Appendix 4E

Name of entity

UNITED GROUP LIMITED

ABN or equivalent company reference	Financial year ended ('current period')
85 009 180 287	30 JUNE 2008

Results for announcement to the market

				$A'000
Revenues from ordinary activities	Up/~~down~~	36.5%	to	3,487,203
Profit (~~loss~~) from ordinary activities after tax attributable to members	Up/~~down~~	41.4%	to	131,105
Net profit (~~loss~~) for the period attributable to members	Up/~~down~~	41.4%	to	131,105

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	34c	34c

+Record date for determining entitlements to the dividend,	22 August 2008

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Please refer to the attached press release.

The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the attached Directors' Report and audited Financial Report for the year ended 30 June 2008, the attached press release, and the additional information below.

Additional Information

Net Tangible Assets/(liabilities) per ordinary share : $(0.44) (2007: $(0.38))

Directors' Report

For the year ended 30 June 2008

The Board of directors have pleasure in presenting its report together with the financial report of United Group Limited (**the company or United Group**) and of the consolidated entity, being the company and its controlled entities (**the group or the consolidated entity**), for the year ended 30 June 2008 and the auditor's report thereon.

Directors

The names of directors in office during or since the end of the financial year were:

- Trevor C Rowe AM - Chairman
- Bruno G Camarri AM - Deputy Chairman
- Richard A Leupen - Managing Director and CEO
- RG (Sandy) Elliot
- Richard G Humphry AO
- John W Ingram AM
- Richard D White
- David J Young

All directors held the position of director throughout the financial year and up to the date of this report.

Details of the members of the Board, their experience, expertise, qualifications, special responsibilities and term of office are set out below.

Director	Term of office	Qualifications	External directorships	Skills, experience & expertise	United Group involvement
Trevor C Rowe AM Age: 65 Independent: Yes	Director since September 2002 Elected as Chairman October 2003	FCIS, FAICD, ACPA	**Other listed company Directorships over past 3 years** ASX Ltd (since July 2003) **Chairmanships** Rothschild Australia Limited, BrisConnections Management Company Limited, GoTalk Limited, Queensland Investment Corporation, Queensland BioCapital Fund, Enhance Management Ltd, RSPCA Queensland Capital Campaign and Careers Australia Group Ltd **Other Directorships and Memberships** Chancellor of Bond University Ltd Guardian of the Australian Government's Future Fund of Australia Member of Foreign Affairs Council and Royal Flying Doctor Service – The Friends Committee **Former Chairman** Citigroup Global Markets Ltd	Mr Rowe has over 25 years experience in the investment banking and funds management industry domestically and internationally. Mr Rowe is currently the Chairman of Rothschild Australia Limited and had a leading role in establishing Salomon Smith Barney (now known as Citigroup Global Markets) offices in Australia in 1983. In this time, he worked in the Australian, US and Asian markets. Prior to Citigroup, Mr Rowe held senior positions in Asia with the Arab Malaysian Development Bank and Private Investment Company of Asia (PICA) for 10 years. He has also held positions with Peat Marwick Mitchell & Co and A C Goode & Co in Western Australia.	Chairman of Board of Directors Chairman of the Nomination & Remuneration Committee

Director	Term of office	Qualifications	External directorships	Skills, experience & expertise	United Group involvement
Bruno G Camarri AM Age: 61 Independent: Yes	Director since October 1994	LLB	**No other listed company Directorships over past 3 years** **Chairmanships** Curcas Energy Limited and Meerilinga Young Children's Foundation Inc **Other Directorships and Memberships** <u>Director</u> of LinQ Capital Ltd, Heerema Marine Contractors Australia Pty Ltd, Nippon Oil Exploration (Dampier) Pty Ltd, Nippon Oil Exploration (Vulcan) Pty Ltd, Agrium Australia Pty Ltd and Maxwell Drummond International Limited <u>Member</u> of College of Law Advisory Board and The University of Notre Dame Australia <u>Public Officer</u> of Nucor Australia LLC <u>Patron</u> of United Way (WA) Inc **Former Partner** Freehills (1973 to 2003) **Former Directorships and Memberships** <u>Chairman</u> of Murchison United NL and Advanced Energy Systems Ltd (2001–2004) <u>Director</u> of Bristile Ltd (1996 - 2003) and LinQ Investors Ltd (formerly Rothschild Australia Golden Arrow Investors Ltd) (1997 - 2007) <u>Former Trustee</u> of Royal WA Institute for the Blind Foundation	Mr Camarri brings extensive legal and commercial expertise following a career in practising as a Corporate Lawyer since 1970, primarily representing clients in the energy and natural resources, construction and technology industries. He has advised both private industry and government in relation to joint ventures, sale, purchase and delivery of assets and commodities, financing, construction, foreign and local takeovers, taxation, IPO's (ASX and AIM), capital raisings, due diligence, titles (including native title), corporate governance and technology transfer. Between 1994 and 1996, he was Senior Counsel for the Western Australian Commission on Government. He had been a partner of Freehills for 30 years when he retired as a partner on 30 June 2003.	Deputy Chairman of the Board of Directors Member of the Audit & Risk Management Committee Member of Nomination & Remuneration Committee
RG (Sandy) Elliot Age: 64 Independent: Yes	Director since October 2004	Bachelor of Engineering (Hons) (University of Queensland), Fellow of the Institute of Engineers Australia (FIEAust CPEng), and a Member of the Institution of Engineering and Technology, UK (MIET)	**No other listed company Directorships over past 3 years** **Other Directorships and Memberships** Consultant, Hyder Consulting **Former Directorships** Managing Director, ALSTOM Australia Ltd	Mr Elliot has extensive experience in construction and engineering following a long and successful career within the industry including his time as Managing Director of ALSTOM Australia Ltd. Highlights of Mr Elliot's career at ALSTOM Australia include: consistently improved sales and profitability and significant growth of the operations; development of the Major Projects business which has successfully undertaken large scale works including the electrical and mechanical aspects on the Sydney Harbour Tunnel, Eastern Distributor, M5 East Expressway and Parramatta Rail Link; development of major service activities in the fields of Power Generation, Rail Transport and Transmission & Distribution. Mr Elliot is a previous NSW State President of Australian Industry Group (AIG).	Member of Health Safety Security and Environment Committee

Director	Term of office	Qualifications	External directorships	Skills, experience & expertise	United Group involvement
Richard G Humphry AO Age:69 Independent: Yes	Director since October 2004	FCA, FCPA, FAICD, AAIB, MACS	**No other listed company Directorships over past 3 years** **Other Directorships and Memberships** Director of HSBC Bank Australia Limited, MBF Australia Ltd, O'Connell Street Associates, BUPA Australia Holdings Pty Ltd, BUPA Australia Health Pty Ltd and Taronga Conservation Society Australia Member of Foreign Affairs Council **Former Directorships and Memberships** Managing Director and Chief Executive Officer of ASX Ltd Director of ClearView Life Nominees Pty Limited President of Commonwealth Remuneration Tribunal Advisory Director of Morgan Stanley Australia Member of Administrative Review Council of the Attorney General's Department, Treasury Financial Reporting Council Trustee of International Accounting Standards Foundation	During Mr Humphry's period of tenure at the ASX Ltd, it became the first exchange in the world to simultaneously demutualise and list on its own exchange. Before joining the ASX, Mr Humphry was Director-General of the NSW Premier's Department and Auditor-General of Victoria. These positions followed 20 years experience in the Australian federal public service in Defence and Finance, and 13 years in the banking industry. Mr Humphry was President of the Australian Commonwealth Remuneration Tribunal for five years to 2003. Throughout Mr Humphry's career he has served on the boards of a diverse range of private and public sector organisations.	Member of Audit & Risk Management Committee
John W Ingram AM Age:66 Independent: Yes	Director since April 2003	FCPA	**Other listed company Directorships over past 3 years** Wattyl Ltd (Director since 2001, Chairman since 2003) Nick Scali Ltd (Chairman since 2005) Savcor Group Limited (Chairman since November 2007) Rinker Group Ltd (Retired June 2007 following acquisition) **Other Directorships and Memberships** Australian Superannuation Limited (since July 2006) The Immediate National Past President of Australian Industry Group Ltd **Former Directorships** Crane Group Ltd, Historic Houses Trust of NSW and The Victor Chang Cardiac Research Institute	Mr Ingram has extensive experience in managing corporations. He is also a professional company director.	Chairman of Health Safety Security & Environment Committee Member of Nomination & Remuneration Committee

Director	Term of office	Qualifications	External directorships	Skills, experience & expertise	United Group involvement
Richard A Leupen Age: 55 Independent: No	Managing Director and CEO since October 2000	B Sc. (MechEng), CP Engineer, FIE Aust, FAIMM, FAICD	**No other listed company Directorships over past 3 years** **Other Directorships** Protech Holdings (WA) Pty Ltd Australian Constructors Association National Executive – Australian Industry Group **Other Memberships** Business Council of Australia	Mr Leupen has over 30 years experience in service industries. He has worked for international and Australian engineering companies including GHD, and Kaiser Engineers, based in Perth and Washington DC. Previous organisations include BHP Port Kembla, Shell Australia and Simcoa Operations.	Member of Health Safety Security and Environment Committee Chairman of United Group's Executive Committee & Subsidiaries
Richard D White Age: 58 Independent: Yes	Director since July 2006	B Sc. (Hons) Chemistry	**No other listed company Directorships over past 3 years** **Former Chairmanships** Riviera Group (Resigned May 2007) Former Executive Chairman, Serco **Other Memberships** Advisory Group for Ironbridge Capital	Following a period working for RCA and GE, in the mid 1980's Mr White led a management buyout of GE's UK service business which resulted in the formation of Serco. Serco subsequently obtained a full listing in the London Stock Exchange and in the ten years prior to Mr White's retirement in 2002 was in the top ten companies for value creation in the UK. On listing, Mr White became the Managing Director and in 1999 Executive Chairman. The group at that time had operations in 35 countries and employed over 32,000 staff. As part of its international expansion Mr White successfully set up Serco's Asia Pacific Operations in 1992.	
David J Young Age: 67 Independent: Yes	Director since June 1994	FCA, FCPA, FAIM, FAICD	**No other listed company Directorships over past 3 years** **Former Chairmanships** Burswood Ltd (Retired June 2003), Integrated Tree Cropping Ltd and Tanami Gold NL **Former Directorships** SGIO Insurance Ltd (Deputy Chairman) Alesco Corporation Ltd Home Building Society Fortron Group of Companies Silicon Metal Company of Australia Ltd Rural Traders Company Limited State Government Insurance Commission (Deputy Chairman)	Following a successful career as a Chartered Accountant, including 14 years as the Managing Partner of KPMG in Western Australia, Mr Young held a number of directorships of public and private companies. Mr Young is a former President for Western Australia of both the Australian Institute of Company Directors and the Australian Institute of Management and a former Chairman of the Institute of Chartered Accountants (WA Region). Mr Young is a former National Councillor of all of the above organisations.	Chairman of Audit & Risk Management Committee

The number of meetings of the Board of directors and of Board committees during the financial year and attendances for each of these meetings were:

	Board Scheduled		Board Unscheduled		Audit & Risk Management Committee		Nomination and Remuneration Committee		Health, Safety, Security & Environment Committee	
Trevor Rowe AM *	11	11	1(1)	1(1)	1	-	3	3	-	-
Bruno Camarri AM	11	11	1(1)	1(1)	4	4	3	3	-	-
RG (Sandy) Elliot	11	11	-(1)	-(1)	-	-	-	-	4	4
Richard Humphry AO	11	11	1(1)	1(1)	4	4	-	-	-	-
John Ingram AM	11	11	-(1)	-(1)	-	-	3	3	4	4
Richard Leupen**	11	11	1(-)	1(-)	4	4	3	3	4	4
Richard White	11	11	-(1)	-(1)	-	-	-	-	-	-
David Young	11	11	-(1)	-(1)	4	4	-	-	-	-

Shaded column — Meetings attended while a director or member

Unshaded column — Meetings held while a director or member, and required to attend

Numbers in brackets are circular resolutions

* Mr Rowe attended the Audit and Risk Management Committee by invitation.

** Mr Leupen attended the Audit and Risk Management Committee and the Nomination and Remuneration Committee by invitation.

Principal Activities

United Group is a diversified services company operating in maintenance, facilities management, engineering and construction.

United Group has 29,000 employees and 13,000 sub-contractors in Australia, New Zealand, Asia, North America and parts of Europe and the Middle East. The company has a client base that includes local and national governments, institutions and blue chip corporations.

United Group consists of four complementary businesses:

UGL Infrastructure is a multi-service business offering construction, engineering, operational and maintenance services to the water, power, road and rail transport, communications and defence industries.

UGL Rail is the largest end-to-end rail technology solutions provider and integrator in the Asia Pacific region and Australia's largest supplier of outsourced asset management and rolling stock maintenance services.

UGL Resources is a long term solution provider of multi-discipline services to clients in the resources industry.

UGL Services is a premier global provider of outsourcing services. Services include corporate real estate, facilities management, project management, finance and accounting, and procurement. This business includes UGL Premas in Asia, and UGL Equis and UGL Unicco in North America.

Operating Results

The consolidated profit of the group after providing for income tax and minority interest was $131.1 million (2007: $92.7 million).

Dividends Paid or To Be Paid

The following dividends on issued ordinary shares of United Group have been paid or declared since the end of the previous financial year:

Final ordinary dividend
- of 34 cents per share, fully franked, to be paid on 5 September 2008 — $55,780,000

Interim ordinary dividend
- of 24 cents per share, fully franked, paid on 7 March 2008 — $39,361,000

Final ordinary dividend
- of 28 cents per share, fully franked, paid on 14 September 2007 — $44,419,000

Earnings Per Share

	2008 (cents)	2007 (cents)
Basic earnings per share	81.8	67.8
Diluted earnings per share	80.6	66.4

Review of Operations

United Group had a successful 2008 financial year as both organic growth and the contribution from acquisitions led to higher sales and profits. United Group anticipates further growth in all sectors in the 2009 financial year. The company's engineering businesses benefited from ongoing investment in the Australian resources sector and robust infrastructure spending from governments in Australia, New Zealand and South East Asia. The property businesses continued to benefit from the trend towards greater outsourcing of facilities management.

Group operating revenue rose 36.5% to $3.5 billion and net profit after tax rose 41.4% to $131.1 million. Excluding the amortisation of acquired intangibles, earnings before interest and tax (EBIT) rose 42.4% to $211.6 million and net profit after tax rose 46.8% to $136.1 million. Operating cash-flow rose 31.6% to $171.3 million. Earnings per share rose 20.7% to 81.8 cents and the company declared total fully-franked dividends per share of 34 cents. The group reduced its gearing to 20.8% and increased its interest cover to 13.9 times.

