



Acquisition of MIDI

"This business adds significant momentum to SAI's Compliance Strategy"



Agenda

1. Status of acquisition and overview
2. Recap of the SAI business model
3. The Compliance Division explained
4. About Midi
5. How are SAI's recent acquisitions performing?
6. Confirmation of outlook for first half results
7. Questions

1. Status of acquisition and overview

- Binding contract for the acquisition of Compliance and Ethics Learning Solutions (which trades as Midi) signed on Friday evening, 12th January 2007
- Completion expected to take place on 19th January 2007 in New York, subject to customary closing conditions
- Midi is one of the leading compliance services businesses in the USA
- Multi-year license contracts generate annuity revenue streams
- 53 staff employed primarily in the USA
- Blue chip customer base
- Excellent strategic fit with SAI's other compliance assets which will all be combined under the SAI brand
- Further diversifies the group's revenue and geographic mix

1. Status of acquisition and overview (cont.)

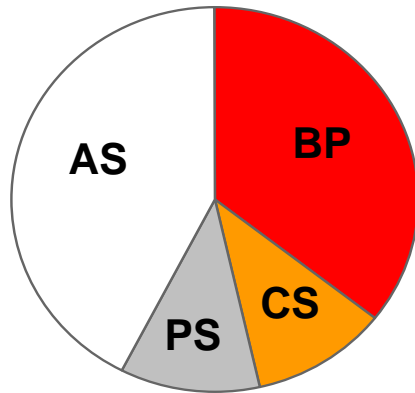
- Purchase price of US\$45 million
- Purchase price represents a pre-synergy multiple of around 9.5 times FY08 EBITDA*
- Acquisition funded by new bank debt of US\$30 million and cash reserves of US\$15 million
- FY08 projected revenues for Midi of US\$17 million
- Minimal FY07 EPS impact expected
- EPS expected to be accretive in FY08
- Expected to be strongly EPS accretive in FY09

*Earnings before interest, tax, depreciation and amortization

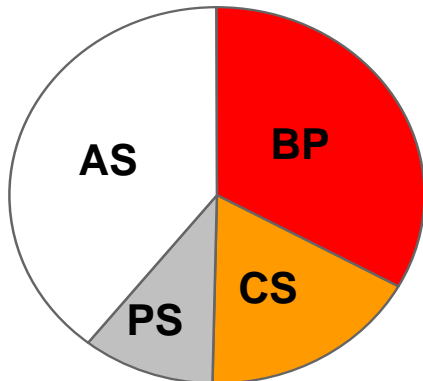
1. Status of acquisition and overview (cont.)

Revenue by business

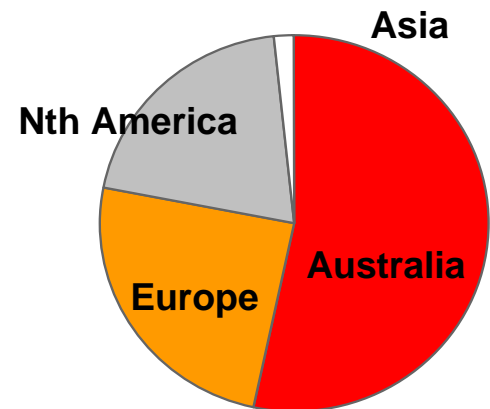
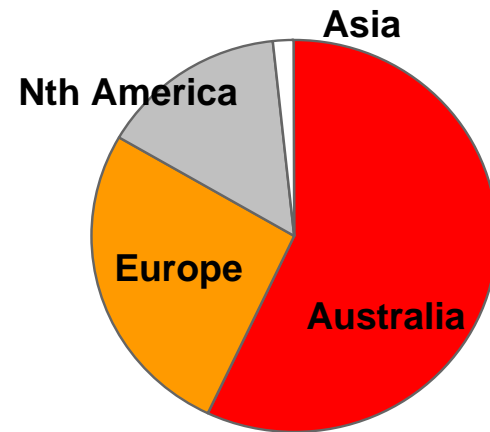
Pre-acquisition



Post-acquisition



Revenue by region



BP=Publishing, CS=Compliance, PS=Professional Services, AS=Assurance

2. Recap of the SAI business model

PUBLISHING

Standards
Legislation
Databases
Property
Other Technical

Provide Information

COMPLIANCE

Alerts
News feeds
Monitoring
Awareness and understanding

Apply Business Solutions

ASSURANCE

Conformity Assessment

- Product
- Food
- Systems

Audit Effectiveness

Supported by **TRAINING** and **BUSINESS IMPROVEMENT SOLUTIONS**
(Professional Services)

3. The Compliance Division Explained

Why are compliance services important for SAI?

