SAI GLOBAL LIMITED

Financial Report

Half-Year Ended 31 December 2013

SAI Global Limited and controlled entities

Directors' report

The Directors present their report on the consolidated entity (the Group or SAI) consisting of SAI Global Limited (the Company) and the entities it controlled at the end of, or during, the half-year ended 31 December 2013.

Directors

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

Andrew Dutton	(Chairman), appointed Chairman on 29 October 2013
Stephen Porges	(Chief Executive Officer), appointed on 20 January 2014
Robert Aitken	
Anna Buduls	
Peter Day	
Sylvia Falzon	Appointed on 28 October 2013
David Spence	Appointed on 28 October 2013
John Murray AM	Retired on 29 October 2013
Robert Wright	Retired on 29 October 2013
Tony Scotton	Retired on 20 January 2014

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

Review of operations

The impact of the weaker Australian dollar has contributed significantly to the Group recording growth in sales revenue from $237,846k to $262,944k, an increase of 10.6% over the prior corresponding period. Revenue growth in constant currency terms was 5.6%. The Australian dollar averaged USD0.9226 in the first-half compared with USD1.0386 in the corresponding period, a depreciation of 11.2%.

Whilst all divisions reported increased sales the Assurance Services and Compliance Services divisions benefitted from significant translation benefits compared with the prior period as a result of the weaker Australian dollar. Earnings before interest, tax, depreciation and amortisation (EBITDA) were $48,078k, an increase of 1.7% over the prior corresponding period. This EBITDA result includes the adverse impact of a number of significant charges which are itemised later in this report. Underlying EBITDA, which backs out the adverse impact of the significant charges, was $51,669k, an increase of 9.3% over the underlying EBITDA in the corresponding period.

The statutory net profit after tax of the Group attributable to shareholders was $18,043k, after accounting for non-controlling interests of $114k. This represents a decrease of 2.1% over the result for the prior corresponding period of $18,438k, driven by a higher charge for depreciation and a higher underlying effective tax rate of 27.2%, up from 25.0% in the corresponding period. The higher charge for depreciation reflects the impact of the significant investments the company has made in IT infrastructure in recent years. After backing out the adverse impact of the significant charges, the underlying net profit after tax attributable to shareholders was $20,581K, an increase of 11.6% over the corresponding period.

Statutory earnings per share decreased to 8.6 cents, down from 9.0 cents in the prior corresponding period.

Operating cash inflows for the period were $36,324k, up 23.1% from the $29,503k achieved in the prior corresponding period.

The Directors have resolved to increase the interim dividend to 7.0 cents per share, up from 6.8 cents in the corresponding period. This dividend will be fully franked.

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

Summary financials

	Statutory			Underlying[1]		
$'000	**1H14**	1H13	Change	**1H14**	1H13	Change
Sales revenue	**262,944**	237,846	10.6%	**262,944**	237,846	10.6%
Other income/(net expense)[2]	**(282)**	321		**(282)**	321	
Segment revenue	**262,662**	238,167	10.3%	**262,662**	238,167	10.3%
Less: direct costs	**127,760**	113,036	13.0%	**127,760**	113,036	13.0%
Gross profit	**134,902**	125,131	7.8%	**134,902**	125,131	7.8%
Less: overheads	**86,824**	77,852	11.5%	**83,233**	77,852	6.9%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**48,078**	47,279	1.7%	**51,669**	47,279	9.3%
Less: depreciation	**11,396**	9,313	22.4%	**11,396**	9,313	22.4%
Less: amortisation of acquired intangible assets	**6,110**	6,436	(5.1%)	**6,110**	6,436	(5.1%)
Earnings before interest and tax (EBIT)	**30,572**	31,530	(3.0%)	**34,163**	31,530	8.4%
Add: share of net profits of associated companies	**87**	75	16.0%	**87**	75	16.0%
Segment result	**30,659**	31,605	(3.0%)	**34,250**	31,605	8.4%
Less: net financing costs[3]	**5,842**	6,821	(14.4%)	**5,842**	6,821	(14.4%)
Net profit before income tax	**24,817**	24,784	0.1%	**28,408**	24,784	14.6%
Less: income tax	**6,660**	6,196	7.5%	**7,713**	6,196	24.5%
Net profit after income tax	**18,157**	18,588	(2.3%)	**20,695**	18,588	11.3%
Profit is attributable to:						
Equity holders of SAI Global Limited	**18,043**	18,438	(2.1%)	**20,581**	18,438	11.6%
Non-controlling interests	**114**	150	(24.0%)	**114**	150	(24.0%)
	18,157	18,588	(2.3%)	**20,695**	18,588	11.3%

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

The summary financial analysis above shows the results both on a statutory basis and on an underlying basis. The underlying basis is a non-IFRS measure that, in the opinion of the Directors, is useful in understanding and appraising the Company's underlying performance. The underlying basis excludes significant charges associated with acquiring and integrating new businesses, costs associated with any significant restructuring and other significant items of a non-recurring nature.

Reconciliation of statutory to underlying result

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

$'000	1H14	1H13	Change
Statutory net profit after tax	**18,043**	18,438	(2.1%)
Add back significant charges net of tax:			
Acquisition related transaction charges	**42**	-	
Integration and restructuring charges	**2,018**	-	
Closure of the Canadian defined benefit pension plan	**741**	-	
IT governance review	**790**	-	
	3,591	-	
Less: income tax impact of significant charges	**1,053**	-	
Significant charges net of tax	**2,538**	-	
Underlying net profit after tax	**20,581**	18,438	11.6%

The integration and restructuring charges relate predominantly to the Compliance Services division as it restructures along global functional lines.

