other income	332	(111)	343	16	-	580
Segment revenue	**215,036**	**91,323**	**174,825**	**16**	**(2,019)**	**479,181**
Less: direct costs	(125,817)	(20,643)	(82,734)	(207)	2,019	(227,382)
Gross margin	**89,219**	**70,680**	**92,091**	**(191)**	**-**	**251,799**
Less: overheads	(28,880)	(38,702)	(53,841)	(26,644)	-	(148,067)
Less: corporate allocations	(5,701)	(3,925)	(7,098)	16,724	-	-
Earnings before interest, tax, depreciation and amortisation (EBITDA) before significant charges	**54,638**	**28,053**	**31,152**	**(10,111)**	**-**	**103,732**
Less: depreciation	(5,840)	(7,246)	(3,179)	(3,623)	-	(19,888)
Less: amortisation of intangible assets	(3,319)	(8,269)	(843)	-	-	(12,431)
	45,479	**12,538**	**27,130**	**(13,734)**	**-**	**71,413**
Share of net profits of associates and joint venture partnership accounted for using the equity method	-	-	111	-	-	111
Segment result: (Profit before interest, tax and significant charges)	**45,479**	**12,538**	**27,241**	**(13,734)**	**-**	**71,524**

	Note	
a) Reconciliation of segment revenue		
Segment revenue		479,181
Interest revenue	5	667
Total revenue		**479,848**
b) Reconciliation of segment result		
Segment result		71,524
Significant charges		
Acquisition related transaction charges		(567)
Integration and restructuring charges		(2,504)
Significant charges before impairment		(3,071)
Impairment of goodwill, intangibles and other capitalised costs	7	(86,000)
Total significant charges	7	(89,071)
Segment result after significant charges		**(17,547)**
Interest income	5	667
Interest expense	7	(14,307)
Profit/(loss) for the period before income tax expense		**(31,187)**
c) Segment revenue by geographical location		
Asia Pacific		290,849
North America		116,804
UK, Europe and Africa		58,843
Asia, Middle East, Russia		12,685
Total Segment Revenue		**479,181**

4. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board and Executive Committee for the year ended 30 June 2012 is as follows:

Year ended 30 June 2012	Information Services $'000s	Compliance Services $'000s	Assurance Services $'000s	Corporate Services $'000s	Eliminations $'000s	Consolidated $'000s
Sales revenue	201,299	84,052	168,468	-	(2,142)	451,677
Other income	275	(184)	78	(11)	-	158
Segment revenue	**201,574**	**83,868**	**168,546**	**(11)**	**(2,142)**	**451,835**
Less: direct costs	(120,337)	(18,117)	(78,681)	(189)	2,142	(215,182)
Gross margin	**81,237**	**65,751**	**89,865**	**(200)**	**-**	**236,653**
Less: overheads	(27,210)	(35,040)	(50,937)	(24,478)	-	(137,665)
Less: corporate allocations	(4,359)	(2,866)	(6,781)	14,006	-	-
Earnings before interest, tax, depreciation and amortisation (EBITDA), before significant charges	**49,668**	**27,845**	**32,147**	**(10,672)**	**-**	**98,988**
Less: depreciation	(3,448)	(5,588)	(2,043)	(2,603)	-	(13,682)
Less: amortisation of intangible assets	(3,552)	(8,200)	(889)	-	-	(12,641)
	42,668	**14,057**	**29,215**	**(13,275)**	**-**	**72,665**
Share of net profits of associates and joint venture partnership accounted for using the equity method	-	-	146	-	-	146
Segment result: (Profit before interest, tax and significant charges)	**42,668**	**14,057**	**29,361**	**(13,275)**	**-**	**72,811**

	Note	
a) Reconciliation of segment revenue		
Segment revenue		451,835
Interest revenue		1,066
Total revenue		**452,901**
b) Reconciliation of segment result		
Segment result		72,811
Significant charges:		
Acquisition related transaction charges		(1,571)
Integration and restructuring charges		(1,786)
Total significant charges		(3,357)
Segment result after significant charges		**69,454**
Interest income	5	1,066
Interest expense	7	(14,644)
Profit/(loss) for the period before income tax expense		**55,876**
c) Segment revenue by geographical location		
Asia Pacific		283,027
North America		103,724
UK, Europe and Africa		53,530
Asia, Middle East, Russia		11,554
Total Segment Revenue		**451,835**

5. REVENUE

	2013 $'000	2012 $'000
Sales revenue		
Sale of goods	**19,525**	20,714
Services	**454,232**	426,296
	473,757	447,010
Other revenue		
Royalties received	**4,844**	4,667
Interest income	**667**	1,066
	5,511	5,733
Total revenue	**479,268**	452,743

6. OTHER INCOME

	2013 $'000	2012 $'000
Foreign exchange gain/(losses)	**175**	(660)
Other	**405**	818
Total other income	**580**	158

7. EXPENSES

	2013 $'000	2012 $'000
Profit before income tax includes the following specific net gains and expenses:		
Expenses		
Administration costs	**17,017**	15,710
Promotional costs	**3,875**	4,148
Lease costs - minimum lease payments	**17,553**	15,980
Other expenses from ordinary activities	**20,582**	15,417
Total other expenses before significant charges	**59,027**	51,256
Significant charges excluding impairment[1]	**3,071**	3,357
Total other expense	**62,098**	54,612

Impairment of goodwill, intangibles and other capitalised costs is comprised of:

Impairment of goodwill	16	(A)	**78,608**	-
Impairment of other intangible assets	16	(A)	**4,738**	-
Impairment of capitalised costs	14	(A)	**2,654**	-
Total impairment of goodwill, intangibles and other capitalised costs			**86,000**	-

(A) The value in use calculations performed as part of the annual impairment test has resulted in an impairment charge of $86,000,000 (2012: $Nil) in the Compliance Services Division. This impairment is a consequence of:
- a lower short-term growth outlook as the division develops its next generation learning platform
- the current lower operating margins
- the current lower customer retention rates
- the lower than budgeted year to date results in financial year 2013

Refer to note 16 for the method and assumptions used in the value in use

[1] Significant charges is comprised of:

Acquisition related transaction charges	**567**	1,571
Integration and restructuring charges	**2,504**	1,786
Significant charges before impairment	**3,071**	3,357
Impairment of goodwill, intangibles and other capitalised costs	**86,000**	-
Total significant charges	**89,071**	3,357

	Note	2013 $'000	2012 $'000
Depreciation of plant and equipment	14	**19,888**	13,682
Amortisation:			
Publishing licence agreement	16	**1,591**	1,591
Customer relationships and contracts	16	**6,199**	6,446
Product delivery platforms	16	**1,783**	919
Intellectual property	16	**2,858**	3,685
Total amortisation		**12,431**	12,641
Total depreciation and amortisation		**32,319**	26,323
Other charges against assets:			
Provision for impairment - trade receivables		**1,039**	402
Inventory provision		**(134)**	174
		905	576
Finance costs:			
Interest and finance charges paid/payable		**14,307**	14,644
		14,307	14,644

8. INCOME TAX EXPENSE

	Note	2013 $'000	2012 $'000
(a) Income tax expense			
Current tax		**12,784**	12,793
Deferred tax		**(683)**	1,402
Over provided in prior years		**(184)**	(897)
		11,917	13,298
Deferred income tax expense/(income) included in income tax expense comprises:			
Decrease/(increase) in deferred tax assets	15	**2,105**	3,553
(Decrease)/increase in deferred tax liabilities	21	**(2,788)**	(2,151)
		(683)	1,402

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

	2013 $'000	2012 $'000
Profit/(loss) before income tax expense	**(31,187)**	55,876
Tax at the Australian tax rate of 30% (2012: 30%)	**(9,356)**	16,763
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment	**103**	79
Employee Share Plan costs	**268**	(628)
R&D Additional Claim	**(632)**	(1,067)
Income tax loss not brought to account	**311**	579
Other non taxable items / (deductions)	**(1,273)**	(1,792)
Goodwill impairment	**23,582**	-
	13,003	13,934
Under/(over) provision from prior year	**(184)**	(897)
Tax effect of different foreign tax rates and other adjustments	**(902)**	261
Income tax expense	**11,917**	13,298
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	**(128)**	(3,125)
	(128)	(3,125)

	2013 $'000	2012 $'000
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**1,124**	1,011
Potential benefit @ US tax rate of 39% (2012: 39%)	**438**	394

Unused tax losses relate to controlled entities in the United States.

(d) Tax consolidation legislation

SAI Global Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2005. The entities in the tax consolidated group have entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, SAI Global Limited.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate SAI Global Limited for any current tax payable assumed and are compensated by SAI Global Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to SAI Global Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments. The funding amounts are recognised as current intercompany receivables or payables.

9. CURRENT ASSETS - CASH ASSETS AND CASH EQUIVALENTS

	2013 $'000	2012 $'000
Cash at bank and on hand	**62,323**	42,309
Deposits at call	**1,725**	1,602
	64,048	43,911

As at 30 June 2013 $3.6M (2012: $3.5M) of the cash and cash equivalents balance is held in trust in the SAI Global Limited Employee Share Purchase Plan. There are no restrictions on the availability or use of the remaining cash balances.

(a) Interest rate risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in note 2.

10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2013 $'000	2012 $'000
Trade receivables	**90,143**	81,485
Less: Provision for impairment of receivables	**(2,777)**	(2,064)
	87,366	79,421
Prepayments	**11,727**	9,540
Accrued income	**16,293**	15,656
Advances to employees	**92**	60
Other receivables	**3,067**	2,223
	118,545	106,900

(a) Impaired receivables

As at 30 June 2013 current trade receivables of the Group with a nominal value of $2,777,000 (2012: $2,064,000) were impaired. The amount of the provision was $2,777,000 (2012: $2,064,000).

Movements in the provision for impaired receivables are as follows:

	2013 $'000	2012 $'000
Opening balance	**(2,064)**	(2,333)
Provision for impairment recognised during the year as an expense	**(1,039)**	(402)
Receivables written off during the year as uncollectible	**703**	645
Impact of acquisitions and foreign currency movements	**(377)**	26
Closing balance	**(2,777)**	(2,064)

The creation and release of the provision for impaired receivables has been included in "Other expenses" in the statement of comprehensive income. Amounts charged to the impairment account are generally written off when all avenues for collection have been exhausted and there is no expectation of recovering additional cash.