UGL Infrastructure's sales rose 9.2% to $789.0 million and its EBIT rose 3.0% to $51.3 million. Government spending in Australia and New Zealand on upgrades and improvements to water and power services allowed the Water & Energy division to increase its sales very strongly. Isolated problems on two contracts in the first half affected the performance of the Transport & Systems business. UGL Infrastructure started the 2009 financial year with an order book of $2.1 billion reflecting a record level of contract wins, a greater share of which are under alliance-style contracts. The company is experiencing record tendering activity in Australasia and South East Asia and is also pursuing opportunities in Canada.

UGL Rail beat expectations to deliver a 7.4% increase in sales to $1.1 billion and a 93.6% increase in EBIT to $88.1 million – an increase that in part reflected the costs of the NSW public private partnership tender in the previous year. Demand from the resources, bulk and container freight sectors underpinned strong sales of rail locomotives and wagons, while the passenger rail business secured new passenger rail refurbishment works and build programs in Australia and Hong Kong. UGL Rail entered the 2009 financial year with an order book of $1.9 billion. It expects further strong growth in freight and to secure existing passenger rail maintenance projects and new manufacturing and refurbishment contracts. UGL Rail plans to expand its international presence and is reviewing opportunities in China, South East Asia and India.

UGL Resources' sales were up 27.6% to $467.7 million and its EBIT was up 23.9% to $51.4 million, well above forecast. Growth was strong both for asset services and project delivery contracts as strong commodities prices continued to encourage investment from mining and energy companies. UGL Resources secured long-term maintenance and turnaround contracts and new capital works projects and completed some large-scale projects. UGL Resources is well positioned for the year ahead and will benefit from a healthy pipeline of tenders, existing works in asset services and the commencement of major works in its project delivery division. The oil and gas sector and the Queensland coal market present expansion opportunities to augment an order book of $905 million.

UGL Services underwent significant growth principally from the nine-month contribution from September's acquisition of United States-based integrated facilities services provider Unicco. Sales rose 164.6% to $1.1 billion and EBIT rose 64.3% to $58 million. Unicco has performed ahead of group expectations and is developing cross-selling opportunities with US-based corporate real estate business UGL Equis. The latter's sales fell on the absence of one-off fees from major transactions such as 2007's Grand Central Station transaction in New York. Singapore-based UGL Premas continued to grow in Asia and the Middle East while UGL Services in Australia and New Zealand strengthened its management and processes, the benefits of which will flow through in the coming year. UGL Services order book stood at $2.5 billion as it entered the 2009 financial year.

Shareholder Returns

Returns to shareholders increase through both dividends and capital growth. Dividends for 2008 were fully franked.

	2008	2007	2006	2005	2004
Net profit after tax and minority interest	$131.1m	$92.7m	$78.7m	$47.5m	$29.1m
Basic earnings per share	81.8c	67.8c	63.7c	45.8c	29.1c
Return on capital employed (a)	13.1%	20.4%	24.0%	57.5%	29.0%
Return on equity (annualised)	13.0%	16.3%	19.7%	24.3%	16.2%
Dividends paid/proposed	$95.1m	$72.3m	$58.0m	$31.5m	$28.7m
Dividends per share	58c	48c	44c	30c	28c
Increase/(decrease) in share price (b)	$(4.34)	$2.25	$4.76	$4.54	$2.24

a) Return on capital employed defined as earnings before interest tax and amortisation/(average share capital and net debt).
b) Increase/(decrease) in share price based on closing price at 30 June of each year.
Data prior to 2005 is in accordance with pre AIFRS AGAAP.

Investments for Future Performance

On 24 September 2007 United Group USA Inc (wholly owned subsidiary of United Group Limited) acquired a US based facilities management business, UNICCO Service Company (**UNICCO**) for $513.3 million (US $444.9 million). UNICCO is a leading US based provider of integrated facilities management services, serving more than 1,000 customers at more than 5,000 sites throughout North America. The acquisition is an important step in establishing United Group as a leading global provider of property services, including corporate real estate (**CRE**) and facilities management (**FM**) services.

The consolidated entity acquired property, plant and equipment and software totalling $71.7 million during the year. The capital expenditure is a part of the normal pattern of investing and upgrading required to maintain the consolidated entity's plant and equipment, enhance safety and keep pace with technological advances. There are no major capital expenditure projects planned in the coming year outside of these ongoing requirements.

Review of Financial Condition

Capital structure, funding and treasury policy

The acquisition of UNICCO was funded through a combination of debt and equity raising. In July and August 2007, institutional placements were successfully completed with 18,691,897 shares issued at $17.00 raising $315.6 million. The company also undertook a share purchase plan which resulted in the issue of 1,454,435 shares at $17.00 raising $24.7 million.

The group may from time to time enter into interest rate swap arrangements to manage the mix between fixed and floating debt. The group enters into forward contracts to hedge anticipated purchase and sale commitments denominated in foreign currencies, principally US dollars, Euros, GB Pounds and Yen.

Cash from operations

The operating cash flow for the group of $171.3 million was 31.6% higher than the prior year due to improved management of debtors and the timing of cash flows on major projects. The acquisition activity during the year resulted in significant cash outflows from investing activities, funded through increased debt facilities and capital raising.

Impact of legislation and other external requirements

There were no changes in environmental or other legislative requirements during the year that have significantly impacted the results or operations of the consolidated entity.

Significant Changes in State of Affairs

Significant changes in the state of affairs of the group during the financial year were as follows:

An increase in the contributed equity of $425.3 million as a result of:

	$000
Issue of 18,691,897 fully paid ordinary shares under the placement @$17 net of costs	315,559
Issue of 1,454,435 fully paid ordinary shares under the share purchase plan @$17 net of costs	24,684
Issue of 4,219,307 fully paid ordinary shares on acquisition of Unicco	76,411
Issue of 1,247,964 fully paid ordinary shares at exercise prices ranging between $4.45 and $11.39 each on exercise of options granted under the United Group Employee Share Option Plan	8,615
Increase in contributed equity	425,269

On 24 September 2007 United Group USA Inc (wholly owned subsidiary of United Group Limited) acquired the business of Unicco Service Company (**UNICCO**) for a consideration of $513.3 million (US$444.9m). UNICCO is a US-based integrated facilities management services company.

Other than the increase in equity referred to above and the acquisition of UNICCO no other significant changes occurred in the state of affairs of the group during the financial period.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, the results of those operations or the state of affairs of the group in subsequent financial years.

Likely Developments and Results

The group will continue to pursue its goal of increasing profitability and delivering to shareholders sustainable and responsible wealth creation.

The directors have not included any further information on the likely developments or expected future results of the operations of the group as the directors have reasonable grounds to believe that such information would prejudice the interests of the group if such information was included.

Environmental Regulation Performance

The group's environmental obligations are regulated under both federal and state law. Environmental performance obligations are monitored by the Health, Safety, Security and Environment Committee and are subjected from time to time to internal and external independent audit. The group has a policy of at least complying with, and in most cases exceeding, its environmental performance obligations.

Directors' and Officers' Indemnity and Insurance

Under its Constitution, the company has agreed to indemnify on a full indemnity basis and to the full extent permitted by law, each director and executive officer for all losses or liabilities incurred by the person as an officer of the company or of a related body corporate including, but not limited to liability for negligence or for reasonable costs and expenses incurred:

- in defending proceedings, whether civil or criminal, in which judgment is given in favour of the person or in which the person is acquitted; or
- in connection with an application, in relation to such proceedings, in which the Court grants relief to the person under the Corporations Act 2001.

The indemnity:

- is a continuing obligation and is enforceable by an indemnified person even though that person may have ceased to be an officer of the company or of a related body corporate; and
- applies to all losses and liabilities incurred to the extent that the loss or liability is not covered by insurance.

During the financial period, the company or a related body corporate paid an insurance premium in respect of a contract insuring directors and officers against liabilities (including costs and expenses) arising from the performance of their duties.

The directors have not included the details of the nature of the liabilities covered or the amount of the premium paid in respect of these insurance contracts, as such disclosure is prohibited under the terms of the contract.

Company Secretaries

Details of the qualifications and experience of each person who is a company secretary of the company as at the end of the financial year are contained in the Statement of Corporate Governance Practices.

Remuneration Report - audited

Principles of remuneration

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the company and the group. The key management personnel of the consolidated entity comprise the directors of the company and those senior executives of the company and the group (including the five most highly remunerated company and group executives) identified in the notes to the director and executive remuneration table below.

Remuneration strategy and policy

The Nomination and Remuneration Committee has been established by the Board of United Group to assist in discharging its responsibilities in relation to the:

- group's remuneration and human resources arrangements; and
- structure of the Board and executive management team.

Further details on the committee's responsibilities are outlined in the Statement of Corporate Governance Practices.

The committee reviews remuneration strategy and policy on an annual basis for all employees including the Managing Director and CEO and senior executives. The decisions of the committee are subject to approval by the Board.

Remuneration levels are competitively set to attract, motivate, develop and retain appropriately qualified and experienced employees in a manner aligned with business goals. The committee obtains independent advice on the appropriateness of remuneration packages including information on trends in comparative companies both locally and internationally.

The remuneration strategy applicable to senior executives and the Managing Director and CEO is designed over a five year horizon, addressing the following three primary components:

- fixed remuneration;
- short term incentives (**STI**); and
- long term incentives (**LTI**).

Remuneration structure – senior executives

Remuneration packages include a mix of fixed remuneration and short and long term performance based incentives.

Fixed remuneration

Fixed remuneration is calculated on a total remuneration package basis. The base salary for senior executives is independently assessed and positioned competitively in the market (the market being roles of similar size and scope in comparable organisations). Annual salary reviews are based on market trends as well as individual, divisional and overall performance of the group.

Benefits which senior executives may salary sacrifice as a part of fixed remuneration include: superannuation, motor vehicles and employee share plan. Additional benefits may also be provided to senior executives to assist in the relocation of their home for work purposes.

Short term incentives

Prior to the commencement of each financial period, a pool of funds is allocated for distribution as short term incentives to senior managers (which short term incentive can be up to 80% of base salary, depending on seniority) if the company and its divisions achieve pre determined targets. The targets are based on achieving key financial measures, the individual's performance and safety results as agreed by the committee. Before any senior executive is able to receive a short term incentive (other than one off discretionary bonuses) United Group must first meet its global EBIT budget. Annual incentives are payable in October and are approved by the Managing Director and CEO and noted by the committee. Aligning incentives with profit targets drives the growth of the business which in turn supports the creation of shareholder value.

Long term incentives

The company uses the Employee Share Option Plan to award options as part of the LTI component of remuneration. The ability to exercise options is conditional on United Group achieving the following performance hurdles during the performance period:

- annual hurdles of Total Shareholder Return (**TSR**) better than ASX 200 Industrials index (XNJ index); and
- earnings per share growth (**EPS**) at least 12% pa compound.

These performance hurdles have been selected to ensure senior executive remuneration is aligned with shareholder interests, in a manner that takes into account performance relative to the market. Relative TSR performance aligned to the XNJ index also aims to deliver superior TSR compared to similar companies. Subject to achieving performance hurdles the options are generally exercisable annually in years three, four and five.

In 2005 United Group broadened its long term incentive scheme to allow options to be allocated to middle management. These options are subject to the same performance hurdles as discussed above but have a three year performance period as opposed to a five year performance period.

Remuneration mix

For the senior executives of the business, there is a managed level of variability within the target remuneration mix to encourage performance to meet goals that are aligned with increasing shareholder value. The target mix ranges for senior executives are as follows:

- fixed remuneration: 39 - 60%
- short term incentive: 21 - 27%
- long term incentive: 14 - 37%

Employee share plans

Employees with six months or more of continuous service are eligible to participate in either the Deferred Employee Share Plan or the Exempt Employee Share Plan. Further details of these plans are included in Note 28: Employee benefits to the Financial Statements.

Service agreements

The company has service agreements with each senior executive that defines:

- appointment date;
- the role and executive duties;
- remuneration and benefits;
- leave entitlements;
- summary dismissal for misconduct or fraud;
- use of expenses;
- notice periods of between three and twelve months;
- confidential information; and
- restraint on practices.

The Managing Director and CEO's contract extends to 3 September 2011. The contract may be terminated by the company without cause. If the company terminates the contract without cause then Mr Leupen is entitled to receive an amount equal to 18 months TEC (described below), accrued leave entitlements and a proportionate share of any short term cash incentive that may be payable.

No other senior executive has a fixed - term contract. The period of notice required to be given by the company to terminate the contract for the following senior executives is as follows:

Executive	Period of Notice
Mr J Birman	12 month's notice
Mr T Chapman *	Immediate termination subject to payment of 12 months salary, superannuation contributions and accrued statutory entitlements
Mr P Mirams	6 month's notice although the company may terminate the contract immediately and pay to the executive an amount equal to the executive's salary and superannuation contributions for the balance of the notice period
Mr P Dalgleish	12 month's notice although the company may terminate the contract immediately and pay to the executive an amount equal to the executive's salary and superannuation contributions for the balance of the notice period
Mr M Vitlich **	Immediate termination subject to payment of 12 months salary, superannuation contributions and accrued statutory entitlements
Mr A Summers	Immediate termination subject to payment of 12 months salary, superannuation contributions and accrued statutory entitlements

* Mr Chapman resigned during the financial year.
** Mr Vitlich resigned after the end of the financial year.

All contracts provide that employment may be terminated at any time for cause such as misconduct or fraud.

There are no termination arrangements in place which would result in payments to senior executives in excess of that which would have otherwise been earned as remuneration for their employment.