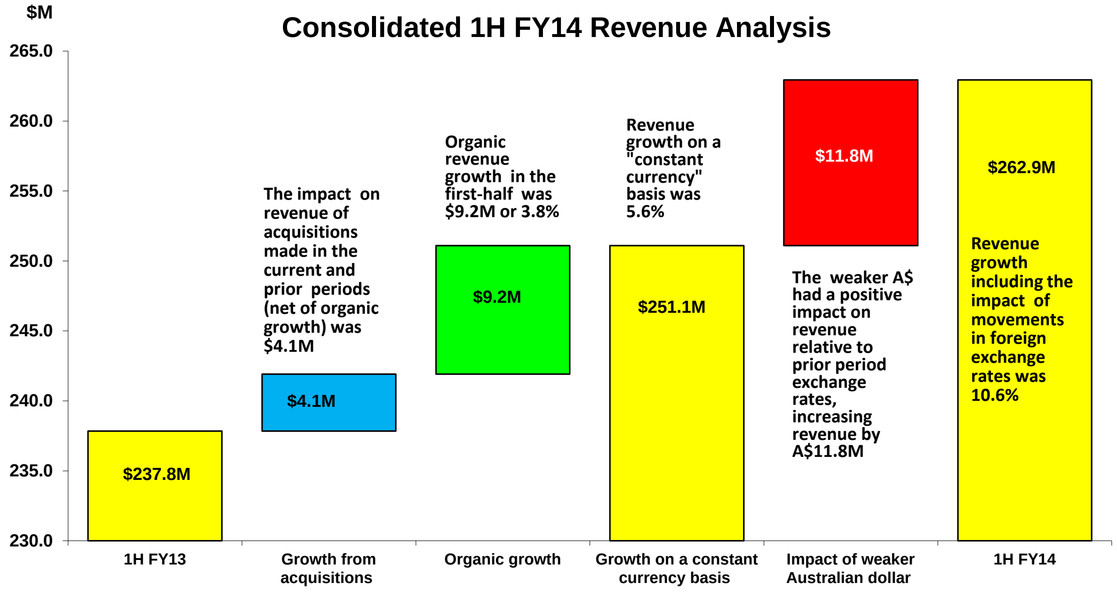
The Canadian defined benefit pension plan was inherited when the Company acquired QMI in 2008. The significant charge recorded of $741k relates to one-off charges associated with the closure of this plan.

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

Discussion of summary financials

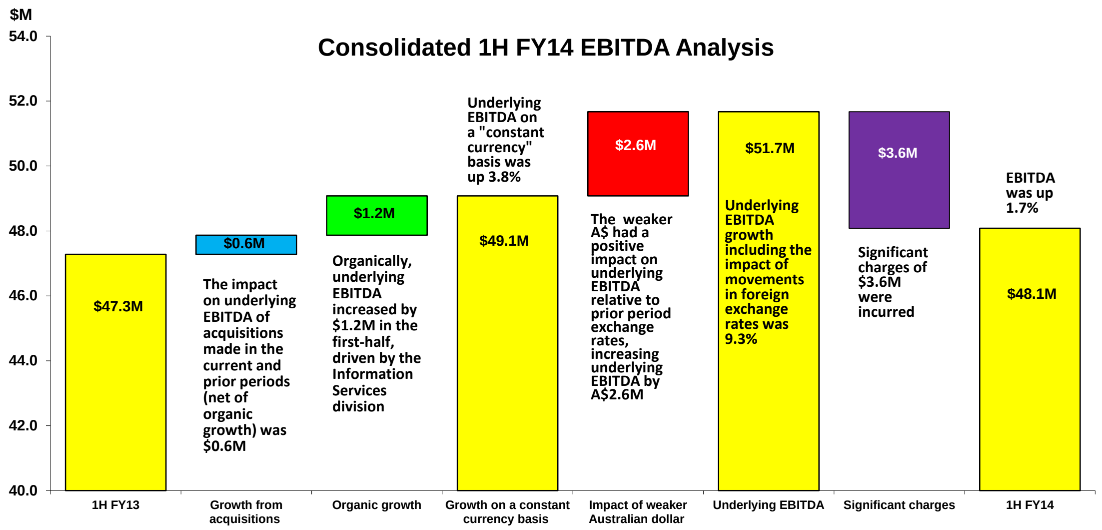
To assist in the understanding of the drivers of net profit after tax, the following discussion includes a review of revenue, EBITDA, interest, depreciation and tax.

Sales revenue increased by 10.6% over the prior corresponding period, driven by the combination of the weaker Australian dollar, organic growth and contributions from recent acquisitions.



The organic revenue growth profile was mixed across the business. Information Services achieved organic revenue growth of 10.9%. Whilst both Compliance Services and Assurance Services recorded headline revenue growth, both saw declines relative to the prior period on a constant currency organic basis. The Compliance result is as expected as the business continues to work through the operational issues that emerged in prior periods. As noted below, the Assurance result is predominantly related to the timing of audits and is forecasting an improved performance in the second-half.

Underlying EBITDA increased 9.3% from $47,279k to $51,669k.



On a constant currency basis underlying EBITDA grew by 3.8% including the impact of recent acquisitions. As with revenue, the organic underlying EBITDA growth profile was mixed across the business. Information Services achieved organic underlying EBITDA growth of 19.0%. Both Compliance Services and Assurance Services saw declines in underlying EBITDA relative to the prior period as a result of lower revenue, business mix changes in Assurance Services and continuing cost pressures in Compliance Services.

The EBITDA margin contracted slightly to 19.7%, down from 19.9% achieved in the prior corresponding period.