(b) Not yet due

	2013 $'000	2012 $'000
Due within current trading terms	**61,483**	57,862
	61,483	57,862

(c) Past due but not impaired

At 30 June 2013 a portion of the receivables balance was past due but not considered impaired. No specific collection issues have been identified with these receivables. The ageing of these receivables is as follows:

	2013 $'000	2012 $'000
Less than 3 months (as due date ageing)	**17,403**	15,765
Over 3 months overdue	**8,480**	7,858
	25,883	23,623

(d) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of receivables.

Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

11. CURRENT ASSETS - INVENTORIES

	2013 $'000	2012 $'000
Finished goods at cost	**733**	601
Less: provision for obsolescence	**(47)**	(48)
	686	553

(a) Inventory expense

Inventories recognised as expense through cost of goods sold during the year ended 30 June 2013 amounted to $3,192,354 (2012: $3,997,459). There was no write off of inventories for the year (2012: $nil).

12. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	2013 $'000	2012 $'000
Shares in associates	34	**873**	**820**
		873	**820**

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity (refer to note 42).

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Note	2013 $'000	2012 $'000
Interest rate swap contracts - cash flow hedges	a(i)	**(3,594)**	(5,127)
Total non-current derivative financial instrument (liabilities)/assets		**(3,594)**	(5,127)

The gain or loss from remeasuring the derivative financial instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified into the statement of comprehensive income when the hedged interest expense is recognised. In the year ended 30 June 2013 a loss of $1,622,000 was reclassified into the statement of comprehensive income (2012: costs of $2,470,000) and included in finance costs. When offset against the prevailing variable interest rate an effective hedge is acheived. There was no hedge ineffectiveness in the current or prior year.

The notional amount is $134,643,654 (2012: $158,171,000) denominated in USD, GBP and AUD.

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to note 2).

(i) Interest rate swap contracts - cash flow hedges

Bank loans of the Group currently bear an average variable interest rate of 3.98% (2012: 4.91%). It is policy to protect part of the loans from exposure to fluctuations in interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 55% (2012: 63%) of the variable loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rates range between 2.98% and 7.8% (2012: 2.97% and 7.85%) and the variable rates are between 2.01% and 2.51% (2012: 1.36% and 2.46%) above the LIBOR rate which at reporting date was 0.27% (2012: 0.46%) for USD, 0.51% (2012: 0.90%) for GBP and 2.96% (2012: 4.00%) for AUD.

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into the statement of comprehensive income when the hedged interest expense is recognised. In the current and prior years no amounts were reclassified into the statement of comprehensive income. There was no hedge ineffectiveness in the current or prior year.

(b) Risk exposures

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in note 2.

14. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	2013 $'000	2012 $'000
Plant and equipment - at cost[1]	**129,524**	95,823
Less: Accumulated depreciation	**(79,534)**	(61,074)
	49,990	34,749
Capital work in progress	**4,873**	13,471
Total plant and equipment	**54,863**	48,220

A reconciliation of the carrying amount of plant and equipment at the beginning and end of the current financial year is set out below:

	Note	2013 $'000	2012 $'000
Carrying amount at beginning of period		**34,749**	23,820
Additions		**17,644**	12,676
Transfer from capital work in progress		**18,768**	11,257
Disposals		**(21)**	(7)
Additions through acquisition of entities	33	**55**	348
Depreciation charge	7	**(19,888)**	(13,682)
Impairment of capitalised costs	7	**(2,654)**	-
Foreign currency exchange movements		**1,337**	337
Carrying amount at end of period		**49,990**	34,749
A reconciliation of the carrying amount of capital work-in-progress at the beginning and end of the current financial year is set out below:			
Carrying amount at beginning of period		**13,471**	6,050
Additions		**10,170**	18,678
Transfer to plant and equipment		**(18,768)**	(11,257)
Carrying amount at end of period		**4,873**	13,471

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

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

15. NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	Note	2013 $'000	2012 $'000
The balance comprises temporary differences attributable to:			
Amounts recognised in profit or loss			
Accruals		**2,195**	1,190
Employee benefits		**2,593**	2,583
Provision for doubtful debts		**845**	302
Provision for stock obsolescence		**14**	14
Fixed assets		**1,654**	1,524
Tax losses		**3,216**	6,215
Share issue expenses		**8**	273
Retirement benefit obligations		**352**	575
Cost of takeover offers		**124**	-
Interest expense limitation		**2,745**	2,553
Foreign exchange		**208**	(899)
Employee share plan costs		**3,358**	2,768
Other timing differences		**594**	1,282
Net deferred tax assets		**17,906**	18,380
Amounts recognised directly in equity			
Cash flow hedges		**1,128**	1,818
		1,128	1,818
Total deferred tax assets		**19,034**	20,198
Set-off of deferred tax liabilities pursuant to set-off provisions:	21	**-**	-
Net deferred tax assets		**19,034**	20,198
Deferred tax assets to be recovered within 12 months		**13,037**	10,640
Deferred tax assets to be recovered after more than 12 months		**5,997**	9,558
		19,034	20,198

15. NON-CURRENT ASSETS - DEFERRED TAX ASSETS (CONTINUED)

Movements	Tax Losses	Interest expense limitation	Employee benefits	Other	Total
	$'000	$'000	$'000	$'000	$'000
At 30 June 2012	6,215	2,553	2,583	8,847	20,198
(Charged)/Credited to the statement of comprehensive income	74	-	10	(2,189)	(2,105)
(Charged)/Credited to equity	-	-	-	(128)	(128)
Acquisition of subsidary	-	-	-	-	-
Foreign exchange	118	773	-	192	1,083
Adjustments in respect of deferred income tax in previous years	(3,191)	(581)	-	3,758	(14)
Utilisation of losses	-	-	-	-	-
At 30 June 2013	**3,216**	**2,745**	**2,593**	**10,480**	**19,034**

16. NON-CURRENT ASSETS - INTANGIBLE ASSETS

	2013 $'000	2012 $'000
Goodwill		
At cost	**438,232**	467,977
Identifiable intangible assets		
Trademark (5 Tick Standards Mark)	**16,100**	16,100
Publishing Licence Agreement	**31,955**	31,955
Less: accumulated amortisation	**(15,162)**	(13,571)
	16,793	18,384
Customer relationships and contracts	**63,531**	58,052
Less: accumulated amortisation and impairment	**(42,226)**	(28,709)
	21,305	29,343
Product delivery platforms	**17,989**	16,720
Less: accumulated amortisation	**(10,976)**	(8,614)
	7,013	8,106
Intellectual property (courseware, databases)	**29,100**	26,533
Less: accumulated amortisation	**(13,410)**	(8,908)
	15,690	17,625
Total identifiable intangible assets	**76,901**	89,558
Total Intangible assets	**515,133**	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.

	Note	2013 $'000	2012 $'000
Goodwill			
Opening net book amount		**467,977**	415,953
Additions			
- Acquisition of QPRO	33	**5,525**	-
- Acquisition of Steritech	33	**2,687**	-
- Acquisition of Compliance 360 Inc		**-**	36,132
- Acquisition of Integrity Interactive Corporation		**-**	(5,306)
- Other business combinations		**48**	7,440
- Impairment of goodwill	7	**(78,608)**	-
Adjustments to goodwill arising on prior year acquisitions		**78**	158
Re-translation of goodwill denominated in foreign currencies		**40,525**	13,600
Closing net book amount		**438,232**	467,977

16. NON-CURRENT ASSETS - INTANGIBLE ASSETS (CONTINUED)

	2013 $'000	2012 $'000
Trademark - Assurance Services Division		
Opening net book amount at 1 July 20121 and closing net book value at 30 June 2013	**16,100**	16,100

The Directors have determined that the trademark (5 Tick Standards Mark) has an indefinite life as there is no finite or contractual term and is therefore not amortised. The trademark is subjected to a annual impairment test. Refer note 16(a) for impairment test.

	2013 $'000	2012 $'000
Publishing licence agreement		
Opening net book amount at 1 July	**18,384**	19,975
Additions	**-**	-
Amortisation charge	**(1,591)**	(1,591)
Closing net book amount at 30 June	**16,793**	18,384

	Note	2012 $'000	2011 $'000
Customer relationships and contracts			
Opening net book amount at 1 July		**29,343**	29,751
- Acquisition of Steritech		**685**	-
- Acquisition of Compliance 360 Inc		**-**	5,264
Revaluation of assets denominated in foreign currency		**2,214**	774
Impairment of customer relationships		**(6,199)**	(6,446)
Amortisation charge		**(4,738)**	-
Closing net book amount at 30 June		**21,305**	29,343
Product delivery platforms			
Opening net book amount at 1 July		**8,106**	363
- Acquisition of Compliance 360 Inc		**-**	8,883
- Transfer to Intellectual Property		**-**	(363)
Revaluation of assets denominated in foreign currency		**690**	142
Amortisation charge		**(1,783)**	(919)
Closing net book amount at 30 June		**7,013**	8,106
Intellectual property			
Opening net book amount at 1 July		**17,625**	20,164
- Acquisition of Integrity Interactive Corporation		**-**	-
- Capitalisation to existing products		**87**	-
- Transfer from Plant & Equipment		**(565)**	-
- Transfer from Product Delivery Platforms		**-**	363
Revaluation of assets denominated in foreign currency		**1,401**	785
Amortisation charge		**(2,858)**	(3,687)
Closing net book amount at 30 June		**15,690**	17,625
Total identifiable intangible assets		**76,901**	89,558
Total intangible assets		**515,133**	557,535

Amortisation of $12,431,000 (2012: $12,641,000) is included in depreciation and amortisation expense in the statement of comprehensive income.

16. NON-CURRENT ASSETS - INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill

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

Integration activities undertaken post acquisition will generally result in the nexus between individual legal entities and the business being broken. This is increasingly the case where global management structures are introduced and businesses are operated on a global basis rather than legal entity basis.