Remuneration structure – Managing Director and CEO

The executive services agreement with the Managing Director and CEO, Richard Leupen, extends to 3 September 2011. The current key provisions of Mr Leupen's remuneration package are as follows:

- Total Employment Cost (**TEC**) of $2.5 million per annum subject to review annually in September.
- Short term cash incentive of up to 100% of TEC, subject to delivery of annual targets allocated as follows:
  - 15% of TEC on achieving EPS budget
  - 35% of TEC if compound EPS growth exceeds 12% per annum from the base year
  - up to 30% of TEC as the Board considers appropriate for strategic and operational issues
  - if the final EPS for each financial year exceeds the final EPS of the preceding financial year by 12%, 2% of salary for each 1% of the excess up to a maximum of 20%
  - the amount of bonus is reduced by the cash component of the dividend paid on 750,000 restricted shares for which a loan has been provided.
- Long term incentive of 1,350,000 equity options as approved by shareholders at the 2006 annual general meeting on the following terms and conditions:

Number	Issue Price	Exercise Price	Expiry Date	Vesting Dates	Performance Hurdles
Tranche A: 540,000 Tranche B: 810,000	Nil	$13.77	31 August 2011	1. Tranche A: The date of the release of the company's results for the year ended 30 June 2009. 2. Tranche B: The date of the release of the company's results for the year ended 30 June 2010.	**1. Earnings Per Share** ▪ For Tranche A, either: (a) reported EPS FYE 30/06/2009 must be equal to or greater than 140 per cent of reported EPS FYE 30/06/2006; or (b) reported EPS FYE 30/06/2010 must be equal to or greater than 157 per cent of the reported EPS FYE 30/06/2006; or (c) reported EPS FYE 30/06/2011 must be equal to or greater than 176 per cent of the reported EPS FYE 30/06/2006. ▪ For Tranche B, either (a) reported EPS FYE 30/06/2010 must be equal to or greater than 157 per cent of the reported EPS FYE 30/06/2006; or (b) reported EPS FYE 30/06/2011 must be equal to or greater than 176 per cent of the reported EPS FYE 30/06/2006. **2. Total Shareholder Return** The company's TSR, as measured by the change in value of its cumulative index, for each earnings period, relative to the ASX Industrials 200 cumulative index (ASX Code "XNJAI"), must be better than the change in value of the XNJAI for that period. Both the EPS and TSR hurdles must be achieved.

- Long term incentive of 200,000 shares under the Deferred Employee Share Plan purchased on-market in 2004. Mr Leupen accepted an invitation to apply for these shares at no cost in accordance with his service agreement dated 14 October 2004 (**the Service Agreement**). The shares were subject to a holding lock and the following performance hurdles.

Performance Hurdle 1 (100,000 shares)	Performance Hurdle 2 (100,000 shares)
EPS as at 30 June 2006 has grown by at least 10% per annum compound since 30 June 2003.	The company's total shareholder return as measured by the change in the value of its cumulative index for the period 30 June 2003 to 30 June 2006 relative to the XNJ is better than the change in the value for the XNJ in that period.

Both of these performance hurdles were achieved during the 2007 year and the holding lock removed.

- In 2004, Mr Leupen was also awarded 1,300,000 shares under the Long Term Incentive Performance Share Plan in accordance with the abovementioned Service Agreement. These shares were issued with a loan from the company at $5.20 per share and subject to performance conditions. The performance conditions for Tranche 1, which consists of 550,000 shares, are exactly the same as the performance hurdles for the shares issued under the Employee Deferred Share Plan discussed above. Tranche 2, consisting of 750,000 shares, is subject to the following performance hurdles.

Performance Hurdle 1	Performance Hurdle 2
EPS as at 30 June 2007 has grown by at least 10% per annum compound since 30 June 2003.	The company's total shareholder return as measured by the change in the value of its cumulative index for the period 30 June 2003 to 30 June 2007 relative to the XNJ is better than the change in the value for the XNJ in that period.

The performance hurdles for Tranche 1 were achieved during the 2007 reporting period. Upon the receipt of $5.20 per share, the restriction on 550,000 shares was lifted. The performance hurdles for Tranche 2 were achieved during the reporting period. The 750,000 shares remain restricted until payment of $5.20 per share is made by Mr Leupen.

Shares and options held by Managing Director and CEO

Mr Leupen has a relevant interest in the following number of shares in the company and options over shares in the company:

Number of shares: 2,369,893
Number of options: 1,350,000

Remuneration structure – non-executive directors

The remuneration of non-executive directors is governed by the Constitution of the company and is based on fee for service. The Constitution requires the members at a general meeting of the company must approve the total amount which can be paid to non-executive directors by way of directors' fees. This amount or a lesser amount is then divided between the directors in proportions decided by the Board, including any additional amounts paid for membership of a committee. The Board periodically reviews the amount paid and if necessary will make a recommendation to the members for approval of any increase at the next annual general meeting of the company. Total remuneration of all the non-executive directors, last voted upon by shareholders at the 2007 annual general meeting is not to exceed $2,000,000 per annum (including retirement shares but does not include retirement benefit accrued under Article 8.3(g) (1) of the Constitution).

The group contributes the minimum amount required by law to superannuation funds nominated by directors. The current fees are set as follows:

Position	Fee per annum $
Chairman of the Board	288,750
Deputy Chairman of the Board	183,750
Non-executive director	105,000
Chairman Audit and Risk Management Committee	19,845
Audit and Risk Management Committee member	9,923
Chairman of HSSE Committee	13,230
HSSE Committee member	8,820
Remuneration and Nomination Committee member	8,820
Board Sub-Committee member	6,615

The Chairman and Deputy Chairman do not receive additional fees for committee membership.

Non-executive directors are not eligible to participate in the Employee Share Option Plan. Non-executive directors are able to salary sacrifice fees into the Deferred Employee Share Plan. The company does not provide additional matching shares.

Directors' Retirement Share Plan

In addition to the fees set out above, each non-executive director receives shares to the value of 30% of their fees. The shares are purchased on market and allocated to the director and restricted from trading until the director's retirement.

The Directors' Retirement Share Plan replaced the original directors' retirement benefits scheme from 1 July 2003. Previously non-executive directors were entitled to retirement payments pursuant to Article 8.3(g) (1) of the Constitution. These payments, based on years of service, were up to three times the average of the last three years fees paid where a director reached nine years of service. In the transition to the allocation of shares, directors with greater than eight years service remained in the retirement benefits scheme until completing nine years of service. Director's entitlements under the previous arrangements are preserved and will be paid on the retirement of the director.

These payments are also subject to the limits prescribed by the Corporations Act.

Shares held by non-executive directors

The non-executive directors have a relevant interest in the following number of shares in the company:

Non-executive Director	Number of Shares
Trevor C Rowe AM - Chairman	100,651
Bruno G Camarri AM – Deputy Chairman	85,383
RG (Sandy) Elliot	35,048
Richard G Humphry AO	165,874
John W Ingram AM	66,610
Richard D White	25,735
David J Young	127,968

Relationship of remuneration to the performance of United Group

The remuneration strategy links the remuneration of the Managing Director and CEO and the senior executives to profitability in the financial year and future performance of the business. By linking conditional short term and long term incentives to profitability, it drives return to shareholders through dividends and share price and therefore aligns the 'at risk' rewards of senior executives to those of shareholders. Net profit is considered in setting the STI as the financial performance targets relate to EBIT budget achievement and EBIT growth. Dividends, changes in share price and return of capital are included in the TSR calculation which is one of the performance criteria used to assess the LTI. The LTI is used as a key retention incentive for key managers and ensures the future security of managers who are recognised as delivering quality financial outcomes. The other performance criteria assessed for the LTI is growth in EPS, which again takes into account United Group's net profit.

United Group's share price and dividend yield performance is shown below:

Compound annual growth rate (CAGR)	1 year	3 years	5 years	10 years
Net profit after tax and minority interest	41.4%	40.3%	43.0%	21.5%
Earnings per share	20.6%	21.3%	27.8%	10.7%
Dividends	20.8%	24.6%	19.3%	9.2%
Share price appreciation	(26.1)%	8.5%	33.9%	14.7%
Total shareholder return	(24.2)%	13.4%	39.2%	19.4%

Director and executive remuneration (company and group)

Details of the nature and amount of each major element of remuneration of each director of the company, each of the five named company executives and relevant group executives who receive the highest remuneration and other key management personnel are:

		Short-term				Post-employment				Equity compensation			Total		
		Salary & fees	STI cash bonus [1]	Non-monetary benefits [2]	Total	Super-annuation	Retirement benefits [3]	Termination benefits[6]	Total	Value of options [4]	Value of shares [5]	Total		Proportion of remuneration performance related	Value of options as proportion of remuneration
	Year	$	$	$	$	$	$	$	$	$	$	$	$	%	%
Directors - Non-executive															
Mr T Rowe, AM Chairman	2008	275,621	-	47,718	323,339	13,129	86,600	-	99,729	-	-	-	423,068	-	-
	2007	262,314	-	21,306	283,620	12,686	82,500	-	95,186	-	-	-	378,806	-	-
Mr B Camarri, AM Deputy Chairman	2008	183,750	-	-	183,750	-	55,125	-	55,125	-	-	-	238,875	-	-
	2007	175,000	-	-	175,000	-	52,500	-	52,500	-	-	-	227,500	-	-
Mr R Elliot	2008	113,820	-	-	113,820	-	34,100	-	34,100	-	-	-	147,920	-	-
	2007	108,400	-	-	108,400	-	32,500	-	32,500	-	-	-	140,900	-	-
Mr R Humphry, AO	2008	111,761	-	-	111,761	4,819	34,500	-	39,319	-	-	-	151,080	-	-
	2007	100,413	-	-	100,413	9,037	32,800	-	41,837	-	-	-	142,250	-	-
Mr J Ingram, AM	2008	133,666	-	-	133,666	2,188	40,100	-	42,288	-	-	-	175,954	-	-
	2007	127,300	-	-	127,300	-	38,200	-	38,200	-	-	-	165,500	-	-
Mr D Young	2008	114,537	-	-	114,537	10,308	37,500	-	47,808	-	-	-	162,345	-	-
	2007	109,083	-	-	109,083	9,817	35,700	-	45,517	-	-	-	154,600	-	-
Mr R White	2008	96,330	-	-	96,330	8,671	31,500	-	40,171	-	-	-	136,501	-	-
	2007	85,948	-	-	85,948	7,733	28,065	-	35,798	-	-	-	121,746	-	-
- Executive															
Mr R Leupen, Managing Director and CEO	2008	2,336,871	1,448,000	212,941	3,997,812	13,129	-	-	13,129	1,290,727	304,476	1,595,203	5,606,144	54.3	23.0
	2007	1,507,547	875,320	187,559	2,570,426	12,686	-	-	12,686	1,401,134	304,476	1,705,790	4,288,902		

		Short-term				Post-employment				Equity compensation			Total		
		Salary & fees	STI cash bonus [1]	Non-monetary benefits [2]	Total	Super-annuation	Retirement benefits [3]	Termination benefits[6]	Total	Value of options [4]	Value of shares [5]	Total		Proportion of remuneration performance related	Value of options as proportion of remuneration
	Year	$	$	$	$	$	$	$	$	$	$	$	$	%	%
Executives															
Mr P Mirams, Chief Financial Officer	2008	499,371	32,062	7,271	538,704	13,129	-	-	13,129	104,625	-	104,625	656,458	20.8	15.9
	2007	78,885	-	1,248	80,133	2,150	-	-	2,150	17,437	-	17,437	99,720		
Mr M Vitlich, Chief Operating Officer, Australia & Asia	2008	668,121	196,875	21,264	886,260	13,129	-	-	13,129	185,488	-	185,488	1,084,877	35.2	17.1
	2007	403,781	-	7,532	411,313	7,350	-	-	7,350	93,471	-	93,471	512,134		
Mr P Dalgleish, Chief Executive UGL Infrastructure	2008	526,631	207,874	2,110	736,615	13,129	-	-	13,129	69,395	-	69,395	819,139	33.8	8.5
Mr A Summers, Chief Executive UGL Rail	2008	666,371	292,500	2,000	960,871	13,129	-	-	13,129	228,168	-	228,168	1,202,168	43.0	18.8
	2007	637,314	204,098	2,539	843,951	12,686	-	-	12,686	238,739	-	238,739	1,095,376		
Mr J Birman, Chief Executive UGL Resources	2008	654,856	337,500	2,000	994,356	13,129	-	-	13,129	122,812	-	122,812	1,130,297	40.7	10.9
	2007	612,314	182,385	12,763	807,462	12,686	-	-	12,686	142,365	-	142,365	962,513		
Mr T Chapman, Chief Executive UGL Transport & Systems	2008	351,851	150,000	1,167	503,018	7,659	-	635,542	643,201	3,989	-	3,989	1,150,208	13.4%	0.3
	2007	612,314	193,185	11,781	817,280	12,686	-	-	12,686	113,617	-	113,617	943,583		
Former executives															
Mr D Irvine, Chief Financial Officer	2007	361,757	225,549	15,732	603,038	-	-	617,588	617,588	56,395	-	56,395	1,277,021		
Mr D Harris, Chief Executive UGL Global Services	2007	516,304	184,122	4,092	704,518	10,780	-	46,129	56,909	8,744	-	8,744	770,171		

Notes to the director and executive remuneration table

The following executives, together with Mr Leupen and the non-executive directors were the key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period. Remuneration disclosures are for the period during which the person met the definition of key management personnel.

Executives:

- Mr P Mirams (Chief Financial Officer)
- Mr M Vitlich (Chief Operating Officer, Australia & Asia) resigned 4 July 2008
- Mr P Dalgleish (Chief Executive UGL Infrastructure)
- Mr A Summers (Chief Executive UGL Rail)
- Mr J Birman (Chief Executive UGL Resources)
- Mr T Chapman (Chief Executive UGL Transport & Systems) resigned 25 January 2008

1. Bonuses relate to short term incentives paid for the preceding financial year as the current year bonus is yet to be determined. 100% of the bonus was paid in cash.
2. Non-monetary benefits include benefits subject to FBT.
3. Retirement benefits include contributions to the Directors' Retirement Share Plan. Payments on retirement pursuant to Article 8.3(g) (1) of the Constitution total $512,111, payable to Mr Young and Mr Camarri.
4. The fair value of options is calculated at grant date using a Monte-Carlo options pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period.
   1,300,000 company shares were issued to Mr Leupen in December 2004 under the Long Term Incentive Performance Share Plan. These shares are restricted shares, subject to the achievement of performance hurdles previously discussed. The fair value is calculated using a binomial options pricing model and allocated to each reporting period evenly over the period from the grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. During the reporting period Mr Leupen received $330,000 ($2007: $250,000) in dividends from these shares. Under the terms of Mr Leupen's Service Agreement dividends received are deducted from the bonus payment relating to that period. The bonus of $1,448,000 (2007: $875,320) above includes the amount of $330,000 ($2007: $520,000) received as a dividend. 750,000 of these shares vested during the period but are restricted shares until payment of the associated loan at $5.20 per share. 1,350,000 equity options were issued to Mr Leupen in October 2006 in accordance with shareholder approval granted at the 2006 annual general meeting.
5. 200,000 company shares in the Deferred Employee Share Plan were acquired on market in September and October 2004 as a long term incentive under the Service Agreement with Managing Director and CEO Richard Leupen. The value of $304,476 represents the amortisation of the cost of these shares over the term of the extension of the executive services agreement with Mr Leupen to September 2008. These shares vested during the year.
6. Mr T Chapman resigned 25 January 2008, Mr D Irvine resigned 20 February 2007 and Mr D Harris resigned 1 May 2007.