The charge for depreciation increased to $11,396k, up from $9,313k in the corresponding period, reflecting the continued investment in new product development, enhancing the IT infrastructure and rebuilding the learning platform in Compliance Services. The charge for amortization of identifiable intangible assets reduced to $6,110k, down from $6,436k in the prior corresponding period. In the absence of significant acquisitions, this charge will continue to reduce year on year. The intangible assets consist of the assessed values of acquired customer relationships and contracts, product delivery platforms and intellectual property.

The net financing charge of $5,842k consists of an interest expense of $6,212k net of interest received of $370k. This net charge was down from $6,821k in the corresponding period reflecting the generally low interest regime internationally and the maturity of some floating to fixed interest rate swaps.

Operating margins and the effective tax rate relating to the underlying result are summarised below:

	Underlying[1]		
Margin analysis:	**1H14**	1H13	**Change**
Gross profit	**51.3%**	52.6%	**(1.3%)**
EBITDA	**19.7%**	19.9%	**(0.2%)**
EBIT	**13.0%**	13.3%	**(0.3%)**
Cost to income ratio[2]	**84.7%**	84.1%	**0.6%**
Effective tax rate	**27.2%**	25.0%	**2.2%**

1. Excludes significant charges (none in 1H13)

2. Direct costs, overheads and depreciation as a proportion of segment revenue

Business combinations

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

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

Business operations

A summary of segment revenue and underlying earnings is set out below:

$'000	Revenue[1]			Underlying EBITDA		
	1H14	1H13	**Change**	**1H14**	1H13	**Change**
Information Services[2]	**122,287**	109,106	**12.1%**	**31,435**	25,970	**21.0%**
Compliance Services[2]	**46,861**	44,419	**5.5%**	**12,805**	13,753	**(6.9%)**
Assurance Services	**94,833**	85,493	**10.9%**	**14,261**	14,474	**(1.5%)**
	263,981	239,018	**10.4%**	**58,501**	54,197	**7.9%**
Eliminations	**1,037**	1,172	**(11.5%)**			
	262,944	237,846	**10.6%**	**58,501**	54,197	**7.9%**
less: Corporate Services				6,832	6,918	
Segment EBITDA before significant charges[3]				**51,669**	47,279	**9.3%**
Less: depreciation				**11,396**	9,313	**22.4%**
Less: amortisation of acquired intangible assets				**6,110**	6,436	**(5.1%)**
Add: share of net profits of associated companies				**87**	75	**16.0%**
Segment result before significant charges				**34,250**	31,605	**8.4%**

1. Excludes other income.
2. From the 1 July 2013 management responsibility for the alerts and newsfeed business transferred from the Compliance Services division to the Information Services division. The comparative information above has been restated to be consistent with the segment reporting effective from 1 July 2013. As a result of this restatement revenue in Information Services and Compliance Services was increased/decreased respectively by $3,133K and EBITDA was increased/decreased respectively by $1,749K.
3. There were no significant charges in 1H13.

Information Services

The information Services division consists of two verticals, "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.

Standards and Technical information achieved revenue growth of 12% consisting of organic revenue growth on a constant currency basis of 8.2% and the benefit of favourable currency movements which contributed a further 3.8%. Strong subscription sales growth in all regions added to the ASME Pressure Vessel code release in the UK, which occurs every 3 years, has resulted in a spike in publication sales and more than offsets the decline in publication sales for the APAC and North American regions where softness continues because of the lack of any substantial new commercial standard releases. Underlying EBITDA was also firmer, up 7.6% and consisting of constant currency organic growth was 5.6% and favourable currency movements which contributed a further 2.0%.

Strong subscription growth is expected to continue in the second-half in the APAC region. An enhanced sales force in EMEA is expected to drive subscription growth in that region. Publication sales are expected to remain soft in line with global market trends.

Property had a strong first-half achieving revenue growth of 12.1% and underlying EBITDA growth of 53.5%. This strong performance has been driven by three major factors, the buoyant real estate market, the full impact of the ANZ and CBA new business wins, and operational efficiencies.

During the half significant upgrades have been made to the Conveyancing Manager platform and client feedback has been very positive. In the second-half an electronic Settlement Room will be launched enabling Conveyancing Manager clients to electronically validate and track bank settlement details. This functionality is in beta testing and early client reaction has again been very favourable. Meaningful discussions continue with NECDL to design interfaces to the new electronic conveyancing systems (PEXA).

Property market activity is expected to remain buoyant during the second-half. However, it should be noted that the second-half performance relative to the prior corresponding period will be much less pronounced, as the corresponding period last year already included significant contributions from the ANZ and CBA contracts.

Overall the Information Services division reported revenue growth of 12.1% and underlying EBITDA growth of 21.0%.

Compliance Services

The Compliance division is tracking to expectations and has executed well in reorganising for organic growth. During the first-half the business completed performance testing and independent review of Compliance 360 as the platform for the next-generation learning solution. Both of these exercises validated selection of this development path and the learning solution development effort is well underway and on plan.

A new organisation structure along global functional lines has been implemented to drive consistent strategic focus, integration and operational efficiency. This has involved the recruitment of a number of seasoned executives with proven success on a global scale. The Environmental, Health and Safety unit has also been restructured to bring costs into line with revenue.

Performance highlights include renewal of the Compliance Learning’s top three North American clients at increased volumes; continued expansion and strong customer renewals in GRC software; and growth in the EMEA region.

The division has performed in line with the Board’s expectations set at the beginning of this fiscal year. Revenue increased to $46,861k, up 5.5% on the corresponding period, driven by the impact of the weaker Australian dollar. In constant currency organic terms revenue was down 5.8%. Underlying EBITDA reduced 6.9% to 12,805K.