A summary of the goodwill and indefinite life intangible assets by cash generating unit is set out below:

	2013 $'000	2012 $'000
Cash generating unit (CGU) or groups of CGUs		
Information Services - Standards	**87,955**	80,006
Information Services - Property	**26,996**	26,996
Compliance Services Division	**229,818**	285,309
Assurance Services Division	**98,000**	81,274
Total	**442,769**	473,585
Trademark - SAI Global Limited (Assurance Services)	**16,100**	16,100

The recoverable amount of a CGU is determined primarily on a value-in-use calculation and secondly based on estimated net selling prices. Value-in-use calculations use cash flow projections based on financial budgets prepared by management and approved by the Board for the next three years. Cash flows for years four and five are extrapolated using the estimated growth rates stated below. After five years a terminal growth rate is assumed and a terminal value-in-use value calculated. The terminal growth rates used do not exceed the average growth rates that the business has experienced and are generally lower than the short-term growth rates assumed.

(b) Key assumptions used for value-in-use calculations

Material CGU's	5 yr EBITDA CAGR[1]		Terminal Growth rates		Pre-tax (Post-tax) Discount rates	
	2013 %	2012 %	2013 %	2012 %	2013 %	2012 %
Information Services - Standards	**8.40**	6.90	**3.00**	3.00	**13.80 (10.50)**	13.60 (10.50)
Information Services - Property	**8.50**	7.50	**3.00**	3.00	**13.60 (10.50)**	13.60 (10.50)
Compliance Services Division	**6.40**	13.20	**3.00**	3.50	**13.90-14.90 (10.40-13.00)**	13.60 (10.60)
Assurance Services Division	**8.10**	8.20	**3.00**	3.00	**13.70 (10.50)**	13.70 (10.50)

In performing the value-in-use calculations for each CGU, the company has applied post-tax discount rates to discount the forecast future attributable post tax cash flows. The equivalent pre-tax discount rates are disclosed above. Within the Compliance Services division the range listed reflects the risk profile of the cash flows of individual CGU's.

For the remaining divisions the pre-tax discount rate has remained fairly consistent because there was minimal change in mix of capital resources employed as compared to the prior year.

At 30 June 2013, the assessed value-in-use for each CGU (excluding the Compliance Services division) exceeded the carrying amounts of the goodwill and no impairment loss has been recognised. For the Compliance Services division refer note 7 for details of the amount of goodwill impaired of $78.6M recognised in the financial year.

The changes in assumptions are based upon differing business risk profiles and revisions to actual and forecast business performance.

With regard to the assessment of the value in use of the CGUs (excluding the Compliance Services division), management believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount. The impact of changes in key assumptions for the Compliance Services division are listed below.

16. NON-CURRENT ASSETS - INTANGIBLE ASSETS (CONTINUED)

(c) Impact of possible change in key assumptions

Holding all assumptions constant, if the forecast cash flows in years 1 through 5 declined by 5% an additional impairment charge of a $14M would arise. Holding all assumptions constant, if the forecast cash flows in years 1 through 5 increased by 5% the value in use would increase by $14M.

Holding all assumptions constant, if the after tax discount rate increased by 0.5% to 10.9% an additional impairment charge of a $20M would arise. Holding all assumptions constant, if the after tax discount rate reduced by 0.5% to 9.9% the value in use would increase by $22M.

Holding all assumptions constant, if the terminal growth rate declined by 0.5% to 2.5% an additional impairment charge of a $16M would arise. Holding all assumptions constant, if the terminal growth rate increased by 0.5% to 3.5% the value in use would increase by $16M.

[1] CAGR stands for Compound Annual Growth Rate

17. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2013 $'000	2012 $'000
Trade payables	**15,551**	17,909
Accrued expenses	**32,757**	31,447
Deferred revenue	**75,157**	70,661
	123,465	120,017

Revenue is deferred in accordance with the policy set out in note 1(e).

(a) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other payables is provided in note 2.

(b) Fair value and credit risk

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of payables.

Refer to note 2 for more information on the risk management policy of the Group.

18. CURRENT TAX LIABILITIES/(RECEIVABLES)

	2013 $'000	2012 $'000
Income tax receivable	**(4,324)**	(7,735)
Balance relates to refundable tax instalments		
Income tax liability	**3,008**	1,445

19. CURRENT LIABILITIES - PROVISIONS

		2013 $'000	2012 $'000
Lease provision	(a)	**51**	57
Employee benefits	(b)	**6,296**	6,489
		6,347	6,546

(a) Lease provision

Provision was made on acquisition for the unavoidable lease payments relating to properties (or parts thereof) currently leased but not occupied.

(b) Movements in provision

Movements in each class of provision during the financial year, other than employee benefits see note 22.

20. NON-CURRENT LIABILITIES - BORROWINGS

	2013 $'000	2012 $'000
Bank loans (unsecured)	**272,006**	254,036
Facility establishment costs	**(1,454)**	(2,229)
	270,552	251,807

(a) Risk exposure

Information about the Group's and parent entity's exposure to interest rate and foreign currency changes is provided in note 2.

(b) Fair value

The carrying amounts approximates the fair values of the borrowings at reporting date.

21. NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

	Note	2013 $'000	2012 $'000
The balance comprises temporary differences relating to:			
Work in progress not invoiced		**488**	358
Plant and equipment		**4,139**	4,051
Intangible assets		**22,036**	23,801
Other timing differences		**1,845**	304
		28,508	28,514
Set-off of deferred tax liabilities pursuant to set-off provisions	15	**-**	-
Net deferred tax liabilities		**28,508**	28,514
Deferred tax liabilities to be settled within 12 months		**2,333**	660
Deferred tax liabilities to be settled after 12 months		**26,175**	27,854
		28,508	28,514

21. NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES (CONTINUED)

Movements	Plant and equipment	Intangible assets	Other	Total
	$'000	$'000	$'000	$'000
At 30 June 2012	4,051	23,801	662	28,514
Charged/(Credited) to the statement of comprehensive income	**88**	**(3,766)**	**890**	**(2,788)**
Acquisition of subsidiary	-	-	-	-
Adjustments in respect of deferred income tax in previous years	-	-	**1,648**	**1,648**
Foreign exchange movement	-	**2,001**	**(867)**	**1,134**
At 30 June 2013	**4,139**	**22,036**	**2,333**	**28,508**

22. NON-CURRENT LIABILITIES - PROVISIONS

	2013	2012
	$'000	$'000
Lease provision	**255**	305
Employee benefits	**3,317**	2,948
	3,572	3,253

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

Opening balance	**362**	589
(Credited)/charged to the statement of comprehensive income	**(57)**	(227)
Foreign currency exchange movements	**1**	-
Closing balance	**306**	362
Current	**51**	57
Non-current	**255**	305
	306	362

23. NON-CURRENT LIABILITIES - RETIREMENT BENEFIT OBLIGATIONS

Statement of financial position amounts - Superannuation Plans

Superannuation Plans

All employees of the Group are entitled to benefits from a Group superannuation plan on retirement, disability or death. The Group operates both defined contribution and defined benefit pension plans.

The defined contribution plans receive fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions.

	2013	2012
	$'000	$'000
Employer contributions	**9,364**	7,985

In addition to these Superannuation Plans, QMI-SAI Canada Limited also has a post retirement medical and life plan outlined in paragraph (b).

		2013	2012
		$'000	$'000
Net statement of financial position asset - Pension Plan	(a)	**(353)**	(372)
Net statement of financial position liability - Medical Plan	(b)	**1,435**	2,288
		1,082	1,916

(a) Defined Benefit Pension Plan

(i) The amounts recognised in the statement of financial position are determined as follows:

	2013	2012
	$'000	$'000
Present value of the defined benefit obligation	**(8,042)**	(7,783)
Fair value of defined benefit plan assets	**8,395**	8,155
Unrecognised past service costs	**-**	-
Net asset in the statement of financial position	**353**	372

(ii) Categories of plan assets

	2013	2012
	$'000	$'000
Equity	**3,358**	3,262
Fixed income	**5,037**	4,893
Cash & Short Term Deposits	**-**	-
Total	**8,395**	8,155

(iii) Reconciliations - Defined benefit pension plan

Reconciliation of the present value of the defined benefit obligation:

Balance at the beginning of the year	**7,783**	7,021
Current service cost	**177**	249
Interest cost	**385**	385
Actuarial (gains) and losses in statement of comprehensive income	**(565)**	1,385
Employee contributions	**61**	99
Benefits paid	**(389)**	(85)
Curtailment gain	**-**	(1,221)
Foreign exchange movements	**589**	(50)
Balance at the end of the year	**8,041**	7,783

23. NON-CURRENT LIABILITIES - RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Reconciliation of the fair value of the defined benefit assets:

Balance at the beginning of the year	**8,155**	7,324
Expected return on plan assets	**499**	447
Actuarial gains in statement of comprehensive income	**(747)**	218
Employee contributions	**61**	99
Contributions by Group companies	**161**	206
Benefits paid	**(389)**	(85)
Foreign exchange movements	**655**	(54)
Balance at the end of the year	**8,395**	8,155

(iv) Amounts recognised in statement of comprehensive income - Defined benefit pension plan

The amounts recognised in the statement of comprehensive income are as follows:

	2013	2012
	%	%
Current service cost	**177**	249
Interest cost	**385**	385
Expected return on plan assets	**(499)**	(447)
Actuarial losses in statement of comprehensive income	**182**	1,168
Curtailment gain	**-**	(1,221)
Total included in employee benefits expense	**245**	134
Actual return on plan assets	**(248)**	665

On 6 June 2012 the Company announced the closure of this Plan as of 28 February 2013. The announced closure of the scheme resulted in a curtailment of the liability in the year ended 30 June 2012 which has been recorded in the statement of comprehensive income. The plan was already closed to new employees.

(v) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

Superannuation Plans

	2013	2012
	%	%
Expected long-term rate of return on plan assets	**6.00%**	6.00%
Discount rate	**4.50%**	4.25%
Future salary increases	**2.75%**	2.75%

The expected rate of return on assets has been based on historical and future expectations of returns for each of the major categories of asset classes as well as the expected and actual allocation of plan assets to these major categories. This resulted in the selection of a 6.0% rate of return gross of tax.