The following factors and assumptions were used in determining the fair value of options on grant dates during the year:

	2008
Fair value at measurement date	$2.928 - $3.953
Share price	$12.89 - $19.52
Exercise price	$12.41 - $19.44
Expected volatility	22.65% - 38.43%
Option life	3.02 - 5.17 years
Expected dividends	4.31% - 4.59%
Risk-free interest rate	5.91% - 6.59%

Loans to key management personnel and their related parties

No loans were made to key management personnel and their related parties at any time during the financial year.

Equity instruments

All options refer to options over ordinary shares of United Group which are exercisable on a one for one basis under the Employee Share Option Plan, subject to performance hurdles.

Analysis of bonuses included in remuneration

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each director of the Company, each of the five named company executives and relevant group executives who receive the highest remuneration and other key management personnel are detailed below:

	Short term incentive bonus		
	Included in remuneration $	% vested in year	% forfeited in year
Director			
Mr R Leupen	1,448,000	90.5	9.5
Executives			
Mr J Birman	337,500	90	10
Mr T Chapman	150,000	40	60
Mr P Dalgleish	207,874	100	-
Mr P Mirams	32,062	90	10
Mr A Summers	292,500	75	25
Mr M Vitlich	196,875	90	10

Bonuses relate to short term incentives paid for the preceding financial year as the current year bonus is yet to be determined. No amounts vest in future financial years in respect of these bonuses.

The amounts forfeited are due to the performance or service criteria not being met.

Options granted as remuneration

Details on options over ordinary shares in the company that were granted as remuneration to each director of the company, each of the five named company executives and relevant group executives who receive the highest remuneration and other key management personnel during the reporting period and details on options that vested during the reporting period are as follows:

	Number granted during the year	Grant date	Fair value at grant date $	Exercise price per option $	Expiry date	Number vested during the year
Mr J Birman		26/05/2004	1.114-1.213	4.45	31/12/2009	44,333
		29/07/2006	1.789-1.859	9.34	31/12/2009	41,666
	34,509	01/09/2007	3.672	16.63	31/12/2012	-
Mr T Chapman		17/05/2004	0.745-0.797	4.49	31/12/2007	83,334
		26/05/2004	1.114-1.213	4.45	31/12/2009	66,666
	34,509	01/09/2007	3.672	16.63	31/12/2012	-
Mr P Dalgleish		18/02/2005	1.212-1.287	7.23	31/12/2008	26,667
		25/08/2005	1.816-1.862	10.73	31/12/2008	15,000
	54,229	01/09/2007	3.672	16.63	31/12/2012	-
Mr A Summers		04/10/2005	2.320-2.490	10.83	31/12/2011	33,333
	35,980	01/09/2007	3.672	16.63	31/12/2012	-
Mr M Vitlich	34,509	01/09/2007	3.672	16.63	31/12/2012	-
Total	193,736					310,999

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

All options refer to options over ordinary shares of United Group, exercisable on a one-for-one basis. All options expire on the earlier of their expiry date or termination of the individual's employment. In addition to continuing employment service condition, the ability to exercise options is conditional on the Group achieving certain performance hurdles. Details of the performance criteria are included in the long-term incentives discussion in this report. For options granted in the current year the earliest exercise date is 1 September 2012.

Exercise of options granted as remuneration – audited

During the reporting period, the following shares were issued on the exercise of options previously granted as remuneration:

2008	Number of shares	Amount paid per share
Directors		
Mr R Leupen	-	-
Executives		
Mr J Birman	44,333 41,666	$4.45 $9.34
Mr T Chapman	83,334 66,666	$4.49 $4.45
Mr P Dalgleish	26,667 15,000	$7.23 $10.73
Mr A Summers	33,333	$10.83
Mr P Mirams	-	-
Mr M Vitlich	-	-

There are no amounts unpaid on the shares issued as a result of the exercise of options in the financial year.

Analysis of options and rights granted as remuneration

Details of the vesting profile of the options granted as remuneration to each director of the company, each of the five named company executives and relevant group executives who receive the highest remuneration and other key management personnel are presented in the table below:

	Options granted		% vested in year	% forfeited in year[1]	Financial year ended in which grant vests	Value yet to vest	
	Number	Date				Min $[2]	Max $[3]
Directors							
Mr R Leupen	1,350,000	13 October 2006	-	-	J	-	-
Executives							
Mr J Birman	133,000	26 May 2004	33	-	D	-	696,923
	125,000	29 July 2005	33	-	D	-	247,502
	58,923	14 June 2006	-	-	H	-	-
	34,509	1 September 2007	-	-	I	-	-
Mr T Chapman	250,000	17 May 2004	33	-	A	-	-
	200,000	26 May 2004	33	67	D	-	-
	66,449	14 June 2006	-	100	H	-	-
	34,509	1 September 2007	-	100	I	-	-
Mr P Dalgleish	80,000	18 February 2005	33	-	B	-	135,468
	30,000	25 August 2005	50	-	C	-	23,700
	19,400	1 September 2006	-	-	F	-	-
	54,229	1 September 2007	-	-	I	-	-
Mr P Mirams	126,457	30 April 2007	-	-	G	-	
Mr A Summers	100,000	4 October 2005	33	-	D	-	98,667
	300,000	4 October 2005	-	-	E	-	444,000
	35,890	1 September 2007	-	-	I	-	-
Mr M Vitlich	206,435	4 December 2006	-	-	E	-	-
	34,509	1 September 2007	-	-	I	-	-

A Options vest in three equal tranches over 2006, 2007 and 2008
B Options vest in three equal tranches over 2007, 2008 and 2009
C Options vest in two equal tranches over 2008 and 2009
D Options vest in three equal tranches over 2008, 2009 and 2010
E Options vest in three equal tranches over 2010, 2011 and 2012
F Options vest in two equal tranches over 2011 and 2012
G Options vest three equal tranches over 2011, 2012 and 2013
H Options vest in 2012
I Options vest in 2013
J Options vest in two tranches over 2009 and 2010 of 540,000 and 810,000

1. The options were forfeited on resignation.
2. The minimum value of options yet to vest is $nil as the performance criteria may not be met and consequently the option may not vest.
3. The maximum value of options yet to vest is not determinable as it depends on the market price of ordinary shares of United Group on the Australian Securities Exchange at the date the option is exercised. The maximum values presented above are based on the closing share price at 30 June 2008 of $12.31 less the exercise price.

Details of the vesting profile of shares issued to the Managing Director and CEO under the Long Term Incentive Performance Share Plan are below.

	Shares Issued		% vested in year	Financial year ended in which shares vest	Value yet to vest	
	Number	Date			Min $ [1]	Max $ [2]
Mr R Leupen	550,000	17 December 2004	-	30 June 2007	-	-
	750,000	17 December 2004	100%	30 June 2008	-	-

1 The minimum value of shares yet to vest is $nil as the performance criteria may not be met and consequently the shares may not vest.

2 The maximum value of shares yet to vest is not determinable as it depends on the market price of ordinary shares of United Group on the Australian Securities Exchange at the date the option is exercised. The maximum values presented above are based on the closing share price at 30 June 2008 of $12.31 less the exercise price.

Analysis of movement in options

The movement during the reporting period, by value, of options over ordinary shares in the company held by each director of the company, each of the five named company executives and relevant group executives who receive the highest remuneration and other key management personnel is detailed below.

	Granted in year $[1]	Exercised in year $ [2]	Lapsed in year $[3]
Mr R Leupen	-	-	-
Mr J Birman	126,717	1,084,518	-
Mr T Chapman	126,717	2,006,667	-
Mr P Dalgleish	199,129	458,754	-
Mr P Mirams	-	-	-
Mr A Summers	131,788	324,663	-
Mr M Vitlich	126,717	-	-
Total	711,068	3,874,602	-

1 The value of options granted during the year is the fair value of the options calculated at grant date using a binomial option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.

2 The value of options exercised during the year is calculated as the market price of ordinary shares of United Group on the ASX as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

3 The value of options that have lapsed during the year represents the benefit foregone and is calculated at the date the option lapsed using a binomial option-pricing model assuming the performance criteria had been achieved. No options lapsed in the year.

End of remuneration report.

Unquoted Options on Issue as at the Date of this Report

Expiry date	Exercise price	No of Shares
31 December 2008	$7.23	100,001
31 December 2008	$7.64	33,334
31 December 2008	$10.73	483,900
31 December 2008	$11.39	61,400
31 December 2009	$4.45	668,669
31 December 2009	$13.75	464,900
31 December 2009	$13.39	22,500
31 December 2009	$9.34	103,334
31 December 2010	$7.64	300,000
31 December 2010	$16.63	1,022,904
31 December 2010	$19.44	147,700
31 August 2011	$13.77	1,350,000
31 December 2011	$10.83	366,667
31 December 2011	$13.09	272,394
31 December 2011	$14.30	355,463
31 December 2011	$13.75	276,400
31 December 2011	$13.52	390,764
31 December 2012	$15.43	126,457
31 December 2012	$18.26	668,456
31 December 2012	$16.63	541,490
31 December 2012	$15.05	103,476
31 December 2012	$14.92	30,000
31 December 2012	$12.41	10,000
		7,900,209

Further information on options can be found in Note 28: Employee benefits in the financial statements.

Non-audit Services

During the year KPMG, the company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with advice provided by the Audit and Risk Management Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the consolidated entity and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the consolidated entity, acting as an advocate for the consolidated entity or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below:

	Consolidated	
	2008 $	2007 $
Amounts received or due and receivable by KPMG for:		
- audit or review of the financial statements	2,310,715	2,003,033
- other services		
- Taxation	221,704	179,678
- BSA audits	18,935	77,631
- Extended audit procedures	-	54,802
- Other	4,912	30,000
	245,551	342,111

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on Page 22 and forms part of the directors' report for the financial year ended 30 June 2008.

Rounding of Amounts

The parent entity is a company of the kind specified in Australian Securities and Investment Commission class order 98/100 dated 10 July 1998. In accordance with that class order, amounts in the financial report and the directors' report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Signed in accordance with a resolution of the Board of directors.

[SIGNED]	[SIGNED]
TREVOR C ROWE AM CHAIRMAN	RICHARD A LEUPEN MANAGING DIRECTOR & CEO

Dated this 8th day of August 2008.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of United Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

[SIGNED]

KPMG

[SIGNED]

Duncan McLennan
Partner
Sydney
8 August 2008

Statement of Corporate Governance Practices

United Group is committed to adopting best practice governance standards which the Board sees as fundamental to delivering performance for its shareholders. The Board monitors the local and global developments in governance standards when reviewing and implementing standards of behaviour. The company attaches great importance to maintaining these standards and a summary of these practices is set out below. References in the summary to "the group" are to the company and its controlled entities. Further details are available on the company's website www.unitedgroupltd.com.

Compliance with ASX Corporate Governance Council Guidelines

United Group is required to disclose its practices against the ASX Principles of Good Corporate Governance Guidelines and Best Practice Recommendations first published in March 2003 (**the Guidelines**). The company has adopted all of the 28 recommendations put forward by the Guidelines except for recommendation 9.4 which states that payment of equity based remuneration is made in accordance with the thresholds set in plans approved by shareholders. The following equity schemes have been approved by shareholders:

- Employee Exempt Share Plan
- Employee Deferred Share Plan
- Director Retirement Share Plan
- Long Term Incentive Performance Share Plan
- Australian Employee Share Option Plan

The share and option schemes which operate in jurisdictions outside of Australia have not been approved by shareholders. These schemes are identical in operation to the schemes outlined above and have been introduced to meet the laws of New Zealand, Singapore and United States.

The Board's policy is to seek the ratification from shareholders for the issue of new equity. The notice of meeting sets out the terms and conditions of the equity issued.

United Group has, where practicable, made an early transition to the revised Corporate Governance Principles and Recommendations, 2nd Edition, published in August 2007, with which our governance practices largely comply. United Group will report against the revised Guidelines for the financial period ending 30 June 2009.

The Board of Directors

Board Membership and Expertise

Details of the members of the Board, their experience, expertise, qualifications, special responsibilities and term of office are set out in the Directors' Report. The company has a Board of eight directors, seven of whom are non-executive directors and one executive director.

Succession Planning of the Board

The Board regularly reviews its composition. It is the policy of the Board to increase the number of directors when it considers that additional expertise is required or an outstanding candidate is available. The Board must comprise of a majority of independent directors who are assessed to be independent.

Non-executive directors are appointed subject to the Constitution of the company which provides that:

- at each annual general meeting one third of the non-executive directors must retire and can offer themselves for re-election by the members of the company; and
- if the number of directors is increased or if a vacancy exists, the Board may select a suitable candidate to fill that vacancy. That appointee must stand for re-election at the next annual general meeting.

A copy of the Constitution is available on the website. There is no limit on the number of terms a non-executive director can be appointed for.

The Board has delegated to the Nomination and Remuneration Committee the task of seeking new directors and making recommendations when a suitable candidate is available. Generally, the following criteria are applied:

- commercial or professional background at a senior executive level;
- experience in strategic planning;
- experience in dealing with the government and the private sector;
- listed company board experience; and
- high standards of corporate governance.

Responsibilities

The primary responsibility of the Board is to create wealth for the shareholders without compromising:

- the health, safety and security of its employees;
- the environment; and
- the credit rating or the reputation of the group.

Specific responsibilities of the Board are outlined in its charter, a copy of which is available on the company's website. The Board discharges its responsibilities by holding structured meetings of the Board and its committees. Between meetings the Chairman meets regularly with the Managing Director and CEO to discuss issues which may require guidance or which may need to be referred to the Board for decision. At Board meetings, strategic and policy issues, budgets, capital expenditure requirements and important operational issues are discussed and/or decided and the financial and operational performance of the group is reviewed and monitored. The Board's practice is to involve senior executives where matters of strategic or operational importance are discussed by the Board.

The functions and responsibilities of the Board's committees are discussed below and are outlined in the charters, copies of which are available on the company's website.

The Board appoints the Managing Director and CEO and is consulted on the appointment of senior management by the Managing Director and CEO. The Managing Director and CEO reports directly to the Board and is responsible for the day to day management and control of the group, within the specified limits of authority approved by the Board. Delegations of authority by the Managing Director and CEO to senior executives are reviewed regularly.

Independent Professional Advice

Each director has the right to seek independent professional advice on matters which may be of concern. Such advice will be at the expense of the group if approval is first given by the Chairman of the Board or, in his absence, by the Deputy Chairman.

Directors' Independence

The Board assesses whether a director is independent on a case by case basis. Generally, directors will not be regarded as an independent director if they fall within one of the following categories:

- the director is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- within the last three years the director was employed in an executive capacity by the group, or was a director after ceasing to hold any such employment;
- within the last three years the director was a principal of a professional adviser or a consultant to the group, or an employee materially associated with the service and the adviser or consultant is a material provider of services to the group;
- the director is a supplier or customer of the group or an officer of, or otherwise associated directly or indirectly with a supplier or customer and the supplier or customer is a material provider to the group; and
- the director has a contractual relationship with the group (other than as a director of the group) and the contractual relationship is material to the operations of the group.