Assurance Services

The Assurance Services division achieved revenue growth of 10.9% compared with the prior corresponding period, benefiting from a weaker Australian dollar which accounted for 6.5% of this increase and the impact of recent acquisitions, which accounted for a further 4.7%. Organic revenue growth at constant currencies was flat reflecting a mixed performance across key markets. The Asian business delivered double digit organic revenue growth, and EMEA delivered mid-single digit growth, both driven by increased volumes in Food. In the Australian and Americas businesses the phasing of audits this year is skewed to the second-half and underlying organic revenues were down 0.9% and 2.0% respectively in the first-half.

Underlying EBITDA was down 1.5%, despite the benefits of currency and recent acquisitions, reflecting a larger than usual weighting of scheduled audit days to the second-half.

The new global back office platform has been successfully implemented in Asia and the roll out to all regions is progressing. Improved operational efficiencies from this platform are now being realised and are expected to grow progressively during the second-half and into FY15. Focus on strengthening account management capabilities and increasing the value add for customers remains a priority.

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

With the phasing of audits in Australia and Americas skewed more towards the second-half than usual an improved organic growth performance in the second-half is expected, which together with the impact of acquisitions and a continuing weaker Australian dollar is forecast to deliver double digit full-year EBITDA growth.

Capital Management

The Group finished the period with cash balances of $73.0 million, interest-bearing debt of $278.3 million and shareholders’ funds of $353.0 million.

The Group’s current internal gearing guideline is to target net gearing, measured as interest-bearing debt less cash as a percentage of capital resources (net debt plus equity), at between 40% and 50%. The gearing ratio as at 31 December 2013 was 36.9%, down from 38.1% at 30 June 2013.

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

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

Matters subsequent to the end of the half-year

As foreshadowed in prior periods and as announced to the Australian Securities Exchange, on 20 January 2014 Tony Scotton retired from his position as Chief Executive Officer and as a Director of SAI Global Limited and its controlled entities. On the same date Stephen Porges commenced as the Company’s new Chief Executive Officer and as a Director of SAI Global Limited and its controlled entities.

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Rounding of amounts to nearest thousand dollars

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

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

Andrew Dutton
Chairman

Stephen Porges
Chief Executive Officer

18 February 2014

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

In relation to our review of the financial report of SAI Global Limited for the half-year ended 31 December 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
18 February 2014

SAI Global Limited

Consolidated statements of comprehensive income for the half-year ended 31 December 2013

	Note	Half-Year Consolidated 2013 $'000	2012 $'000
Revenue		**262,944**	237,846
Other income		**88**	502
		263,032	238,348
Share of net gains of investments accounted for using the equity method		**87**	75
Expenses			
Employee benefits expense	3	**91,301**	83,238
Depreciation and amortisation expense	3	**17,506**	15,749
Finance costs	3	**6,212**	7,002
Other expenses	3	**123,283**	107,650
		238,302	213,639
Profit for the half-year before income tax expense		**24,817**	24,784
Income tax expense	4	**6,660**	6,196
Profit for the half-year		**18,157**	18,588
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement on cash flow hedges		**334**	509
Income tax effect		**(98)**	(153)
		236	356
Exchange differences on translation of foreign operations		**11,373**	(3,007)
Income tax effect		**-**	-
		11,373	(3,007)
Items that may not be reclassified subsequently to profit or loss			
Minimum funding requirement on closure of defined benefit plan		**(1,744)**	-
Income tax effect		**466**	-
		(1,278)	-
Other comprehensive income for the half-year, net of tax		**10,331**	(2,651)
Total comprehensive income for the half-year		**28,488**	15,937
Profit for the half-year is attributable to:			
Owners of SAI Global Limited		**18,043**	18,438
Non-controlling interests		**114**	150
		18,157	18,588
Total comprehensive income for the half-year is attributable to:			
Owners of SAI Global Limited		**28,374**	15,787
Non-controlling interests		**114**	150
		28,488	15,937
Earnings per share attributable to the ordinary owners of the Company:			
Basic (cents per share)		**8.6**	9.0
Diluted (cents per share)		**8.6**	8.9

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

SAI Global Limited

Consolidated statements of financial position as at 31 December 2013

	Note	Consolidated 31-Dec-13 $'000	30-Jun-13 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	**73,021**	64,048
Trade and other receivables		**121,646**	118,545
Current tax receivable		**590**	4,324
Inventories		**750**	686
Total current assets		**196,007**	187,603
Non-current assets			
Investments accounted for using the equity method		**905**	873
Plant and equipment [1]		**56,019**	54,863
Deferred tax assets		**26,019**	19,034
Intangible assets	9	**530,234**	515,133
Total non-current assets		**613,177**	589,903
Total assets		**809,184**	777,506
LIABILITIES			
Current liabilities			
Trade and other payables	6	**126,647**	123,465
Current tax liabilities		**3,530**	3,008
Provisions		**5,418**	6,347
Total current liabilities		**135,595**	132,820
Non-current liabilities			
Borrowings [2]		**278,262**	270,552
Deferred tax liabilities		**31,840**	28,508
Provisions		**4,026**	3,572
Derivative financial instruments		**3,307**	3,594
Retirement benefit obligations		**3,168**	1,082
Total non-current liabilities		**320,603**	307,308
Total liabilities		**456,198**	440,128
Net assets		**352,986**	337,378
EQUITY			
Contributed equity	11	**398,901**	395,225
Reserves	7	**(44,159)**	(56,465)
Retained profits		**(2,992)**	(2,567)
Capital and reserves attributable to the ordinary owners of SAI Global Limited		**351,750**	336,193
Non-controlling interests		**1,236**	1,185
Total equity		**352,986**	337,378

The above consolidated 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.