(b) Statement of financial position amounts - Post Retirement Medical and Life Plan

(i) The amounts recognised in the statement of financial position are determined as follows:

	2013	2012
	$'000	$'000
Present value of the defined benefit obligation	**1,435**	2,288
Fair value of defined benefit plan assets	**-**	-
Net liability in the statement of financial position	**1,435**	2,288

The Group has no legal obligation to settle this liability with an immediate contribution or additional one off contributions. The Group intends to continue to contribute to the post retirement medical and life plan in line with the actuary's latest recommendations.

(ii) Reconciliations - Post Retirement Medical and Life Plan

Reconciliation of the present value of the Post Retirement Medical and Life Plan

Balance at the beginning of the year	**2,288**	2,460
Current service cost	**74**	139
Interest cost	**94**	117
Actuarial (gains) and losses in other comprehensive income	**(157)**	(12)
Benefits paid	**(467)**	(22)
Foreign exchange movements	**122**	(14)
Settlements	**(519)**	-
Curtailment	**-**	(380)
Balance at the end of the year	**1,435**	2,288

During the financial year all Plan participants were offered a cash payment in settlement of the company's obligation to provide post-retirement medical benefits. A number of particpants accepted the offer resulting in a settlement of the liability which has been recorded in the statement of comprehensive income.

On 6 June 2012 the Company announced changes to the eligibility criteria of this plan, the outcome of which was a decrease in the number of employees eligible to participate in the plan and the extent of the benefits. These changes resulted in a curtailment of the liability which was recorded in the statement of comprehensive income in the year ended 30 June 2012. The plan was already closed to new employees.

23. NON-CURRENT LIABILITIES - RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(iii) Amounts recognised in statement of comprehensive income - Post Retirement Medical and Life Plan

The amounts recognised in the statement of comprehensive income are as follows:

	2013 $'000	2012 $'000
Current service cost	**74**	139
Interest cost	**94**	117
Actuarial gains in other comprehensive income	**(157)**	(12)
Curtailment	**(519)**	(380)
Total included in employee benefits expense	**(508)**	(136)

(iv) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	2013 %	2012 %
Discount rate	**4.50%**	4.25%
Health care trend rate - other medical and dental	**4.00%**	4.00%
Health care trend rate - drug rate	**8.50%**	8.50%
Future salary increases	**2.75%**	2.75%

(v) Sensitivity analysis - Medical cost trend rates

	2013 $'000	2012 $'000
Sensitivity of Amounts Reported for Health Care Plans		
- Effect on total service cost and interest costs - 1% increase (annual)	**20**	37
- Effect on total service cost and interest costs - 1% decrease (annual)	**(16)**	(29)
- Effect on Postretirement Benefit Obligation - 1% increase (annual)	**237**	421
- Effect on Postretirement Benefit Obligation - 1% decrease (annual)	**(192)**	(337)

(vi) Employer contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. In light of the Plan's closure, contributions will be made to the Plan over the next four years to fund the settlement deficit. The first of these contributions expected to be paid by the Group in the year ended 30 June 2014 is $593,502 (2013: $161,000).

Actuarial assessments are made every 3 years and the last assessment was made as at 1 January 2011.

24. CONTRIBUTED EQUITY

	Note	2013 $'000	2012 $'000
Share capital			
Ordinary shares	(i)	**395,529**	379,361
Less reserved shares		**(304)**	(162)
Net ordinary shares		**395,225**	379,199

24. CONTRIBUTED EQUITY (CONTINUED)

(a) 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		615,417	Nil	-
Shares issued under the Employee share Plan and UK Share Incentive Plan		102,467	Nil	-
Exercise of options over shares		214,156	$2.99	**640**
Exercise of options over shares		446,757	$2.29	**1,023**
Exercise of options over shares		105,659	$3.51	**371**
Exercise of options over shares		136,801	$3.44	**471**
Shares issued under dividend reinvestment plan		1,594,060	$4.22	**6,727**
Shares issued under dividend reinvestment plan		1,987,328	$3.49	**6,936**
Exercise of Performance Share Rights and options over shares	24 (b)	1,024,200		**4,394**
Transfer to reserved shares	24 (b)	(1,074,080)		**(4,536)**
Closing balance at 30 June 2013		209,356,317		**395,225**
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	24 (b)	(33,923)	$4.78	**(162)**
Closing balance at 30 June 2012		204,203,552		**379,199**

(i) Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of SAI Global Limited in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. At 30 June 2013 all shares were fully paid.

(ii) Information relating to long-term incentive plans, including details of rights issued under the plans, are set out in the remuneration report section of the Directors' Report.

(b) Reserved Shares

Details		Number of shares	Issue price[1]	$'000
Opening balance at 1 July 2012		33,923	-	**162**
Purchase of reserved shares	24 (a)	1,074,080		**4,536**
Distribution of shares under exercise of Performance Share Rights and options over shares	24 (a)	(1,024,200)		**(4,394)**
Closing balance at 30 June 2013		83,803	$3.63	**304**
Opening balance at 1 July 2011		-	-	**-**
Shares held in employee share plan trust	24 (a)	33,923	$4.78	**162**
Closing balance at 30 June 2012		33,923		**162**

Represents shares held by the trustee of the SAI Global Limited Deferred Tax Plan, SAI Global Limited Executive Performance Share Rights Plan and SAI Global Limited Executive Incentive Plan.

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

25. RESERVES AND RETAINED PROFITS

	2013 $'000	2012 $'000
(a) Reserves		
Share-based payments reserve	**7,398**	8,769
Foreign currency translation reserve	**(40,425)**	(68,784)
Hedging reserve - cash flow hedges	**(4,222)**	(5,448)
Transactions with non-controlling interests	**(19,216)**	(19,216)
	(56,465)	(84,679)
Movements:		
Share-based payments reserve:		
Opening balance	**8,769**	4,990
Performance share rights and options expense	**(1,371)**	3,779
Closing balance	**7,398**	8,769
Foreign currency translation reserve:		
Opening balance	**(68,784)**	(75,750)
Currency translation differences arising during the year	**28,359**	6,966
Closing balance	**(40,425)**	(68,784)
Hedging reserve - Cash flow hedge:		
Opening balance	**(5,448)**	(3,731)
Revaluation (decrease)/increase arising during the year on interest rate swaps (net of tax)	**1,226**	(1,717)
Closing balance	**(4,222)**	(5,448)
Transactions with non-controlling interests:		
Opening and closing balance	**(19,216)**	(19,216)

(b) Retained earnings

	Note	2013 $'000	2012 $'000
Opening balance		**71,540**	58,921
Net profit / (loss) for the year		**(43,242)**	42,384
Dividends	28	**(30,865)**	(29,765)
Closing balance		**(2,567)**	71,540

(c) Nature and purpose of reserves:

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value at grant date of performance share rights and options issued over the relevant vesting period

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d)(iii). The reserve is recognised in the statement of comprehensive income when the net investment is no longer controlled.

Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(m). Amounts are recognised in the statement of comprehensive income when the associated hedged transaction affects comprehensive income.

Transactions with non-controlling interests

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

26. NON-CONTROLLING INTEREST

	2013 $'000	2012 $'000
Interest in:		
Share capital	**238**	238
Retained earnings	**947**	949
	1,185	1,187

27. EARNINGS PER SHARE

	2013 Cents	2012 Cents
Basic earnings per share (cents)	**(20.9)**	20.9
Diluted earnings per share (cents)	**(20.9)**	20.8
Profit / (loss) attributable to the ordinary equity holders of the company used in calculating earnings per share ($'000)	**42,384**	44,806
Weighted average number of shares used as the denominator in calculating basic earnings per share	**206,890,860**	202,776,102
Adjustments for calculation of diluted earnings per share: Performance share rights and options	**374,139**	548,252
Weighted average number of shares used as the denominator in calculating diluted earnings per share	**207,264,999**	203,324,354

The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 40.

28. DIVIDENDS

	2013 $'000	2012 $'000
Ordinary shares		
Final dividend for the year ended 30 June 2011 of 8.0 cents per share paid on 23 September 2011		
100% franked based on tax paid @30%		
Cash paid to shareholders	-	7,528
Dividend reinvestment plan	-	8,469
	-	15,997
Interim dividend for the year ended 30 June 2012 of 6.8 cents per share paid on 27 March 2012		
100% franked based on tax paid @30%		
Cash paid to shareholders	-	5,338
Dividend reinvestment plan	-	8,430
	-	13,768
	-	29,765
Final dividend for the year ended 30 June 2012 of 8.2 cents per share paid on 21 September 2012		
100% franked based on tax paid @30%		
Cash paid to shareholders	**10,062**	-
Dividend reinvestment plan	**6,729**	-
	16,791	-
Interim dividend for the year ended 30 June 2013 of 6.8 cents per share paid on 27 March 2013		
100% franked based on tax paid @30%		
Cash paid to shareholders	**7,137**	-
Dividend reinvestment plan	**6,937**	-
	14,074	-
	30,865	-

Dividends not recognised at year end		
In addition to the above dividends, since the year end the Directors have declared the payment of a final dividend of 8.2 cents per share (2012 - 8.2 cents), 100% franked based on tax paid at 30%. The aggregate amount of the declared dividend expected to be paid on 20 September 2013 out of retained earnings at 30 June 2013, but not recognised as a liability at year end, is	**17,174**	16,628
Franked dividends		
The final dividends declared after 30 June 2013 will be franked out of existing franking credits.		
Franking credits available for subsequent financial years including payment of FY13 final dividend, based on a tax rate of 30% (2012: 30%)	**7,605**	6,232

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
(a) franking credits that will arise from the payment of the amount of the provision for income tax,
(b) franking credits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.
The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.
The dividend declared by the Directors since year end but not recognised as a liability at year end, will reduce existing and future franking credits by $7,360,324,132 (2012: $7,126,132).