- They are an integral part of the SAI business model
- There is a growing need for cost effective solutions to the compliance issues that organizations need to deal with - increasingly on a global scale
- There are strong demand drivers for services, resulting in high organic industry growth rates. USA led the way, Europe and other markets “catching up”
- There is currently a fragmented supply of services which provides the opportunity for SAI to establish a leading position in the market

3. The Compliance Division Explained (cont.)

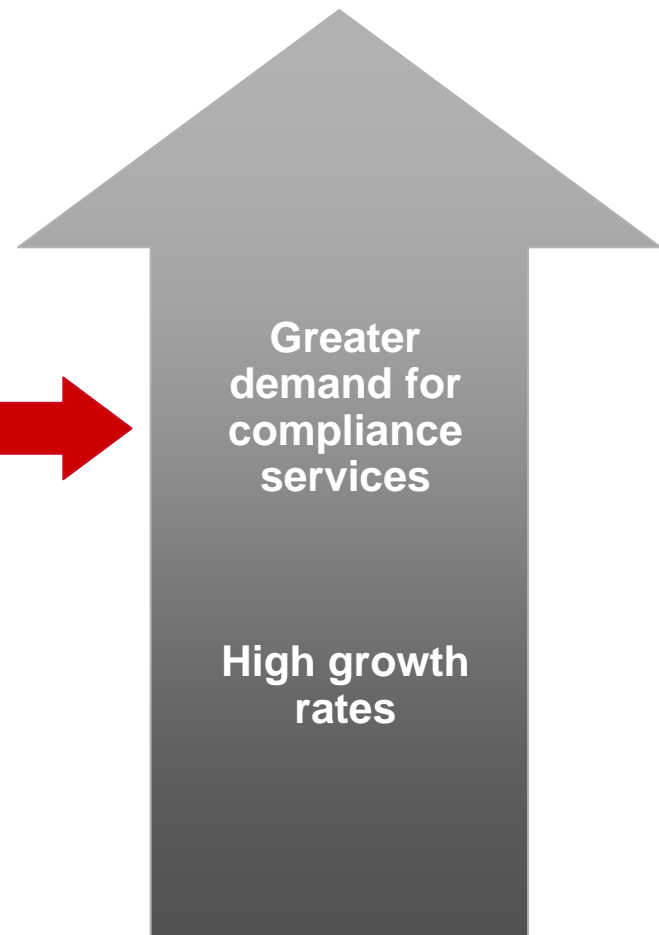
Why are compliance services important for SAI? (cont.)

- Strong profit outcomes are expected and consequently compliance assets are increasing in value
- SAI is experiencing strong growth in both headline sales and recognized revenue for all major compliance product streams
- SAI's compliance division's organic growth for the first half ended 31 Dec 06 exceeded 20%
- The flow through to the profit contribution from the compliance division has been impacted by investment in sales infrastructure and product development

3. The Compliance Division Explained (cont.)

Demand drivers:

- Regulation
- Reputation damage costs escalating
- Introduction of punitive legislation
- Boardroom awareness and increased risk exposure
- Brand reputation protection
- Fraud and corruption control
- Globalization
- Demand for supply chain confidence