[2] Non-current borrowings is net of $1.556M of facility establishment costs (30 June 2013: $1.454M)

SAI Global Limited

Consolidated statements of changes in equity for the half-year ended 31 December 2013

	Half-Year Consolidated				
	Attributable to owners of SAI Global Limited				
	Contributed Equity	**Reserves**	**Retained earnings**	**Non-controlling interests**	**Total**
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2013	395,225	(56,465)	(2,567)	1,185	337,378
Profit for the half-year	-	-	18,043	114	18,157
Other comprehensive income	-	11,609	(1,278)	-	10,331
Total comprehensive income for the half-year	**-**	**11,609**	**16,765**	**114**	**28,488**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	3,676	-	-	-	3,676
Dividends paid	-	-	(17,190)	(29)	(17,219)
Movement in share based payments reserve	-	953	-	-	953
Acquisition of non-controlling interest	-	(256)	-	(34)	(290)
Balance at 31 December 2013	**398,901**	**(44,159)**	**(2,992)**	**1,236**	**352,986**
Balance at 1 July 2012	379,199	(84,679)	71,540	1,187	367,247
Profit for the half year	-	-	18,438	150	18,588
Other comprehensive income	-	(2,651)	-	-	(2,651)
Total comprehensive income for the half-year	**-**	**(2,651)**	**18,438**	**150**	**15,937**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	7,667	-	-	-	7,667
Dividends paid	-	-	(16,791)	(83)	(16,874)
Movement in share based payments reserve	-	(292)	-	-	(292)
Balance at 31 December 2012	**386,866**	**(87,622)**	**73,187**	**1,254**	**373,685**

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

SAI Global Limited

Consolidated statements of cash flows for the half-year ended 31 December 2013

	Note	Half-Year Consolidated 2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers		**290,231**	256,294
Payments to suppliers and employees		**(240,772)**	(213,937)
Interest received		**370**	181
Interest paid		**(6,212)**	(7,002)
Income taxes paid		**(4,748)**	(6,033)
		38,869	29,503
Cash outflow impact of significant charges [1]		**(2,545)**	-
Net cash inflow from operating activities		**36,324**	29,503
Cash flows from investing activities			
Payments for purchase of controlled entities (net of cash acquired)		**(1,906)**	(6,044)
Payments for product development		**(2,511)**	(2,173)
Payments for Plant and equipment [2]		**(3,790)**	(8,996)
Payments for capital work-in-progress		**(5,378)**	(3,288)
Earn-out payments for acquisitions		-	(1,074)
Net cash outflow from investing activities		**(13,585)**	(21,575)
Cash flows from financing activities			
Proceeds from issue of shares		**615**	1,132
Payments for shares		**(1,584)**	(200)
Dividends paid		**(13,175)**	(10,062)
Net cash outflow from financing activities		**(14,144)**	(9,130)
Net increase/(decrease) in cash and cash equivalents		**8,595**	(1,202)
Cash and cash equivalents at the beginning of the financial period		**64,048**	43,911
Effects of exchange rate changes on cash and cash equivalents		**378**	(450)
Cash and cash equivalents at the end of the half-year	5	**73,021**	42,259

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

Acquisition related transaction charges	**(42)**	
Integration and restructuring charges	**(1,713)**	-
IT governance review	**(790)**	-
Cash outflow impact of significant charges	**(2,545)**	-

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

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

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Note 1. Summary of significant accounting policies

Basis of preparation of half-year report

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

Basis of preparation of half-year report

This general purpose condensed financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Acccounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2013 and considered together with any public announcements made by SAI Global Limited during the half year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

New Acccounting Standards and Intepretations

(a) Changes in accounting policy

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

(i) AASB 119: Employee Benefits

The Group applied AASB 119 (revised in 2011) retrospectively in the current period in accordance with the transitional provisions set out in the revised standard. The opening statement of financial position of the earliest comparative period presented (1 July 2013) and the comparative figures have not been restated, as the resulting impact was immaterial.

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 recognized in full with actuarial gains and losses being recognized 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.

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 does not materially impact the Group.

As a result of the closure of the plan, a plan wind up valuation report was prepared as at 1 March 2013, and received in September 2013 on a wind up basis, there was an unfunded liability of $2.1m, which will be funded in 5 equal annual instalments. The discounted value of these payments of $1.7m has been recorded as a liability through other comprehensive income.

Certain employees, as a result of their age and years of service were entitled to an additional benefit on closure of the Plan. These one-off grow-in benefit costs of $741k arise as a result of the plans closure and have been expensed in the current half year and listed as a significant charge.

(ii) AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

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 does not impact the Group.

New accounting standards and AASB Interpretations (continued)

(iii) AASB 2012-2: Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

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 Standard does not impact the Group.

(iv) AASB 10: Consolidated Financial Statements

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

Consequential amendments were also made to other standards via AASB 2011-7.

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

(v) AASB 12: Disclosure of Interests in Other Entities

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

The Company will apply this Standard however it does not materially impact the Group.

(vi) AASB 13: Fair Value Measurement

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

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

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

This Standard does not impact the Group.

(vii) AASB 124: Remove Individual Key Management Personnel Disclosures - Amendments to AASB 124 Related Party Disclosures

This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions. These amendments are effective for annual periods beginning on or after 1 July 2013.

This Standard does not impact the Group.