29. RECONCILIATION OF PROFIT/ (LOSS) AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Note	2013 $'000	2012 $'000
Profit / (loss) after tax		**(43,104)**	42,578
Depreciation and amortisation	7	**32,319**	26,323
Non-cash employee benefits expense - share based payments		**560**	836
Charge for provision for impairment of trade receivables	7	**1,039**	402
(Gain)/loss on disposal of plant and equipment		**-**	-
Share of (profit) / loss of associates and joint ventures not received as dividends or distributions		**(111)**	(146)
Net exchange differences		**422**	779
Changes in operating assets and liabilities, net of effects from purchase of controlled entity:			
Decrease/(increase) in receivables		**(4,179)**	1,586
(Increase)/decrease in inventories		**(130)**	176
(Increase)/decrease in deferred tax balances		**2,792**	(4,551)
(Increase)/decrease in other operating assets		**78,392**	5,341
Increase in trade creditors		**(1,820)**	463
(Decrease)/increase in income receivable		**5,135**	(2,787)
Increase/(decrease) in other provisions		**296**	(90)
(Decrease)/increase in deferred revenue		**781**	(12,362)
Cash flow from operating activities		**72,392**	58,547

30. FINANCIAL GUARANTEES

The parent entity and certain wholly owned subsidiaries are parties to a deed of cross guarantee in respect of the loans.

SAI Global Limited, Anstat Pty Limited, Espreon Pty Limited, Enertech Australia Pty Limited and Cintellate Pty Ltd are parties to a deed of cross guarantee as detailed in note 35.

In accordance with the policy detailed in note 1(x), the above guarantees have been stated at their fair value.

No liability was recognised by the consolidated entity in relation to these guarantees, as the fair value of the guarantees is insignificant.

31. COMMITMENTS

	2013 $'000	2012 $'000
(a) Lease commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**8,864**	8,911
Later than one year but not later than 5 years	**14,591**	14,482
Later than 5 years	**1,820**	2,449
	25,275	25,842
Representing:		
Minimum lease payments relating to non-cancellable operating leases	**25,275**	22,205

The Group leases various properties under non-cancellable operating leases expiring with 2 to 7 years, have various terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

32. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Note	Country of Incorporation	Class of shares	Equity holding[1] 2013 %	Equity holding 2012 %
Advancing Food Safety Pty Limited		**Australia**	Ordinary	**100**	100
Anstat Pty Limited [2]		**Australia**	Ordinary	**100**	100
BMS Solutions USA Inc. Texas		**USA**	Ordinary	**100**	100
Certo Tunisie S. arl		**Italy**	Ordinary	**75**	75
Cintellate Europe Limited		**Belgium**	Ordinary	**100**	100
Cintellate Pty Limited [2]		**Australia**	Ordinary	**100**	100
Cistera Limited		**Hong Kong**	Ordinary	**100**	100
Compliance & Ethics Learning Solutions Corporation (Midi)		**USA**	Ordinary	**100**	100
Compliance 360 Inc.		**USA**	Ordinary	**100**	100
Con.Top Polska Sp.z o.o.		**Poland**	Ordinary	**100**	100
Controlli Torinesi Prodotti e Porcessi S.R.L.		**Italy**	Ordinary	**100**	100
CQC-SAI Management Technologies Beijing Co. Ltd		**China**	Ordinary	**70**	70
CRS Registers		**USA**	Ordinary	**100**	100
Easy I Inc.		**USA**	Ordinary	**100**	100
Easy I Limited		**UK**	Ordinary	**100**	100
Emerald Panther Investments 101 Proprietary Limited		**South Africa**	Ordinary	**100**	100
Enertech Australia Pty Limited [2]		**Australia**	Ordinary	**100**	100
Espreon Conveyancing (WA) Pty Ltd [2]		**Australia**	Ordinary	**100**	100
Espreon Employees Share Plan Pty Ltd [2]		**Australia**	Ordinary	**100**	100
Espreon Pty Limited [2]		**Australia**	Ordinary	**100**	100
Excel of Newtown (Dormant)		**USA**	Ordinary	**100**	100
Excel Partnership Inc.		**USA**	Ordinary	**100**	100
Foodcheck Limited		**UK**	Ordinary	**100**	100
Global Trust Certification (UK) Limited		**UK**	Ordinary	**100**	100
Global Trust Certification Limited		**Ireland**	Ordinary	**100**	100
ILI Infodisk Inc.		**USA**	Ordinary	**100**	100
ILI Limited		**UK**	Ordinary	**100**	100
Integrity Interactive Corporation		**USA**	Ordinary	**100**	100
Lawpoint Pty Limited [2]		**Australia**	Ordinary	**100**	100
NV Integrity Interactive Europe SA		**Belgium**	Ordinary	**100**	100
PT Global Assurance Services		**Indonesia**	Ordinary	**100**	100
PT SAI Global Indonesia		**Indonesia**	Ordinary	**100**	100
QMI-SAI Canada Limited		**Canada**	Ordinary	**100**	100
Quality and Safety Risk Professional Services International (Pty) Ltd [3]	33	**South Africa**	Ordinary	**100**	-
SAI Global (NZ) Limited		**New Zealand**	Ordinary	**100**	100
SAI Global Assurance Services – Oficina de representacion en Espana		**UK**	Ordinary	**100**	100
SAI Global Assurance Services Limited		**UK**	Ordinary	**100**	100
SAI Global Assurance Services Limited Merkezi Ingiltere Türkiye Istanbul Subesi		**Turkey**	Ordinary	**100**	100
SAI Global Assurance Services Sp. z. o. o. Oddzial w Gdyni (Poland)		**Poland**	Ordinary	**100**	100

32. SUBSIDIARIES (CONTINUED)

Name of entity	Note	Country of Incorporation	Class of shares	Equity holding[1] 2013 %	Equity holding 2012 %
SAI Global Australia Pty Limited		**Australia**	Ordinary	**100**	100
SAI Global Certification s.r.o.		**Czech Republic**	Ordinary	**51**	51
SAI Global Certification Services Pty Limited		**Australia**	Ordinary	**100**	100
SAI Global CIS US GP		**USA**	Ordinary	**100**	100
SAI Global Compliance Ltd		**UK**	Ordinary	**100**	100
SAI Global Cyprus Holdings Ltd		**Cyprus**	Ordinary	**60**	60
SAI Global Czech s.r.o.		**Czech Republic**	Ordinary	**100**	100
SAI Global Eurasia Ltd		**Russia**	Ordinary	**59**	59
SAI Global GmbH		**Germany**	Ordinary	**100**	100
SAI Global GP		**USA**	Ordinary	**100**	100
SAI Global Inc.		**USA**	Ordinary	**100**	100
SAI Global India		**India**	Ordinary	**100**	100
SAI Global Italia s.r.l.		**Italy**	Ordinary	**100**	100
SAI Global Japan Co., Limited		**Japan**	Ordinary	**68**	68
SAI Global Korea Co. Ltd		**Korea**	Ordinary	**70**	70
SAI Global Limited (Company No. 7109048)		**UK**	Ordinary	**100**	100
SAI Global Mexico		**Mexico**	Ordinary	**100**	100
SAI Global Property Conveyancing SA Pty Limited [2]		**Australia**	Ordinary	**100**	100
SAI Global Property Division Pty Limited [2]		**Australia**	Ordinary	**100**	100
SAI Global S.a.r.l.		**France**	Ordinary	**100**	100
SAI Global Thailand Ltd		**Thailand**	Ordinary	**100**	100
SAI Global UK CIS Ltd		**UK**	Ordinary	**100**	100
SAI Global UK Holdings Ltd		**UK**	Ordinary	**100**	100
SAI Global US Holdings Inc.		**USA**	Ordinary	**100**	100
SAIGAS Africa		**South Africa**	Ordinary	**70**	70
Software Impressions Inc.		**USA**	Ordinary	**100**	100
Technicomp Inc.		**USA**	Ordinary	**100**	100

[1] The proportion of ownership interest is equal to the proportion of voting power held.

[2] This subsidiary has been granted relief from the necessity to prepare financial statements in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 35.

[3] 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).

33. BUSINESS COMBINATIONS

During the financial year the businesses noted below were acquired. The operating results of these businesses have been included in the consolidated statement of comprehensive income from the date of acquisition.

2013

(a) Summary of Acquisition

Quality & Safety Risk Professional Services International Pty Ltd

On the 6th 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). The business provides food safety auditing, microbiological testing and related services in South Africa.

Details of the provisional fair value of assets and liabilities acquired are as follows:

	$'000
Purchase consideration:	**Provisional at 30 June 2013**
Cash paid	**6,539**
Less: provisional fair value of net identifiable assets acquired	**1,014**
Goodwill	**5,525**

The goodwill is attributable to market penetration, potential for growth, and the business synergies expected to arise after the acquisition.

(b) Purchase consideration

	$'000
Cash consideration	**6,539**
Less: cash acquired	**444**
Cash consideration net of cash acquired	**6,095**

(c) Assets and Liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

		$'000
	Acquiree's carrying amount	**Provisional Fair Value**
Cash	444	**444**
Trade and Other Receivables	848	**816**
Fixed Assets	55	**55**
Other Assets	12	**12**
Intangibles - goodwill	75	**-**
Liabilities	(313)	**(313)**
Total Net Assets	1,121	**1,014**

Other business combinations

(a) Summary of Acquisitions

On the 21st March 2013, SAI Global Inc, a subsidiary of SAI Global Limited acquired the customer list of The Steritech Group Inc.

Details of the provisional fair value of assets and liabilities acquired are as follows:

	$'000
Purchase consideration:	**Provisional at 30 June 2013**
Cash paid	**3,372**
Less: provisional fair value of net identifiable assets acquired	**685**
Goodwill	**2,687**

The goodwill is attributable to market penetration, potential for growth, and the business synergies expected to arise after the acquisition.

(b) Purchase consideration

	$'000
Cash consideration	**3,372**
Less: cash acquired	**-**
Cash consideration net of cash acquired	**3,372**

(c) Assets and Liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

		$'000
	Acquiree's carrying amount	**Provisional Fair Value**
Intangibles - customer relationships	-	**685**
Total Net Assets	-	**685**

Prior Period Acquisitions

During the financial year the purchase price allocations for Compliance 360 Inc, Global Trust Certification and Acert Africa Pty Ltd were finalised. There were no changes.