Materiality for the above purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the company or group or 5% of the individual directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it impacts the shareholders' understanding of the director's performance.

After considering the above criteria, the Board has concluded that each of its non-executive directors is independent.

Chairman and Managing Director and CEO

The Board elects one of its independent non-executive directors to be Chairman. The Board does not believe that the position of Chairman should be held by a major shareholder.

The Chairman is responsible for leading the Board, ensuring that Board activities are organised and conducted efficiently and directors are properly briefed for meetings. The Managing Director and CEO is responsible for implementing group strategies and policies. The Board's charter specifies that these are separate roles to be undertaken by separate people.

Commitment

The Board holds at least eight scheduled meetings and an additional corporate strategy workshop each year. A number of those meetings are held at operational sites of the group to provide the directors the opportunity to meet the staff and tour the facilities. Additional meetings are held as required.

Non-executive directors are expected to spend at least 40 days a year preparing for and attending Board and committee meetings and associated activities.

Other commitments of non-executive directors which might affect their contribution are considered prior to a director's appointment to the Board and are reviewed each year.

Prior to appointment, or being submitted for re-election, each non-executive director must acknowledge that they have and will continue to have the time available to discharge their responsibilities to the company.

Conflicts of Interest

The Board is aware of its obligations to ensure that directors avoid conflicts of interest and has adopted a procedure to ensure that conflicts and potential conflicts of interest are disclosed to the Board each month. Any director with a material personal interest may not participate in boardroom discussions or vote on the matter unless the Board resolves otherwise. No directors identified any conflicts of interest between their directorships and the company's business and dealings during the period under report.

Review of Board Performance

The Board has adopted a policy to undertake annual assessments and performance reviews to ensure individual directors, the Board as a whole and its committees work efficiently and effectively. The process for conducting the performance review is agreed to by the Board each year.

During the reporting period, a questionnaire was circulated to each director covering matters such as the role of the Board, structure and process of the Board, Board behaviours and relationships and personal contribution to the role. The results of the questionnaire and the Board's self-assessment are to be discussed by the Board at its meeting in August 2008.

Company Secretaries

Responsibilities for the secretarial function include providing advice to directors and officers on corporate governance matters, developing and implementing the corporate governance framework and giving practical effect to the Board's decisions. All directors have access to the company secretaries. The company has three secretaries.

David Simpson joined the company as General Counsel in June 2006 and was appointed as joint Company Secretary in August 2006. David has over 15 years experience in legal roles within engineering and construction companies. Prior to joining the company, David was General Counsel of Leighton Contractors Pty Ltd where he lead the legal team and oversaw corporate governance with a major focus on financed projects and major infrastructure. David has worked internationally with Daimler Chrysler Rail as Global Counsel and Asea Brown Boveri in Sydney as Legal Counsel. David holds a Diploma in Law from LPAB, a Masters of Law and Management from UNSW and an unrestricted practising certificate from the Law Society of NSW.

Dennis Mentzines joined the company as Corporate Counsel – Commercial / M&A in April 2006 and was appointed as joint Company Secretary in May 2008. Dennis has over 15 year's in-house and private practice experience providing commercial and corporate legal advice. Prior to joining the company, Dennis was General Counsel and Company Secretary for an ASX-listed company and a senior associate at a leading Australian law firm. Dennis holds a Bachelor of Economics from Sydney University, a Bachelor of Laws from UNSW and an unrestricted practising certificate from the Law Society of NSW. He successfully completed the Company Secretarial Practice and Meetings course conducted by Chartered Secretaries Australia in 2005.

Lyn Nikolopoulos joined the company as the Company Secretary in October 2006 and has 8 years experience in a company secretary role. Prior to joining the company, Lyn was the Deputy Company Secretary for ASX Limited and also worked as a Company Adviser within the ASX Markets Supervision Division where she was responsible for the monitoring of listed companies' compliance with the ASX listing rules and assisting entities and their advisors in relation to the application and interpretation of ASX listing rules. Lyn graduated with a Bachelor of Business from UTS (Sydney) and has completed the Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia.

Board Committees

The Board has established a number of committees to assist it in the execution of its duties and to allow detailed consideration of complex issues. The committee structure and membership is reviewed regularly.

Each of these committees has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All charters are approved by the Board. All matters determined by committees are submitted to the Board as recommendations for decision.

Each committee chair provides a verbal update on the committee's consideration at the subsequent Board meeting. Minutes of committee meetings are tabled at subsequent Board meetings. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees.

In carrying out its duties, the committees are entitled to engage appropriately qualified external consultants to provide advice and recommendations.

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three independent non-executive directors. The Managing Director and CEO and Chief Financial Officer and representatives from the external auditors attend meetings by invitation. An officer of the group attends meetings and deals with administrative matters. The committee meets at least four times during the year.

The principal functions of the committee are:

- to assist the Board in relation to reviewing and monitoring:
  - the keeping and reporting of financial information in accordance with the policies of the group and the law;
  - the application of the group's accounting policies;
  - the group's internal control systems;
  - the compliance with applicable policies and laws; and
  - the assessment and control of business risks;
- to provide a forum for communication between the Board, the internal and external auditors and senior management in relation to the matters above;
- to review and monitor related party transactions;
- to review and monitor internal and external audit functions;
- to review the independence and performance of the external auditors; and
- to consider any other matter which the Board may refer to the committee for consideration.

At least twice a year, the committee also meets with representatives of the external auditors without management in attendance.

Health, Safety, Security and Environment Committee

The Health, Safety, Security and Environment Committee comprises two independent non-executive directors and the Managing Director and CEO. The committee meets at least twice annually.

The principal functions of the committee are to set strategies for occupational health, safety, security and environment issues, and monitor adherence to policies and procedures that have been put in place to underpin the following goals:

- no-one should suffer injury or illness arising from their working responsibilities or from the wider context surrounding their work location, either within or on behalf of the group; and
- the group's operations should not infringe on the quality of the environment, the aim being to contribute to improving the environment wherever this rests within the group's capabilities.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises three independent non-executive directors, chaired by the Chairman of the Board. The committee meets at least twice annually.

The principal remuneration activities considered by the committee include:

- reviewing the group's overall remuneration and human resources strategy;
- reviewing share schemes applying to employees and directors;
- annually reviewing the Managing Director and CEO's remuneration package and performance indicators as set by the Board;
- providing guidance to the Managing Director and CEO on the principles applying to the CEO director reports' total employment cost packages;
- reviewing and advising on appropriate fee structures for non-executive directors of the Board; and
- reviewing the superannuation administration and management arrangements across the group.

The principal nomination activities considered by the Committee include:

- reviewing succession plans for the Managing Director and CEO, non-executive directors and the Board committees;
- monitoring the succession plans of the CEO's direct reports;
- reviewing and recommending to the Board nominees for board membership, including re-election and election of directors;
- reviewing the size, composition and skills of the Board required to meet the needs of the group; and
- developing and implementing procedures for the Board's periodic evaluation of its performance and effectiveness.

Risk Management and Corporate Reporting

The effective management of risk underpins the continued growth and success of the company. By effectively managing risk we are able to increase the predictability of business outcomes which leads to growth in shareholder value and an increased understanding of our obligations to shareholders and key stakeholders including our employees, customers and the community. The group has adopted policy and procedures which are designed to identify financial, contractual, safety and environmental risks. Procedures are also in place to identify risks before major projects are undertaken.

The operations of the group are reviewed at each Board meeting. The review process is supplemented by written reports from the Managing Director and CEO and divisional managers. These reports review divisional performance and permit managers to raise issues of concern. Between meetings the Managing Director and CEO must raise significant matters which require attention prior to the next scheduled Board meeting.

Operational and capital expenditure budgets are approved by the Board and limits of authority have been established at various levels of management.

The group has established a program, undertaken by staff and external advisers, to perform internal audit and compliance reviews of certain key financial transaction activities. The results of these reviews are reported to the Audit and Risk Management Committee.

The Managing Director and CEO and the Chief Financial Officer represent to the Board, in writing, that:

- the group's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operating results of the company and group; and
- the financial reporting risk management and associated compliance and controls are assessed as operating effectively and efficiently in all material aspects.

This representation is founded on a system of internal control and risk management which implements the policies adopted by the Board.

Ethical Standards

The group strives to achieve the highest standards of behaviour and accountability. The group demands that its directors and employees be honest in their dealings with each other, and all counter-parties. The group supports and adheres to the principles set out in the group's Corporate Code of Conduct.

Trading Policy

It is the group’s policy that, under all circumstances, its officers and employees comply with the letter and the intention of the insider trading laws when dealing in United Group securities. Also, directors, officers and senior management must not trade in United Group securities during the following blackout periods:

- the period commencing on 1 January of each year and ending twenty four hours after the release of the half year results for that financial year; and
- the period commencing 1 July of each year and ending twenty four hours after the release of the annual results for the previous financial year.

Trading is generally permitted at other times provided that employees do not contravene the insider trading laws. Directors and senior management (and their associates) are prohibited from engaging in short term trading of United Group securities. In addition, directors and senior management must notify the Company Secretary before they or their associates buy or sell United Group securities.

The group's policies including the group's trading policy are published on the company’s intranet and communicated to each new employee as part of their induction training.

The Board has adopted the following policy in relation to protection arrangements:

1. participants in the options plans are prohibited from hedging their unvested options;
2. employees (including the executive directors) are not prohibited from hedging shares which have vested; and
3. non-executive directors are prohibited from hedging vested shares at all times.

Where executive directors enter into hedging arrangements, such arrangements will be disclosed to the market in accordance with the ASX listing rules.

Whistleblowing Policy

Group policy requires employees who are aware of unethical practices within the group or breaches of the group's trading policy to report these using the company's whistleblower program. This can be done anonymously.

The directors are satisfied that the group has in place procedures for compliance with the policies on ethical standards, including trading in securities.

Continuous Disclosure and Shareholder Information

The Company Secretary has been nominated as the person responsible for communications with ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules.

The group has written policies and procedures requiring disclosure of any information concerning the group that a reasonable person would expect to have a material effect on the price of the company's securities.

All information disclosed to the ASX is posted on the group's web site following confirmation from ASX that the information has been disclosed to the market. When analysts are briefed on aspects of the group's operations, the material used in the presentation is released to the ASX and posted on the group's web site. Shareholders receive a copy of the group's annual and half yearly reports and provision is made for shareholders to participate through electronic means. The website also includes a feedback mechanism and a direct link to the group's share registry.

The company views the annual general meeting as an opportunity for shareholders to meet with and question the Board and senior management and encourages shareholders to attend. The company's external auditor is invited to attend all meetings of shareholders. At the annual general meeting, the auditors are available to answer shareholder questions regarding the conduct of the audit and the preparation and content of the audit report.

Income statements for the year ended 30 June 2008

	Note	Consolidated		Company	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
Revenue	4	3,487,203	2,554,590	173,333	144,256
Other income	5	10,275	4,762	14,009	-
Raw materials and consumables		(1,031,908)	(927,969)	-	-
Employment costs		(1,495,641)	(951,710)	(37,419)	(23,090)
Depreciation and amortisation	6	(43,669)	(31,313)	(1,832)	(850)
Subcontractor costs		(489,273)	(325,215)	-	-
Finance costs	7	(29,291)	(32,616)	(6,360)	(21,340)
Communication costs		(14,685)	(13,384)	(455)	(536)
Insurance costs		(33,386)	(14,038)	(9,794)	(8,247)
Motor vehicle expenses		(28,693)	(14,522)	(59)	(15)
Travel costs		(26,702)	(22,556)	(2,023)	(1,483)
Other expenses		(131,484)	(99,519)	(13,575)	(18,424)
Write-off of StarTransit tender costs		-	(18,063)	-	-
Share of net profits of joint ventures accounted for using the equity method	34	12,784	16,563	-	-
Profit before income tax expense		**185,530**	**125,010**	**115,825**	**70,271**
Income tax expense	8	(53,149)	(33,664)	(10,089)	(1,675)
Profit for the year		**132,381**	**91,346**	**105,736**	**68,596**
Attributable to:					
Equity holders of the parent		131,105	92,701	105,736	68,596
Minority interest	22	1,276	(1,355)	-	-
Profit for the year		**132,381**	**91,346**	**105,736**	**68,596**
		Cents	**Cents**		
Basic earnings per share (cents per share)	32	81.8	67.8		
Diluted earnings per share (cents per share)	32	80.6	66.4		

The accompanying notes form an integral part of these consolidated financial statements.

Statements of recognised income and expense for the year ended 30 June 2008

	Note	Consolidated		Company	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash flow hedges:					
Gains/(losses) taken to equity	22	8,660	(667)	(96)	-
Transferred to the initial carrying amount of the hedged items	22	1,909	1,228	-	-
Currency translation differences	22	(28,498)	(3,908)	-	-
Income and expense recognised directly in equity	22	**(17,929)**	**(3,347)**	**(96)**	**-**
Profit for the year		**132,381**	**91,346**	**105,736**	**68,596**
Total recognised income and expense for the year		**114,452**	**87,999**	**105,640**	**68,596**
Attributable to:					
Equity holders of the parent		113,176	89,354	105,640	68,596
Minority Interest		1,276	(1,355)	-	-
Total recognised income and expense for the year		**114,452**	**87,999**	**105,640**	**68,596**

The accompanying notes form an integral part of these consolidated financial statements.