Note 2. Segment information

The segment information provided to the Board and Executive Committee for the half-year ended 31 December 2013 is as follows:

Half-year ended 31 December 2013	Information Services $'000s	Compliance Services $'000s	Assurance Services $'000s	Corporate Services $'000s	Eliminations $'000s	Consolidated $'000s
Sales revenue	122,287	46,861	94,833	-	(1,037)	262,944
Other income	(96)	(127)	(44)	(15)	-	(282)
Segment revenue	**122,191**	**46,734**	**94,789**	**(15)**	**(1,037)**	**262,662**
Less: direct costs	(70,784)	(10,868)	(47,085)	(60)	1,037	(127,760)
Gross margin	**51,407**	**35,866**	**47,704**	**(75)**	**-**	**134,902**
Less: overheads	(17,132)	(21,074)	(30,058)	(14,969)	-	(83,233)
Less: corporate allocations	(2,840)	(1,987)	(3,385)	8,212	-	-
Segment earnings before interest, tax, depreciation and amortisation (EBITDA), before significant charges	**31,435**	**12,805**	**14,261**	**(6,832)**	**-**	**51,669**
Less: depreciation	(3,119)	(4,014)	(1,996)	(2,267)	-	(11,396)
Less: amortisation of intangible assets	(1,579)	(3,580)	(951)	-	-	(6,110)
	26,737	**5,211**	**11,314**	**(9,099)**	**-**	**34,163**
Share of net profits of associates and joint venture partnership accounted for using the equity method	-	-	87	-	-	87
Segment result before significant charges	**26,737**	**5,211**	**11,401**	**(9,099)**	**-**	**34,250**

a) Reconciliation of segment revenue

Segment revenue	262,662
Interest income	370
Total revenue	**263,032**

b) Reconciliation of segment result

Segment result before significant charges	34,250
Significant charges:	
Acquisiton related transaction charges	(42)
Integration and restructuring charges	(2,018)
Closure of Canadian defined benefit pension plan	(741)
IT governance review	(790)
Total significant charges	(3,591)
Interest income	370
Interest expense	(6,212)
Profit for the period before income tax expense	**24,817**

Note 2. Segment information (continued)

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

Half-year ended 31 December 2012	Information Services[1] $'000s	Compliance Services[1] $'000s	Assurance Services $'000s	Corporate Services $'000s	Eliminations $'000s	Consolidated $'000s
Sales revenue	109,106	44,419	85,493	-	(1,172)	237,846
Other income	276	(59)	102	2	-	321
Segment revenue	**109,382**	**44,360**	**85,595**	**2**	**(1,172)**	**238,167**
Less: direct costs	(64,404)	(9,841)	(39,866)	(97)	1,172	(113,036)
Gross margin	**44,978**	**34,519**	**45,729**	**(95)**	**-**	**125,131**
Less: overheads	(16,174)	(18,835)	(27,743)	(15,100)	-	(77,852)
Less: corporate allocations	(2,834)	(1,931)	(3,512)	8,277	-	-
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	**25,970**	**13,753**	**14,474**	**(6,918)**	**-**	**47,279**
Less: depreciation	(2,895)	(3,260)	(1,429)	(1,729)	-	(9,313)
Less: amortisation of intangible assets	(2,040)	(3,991)	(405)	-	-	(6,436)
	21,035	**6,502**	**12,640**	**(8,647)**	**-**	**31,530**
Share of net profits of associates and joint venture partnership accounted for using the equity method	-	-	75	-	-	75
Segment result	**21,035**	**6,502**	**12,715**	**(8,647)**	**-**	**31,605**

a) Reconciliation of segment revenue

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

b) Reconciliation of segment result

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

[1] From the 1 July 2013 management responsibility for the alerts and newsfeed business transferred from the Compliance Services division to the Information Services division. The comparative information above has been restated to be consistent with the segment reporting effective from 1 July 2013. As a result of this restatement, revenue in Information Services and Compliance Services was increased/decreased repsectively by $3,133K and EBITDA was increased/decreased repsectively by $1,749K.

Note 3. Other expenses

	Half-Year Consolidated 2013 $'000	2012 $'000
Profit for the half-year before income tax expense includes the following expenses:		
Other expenses		
Cost of providing services	**46,026**	37,576
Property service disbursements	**44,276**	42,229
Administration costs	**9,320**	8,253
Promotional costs	**2,068**	2,202
Lease costs	**9,352**	8,933
Other expenses	**12,241**	8,457
Total other expenses (including significant charges of $2,163,000 [1])	**123,283**	107,650
Employee benefits expense (including significant charges of $1,428,000 [1])	**91,301**	83,238
Depreciation of plant and equipment	**4,837**	4,640
Depreciation of capitalised product development expenditure	**6,559**	4,673
Total depreciation	**11,396**	9,313
Amortisation:		
Publishing licence agreement	**802**	802
Customer relationships and contracts	**3,001**	3,034
Product delivery platforms	**989**	881
Intellectual property	**1,318**	1,719
Total amortisation	**6,110**	6,436
Total depreciation and amortisation	**17,506**	15,749
Other expenses:		
Accounts receivable impairment expense	**583**	322
	583	322
Finance costs:		
Interest and finance charges paid/payable	**6,212**	7,002
	6,212	7,002

	2013	2012
[1] Significant charges is comprised of:		
Acquisition related transaction charges	**42**	-
Integration and restructuring charges	**2,018**	-
Closure of Canadian defined benefit pension plan	**741**	-
IT governance review	**790**	-
Total significant charges	**3,591**	-

Note 4. Income tax expense

	Half-Year Consolidated 2013 $'000	2012 $'000
(a) Income tax expense		
Current tax	**9,510**	7,584
Deferred tax	**(2,625)**	(1,222)
Under/(over)provision from prior year	**(225)**	(166)
	6,660	6,196
Deferred income tax expense/(income) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**(1,439)**	(483)
(Decrease)/increase in deferred tax liabilities	**(1,186)**	(739)
	(2,625)	(1,222)
(b) Numerical reconciliation of income tax expense to prima facie tax payable.		
Profit before income tax expense	**24,817**	24,784
Tax at the Australian income tax rate of 30% (2012 - 30%)	**7,445**	7,435
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income	**(720)**	(1,326)
	6,725	6,109
Under/(over)provision from prior year	**(224)**	(166)
Tax effect of different foreign tax rates and other adjustments	**159**	253
Income tax expense	**6,660**	6,196
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	**1,724**	(661)
	1,724	(661)
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**1,041**	1,011
Potential benefit at US tax rate of 39%	**406**	394

(d) Tax consolidation legislation

SAI Global Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2005. The entities in the tax consolidated group have entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, SAI Global Limited.