34. INVESTMENTS IN ASSOCIATES

(a) Carrying amounts

Information relating to associates is set out below.

Name of company	Ownership	2013	2012
		$'000	$'000
Unlisted			
Telarc SAI Global Limited (i)	25%	**873**	820
		873	820

(i) Telarc SAI Limited is an assurance services provider and is incorporated in New Zealand.

34. INVESTMENTS IN ASSOCIATES (CONTINUED)

	2013 $'000	2012 $'000
(b) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**820**	674
Share of net profits after income tax	**111**	146
Dividends Received	**(58)**	-
Carrying amount at the end of the financial year	**873**	820
(c) Share of associates' profits or losses		
Net profit before income tax	**111**	146
Net profit after income tax	**111**	146

(d) Summarised financial information of associates

	Group's share of:			
	Assets $'000	Liabilities $'000	Revenues $'000	Profit/(loss) $'000
2013				
Telarc SAI Limited	**678**	**271**	**1,072**	**111**
	678	**271**	**1,072**	**111**

	Group's share of:			
	Assets $'000	Liabilities $'000	Revenues $'000	Profit/(loss) $'000
2012				
Telarc SAI Limited	572	249	1,008	146
	572	249	1,008	146

	2013 $'000	2012 $'000
(e) Share of associates' expenditure commitments, other than for the supply of inventories		
Lease commitments	**48**	52
	48	52

No associated entities had any capital commitments as at 30 June 2013.

(f) Contingent liabilities of associates

No associated entities had any contingent liabilities at 30 June 2013.

35. DEED OF CROSS GUARANTEE

SAI Global Limited, Anstat Pty Limited, Cintellate Pty Limited, Enertech Australia Pty Limited and Espreon Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial statement and a directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Condensed consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by SAI Global Limited, they also represent the 'Extended Closed Group'.

Set out below is a condensed consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2013 of the Closed Group consisting of SAI Global Limited, Anstat Pty Limited, Cintellate Pty Limited, Enertech Australia Pty Limited, Espreon Limited and Advancing Food Safety Pty Ltd.

	2013 $'000	2012 $'000
Consolidated statement of comprehensive income		
Profit / (loss) before income tax		
Sale of goods	**14,137**	15,759
Services	**273,047**	260,055
Other income	**12,910**	12,806
Total revenue from continuing operations	**300,094**	288,620
Expenses from continuing operations		
Employee benefits expense	**45,458**	25,895
Depreciation and amortisation expenses	**14,155**	9,708
Finance costs	**7,797**	7,932
Impairment of goodwill, intangibles and other capitalised costs	**82,964**	-
Other expenses	**190,201**	201,534
	340,575	245,069
Profit / (loss) before income tax expense	**(40,481)**	43,551
Income tax expense	**9,058**	10,113
Profit / (loss) for the year	**(49,539)**	33,438

35. DEED OF CROSS GUARANTEE (CONTINUED)

(b) Condensed statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2013 of the Closed Group consisting of SAI Global Limited, Anstat Pty Limited, Cintellate Pty Limited, Enertech Australia Pty Limited, Espreon Limited and Advancing Food Safety Pty Ltd.

	2013 $'000	2012 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**27,524**	8,271
Trade and other receivables	**138,596**	137,576
Inventories	**596**	531
Total current assets	**166,716**	146,378
Non-current assets		
Investments in controlled entities	**294,999**	377,909
Plant and equipment	**38,126**	34,689
Derivative financial instruments	**-**	-
Deferred tax assets	**8,155**	7,608
Intangible assets	**65,473**	67,195
Total non-current assets	**406,753**	487,401
Total assets	**573,469**	633,779
LIABILITIES		
Current liabilities		
Trade and other payables	**56,852**	56,869
Current tax liabilities	**4,801**	776
Provisions	**5,716**	5,840
Total current liabilities	**67,369**	63,485
Non-current liabilities		
Borrowings	**89,537**	89,537
Derivative financial instruments	**1,019**	1,587
Deferred tax liabilities	**6,359**	4,415
Provisions	**2,881**	2,367
Total non-current liabilities	**99,796**	97,906
Total liabilities	**167,165**	161,391
Net assets	**406,304**	472,388
EQUITY		
Contributed equity	**453,823**	437,655
Reserves	**6,385**	8,339
Retained profits	**(53,904)**	26,394
Total equity	**406,304**	472,388

36. RELATED PARTY TRANSACTIONS

(a) Parent entity

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 32.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 39.

(d) Transactions with related parties

The were no transactions with related parties. The Company may transact from time to time on normal terms and conditions with Companies of which the Directors of SAI Global Limited are also Directors.

(e) Terms and conditions

Outstanding balances are unsecured and repayable in cash.

37. CONTINGENCIES

Contingent liabilities

The group had contingent liabilities at 30 June 2013 in respect of:

Guarantees

Cross guarantees given by SAI Global Limited, Anstat Pty Limited, Cintellate Pty Limited, Enertech Australia Pty Limited, Espreon Limited and Advancing Food Safety Pty Ltd as described in note 35. No deficiencies of assets exist in any of these companies.

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

38. EVENTS OCCURRING AFTER THE REPORTING DATE

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

39. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	2013 $	2012 $
Short-term employee benefits	**4,782,470**	4,358,655
Post-employment benefits	**222,683**	292,970
Termination benefits	**288,213**	-
Share-based payments	**696,712**	637,745
	5,990,078	5,289,370

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report on pages 36 to 55.

39. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(b) Performance share rights and option holdings of key management personnel

The table below summarises the holdings of performance share rights granted to the key management personnel.

	Holdings at 1 July 12	Granted	Exercised	Lapsed	Holdings at 30 June 13	Vested and exercisable at 30 June 13[1]
Name						
Executive directors:						
Tony Scotton	367,748	150,386	61,725	6,157	**450,252**	-
Executives:						
Brett Lenthall	99,625	10,587	18,928	1,850	**89,434**	-
Geoff Richardson	159,983	18,423	30,172	2,944	**145,290**	-
Duncan Lilley [2]	127,570	-	91,752	22,795	**13,023**	-
Andrew Jones	106,952	12,272	20,134	1,964	**97,126**	-
Andy Wyszkowski [3]	81,144	38,218	63,337	37,638	**18,387**	-
Hanna Myllyoja	85,108	10,437	13,935	677	**80,933**	-
Chris Jouppi	70,669	15,853	-	-	**86,522**	-
Peter Mullins	100,694	17,266	5,395	-	**112,565**	-
Paul Butcher	-	19,280	-	-	**19,280**	-
Tim Whipple	-	22,170	-	-	**22,170**	-

[1] No performance share rights are vested and unexercisable at the end of the year

[2] Duncan Lilley left the Company on 14th August 2012

[3] Andy Wyszkowski retired on 28th February 2013

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

	Holdings at 1 July 12	Granted	Exercised	Lapsed	Holdings at 30 June 13	Vested and exercisable at 30 June 13
Name						
Executive directors:						
Tony Scotton	239,616	-	-	8,766	**230,850**	**89,506**
Executives:						
Brett Lenthall	72,131	122,935	22,164	2,702	**170,200**	**5,460**
Geoff Richardson	220,462	213,930	135,487	4,342	**294,563**	**14,210**
Duncan Lilley [2]	105,182	-	101,582	3,600	-	-
Andrew Jones	76,615	142,507	23,594	2,894	**192,634**	**5,792**
Andy Wyszkowski [3]	699,032	110,945	413,694	293,293	**102,990**	-
Hanna Myllyoja	79,022	121,194	35,727	965	**163,524**	**4,923**
Chris Jouppi	136,982	184,080	-	-	**321,062**	-
Peter Mullins	-	200,498	-	-	**200,498**	-
Paul Butcher	-	223,881	-	-	**223,881**	-
Tim Whipple	-	257,438	-	-	**257,438**	-

[2] Duncan Lilley left the Company on 14th August 2012

[3] Andy Wyszkowski retired on 28th February 2013

39. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Shareholdings of key management personnel

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

	Holdings as at 1 July 2012	Received on vesting of performance share rights[1]	Other Changes	**Holdings at 30 June 2013**
Name				
Non-Executive Directors:				
Robert Wright	40,804	-	933	**41,737**
Anna Buduls	40,769	-	-	**40,769**
Joram Murray AM	30,250	-	722	**30,972**
Peter Day	11,389	-	10,000	**21,389**
Andrew Dutton	6,734	-	5,208	**11,942**
Robert Aitken	-	-	40,000	**40,000**
Executive Directors:				
Tony Scotton	705,623	61,725	-	**767,348**
Executives:				
Brett Lenthall	14,500	22,169	(36,669)	**-**
Geoff Richardson	20,000	135,487	(127,493)	**27,994**
Hanna Myllyoja	47,127	35,726	(21,791)	**61,062**
Andrew Jones	-	23,954	(23,954)	**-**
Duncan Lilley [2]	23,709	101,582	(43,921)	**81,370**
Andy Wyszkowski [3]	16,058	458,494	(446,334)	**28,218**
Peter Mullins	-	-	5,500	**5,500**
Chris Jouppi	-	-	1,270	**1,270**
Paul Butcher	-	-	-	**-**
Tim Whipple	-	-	-	**-**

[1] Non-Executive Directors are not eligible to receive performance share rights
[2] Duncan Lilley left the Company on 14th August 2012
[3] Andy Wyszkowski retired on 28th February 2013

(d) Other transactions with key management personnel

There have been no other transactions with key management personnel other than those disclosed in the Directors' Report.

40. SHARE-BASED PAYMENTS

(a) Summary of SAI Global's share based payment plans

SAI Global has a number of share based payment plans as follows:

- Executive Incentive Plan
- UK Sub-Plan to Executive Incentive Plan
- Performance Share Rights Plan
- Employee Share Plan
- Deferred Tax Employee Share Plan
- SAI Global UK Share Incentive Plan

(b) Executive Incentive Plan

The Executive Incentive Plan was approved by shareholders at the Company's Annual General Meeting held on the 20th October 2006. Amendments to the Plan were approved by shareholders at the Company's Annual General Meeting held on 21st October 2011. This plan forms part of SAI Global's overall remuneration strategy and is a vehicle under which long-term incentives are annually granted to those executives selected by the Board to participate.