Balance sheets as at 30 June 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current assets					
Cash and cash equivalents	9	228,812	103,464	1	2
Trade and other receivables	10	544,462	427,598	13,630	83,257
Inventories	11	289,729	207,587	-	-
Income tax receivable	12	1,990	5,427	-	-
Other financial assets	13	6,634	3,685	70	70
Total current assets		**1,071,627**	**747,761**	**13,701**	**83,329**
Non-current assets					
Trade and other receivables	10	9,490	2,712	608,722	499,720
Investments accounted for using the equity method	14	9,579	7,474	-	-
Other financial assets	13	661	317	490,746	189,783
Property, plant and equipment	15	155,984	143,925	7,934	1,582
Intangible assets	16	1,096,632	619,757	32,726	7,221
Deferred tax assets	17	37,198	31,254	3,278	4,349
Total non-current assets		**1,309,544**	**805,439**	**1,143,406**	**702,655**
Total assets		**2,381,171**	**1,553,200**	**1,157,107**	**785,984**
Current liabilities					
Trade and other payables	18	534,224	403,871	8,755	3,072
Loans and borrowings	19	4,931	27,545	50,747	21,672
Employee benefits	28	161,679	115,566	8,810	4,261
Other financial liabilities	20	1,760	2,956	181	273
Income tax payable	12	23,905	8,647	19,602	6,659
Provisions	21	34,687	23,375	4,109	5,325
Total current liabilities		**761,186**	**581,960**	**92,204**	**41,262**
Non-current liabilities					
Trade and other payables	18	-	-	-	1
Loans and borrowings	19	501,085	343,124	81,446	220,000
Employee benefits	28	9,654	13,882	96	-
Other financial liabilities	20	6,034	1,187	5,319	-
Deferred tax liabilities	17	6,326	3,398	-	-
Provisions	21	40,927	14,791	4,011	2,979
Total non-current liabilities		**564,026**	**376,382**	**90,872**	**222,980**
Total liabilities		**1,325,212**	**958,342**	**183,076**	**264,242**
Net assets		**1,055,959**	**594,858**	**974,031**	**521,742**
Equity					
Share capital	22	891,219	465,950	891,219	465,950
Reserves	22	(12,218)	551	15,226	10,162
Retained earnings	22	176,991	129,666	67,586	45,630
Total equity attributable to equity holders of the Company		1,055,992	596,167	974,031	521,742
Minority interest	22	(33)	(1,309)	-	-
Total equity		**1,055,959**	**594,858**	**974,031**	**521,742**

The accompanying notes form an integral part of these consolidated financial statements.

Statements of cash flows for the year ended 30 June 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Cash flows from operating activities					
Cash receipts from customers		3,761,059	2,782,854	52,103	53,015
Cash payments to suppliers and employees		(3,527,207)	(2,591,137)	(53,547)	(77,813)
Interest received		8,921	4,397	52,112	37,738
Interest and other costs of finance paid		(26,111)	(30,424)	(5,358)	(19,485)
Distributions from joint venture entities		8,110	10,879	-	-
Dividends received		-	-	75,000	65,000
Income taxes paid		(53,469)	(46,284)	10,254	(2,745)
Other		-	(79)	-	(79)
Net cash from operating activities	23(b)	**171,303**	**130,206**	**130,564**	**55,631**
Cash flows from investing activities					
Payment for plant and equipment	15	(35,049)	(29,131)	(2,431)	(699)
Proceeds from sale of plant and equipment		13,172	3,934	-	-
Payment for software	16	(29,091)	(11,388)	(25,854)	(7,262)
Project establishment costs	16	(6,915)	(14,519)	-	-
Payment for other intangibles	16	(210)	(1,010)	-	-
Payment for subsidiaries (net of cash acquired and other adjustments)	24	(438,240)	(168,639)	(224,552)	(48,300)
Payment for/proceeds from other investments		-	290		-
Other		-	1,716	-	-
Net cash (used in) / from investing activities		**(496,333)**	**(218,747)**	**(252,837)**	**(56,261)**
Cash flows from financing activities					
Net proceeds from issue of shares & conversion of options	22	348,858	42,563	348,858	42,563
Proceeds from borrowings		780,812	455,541	280,210	348,947
Repayment of borrowings		(588,682)	(334,859)	(472,091)	(334,500)
Payment of finance lease liabilities		(4,992)	(3,791)	-	-
Dividends paid	22	(83,780)	(60,633)	(83,780)	(60,633)
Net cash from / (used in) financing activities		**452,216**	**98,821**	**73,197**	**(3,623)**
Net increase/(decrease) in cash and cash equivalents		**127,186**	**10,280**	**(49,076)**	**(4,253)**
Cash and cash equivalents at 1 July		**101,792**	**95,782**	**(1,670)**	**2,583**
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(2,271)	(4,270)	-	-
Cash and cash equivalents at 30 June	23(a)	**226,707**	**101,792**	**(50,746)**	**(1,670)**

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the financial statements for the year ended 30 June 2008

Note 1: Significant accounting policies

United Group Limited (**the Company** or **the parent entity**) is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2008 comprises the Company and its subsidiaries (together referred to as **the Group** or **the consolidated entity**) and the Group's interest in jointly controlled entities. The Group is a diversified infrastructure and services group specialising in operations in engineering, fabrication, manufacturing, maintenance, construction and business process outsourcing, including corporate real estate and facilities management, and property services.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (**AASB)** (including Australian Interpretations) adopted by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. International Financial Report Standards (**IFRS**) form the basis of Australian Accounting Standards adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS (**AIFRS**). The financial report of the Group and the Company also complies with the IFRS and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the directors on 8 August 2008.

(b) Basis of preparation

The financial report is presented in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This financial report has been prepared in accordance with the historical cost convention and except for derivative financial instruments, which are stated at fair value, does not take into account changing money values or fair values of assets.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 2: Critical accounting estimates and judgements

There is a net current asset deficiency in the Company as at 30 June 2008 of $78.5 million. The directors of subsidiaries who are parties to the deed of cross guarantee detailed in Note 29: Subsidiaries have given an undertaking that they will provide financial assistance to the Company and that they guarantee each credit payment in full. The effect of this undertaking is to ensure sufficient financial assistance is provided to the Company as and when it is needed to enable the Company to continue its operations and fulfil all of its financial obligations now and in the future.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Where relevant, the accounting policies applied to the comparative period have been disclosed if they differ from the current reporting period. The accounting policies used have been consistently applied by each entity in the Group.

Certain comparative amounts have been reclassified to conform with the current year's presentation, arising from the reclassification of the liabilities for employee benefits to a separate note (refer Note 28: Employee benefits) and evolving classification practices under IFRS.

(c) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

In the consolidated financial statements, investments in jointly controlled entities, including partnerships, are accounted for using equity accounting principles and are initially recognised at cost. Investments in joint venture entities are carried at the lower of the equity accounted amount and the recoverable amount. The Group's share of the jointly controlled entity's net profit or loss is recognised in the consolidated income statement from the date joint control commences until the date it ceases.

Jointly controlled operations

The interests of the Group in unincorporated joint ventures are brought to account by recognising in the financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income from the sale of goods or services by the joint venture.

Transactions eliminated on consolidation
Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(d) Income tax
Income tax on the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.
Current tax provision is the expected tax payable on the taxable income for the year, using tax rates substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for the taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation
The Company and its wholly owned Australian resident subsidiaries have formed a tax-consolidated group with effect from 1 July 2002 and are taxed as a single entity from that date. The head entity within the tax-consolidated group is United Group Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the group allocation approach.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Nature of tax funding agreements and tax sharing agreements
The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivables (payables) are at call.

Contributions to fund the current tax liabilities are payable in accordance with the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(e) Inventories
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is assigned on a standard cost basis with the exception of contract specific requirements to use an average cost basis.

Construction work in progress
Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

(f) Intangibles
Business combinations
All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. When the excess is negative (negative goodwill) it is recognised immediately in profit or loss.

Following initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is no longer amortised but is tested annually for impairment (see accounting policy (j)), or more frequently if indicators of impairment exist.

Software
Software acquired by the Group is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (j)). Internally developed software is capitalised once the project is assessed to be feasible. Costs incurred in determining project feasibility are expensed as incurred. The costs capitalised include consulting, licensing and direct labour costs.

Project establishment costs
Expenditure incurred in tendering and establishing facilities to provide construction or maintenance or other services under specific contracts are capitalised and amortised over the initial term of the contract.

Other intangible assets
Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (j)).

Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation
Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with indefinite useful lives are systematically tested for impairment at each annual balance sheet date. Software and other intangible assets are amortised from the date that they are available for use. The estimated useful lives in the current and comparative periods are as follows:

	Life
Software	1-5 years
Project establishment costs	Initial contract term
Other intangible assets	5-15 years

(g) Revenue recognition
Goods sold and services rendered
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at balance sheet date. The stage of completion is assessed by reference to work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or if the costs incurred or to be incurred cannot be measured reliably.

Construction contracts
Contract revenue and expenses are generally recognised on an individual contract basis using the percentage of completion method when the stage of contract completion can be reliably determined, costs to date can be clearly identified, and total contract revenue and costs to complete can be reliably estimated. Two or more contracts are treated as a single contract where the contracts are negotiated as a single package, are closely interrelated and are performed concurrently or in a continuous sequence.

Profit recognition for lump sum fixed price contracts does not commence until cost to completion can be reliably measured. This is generally between 15% and 30% complete.

Stage of contract completion is generally measured by reference to physical completion. An assessment of total labour hours and other costs incurred to date as a percentage of estimated total costs for each contract is used if it is an appropriate proxy for physical completion. Task-lists, milestones, etc are also used to calculate or confirm the percentage of completion if appropriate.

Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. An expected loss is recognised immediately as an expense.

Interest revenue
Interest revenue is recognised as it accrues, using the effective interest method.

Dividends
Revenue from distributions from subsidiaries is recognised by the Company when they are declared by the subsidiaries.

Revenue from dividends from investments in jointly controlled entities and other investments is recognised when dividends are receivable.

(h) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the consolidated entities cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(i) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials, direct labour and an appropriate portion of production overheads. The cost of self constructed and acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are stated at an amount equal to the lower of fair value and the present value of minimum lease payment at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy (j)).

Other leases are operating leases and these leased assets are not recognised on the Group's balance sheet.

Sale of non-current assets

The net gain or loss on disposal is included in the income statement at the date control of the asset passes to the buyer, usually when an unconditional contract for sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

The depreciable amount of fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated over their useful lives on a straight line basis commencing from the time the asset is ready for use. The estimated useful lives for the current and comparative periods are as follows:

	Life
Buildings	40 years
Plant and equipment	3-20 years or the term of the lease

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(j) Impairment

The carrying amounts of the Group's assets, other than cash and cash equivalents, inventories, construction contract assets, and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Reversal of impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss has decreased or no longer exists or there has been a change in the estimate used to determine recoverable amount. An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of a held to maturity security, or receivable carried at amortised cost, is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Recoverable amount
The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Where net cash inflows are not largely independent, recoverable amount is determined for the cash generating unit to which the asset belongs. The decrement in the carrying amount is recognised as an expense in the reporting period in which the impairment loss occurs.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

(k) Trade and other receivables
Trade receivables and other receivables are stated at cost less impairment losses (refer accounting policy (j)).

(l) Investments
Investments in subsidiaries are carried at cost. Cost includes the purchase price of the entity as well as directly attributable costs associated with the acquisition. Directly attributable costs are capitalised only once there is written agreement to acquire the entity.

(m) Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

(n) Interest bearing loans and borrowings
Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

(o) Foreign currencies
Transactions
Foreign currency transactions are initially translated into the functional currency at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

Foreign operations
The assets and liabilities including goodwill and fair value adjustments arising on consolidation of foreign operations are translated into Australian currency at rates of exchange current at balance date, while revenues and expenses are translated at approximately the foreign exchange rates ruling at the date of the transaction. Exchange differences arising on translation are taken to the foreign currency translation reserve.

(p) Finance costs
Finance costs comprise interest payable on borrowings calculated using the effective interest rate method and foreign exchange gains or losses. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

(q) Lease payments
Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

Finance lease payments
Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(r) Employee benefits
A liability is recognised for benefits accruing to employees in relation to wages and salaries, annual leave, long service leave, workers' compensation and vested sick leave. No provision is made for non-vesting sick leave.

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on, wage and salary rates that the Group expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

The portions of annual leave, long service leave and workers' compensation provisions expected to be settled later than one year, are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Liability for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised in those employees affected that the termination will be carried out.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(s) Share based payments

Certain employees are entitled to participate in option ownership schemes. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised as an expense over the vesting period, being the period during which the employees become unconditionally entitled to the options. The fair value of options granted is measured using a binomial model, taking into account the terms and conditions upon which the options were granted. The amount recognised in expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Change in accounting policy

The Company has applied Australian Interpretation 11 Scope of *AASB 2 (Interpretation 11)* for the first time from 1 July 2007. Under Interpretation 11, when the Company grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant. Previously, such grants were charged to the employing subsidiary, but were not recognised in the Company as an increase in the investment.

The change in accounting policy was applied retrospectively to the share-based payment transactions that were granted after 7 November 2002, with a vesting date on or after 1 January 2005, in accordance with the transitional provisions of *AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards*.

The change in accounting policy increased investments in subsidiaries and reduced amounts receivable from subsidiaries by $8,263,000 as at 30 June 2008 (2007: $4,743,000). The change had no impact on net profit or earnings per share in the current or prior periods.

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a results of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliability estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranties

Provision is made for the estimated liability on all products still under warranty at balance date. This provision is estimated having regard to service warranty experience.

Contract

Provision is made for the expected loss when it is probable that the total contract costs will exceed total contract revenue.

Self - insurance

The Group self insures for various risks, including workers' compensation in some states. Provision is made for the Group's obligations for both incurred and incurred but not reported (**IBNR**) insurance claims through assessment based on prior claims history.

(u) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to ordinary shareholders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to the risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(w) Australian goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable or payable is included as a current asset or liability in the balance sheet.

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

(x) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Derivative financial instruments

The Group uses derivative financial instruments to manage specifically identified interest rate and foreign currency risks. The Group does not speculate in foreign currency or interest rate dealings. The purposes for which specific derivative instruments are used are as follows:

- Foreign currency
  Foreign currency forward exchange contracts are purchased to hedge project specific transactions. These are used to hedge the functional currency dollar value of contractual risks and benefits and are set at the beginning of each relevant project.

- Interest rates
  The Group may raise term debt at both fixed and floating rates. The Group may from time to time enter into interest rate swap arrangements to match the mix between fixed and floating debt.

Derivative financial instruments are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

(y) Hedging

On entering into a hedging relationship, the Group formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

Cash flow hedges

The Group classifies derivatives as cash flow hedges when they hedge exposure to variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

(z) Share capital

Ordinary share are classified as equity.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends are recognised as a liability in the period in which they are declared.

(aa) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those that may impact the entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report:

- AASB 8 *Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 30 June 2010 financial statements, will require the disclosure of segment information based on internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments (see Note 2: Critical accounting estimates and judgements). The Group does not anticipate any significant change to the disclosure of segment information under the management approach.

- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised statement does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures.
- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 30 June 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.
- AI 12 *Service Concession Arrangements* provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. AI 12, which becomes mandatory for the Group's 30 June 2009 financial statements, is not expected to have any effect on the financial report.
- AI 13 *Customer Loyalty Programmes* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. AI 13, which becomes mandatory for the Group's 30 June 2010 financial statements, is not expected to have any impact on the financial report.
- AI 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* clarifies when refunds or reductions in future contributions in relation to defined assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability. AI 14 will become mandatory for the Group's 30 June 2009 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.
- AASB 2008-1 amendments to AASB 2 *Share Based Payments*: *Vesting Conditions and Cancellations*. These amendments clarify that vesting conditions comprise service and performance conditions only and other features of a share-based payment transaction are not vesting conditions. They also specify that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. AASB 2008-1 will become mandatory for the Group's 30 June 2010 financial statements and is not expected to have any impact on the financial report.
- AASB 2008-2 amendments to AASB 101 *Presentation of Financial Statements* and AASB 132 *Financial Instruments: Presentation* provides an exception to the definition of financial liability to enable certain puttable financial instruments, and certain instruments that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation of the entity, to be classified as equity instruments. AASB 2008-2 will become mandatory for the Group's 30 June 2010 financial statements and is not expected to have any impact on the financial report.
- AASB 2008-3 amendments to AASB 3 *Business Combinations* and AASB 127 *Consolidated and Separate Financial Statements* provides a choice to measure a non-controlling interest acquired in a business acquisition at fair value or as a proportionate share of the acquired entity's net assets. Incidental costs, related to the acquisition of a business, will now be required to be expensed. AASB 2008-3 will become mandatory for the Group's 30 June 2010 financial statements, with prospective application required.

Note 2: Critical accounting estimates and judgements

Capitalisation of tender costs
In accordance with accounting policy note 1 (f), expenditure incurred in relation to a tender is capitalised and amortised over the initial term of the contract, where the costs can be separately identified and measured reliably and it is probable that the contract will be obtained. Judgement is exercised in determining whether it is probable that the contract will be obtained. An error in judgement would result in tender costs being recognised in the income statement in the following year.

Goodwill and intangibles
Significant judgements are made with respect to identifying and valuing intangible assets on acquisitions of new businesses. The Group assesses whether goodwill and intangibles with indefinite useful lives are impaired at least annually in accordance with the accounting policy in note 1 (j). These calculations involve an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

Self-insurance provisions
Where the Group self insures for various risks, provision is made for both reported and incurred but not reported insurance claims through assessment based on current and prior claims experience. Significant judgement is required in making this assessment. Future claims on incidents unreported at balance date could result in additional costs being recognised in the income statement in the following year.

Income taxes
The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. Judgement is also required in assessing whether deferred tax assets and deferred tax liabilities are recognised on the balance sheet. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised.

Share-based payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management using a binomial option-pricing model, using the assumptions detailed in Note 28: Employee benefits. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Note 3: Statement of operations by segments

Business segments – primary reporting

United Group Limited is a broad based infrastructure services group which has operations in maintenance, manufacturing, engineering and business process outsourcing.

United Group has over 29,000 people directly employed and a further 13,000 sub contractors in Australia, New Zealand, Asia, North America, and parts of Europe and the Middle East and has a client base that includes local and national governments, institutions and blue chip corporations. The Group comprises the following main business segments:

United Group Infrastructure provides industrial maintenance, construction and engineering services to the water, power, transport, communications and defence sectors.

United Group Rail is a provider of design, manufacturing, engineering, maintenance, refurbishment and asset management solutions to the rail and tram sectors.

United Group Resources provides asset management, construction and project management, industrial maintenance and manufacturing services to customers in the resources sector, including oil and gas, petrochemicals, minerals and chemicals.

United Group Services is a global outsourcing company. Service delivery solutions include corporate real estate, facilities management, procurement, human resources, and finance and accounting.

Business segments – primary reporting

2008 $'000	Infrastructure	Rail	Resources	Services	Elim	Consolidated
External revenue	785,778	1,138,473	455,893	1,098,084		3,478,228
Intersegment revenue	3,245	122	11,795	3,034	(18,196)	-
Segment revenue	789,023	1,138,595	467,688	1,101,118	(18,196)	3,478,228
Segment result (before finance costs and tax)	42,920	89,115	48,022	49,520		229,577
Unallocated expenses						(36,515)
Share of joint ventures net profit	9,243	-	3,427	114		12,784
Net finance costs						(20,316)
Profit before tax						185,530
Income tax expense						(53,149)
Profit for the year						132,381
Segment assets	389,738	811,425	180,278	879,585		2,261,026
Investment in joint ventures	4,730	-	4,383	466		9,579
Unallocated assets						110,566
Total assets						2,381,171
Segment liabilities	(183,973)	(344,780)	(71,656)	(619,175)		(1,219,584)
Unallocated liabilities						(105,628)
Total liabilities						(1,325,212)
Acquisition of segment assets	10,903	4,978	18,611	542,223		576,715
Acquisition of unallocated assets						33,689
Total acquisition of assets						610,404
Depreciation & amortisation	(8,650)	(6,932)	(7,327)	(18,928)		(41,837)
Unallocated depreciation & amortisation						(1,832)
Total depreciation & amortisation						(43,669)
Other non-cash items	-	360	-	745		1,105
Unallocated other non-cash items						4,964
Total other non-cash items						6,069

2007 $'000	Infrastructure	Rail	Resources	Services	Elim	Consolidated
External revenue	721,705	1,060,149	356,331	411,498		2,549,683
Intersegment revenue	565	172	10,058	4,590	(15,385)	-
Segment revenue	722,270	1,060,321	366,389	416,088	(15,385)	2,549,683
Segment result (before finance costs and tax)	39,034	46,612	37,047	35,727		158,420
Unallocated expenses						(22,264)
Share of joint ventures net profit	12,107	-	4,523	(67)		16,563
Net finance costs						(27,709)
Profit before tax						125,010
Income tax expense						(33,664)
Profit for the year						91,346
Segment assets	250,717	746,735	126,092	296,005		1,419,549
Investment in joint ventures	3,089	-	4,038	347		7,474
Unallocated assets						126,177
Total assets						1,553,200
Segment liabilities	(201,424)	(253,713)	(57,390)	(197,483)		(710,010)
Unallocated liabilities						(248,332)
Total liabilities						(958,342)
Acquisition of segment assets	15,217	3,941	16,502	166,302		201,962
Acquisition of unallocated assets						7,911
Total acquisition of assets						209,873
Depreciation & amortisation	(8,313)	(7,982)	(4,899)	(9,269)		(30,463)
Unallocated depreciation & amortisation						(850)
Total depreciation & amortisation						(31,313)
Other non-cash items	10,085	7,912	(1,999)	190		16,188
Unallocated other non-cash items						14,183
Total other non-cash items						30,371

Geographical segments – secondary reporting

	Segment revenues from sales to external customers		Segment assets		Capital expenditure	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Australia	2,455,191	2,181,208	1,427,308	1,156,493	69,805	35,116
Pacific	114,431	124,650	72,269	56,099	2,006	1,471
Asia	140,969	141,140	134,306	125,295	3,625	3,610
North America	767,637	102,685	747,288	215,313	534,968	169,676
	3,478,228	2,549,683	2,381,171	1,553,200	610,404	209,873

(i) Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

(ii) The acquisition of segment assets includes the assets of subsidiaries acquired.

(iii) The Pacific geographical segment includes New Zealand whilst the Asian geographical segment includes Hong Kong, Singapore, Malaysia, Thailand, India and China. The North America geographic segment includes USA, Canada and Mexico.

	Consolidated		Company	
Note 4: Revenue	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Services	2,099,756	1,312,384	-	-
Construction contracts	1,300,848	1,154,524	-	-
Sale of goods	77,624	82,775	-	-
	3,478,228	2,549,683	-	-
Interest	8,975	4,907	52,112	37,738
Dividends	-	-	75,000	65,000
Intercompany management fees	-	-	46,221	41,518
	3,487,203	2,554,590	173,333	144,256

Note 5: Other income

Net gain on sale of property, plant & equipment	4,104	2,062	-	-
Net realised foreign exchange gains	4,964	2,700	5,853	-
Net unrealised foreign exchange gains	-	-	8,127	-
Other income	1,207	-	29	-
	10,275	4,762	14,009	-

Note 6: Depreciation and amortisation

Depreciation	26,199	23,610	1,483	694
Amortisation of software	3,593	4,733	349	156
Amortisation of project establishment costs	4,543	2,315	-	-
Amortisation of other intangibles	9,334	655	-	-
	43,669	31,313	1,832	850

Note 7: Finance costs

Interest expense	26,696	28,485	5,813	20,002
Other borrowing costs	2,595	4,131	547	1,338
	29,291	32,616	6,360	21,340

Note 8: Income tax expense

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Recognised in the income statement				
Current tax expense				
Current year	67,160	44,145	9,437	782
Adjustments for prior years	(797)	(6,329)	12	(1,288)
	66,363	37,816	9,449	(506)
Deferred tax expense				
Origination and reversal of temporary differences	(13,214)	(4,152)	640	2,181
Total income tax expense in income statement	53,149	33,664	10,089	1,675
Deferred tax recognised directly in equity				
Relating to equity issuance costs	962	141	962	141
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:				
Profit before income tax	185,530	125,010	115,825	70,271
Prima facie tax thereon at 30% (2007: 30%)	55,659	37,503	34,747	21,081
Adjusted for:				
- Equity settled share based payments	1,548	1,308	1,548	1,308
- Inter company dividend income	-	-	(22,500)	(19,500)
- Research and development expenses	(396)	(500)	-	-
- Other non deductible/ expenses	871	866	98	74
- Finance costs	(3,816)	-	(3,816)	-
- Overseas tax rate differential	845	(470)	-	-
- Tax losses not recognised (recouped)	(765)	1,286	-	-
Under/(over) provision in prior years	(797)	(6,329)	12	(1,288)
Income tax expense/(benefit)	53,149	33,664	10,089	1,675

Note 9: Cash and cash equivalents

Bank balances	181,110	62,380	-	-
Call deposits	47,523	40,856	-	-
Cash on hand	179	228	1	2
	228,812	103,464	1	2

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in

Note 33: Financial instruments.

Note 10: Trade and other receivables

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Trade and other receivables	537,798	418,828	1,298	293
Allowance for impairment of trade receivables	(5,506)	(4,032)	-	(141)
	532,292	414,796	1,298	152
Prepayments	11,472	11,389	1,972	1,457
Amounts receivable from subsidiaries	-	-	10,360	81,648
Retentions withheld on contracts in progress	698	1,413	-	-
	544,462	427,598	13,630	83,257
Non-current				
Trade and other receivables	4,431	1,049	-	-
Prepayments	5,059	1,663	3,243	936
Amounts receivable from subsidiaries	-	-	605,479	498,784
	9,490	2,712	608,722	499,720

The amounts receivable from subsidiaries are unsecured and payable on demand. Interest is charged on the average balance at a rate of 8.3% (2007: 6.9%).

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in

Note 33: Financial instruments.

Note 11: Inventories

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current				
Raw materials and stores	83,016	80,758	-	-
Construction work in progress (refer below)	206,713	126,829	-	-
	289,729	207,587	-	-
Contracts in progress				
Aggregate of costs and profits recognised on contracts in progress	3,429,087	2,207,831	-	-
Progress billings and advances received on contracts in progress	(3,372,063)	(2,183,350)	-	-
Net construction work in progress	57,024	24,481	-	-
Net construction work in progress comprises:				
Amounts due from customers – work in progress	206,713	126,829	-	-
Amounts due to customers – included in amounts payable on construction contracts and billings in advance	(149,689)	(102,348)	-	-
	57,024	24,481	-	-

Note 12: Current tax receivable and payable

The current tax receivable for the Group of $1,990,000 (2007: $5,427,000) and for the Company of Nil (2007: Nil) represents the amount of income tax recoverable in respect of current and prior financial periods that arise from the payment of tax in excess of amounts due to the relevant tax authority. The current tax liability of the Group of $23,905,000 (2007: $8,647,000) and for the Company of $19,602,000 (2007: $6,659,000) represents the amount of income tax payable in respect of current and prior financial periods. The Company liability includes the income tax payable by all members of the tax consolidated group.

Note 13: Other financial assets

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current				
Foreign currency forward contracts	1,555	-	-	-
Other	5,079	3,685	70	70
	6,634	3,685	70	70
Non-current				
Foreign currency forward contracts	275	-	-	-
Shares in subsidiaries at cost	-	-	490,746	189,783
Other	386	317	-	-
	661	317	490,746	189,783

Note 14: Investments accounted for using the equity method

	Note				
Joint venture entities	34	9,579	7,474	-	-

Note 15: Property, plant and equipment

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Freehold land				
Cost:				
Opening balance	17,224	17,329	-	-
Disposals	(30)	(105)	-	-
Closing balance	17,194	17,224	-	-
Buildings				
Cost:				
Opening balance	62,927	63,063	-	-
Additions	736	436	-	-
Transfer to leasehold improvements	(274)	-	-	-
Foreign exchange movement	(21)	27	-	-
Disposals	(95)	(599)	-	-
Closing balance	63,273	62,927	-	-
Accumulated depreciation:				
Opening balance	(14,208)	(12,072)	-	-
Depreciation for the year	(2,050)	(2,248)	-	-
Transfer to leasehold improvements	105	-	-	-
Foreign exchange movement	4	18	-	-
Disposals	7	94	-	-
Closing balance	(16,142)	(14,208)	-	-
Net book value	47,131	48,719	-	-
Plant and equipment				
Cost:				
Opening balance	166,694	147,250	1,389	788
Additions	29,520	27,762	1,541	699
Acquisition through subsidiaries acquired	5,877	1,948	-	-
Transfer to/from software/leased assets	(1,342)	(245)	-	-
Foreign exchange movement	(5,378)	(1,496)	-	-
Disposals	(26,089)	(8,525)	-	(98)
Closing balance	169,282	166,694	2,930	1,389
Accumulated depreciation:				
Opening balance	(99,514)	(91,417)	(947)	(454)
Depreciation for the year	(19,619)	(16,989)	(430)	(591)
Transfer to/from software/leased assets	999	(115)	-	-
Foreign exchange movement	3,778	1,618	-	-
Disposals	18,067	7,389	-	98
Closing balance	(96,289)	(99,514)	(1,377)	(947)
Net book value	72,993	67,180	1,553	442
Leasehold improvements				
Cost:				
Opening balance	3,551	2,132	1,827	1,341
Additions	10,197	1,419	6,294	486
Acquisition through subsidiaries acquired	1,286	-	-	-
Transfer to/from plant and equipment	635	-	-	-
Foreign exchange movement	(346)	-	-	-
Closing balance	15,323	3,551	8,121	1,827