Greater
demand for
compliance
services

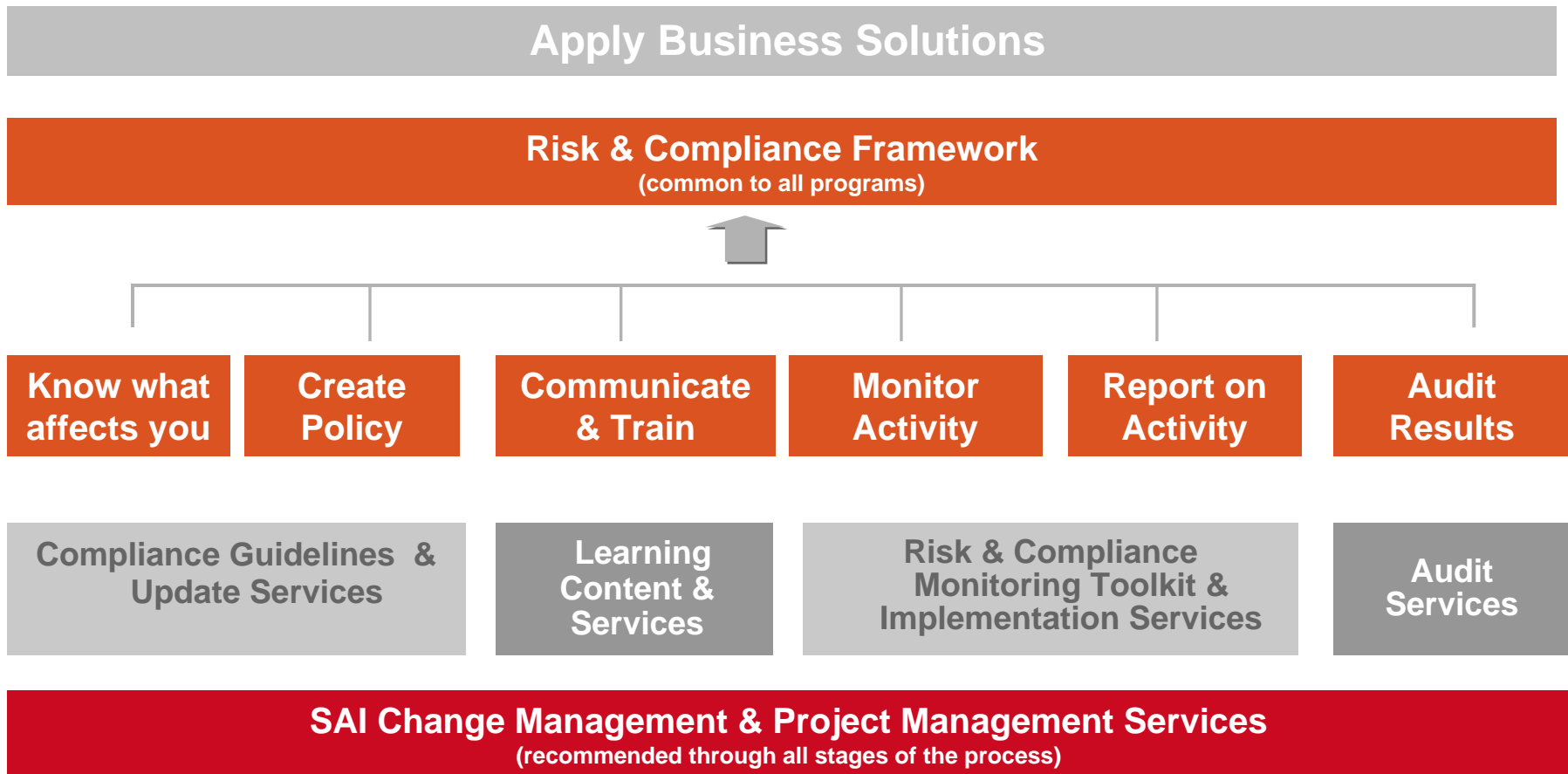
High growth
rates

3. The Compliance Division Explained (cont.)

Competitive environment in the compliance space:

- SAI is the first organization of its type to list on a stock exchange and has no direct equivalent
- There are numerous competitors in regulatory compliance space but few offer SAI's end-to-end solutions
- Competitors vary across the service range. Examples include:
 - Complinet and Lexis Nexis for alerts and news feeds
 - Paisley and Methodware for monitoring systems
 - LRN and Integrity interactive for communication and awareness
- Main competitors tend to be in the \$20-50 million revenue range

3. The Compliance Division Explained (cont.)



3. The Compliance Division Explained (cont.)

Key subject areas:

- **Financial compliance** Anti Money Laundering, Operational Risk, Fraud, Consumer Protection
- **Asset protection** Information Security, Employees, EHS, Privacy & Data Protection
- **Business ethics** Governance, bribery, fraud, conflicts of interest, antitrust, diversity
- **Managing Risk** Process & system management, OHS, IPR, procurement

SAI provides business solutions underpinned by proprietary technologies

4. About Midi

- Originally started trading in 1984 in the New York region
- The desire to become a serious player became evident in 2002 when a major investment in developing courseware, based on codes of conduct and compliance topics, was undertaken to capitalise on the compliance boom
- Midi was bought out in 2004 by the current CEO and a number of venture capitalists. This saw an acceleration in the investment in courseware and sales capability
- Midi has established a strong position in the US market which provides further scale to SAI's existing USA operations
- The integration of Midi with the SAI business is an excellent strategic fit as Midi seeks to expand into Europe

4. About Midi (cont.)

- Midi has an established annuity revenue model with high growth rates
- Clear synergies exist with SAI's existing compliance assets (Easy i and Lawlex)
- Midi has a blue chip client base
- Its solutions are delivered primarily via the web, but a full service offering is available
- The courseware catalogue currently consists of around 65 courses and 35 compliance and ethics awareness vignettes
- Training programs can be offered in more than 130 languages
- Customers sign multi-year licenses
- Recurring revenues are currently around 45% of total revenues, and increasing. Projected to reach 60% in FY09

5. How are SAI's recent acquisitions performing?

Company acquired	Date	Purchase Price	Performance (Relative to acquisition assumptions)
CRS	January 2005	A\$6.1M	Meeting acquisition assumptions
Easy I	May 2005	A\$28.3M	Contract sales in line with expectations. Higher deferral of revenue than expected
Anstat	August 2005	A\$50M	Significantly exceeding acquisition assumptions
EFSIS	December 2005	A\$12M	Exceeding acquisition assumptions
ILI	May 2006	A\$81M	Meeting acquisition assumptions
Certo	September 2006	A\$4.2M	Exceeding acquisition assumptions
Midi	January 2007	A\$59M	N/A

6. Confirmation of Outlook

- First half remains in-line with expectations
- Other than the impact of the acquisitions, the full year FY07 outlook remains unchanged from guidance previously provided
- Strong earnings per share growth expected in FY08 and FY09

7. Questions

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