Plan description

The plan provides the board with the flexibility to offer long term incentives to executives considered to have the most influence on SAI Global's business performance, as either:

- Options over ordinary shares in SAI Global Limited
- Performance Share Rights
- Performance Shares

An option over an ordinary share in SAI Global Limited (Option) is an opportunity to purchase one fully paid ordinary share in the Company at a date in the future, at a price determined at the time the Option is granted, provided specific performance criteria, determined by the Board, have been met.

A Performance Share Right (PSR) is a right to acquire one fully paid ordinary share in SAI Global Limited provided specific performance criteria, determined by the Board, have been met.

A Performance Share is an ordinary share in the Company, held by a trustee for the benefit of the executive to whom it was granted, with such rights and performance criteria attached, as determined by the Board.

During the year ended 30th June 2013 Options and PSRs were issued to the Chief Executive Officer and other Members of SAI Global's Executive Committee (EXCO) under the plan. Each grant was subject to vesting periods and performance criteria. In relation to the Options and PSRs granted during the year, the following vesting periods and performance criteria applied.

Vesting Periods

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

Performance Criteria

For the purpose of applying performance criteria, each grant of PSRs and each grant of Options is divided into two equal parts. One half is subject to a Total Shareholder Return (TSR) performance criterion and the other half to an Earnings per Share (EPS) criterion.

i) The TSR performance hurdle

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

If the TSR is at the 50th percentile 50% of the PSRs and Options eligible to vest will vest.

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

For TSR outcomes between the 50th and 75th percentile, pro rata vesting will occur.

ii) The EPS performance criteria

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

If the compound EPS growth achieved over the period, is less than 8% per annum, none of the PSRs or Options eligible to vest will vest. If the compound EPS growth is equal to 8%, 30% of the PSRs or Options eligible to vest will vest. For compound EPS growth outcomes between 8% and 15% per annum, 5% of the PSRs or Options eligible to vest will vest, for each half percent of EPS compound growth above 8% per annum.

(c) UK Sub-Plan to Executive Incentive Plan

The UK sub-plan to the Executive Incentive Plan was approved by shareholders at the Company's Annual General Meeting held on the 20th October 2007. Amendments to the Sub Plan were approved by shareholders at the Company's Annual General Meeting held on 21st October 2011.

The sub-plan forms part of SAI Global's overall remuneration strategy and is a vehicle under which long-term incentives are annually granted to those executives domiciled for tax purposes in the United Kingdom, who are selected by the Board to participate.

Plan description

The plan provides the board with the ability to issue Options over ordinary shares in SAI Global Limited (as defined above) to executives who are domiciled in the United Kingdom for tax purposes, in a tax effective manner.

During the year ended 30 June 2013 no options were issued under the UK Sub-Plan to key management personnel.

40. SHARE-BASED PAYMENTS (CONTINUED)

Options and Performance Share Rights Granted

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

2013

Grant date	Expiry date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed and Expired during the year Number	Balance at the end of the year Number
Performance Share Rights						
3 November 2006	3 November 2011	-	-	-	-	-
14 February 2007	14 February 2012	-	-	-	-	-
9 November 2007	9 November 2012	98,213	-	72,629	25,584	-
18 July 2008	18 July 2013	236,588	-	143,532	4,074	88,982
7 November 2008	7 November 2013	64,257	-	32,128	-	32,129
9 November 2009	9 November 2014	494,591	-	158,001	13,371	323,219
19 February 2010	19 February 2014	32,373	-	5,395	-	26,978
5 November 2010	5th November 2015	573,152	-	89,385	-	483,767
4 November 2011	4 November 2016	619,976	-	-	52,963	567,013
12 November 2012	12 November 2017	-	710,266	-	65,934	644,332
		2,119,150	710,266	501,070	161,926	2,166,420
Options						
3 November 2006	3 November 2016	105,659	-	105,659	-	-
14 February 2006	14 February 2017	-	-	-	-	-
9 November 2007	9 November 2017	437,449	-	224,719	57,428	155,302
18 July 2008	18 July 2013	867,669	-	492,890	18,430	356,349
7 November 2008	7 November 2018	90,877	-	-	-	90,877
9 November 2009	9 November 2016	535,483	-	181,685	-	353,798
5 November 2010	5th November 2017	133,869	-	-	133,869	-
4 November 2011	4 November 2018	189,128	-	-	67,721	121,407
12 November 2012	12 November 2019	-	1,557,408	-	67,721	1,489,687
		2,360,134	1,557,408	1,004,953	345,169	2,567,420

2012

Grant date	Expiry date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed and Expired during the year Number	Balance at the end of the year Number
Performance Share Rights						
3 November 2006	3 November 2011	37,285	-	34,039	3,246	-
14 February 2007	14 February 2012	3,015	-	2,753	262	-
9 November 2007	9 November 2012	210,546	-	112,333	-	98,213
18 July 2008	18 July 2013	403,302	-	159,873	6,841	236,588
7 November 2008	7 November 2013	102,410	-	38,153	-	64,257
9 November 2009	9 November 2014	554,474	-	46,375	13,508	494,591
19 February 2010	19 February 2014	32,373	-	-	-	32,373
5th November 2010	5th November 2015	612,926	-	36,365	3,409	573,152
4 November 2011	4 November 2016	-	635,434	-	15,458	619,976
		1,956,331	635,434	429,891	42,724	2,119,150

40. SHARE-BASED PAYMENTS (CONTINUED)

2012

Grant date	Expiry date	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed and Expired during the year	Balance at the end of the year
		Number	Number	Number	Number	Number
Options						
3 November 2006	3 November 2016	261,652	-	147,042	8,951	105,659
14 February 2006	14 February 2017	46,512	-	44,921	1,591	-
9 November 2007	9 November 2017	654,227	-	216,778	-	437,449
18 July 2008	18 July 2013	1,074,315	-	180,674	25,972	867,669
7 November 2008	7 November 2018	144,837	-	53,960	-	90,877
9 November 2009	9 November 2016	535,483	-	-	-	535,483
5 November 2010	5th November 2017	133,869	-	-	-	133,869
4 November 2011	4 November 2018	-	189,128	-	-	189,128
		2,850,895	189,128	643,375	36,514	2,360,134

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2013 was 75 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2013 included:

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

(b) expected dividend yield: 4.09%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(d) Employee Share Plan

A scheme under which shares may be issued by the company to employees for no cash consideration was created prior to the listing of the company in December 2003.

Under the scheme, eligible employees may be offered up to $1,000 worth of fully-paid ordinary shares in SAI Global Limited for no cash consideration. Each share issued under the plan ranks equally with other shares.

Shares issued under the plan cannot be disposed of, dealt with or have any security interest granted over them by an eligible employee 3 years from the date they are issued under the plan (the trading lock).

The plan complies with current Australian tax legislation, enabling permanent employees, domiciled in Australia for tax purposes, to have up to $1,000 of free shares, in respect of an employee share scheme, excluded from their assessable income.

The plan contains provisions to adjust the number of shares held by eligible employees under the plan (before the expiry of the 3 year trading lock period referred to above) to take into account the effect of any capital reconstruction, rights issue or bonus issue.

The number of shares issued to participants in the scheme is the offer amount divided by the weighted average price at which the company's shares are traded on the Australian Securities exchange during the five trading days immediately before the date of the offer.

UK domiciled employees eligible for shares, are issued their entitlement through the SAI Global UK Share Incentive Plan (refer to paragraph (g)).

	2013	2012
	Number	Number
Shares issued under the plan to participating employees	**-**	-

40. SHARE-BASED PAYMENTS (CONTINUED)

(e) Deferred tax employee share plan

The introduction of the Deferred Tax Employee Share Plan was approved by shareholders at the company's annual general meeting in October 2005.

Directors and eligible employees are invited to elect to contribute part of their pre-tax base salary or fees to the Plan in order to acquire ordinary shares in the Company, subject to limits established by the Board from time to time. In addition, up to 100% of any short-term incentive or commission payments may be contributed to the plan to purchase shares.

At the discretion of the Board, the Company may add an amount to an employee's contributions to purchase more shares for the employee's benefit. To date, no matching contributions have been made.

Employees receive any dividends on the shares, and the company pays all administration and brokerage costs payable when shares are bought on behalf of participants. Participants are responsible for the costs, and any tax consequences, associated with selling or transferring shares. Shares are bought on market.

	2013 Number	2012 Number
Shares purchased under the plan	-	-

(f) SAI Global UK Share Incentive plan

The introduction of this plan was approved by shareholders at the company's annual general meeting in October 2007. The Share Incentive Plan will enable the company to deliver benefits to UK domiciled employees that are broadly similar to benefits provided to other employees, but modified to the extent required for the benefits to be delivered tax efficiently in accordance with applicable tax legislation in the United Kingdom.

	2013 Number	2012 Number
Shares purchased under the plan	8,797	7,536
Shares issued under the plan to participating employees (refer (e))	-	-

(g) Expenses arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2013 $'000	2012 $'000
Options and Performance Share Rights granted under Long Term Incentive Plans	560	835
Shares issued under the Employee Share plan	-	-
	560	835

41. AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2013	2012
(a) Assurance services		
Ernst & Young: Audit and review of financial statements and other audit work under the Corporations Act 2001	664,947	658,015
Review of governance policies	-	31,200
Other assurance services	-	14,876
(b) Taxation services		
Taxation compliance services	808,643	804,428
Taxation advice	150,180	529,779
(c) Other services		
Provision of comparative remuneration data	50,000	59,025
Total remuneration for other assurance services	1,008,823	1,439,308

42. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2013 $'000	2012 $'000
Statement of financial position		
Current assets	31,894	25,872
Total assets	476,810	520,426
Current liabilities	43,361	20,464
Total liabilities	136,944	112,895
Net Assets	339,866	407,531
Shareholder's equity		
Issued capital	395,225	379,199
Reserves		
Cashflow hedges	(713)	(1,111)
Share based payments	7,518	8,889
Foreign currency translation	160	207
Retained earnings	(62,324)	20,186
	339,866	407,531
Profit and loss for the year	(64,258)	26,709
Total comprehensive income	(63,908)	25,874

(b) Guarantees entered into by the parent entity

The parent entity has provided financial guarantees in respect of banks loans of subsidiaries, refer to Note 20 for further details of financing facilities.