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

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments. The funding amounts are recognised as current intercompany receivables or payables.

Note 5. Current assets - Cash assets and cash equivalents

	Half-Year Consolidated	
	31-Dec-13	30-Jun-13
	$'000	$'000
Cash at bank and on hand	**66,894**	62,323
Deposits at call	**6,127**	1,725
	73,021	64,048

As at 31 December 2013 $1.56M (Jun 2013: $3.6M) of the cash and cash equivalents balance is held in trust in the SAI Global Limited Employee Share Purchase Plan. There are no restrictions on the availability or use of the remaining cash balances.

Note 6. Current liabilities - Trade and other payables

Trade payables	**14,694**	15,551
Accrued expenses	**39,821**	32,757
Deferred revenue	**72,132**	75,157
	126,647	123,465

Due to the short-term nature of these payables, their carrying value is considered to approximate their fair value.

Note 7. Reserves

(a) Reserves

Share-based payments reserve	**8,988**	7,398
Foreign currency translation reserve	**(29,052)**	(40,425)
Hedging reserve - cash flow hedges	**(3,986)**	(4,222)
Transactions with non-controlling interests	**(19,472)**	(19,216)
	(43,522)	(56,465)

(b) Nature and purpose of reserves:

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value at grant date of performance share rights and options issued over the relevant vesting period.

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve. The reserve is recognised in the statement of comprehensive income when the net investment is no longer controlled.

Hedging reserve - cash flow hedges

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

Transactions with non-controlling interests

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

Note 8. Dividends

	Half Year Consolidated 2013 $'000	2012 $'000
Ordinary shares		
Dividends provided for or paid during the half-year	**17,190**	16,791

Dividends not recognised at the end of the half-year

In addition to the above dividends, since the year end the Directors have declared the payment of an interim dividend of 7.0 cents per share (2012 - 6.8 cents), 100% franked based on tax paid at 30%. The aggregate amount of the declared dividend expected to be paid on 1 April 2014, but not recognised as a liability at year end, is	14,732	14,062

Note 9. Non-current assets - Intangible assets

	Consolidated 31-Dec-13 $'000	30-Jun-13 $'000
Goodwill		
At cost	**453,281**	438,232
Identifiable intangible assets		
Trademark	**16,100**	16,100
Publishing Licence Agreement	**31,955**	31,955
Less: Accumulated amortisation	**(15,964)**	(15,162)
	15,991	16,793
Customer relationships and contracts	**70,749**	63,531
Less: Accumulated amortisation	**(47,208)**	(42,226)
	23,541	21,305
Product delivery platforms	**18,666**	17,989
Less: Accumulated amortisation	**(12,420)**	(10,976)
	6,246	7,013
Intellectual property	**31,155**	29,100
Less: Accumulated amortisation	**(16,080)**	(13,410)
	15,075	15,690
Total identifiable intangible assets	**76,953**	76,901
Total Intangible assets	**530,234**	515,133

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

Note 9. Non-current assets - Intangible assets (continued)

	Consolidated	
	31-Dec-13	30-Jun-13
	$'000	$'000
Goodwill		
Opening net book amount	**438,232**	467,977
Additions		
Acquisition of IQMS [1]	**2,013**	-
Acquisition of QPRO	**-**	5,525
Acquisition of Steritech	**-**	2,687
Other business combinations	**18**	48
Transfer to customer relationships	**(1,819)**	-
Impairment of goodwill	**-**	(78,608)
Adjustments to goodwill arising on prior year acquisitions	**(2,026)**	78
Re-translation of goodwill denominated in foreign currencies	**16,863**	40,525
Closing net book amount	**453,281**	438,232

Trademark - Assurance Services Division		
Opening net book amount at 1 July and closing	**16,100**	16,100

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

Publishing licence agreement		
Opening net book amount	**16,793**	18,384
Amortisation charge	**(802)**	(1,591)
Closing net book amount	**15,991**	16,793
Customer relationships and contracts		
Opening net book amount	**21,305**	29,343
Acquisition of Steritech	**-**	685
Acquisition of QPRO	**2,813**	-
Transfer from goodwill	**1,819**	-
Revaluation of assets denominated in foreign currency	**605**	2,214
Amortisation charge	**(3,001)**	(6,199)
Impairment of customer relationships	**-**	(4,738)
Closing net book amount	**23,541**	21,305
Product delivery platforms		
Opening net book amount	**7,013**	8,106
Revaluation of assets denominated in foreign currency	**222**	690
Amortisation charge	**(989)**	(1,783)
Closing net book amount	**6,246**	7,013

[1] On 19 September 2013, SAI Global UK Holdings Limited, a subsidiary of SAI Global Limited, acquired IQ Management Systems Limited for $2.3M. Provisional net assets acquired amount to $0.3M.