In addition, there are cross guarantees given by SAI Global Limited as described in Note 35. No deficiencies of assets exist in any of these companies.

No liability was recognised by the parent in relation these guarantees, as the fair value of the guarantees is immaterial.

SAI Global Limited
Directors' Declaration

30 June 2013

In the Directors' opinion:

(a) the financial statements and notes set out on pages 58 to 109 are in accordance with the Corporations Act 2001, including:

   i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2013 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 35 will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed of cross guarantee described in Note 35.

(d) Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Robert Wright
Chairman

Tony Scotton
Chief Executive Officer

Sydney
14 August 2013

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Independent auditor's report to the members of SAI Global Limited

Report on the financial report

We have audited the accompanying financial report of SAI Global Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included by reference in the directors' report.

Opinion

In our opinion:

a. the financial report of SAI Global Limited is in accordance with the *Corporations Act 2001*, including:

  i giving a true and fair view of the entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in notes to the financial statements.

Report on the remuneration report

We have audited the Remuneration Report included in pages 36 - 55 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of SAI Global Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Christopher George
Partner
Sydney
14 August 2013

Annual General Meeting

The 2013 Annual General Meeting (AGM) will be held in SAI Global's head office, 286 Sussex Street, Sydney, 2000 on October 29 commencing at 10:00 am. The AGM will be webcast live on the internet at http://www.saiglobal.com/our-company/investor-relations/webcasts.htm and an archive version will be lodged on the website for viewing at a convenient time.

Shareholder Calendar

Record date for final dividend	**26 August 2013**
Annual General Meeting	**29 October 2013**
Final dividend payable	**20 September 2013**
Half year end	**31 December 2013**
Interim results and dividend announcement	**TBC ***
Record date for interim dividend	**TBC ***
Year end	**30 June 2014**
Final results and dividend announcement	**TBC ***

*** Dates to be confirmed**

VOTING RIGHTS

Ordinary Shares

On a show of hands, each shareholder present in person, each proxy who is not a shareholder and each duly appointed corporate representative who is not a shareholder, shall have one vote.

On a poll, each shareholder shall have one vote for each fully paid share held, each person present as a proxy and duly appointed corporate representative shall have one vote for each fully paid share held by the shareholder that the person represents.

Dividend Payment

Australian holders of shares traded on the Australian Securities Exchange Limited will, by notification to Link Market Services Limited, receive their SAI Global ordinary share dividends by direct credit to an account advised to the share registry. Any change to direct credit details should be promptly notified to Link Market Services Limited in writing. Other holders of shares will receive their dividend by cheque.

Dividend Reinvestment Plan

Shareholders may elect to participate in the approved dividend reinvestment plan (DRP) and further details of the DRP are available online within the Investor Centre or by contacting Link Market Services Limited.

Sources for Information for Shareholders

SAI Global's Internet Site – www.saiglobal.com

The Investor Centre (www.saiglobal.com/our-company/investor-relations/) provides key information about SAI Global shares, including annual reports, financial results, news and information, contacts and important dates. There is a link to Link Market Services Limited for information about your shareholding via "Shareholder Services" and into "Links".

An overview of SAI Global's businesses can be found online at the SAI Global homepage at "About SAI Global".

Annual Report

We provide our report to shareholders in our Annual Financial Review.

The Review will be lodged with the Australian Securities Exchange Limited (ASX) and the Australian Securities and Investments Commission (ASIC) and are available on www.saiglobal.com/our-company/investor-relations/ under Results & Financials.

The main source of information is the Annual Financial Report, which is available as outlined above at www.saiglobal.com or is mailed to shareholders (who have elected to receive it) along with the Annual Review in September. Shareholders are encouraged to receive these reports and notices of meetings electronically.

Shareholders can register their email address and receive information electronically. This provides fast access to information and by reducing printing, paper usage and mail delivery, it is friendlier to the environment. To register, go to Link Market Services Limited via "Shareholders Services" and "My Shares" in the SAI Global Investor Centre (www.saiglobal.com/our-company/investor-relations/).

Other Information

Other sources of information produced during the year include:

- a newsletter containing a summary of half yearly performance, which is mailed to shareholders with dividend statements in March; and
- ASX Announcements and news releases that are available at www.saiglobal.com

Unquoted equity securities as at 26 August 2013

Number of unquoted securities	Description	Number of holders
2,071,325	Total Performance Share Rights granted under the SAI Global Executive Performance Share Rights Plan and Executive Incentive Plans.	99
160,669	Options granted under the SAI Global Executive Incentive Plan and the UK Sub Plan. ($2.99 is the exercise price; 9 November 2017 is the expiry date).	9
219,456	Options granted under the SAI Global Incentive Plan ($2.29 is the exercise price; 1 July 2018 is the expiry date).	22
24,567	Options granted under the SAI Global Executive Incentive UK Plan ($2.29 is the exercise price; 18 July 2018 is the expiry date).	4
311,374	Options granted under the SAI Global Executive Incentive Plan ($3.44 is the exercise price; 6 November 2016 is the expiry date).	6
189,128	Options granted under the revised SAI Executive Incentive Plan approved by shareholders at 2011 AGM ("the Incentive Plan"). Exercise price is $4.71 and expiry date is 3 November 2018.	1
1,577,408	Options granted under the Incentive Plan. Exercise Price is $3.89 and expiry date is 12 November 2019.	9

Top Twenty Shareholders at 26 August 2013

Investor	Securities	% of Issued Capital
J P Morgan Nominees Australia Limited	45,057,003	21.49
HSBC Custody Nominees (Australia) Limited	32,130,471	15.33
National Nominees Limited	31,536,106	15.04
Citicorp Nominees Pty Limited	19,705,719	9.40
RBC Investor Services Australia Nominees Pty Limited	11,295,498	5.39
BNP Paribas Noms Pty Ltd	8,010,269	3.82
Citicorp Nominees Pty Limited	6,424,579	3.06
Citicorp Nominees Pty Limited	3,815,574	1.82
HSBC Custody Nominees (Australia) Limited	3,092,566	1.48
RBC Investor Services Australia Nominees Pty Limited	2,832,950	1.35
JP Morgan Nominees Australia Limited	2,825,857	1.35
RBC Investor Services Australia Nominees Pty Limited	1,631,374	0.78
AMP Life Limited	1,601,842	0.76
Sandhurst Trustees Ltd	1,451,296	0.69
BNP Paribas Noms (NZ) Ltd	972,542	0.46
BNP Paribas Nominees Pty Ltd	942,897	0.45
QIC Limited	909,690	0.43
Bainpro Nominees Pty Limited	881,509	0.42
RBC Investor Services Australia Nominees Pty Limited	881,307	0.42
Buttonwood Nominees Pty Ltd	864,201	0.41
Total	**176,863,250**	**84.36**

The above table of the Top Twenty Shareholders includes shareholders that may hold shares for the benefit of third parties.

Analysis of holdings at 26 August 2013

	Number of Holders	Securities	% of Total Holdings
100,001 and Over	53	184,831,747	88.17
50,001 to 100,000	38	2,690,292	1.28
10,001 to 50,000	607	11,142,695	5.32
5,001 to 10,000	671	4,841,204	2.31
1,001 to 5,000	2,109	5,568,822	2.66
1 to 1,000	1,456	566,671	0.27
Total	**4,934**	**209,641,431**	**100.00**

Holders of an unmarketable parcel

There were 354 holders of unmarketable parcels of 5,635 securities.

Geographic analysis of Shareholders as at 26 August 2013

	Securities	% of Issued Capital
AUS - Australia	207,732,809	99.09
CAN - Canada	3,500	0.00
CZE - Czech Republic	518	0.00
DEU - Germany, Federal Republic of	258	0.00
ESP - Spain	1,295	0.00
FRA - France	9,044	0.00
GBR - United Kingdom	258,894	0.12
HKG - Hong Kong	1,339	0.00
IDN - Indonesia	16,750	0.01
IND - India	5,702	0.00
ITA - Italy	30,365	0.01
MEX - Mexico	259	0.00
NZL - New Zealand	1,213,755	0.58
PNG - Papua New Guinea	1,000	0.00
SGP - Singapore	4,376	0.00
THA - Thailand	777	0.00
USA - United States	360,790	0.17
Total	**209,641,431**	**100**

Substantial shareholders

The names of substantial shareholders of the Company's ordinary shares as at 26 August 2013 (holding not less than 5%) who have notified the Company in accordance with section 671B of the Corporations Act 2011 are:

Holder	Number of Securities
Perpetual Limited and subsidiaries	21,033,551 shares
Commonwealth Bank of Australia and its subsidiaries	19,436,196 shares
Paradice Investments Management Pty Ltd	13,495,242 shares
Northcape Capital Pty Ltd	13,311,823 shares
Ameriprise Financial Inc. and its related bodies corporate	10,632,000 shares

WHERE TO FIND US

For the locations of SAI Global's offices worldwide visit **www.saiglobal.com**

USEFUL INFORMATION

Online

www.saiglobal.com provides information for shareholders and customers. The site provides information on SAI Global's products, activities, news releases and other information relating to SAI Global. An overview of the business can be found at the Investor Centre **www.saiglobal.com/investorcentre**

For more information

Information other than that relating to your shareholding can be obtained from the Company Secretary, 286 Sussex Street, NSW, Australia 2000.

Australia:	Telephone	+61 2 8206 6130
	Facsimile	+61 2 8206 6011

Email: hanna.myllyoja@saiglobal.com

For inquiries relating to Shareholder Registry Services please contact
Link Market Services Limited

Level 12, 680 George Street, Sydney, NSW 2000

1300 554 474

www.linkmarketservices.com.au

SAI GLOBAL

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

SAI Global Limited (A.C.N 050 611 642) **www.saiglobal.com**

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