Note 9. Non-current assets - Intangible assets (continued)

	Consolidated	
	31-Dec-13	30-Jun-13
	$'000	$'000
Intellectual property		
Opening net book amount	**15,690**	17,625
Capitalisation of existing products	-	87
Transfer from Plant & Equipment	-	(565)
Revaluation of assets denominated in foreign currency	**703**	1,401
Amortisation charge	**(1,318)**	(2,858)
Closing net book amount	**15,075**	15,690
Total identifiable intangible assets	**76,953**	76,901
Total intangible assets	**530,234**	515,133

Note 10. Financial Instruments

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.

Interest Rate Swap Valuation Methodology
A swap has two series of cash flows, the fixed leg and the floating leg.
The present value of a swap is equal to the sum of all the discounted future cash flows. The fixed leg of the swap has fixed payments (subject to day count changes between periods) as per the swap confirmation. For the floating coupon payments, implied forward rates were determined from a zero coupon interest rate curve denominated in the currency specified in the swap confirmation. The floating margin (if applicable) is then added to these forward rates to calculate the expected floating leg coupon rates on each reset date. The valuation of the swap is calculated by discounting the expected future cash flows of both legs from their future payment dates back to the valuation date using a benchmark zero coupon curve.

As of 1 July 2009, SAI Global Limited has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value hierarchy:
(a) quoted prices (unadjusted) in active markets for identical liabilities (level 1);
(b) inputs other than quoted prices included within level 1 that are observable for the liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the liability that are not based on observable market data (level 3).

The following table presents the group's financial instruments measured and recognised at fair value at 31 December 2013:

At 31 December 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
	$’000	**$’000**	**$’000**	**$’000**
Net settled (Interest Rate Swap) liability	-	**(3,307)**	-	**(3,307)**

At 30 June 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
	$’000	**$’000**	**$’000**	**$’000**
Net settled (Interest Rate Swap) liability	-	(3,594)	-	(3,594)

Note 11. Contributed equity

	Note	Consolidated 31-Dec-13 $'000	30-Jun-13 $'000
Share capital			
Ordinary shares		**400,157**	395,529
Less reserved shares		**(1,256)**	(304)
Net ordinary shares	(a)	**398,901**	395,225

Movements in ordinary share capital

Details	Number of shares	Issue price	$'000
Opening balance at 1 July 2013	209,356,317		**395,225**
Shares issued under the exercise of Performance Share Rights	138,985	Nil	-
Exercise of options over shares	88,166	$2.99	**264**
Exercise of options over shares	117,446	$2.29	**269**
Exercise of options over shares	23,938	$3.44	**82**
Shares issued under dividend reinvestment plan	941,191	$4.26	**4,009**
Transfer to reserve shares bought on market	(358,377)	$4.42	**(1,584)**
Transfer to reserve shares	(342,476)		**(615)**
Exercise of Performance Share Rights and options over shares	486,679		**1,251**
Closing balance at 31 December 2013	210,451,869		**398,901**
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	1,024,200		4,394
Transfer to reserved shares	(1,074,080)		(4,536)
Closing balance at 30 June 2013	209,356,317		395,225

(a) Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of SAI Global Limited in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. At 31 December 2013 all shares were fully paid.

(b) Information relating to long-term incentive plans, including details of rights issued under the plans, are set out in the remuneration report section of the Directors' Report attached to the June 2013 Annual Report.

Note 11. Contributed equity (*continued*)

Reserved Shares [1]

Details	**Number of shares**	**Issue price**	**$'000**
Opening balance at 1 July 2013	83,803	$3.63	**304**
Purchase of reserved shares	342,476		**615**
Purchase of reserved shares on market	358,377	$4.42	**1,584**
Shares issued under dividend reinvestment plan	974	$4.26	**4**
Distribution of shares under exercise of Performance Share Rights and options over shares	(486,679)		**(1,251)**
Closing balance at 31 December 2013	298,951		**1,256**
Opening balance at 1 July 2012	33,923	-	**162**
Purchase of reserved shares	1,074,080		**4,536**
Distribution of shares under exercise of Performance Share Rights and options over shares	(1,024,200)		**(4,394)**
Closing balance at 30 June 2013	83,803	$3.63	**304**

[1] Represents shares held by the trustee of the SAI Global Limited Deferred Tax Plan, SAI Global Limited Executive Performance Share Rights Plan and SAI Global Limited Executive Incentive Plan.

Note 12. Earnings per share

	Half year	
	2013	2012
Basic earnings per share (cents)	**8.6**	9.0
Diluted earnings per share (cents)	**8.6**	8.9
Profit attributable to the ordinary owners of SAI Global Limited used in calculating earnings per share ($'000)	**18,043**	18,438
Weighted average number of shares used as the denominator in calculating basic earnings per share	**210,197,493**	205,693,188
Weighted average number of shares used as the denominator in calculating diluted earnings per share	**210,424,729**	206,338,109

Note 13. Events occuring after the balance sheet date

As foreshadowed in prior periods and as announced to the Australian Securities Exchange, on 20 January 2014 Tony Scotton retired from his position as Chief Executive Officer and as a Director of SAI Global Limited and its controlled entities. On the same date Stephen Porges commenced as the Company's new Chief Executive Officer and as a Director of SAI Global Limited and its controlled entities.

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

In the Directors' opinion:

(a) the financial statements and notes set out on pages 11 to 27 are in accordance with the Corporations Act 2001, including:

i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

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

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

Andrew Dutton
Chairman

Stephen Porges
Chief Executive Officer

Sydney

18 February 2014

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To the members of SAI Global Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of SAI Global Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of SAI Global Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

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

a) giving a true and fair view of the consolidated entity’s financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Christopher George
Partner
Sydney
18 February 2014