Note 15: Property, plant and equipment	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Accumulated depreciation:				
Opening balance	(938)	(676)	(687)	(584)
Depreciation for the year	(1,469)	(262)	(1,053)	(103)
Transfer to/from plant and equipment	(209)	-	-	-
Foreign exchange movement	228	-	-	-
Closing balance	(2,388)	(938)	(1,740)	(687)
Net book value	12,935	2,613	6,381	1,140
Plant and equipment under lease				
Cost:				
Opening balance	15,102	20,372	-	-
Additions	2,175	3,001	-	-
Acquisition through subsidiaries acquired	-	220	-	-
Transfer to/from plant and equipment	-	(188)	-	-
Foreign exchange movement	(937)	(163)	-	-
Disposals	(4,808)	(8,140)	-	-
Closing balance	11,532	15,102	-	-
Accumulated depreciation:				
Opening balance	(6,913)	(10,254)	-	-
Depreciation for the year	(3,061)	(4,112)	-	-
Transfer to/from plant and equipment	(668)	132	-	-
Foreign exchange movement	454	302	-	-
Disposals	4,387	7,019	-	-
Closing balance	(5,801)	(6,913)	-	-
Net book value	5,731	8,189	-	-
Total property, plant and equipment:				
At cost	276,604	265,498	11,051	3,216
Accumulated depreciation	(120,620)	(121,573)	(3,117)	(1,634)
Net book value	155,984	143,925	7,934	1,582

Note 16: Intangible assets

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Goodwill				
Cost:				
Opening balance	581,293	457,991	-	-
Acquisition through subsidiaries acquired	352,498	139,488	-	-
Foreign exchange movement	(49,454)	(16,186)	-	-
Closing balance	884,337	581,293	-	-
Project establishment costs				
Cost:				
Opening balance	19,511	23,648	-	-
Project costs capitalised	6,915	14,519	-	-
Write-off project establishment costs	(4,288)	(18,546)	-	-
Foreign exchange movement	(276)	(110)	-	-
Closing balance	21,862	19,511	-	-
Accumulated amortisation:				
Opening balance	(7,705)	(5,918)	-	-
Amortisation for the year	(4,543)	(2,315)	-	-
Write-off project establishment costs	3,752	482	-	-
Foreign exchange movement	55	46	-	-
Closing balance	(8,441)	(7,705)	-	-
Net book value	13,421	11,806	-	-
Software				
Cost:				
Opening balance	24,400	19,725	812	163
Additions	3,403	4,775	166	649
Acquisition through subsidiaries acquired	366	68	-	-
Transfer to/from plant and equipment	381	122	-	-
Foreign exchange movement	(510)	(285)	-	-
Disposals	(8,079)	(5)	-	-
Closing balance	19,961	24,400	978	812
Accumulated amortisation:				
Opening balance	(18,537)	(14,036)	(204)	(48)
Amortisation for the year	(3,593)	(4,733)	(349)	(156)
Transfer to/from plant and equipment	(406)	(21)	-	-
Foreign exchange movement	480	248	-	-
Disposals	8,168	5	-	-
Closing balance	(13,888)	(18,537)	(553)	(204)
Net book value	6,073	5,863	425	608
Software under development				
Cost:				
Opening balance	6,613	-	6,613	-
Additions	25,688	6,613	25,688	6,613
Closing balance	32,301	6,613	32,301	6,613
Trademarks and trade names				
Cost:				
Opening balance	7,200	2,200	-	-
Acquisition through subsidiaries acquired	27,685	5,000	-	-
Foreign exchange movement	(3,390)	-	-	-
Closing balance	31,495	7,200	-	-

Note 16: Intangible assets

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Customer contracts				
Cost:				
Opening balance	6,627	2,527	-	-
Acquisition through subsidiaries acquired	139,578	4,100	-	-
Foreign exchange movement	(14,341)	-	-	-
Closing balance	131,864	6,627	-	-
Accumulated amortisation:				
Opening balance	(519)	-	-	-
Amortisation for the year	(8,215)	(519)	-	-
Foreign exchange movement	471	-	-	-
Closing balance	(8,263)	(519)	-	-
Net book value	123,601	6,108	-	-
Other identified intangible assets				
Cost:				
Opening balance	1,010	1,010	-	-
Additions	210	-	-	-
Acquisition through subsidiaries acquired	5,999	-	-	-
Foreign exchange movement	(597)	-	-	-
Closing balance	6,622	1,010	-	-
Accumulated amortisation:				
Opening balance	(136)	-	-	-
Amortisation for the year	(1,119)	(136)	-	-
Foreign exchange movement	37	-	-	-
Closing balance	(1,218)	(136)	-	-
Net book value	5,404	874	-	-
Total intangible assets:				
At cost	1,128,442	646,654	33,279	7,425
Accumulated amortisation	(31,810)	(26,897)	(553)	(204)
Net book value	1,096,632	619,757	32,726	7,221

Trademarks and trade names are not amortised as they are considered to have indefinite lives.

Impairment tests for cash generating units containing goodwill
For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes as follows:

	Consolidated	
	2008 $'000	2007 $'000
Infrastructure	103,414	103,414
Rail	226,411	225,816
Resources	22,534	22,534
Services	100,106	100,106
Services - USA	431,872	129,423
Total goodwill	884,337	581,293

The recoverable amount of the cash generating unit is based on value in use calculations. The calculations use cash flow projections based on the following year's budget and plan, extended over a period of five years. Cash flows into perpetuity are extrapolated using a growth factor relevant to the sector and business plan. A pre-tax discount rate is applied adjusted for the risk of the industry in which each unit operates.

Key assumptions used for value in use calculations
A growth rate of 3% has been applied to extrapolate cash flows. The growth rate does not exceed the long-term average growth rate for the business in which the cash generating units operate.

A pre-tax discount rate of 11.9% for businesses other than those based in the USA, and 9.5% for USA based businesses, has been applied to discount the forecast future attributable pre-tax cash flows. The discount rate reflects specific risks relating to the relevant cash generating units and their country of operation.
The recoverable amount of each cash generating unit exceeds its carrying amount.

Impact of reasonably possible changes in key assumptions
Management believes that any reasonably possible changes in the key assumptions on which the above cash generating units recoverable amounts are based would not cause their respective values to fall below their carrying amounts at 30 June 2008.

Note 17: Deferred tax assets and liabilities

	Consolidated		Company	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Deferred tax assets				
Temporary differences	37,198	31,254	3,278	4,349
Deferred tax liabilities				
Temporary differences	6,326	3,398	-	-
Unrecognised deferred tax balances				
Deferred tax assets				
Tax losses - revenue	816	1,586	-	-
Tax losses - capital	3,440	3,874	3,440	3,874
Foreign tax credits	-	733	-	733
	4,256	6,193	3,440	4,607
The deferred tax assets arising from tax losses of subsidiaries have not been recognised as an asset because it is not probable that future tax profit will be available against which the Group can utilise this benefit.	4,256	5,460	3,440	3,874

The benefit of the unrecognised deferred tax assets arising from tax losses will only be obtained if:
- the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- the relevant company continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the relevant company in realising the benefit.

	Consolidated		Company	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Recognised deferred tax assets and liabilities				
Deferred tax assets and liabilities are attributable to the following:				
Gross deferred tax assets				
Provisions	21,075	20,768	2,975	2,882
Employee benefits	27,339	23,514	872	491
Property, plant & equipment	2,080	1,557	707	325
Inventories	2,142	2,104	-	-
Equity	1,164	663	1,164	663
Other	1,682	502	-	9
	55,482	49,108	5,718	4,370
Amount netted against deferred tax liabilities	(18,284)	(17,854)	(2,440)	(21)
Net deferred tax assets	37,198	31,254	3,278	4,349
Gross deferred tax liabilities				
Property, plant & equipment	(1,936)	(643)	-	-
Intangible assets	(12,082)	(3,564)	-	-
Research & development	(948)	(2,383)	-	-
Income recognition	(6,826)	(12,336)	(2)	(21)
Deferred expenditure	(2,642)	(2,093)	-	-
Unrealised foreign exchange gains	-	-	(2,438)	-
Other	(176)	(233)	-	-
	(24,610)	(21,252)	(2,440)	(21)
Amount netted against deferred tax assets	18,284	17,854	2,440	21
Net deferred tax liabilities	(6,326)	(3,398)	-	-

Note 18: Trade and other payables

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Unsecured:				
- trade payables and accruals	338,556	243,949	8,223	2,823
- amounts payable to subsidiaries	-	-	532	249
- work in progress accruals	45,979	57,574	-	-
- billings in advance under construction contracts	149,689	102,348	-	-
	534,224	403,871	8,755	3,072
Non-current				
Unsecured:				
- loan from subsidiaries	-	-	-	1

The current amounts payable to subsidiaries are unsecured, interest free and payable on demand.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in

Note 33: Financial instruments.

Financial guarantees
In accordance with the deed of covenant and note agreements entered into by the Company with its providers of finance facilities and the US Note holders, the Company has agreed to be Guarantor, together with a number of wholly owned subsidiaries of the Company, for the principal and interest payments.

Bank guarantees and surety bonds are issued to third parties arising out of dealings in the normal course of business by subsidiaries (see Note 19: Loans and borrowings (b) and (c)).

The Company has also entered into a Deed of Cross Guarantee with certain subsidiaries as described in Note 29: Subsidiaries (b). Under the terms of the Deed, the Company has guaranteed the repayment of all current and future creditors in the event of any of the entities party to the Deed are wound up. Details of the consolidated position of the Company and subsidiaries party to the Deed are set out in Note 29: Subsidiaries (b).

No liability has been recognised by the Group or the Company in relation to these guarantees, as the fair value of the guarantees is immaterial.

Note 19: Loans and borrowings

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Unsecured:				
- bank overdraft	2,105	1,672	50,747	1,672
- bank loans	-	22,486	-	20,000
- other loan	387	180	-	-
Secured:				
- finance lease liabilities	2,439	3,207	-	-
	4,931	27,545	50,747	21,672
Non-current				
Unsecured:				
- bank loans	237,274	220,000	81,446	220,000
- other loan	1,003	1,304	-	-
- US Notes	259,644	117,261	-	-
Secured:				
- finance lease liabilities	3,164	4,559	-	-
	501,085	343,124	81,446	220,000

Lease liabilities are secured by a charge over the leased assets.

2008 bank loans are drawn under term debt facilities which mature in January 2009 ($90,000,000), July 2009 ($50,000,000), May 2010 ($60,000,000), July 2010 ($340,000,000), December 2010 ($41,554,000) and January 2012 ($110,000,000). The other loan is a term debt facility which matures on 30 June 2015. Interest rates are floating and the average interest rate applicable at 30 June 2008 was 5.0%.

During the year the Group undertook the placement of an additional US$150m of debt in the US private placement market. The facility is for 10 years and is at a fixed interest rate of 6.91%. The debt was used to repay US Dollar bank debt.

In accordance with the deed of covenant and note agreements entered into by the Company with its providers of finance facilities and the US Note holders, the Company has agreed to be Guarantor, together with a number of wholly owned subsidiaries of the Company, for the principal and interest payments. The Group has agreed, among other things, not to grant any security over its assets (subject to certain exceptions) and to maintain specified financial ratios, including:

- Net debt will not exceed 45% of the sum of the net debt and shareholders' equity;
- Net debt will not exceed 3.0 times earnings before interest, tax, depreciation and amortisation (EBITDA);
- EBITDA to net interest expenses will exceed 3.5 times;
- Interest bearing liabilities will not exceed 60% of the sum of interest bearing liabilities and shareholders' equity; and
- Earnings before interest, tax and amortisation (EBITA) to interest expense will exceed 2.5 times.

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Finance facilities				
a) The Group has access to the following lines of credit:				
Credit facility	948,340	534,305	659,808	525,000
Amount utilised	503,911	244,158	237,274	241,672
Unused credit facility	444,429	290,147	422,534	283,328
Facilities are summarised as follows:				
Bank overdraft	16,335	18,513	15,000	15,000
Standby	-	20,000	-	20,000
Term debt	932,005	495,792	644,808	490,000
	948,340	534,305	659,808	525,000
b) Bank guarantee and/or letter of credit facilities provided by several financial institutions:				
Guarantee and/or letter of credit	616,763	565,696	565,192	520,000
Amount utilised	512,262	476,031	474,696	136
Unused guarantee facilities	104,501	89,665	90,496	519,864
c) Unsecured bond facilities provided by surety entities				
Bonds in aggregate	10,684	21,687	3,211	21,687
Amount utilised	10,684	5,542	3,211	-
Unused bonds	-	16,145	-	21,687
Finance lease liabilities				
Payable:				
- not later than one year	2,619	3,746	-	-
- later than one year but not later than five years	3,653	5,309	-	-
- later than five years	-	-	-	-
Minimum lease payments	6,272	9,055	-	-
Less future finance charges	(669)	(1,289)	-	-
Total lease liability	5,603	7,766	-	-
Reconciled to:				
- current liabilities	2,439	3,207	-	-
- non-current liabilities	3,164	4,559	-	-
	5,603	7,766	-	-

Finance leases have been entered into as a means of funding the acquisition of minor items of plant and equipment and acquiring access to property and vehicles. Rental payments are generally fixed, with no special terms or conditions attaching to the leases.

Note 20: Other financial liabilities

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current				
Foreign currency forward contracts	1,386	2,252	96	-
Interest rate swaps	-	69	-	-
Lease incentives	374	635	85	273
	1,760	2,956	181	273
Non-current				
Foreign currency forward contracts	2	384	-	-
Lease incentives	6,032	803	5,319	-
	6,034	1,187	5,319	-

Note 21: Provisions

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current				
Warranty and contract	11,523	10,068	-	2,880
Workers' compensation	14,587	5,731	4,109	2,158
Public liability	3,951	306	-	-
Other	4,626	7,270	-	287
	34,687	23,375	4,109	5,325
Non-current				
Warranty and contract	9,588	10,816	-	-
Workers' compensation	12,131	-	-	-
Public liability	16,646	2,860	3,363	2,860
Other	2,562	1,115	648	119
	40,927	14,791	4,011	2,979

	Consolidated			
	Workers' compensation $'000	Warranty & contracts $'000	Public liability insurance $'000	Other $'000
Balance at 1 July 2007	5,731	20,884	3,166	8,385
Increase through acquisition	28,009	-	17,971	382
Provisions made during the year	22,797	9,594	8,239	6,086
Provisions used during the year	(18,194)	(6,553)	(7,746)	(7,602)
Provisions reversed during the year	(8,841)	(2,816)	753	(54)
Foreign exchange movement	(2,784)	2	(1,786)	(27)
Unwinding of discount	-	-	-	18
Balance at 30 June 2008	26,718	21,111	20,597	7,188

	Company			
	Workers' compensation $'000	Warranty & contracts $'000	Public liability insurance $'000	Other $'000
Balance at 1 July 2007	2,158	2,880	2,860	406
Provisions made during the year	3,211	-	1,343	878
Provisions used during the year	(1,260)	-	(840)	(640)
Provisions reversed during the year	-	(2,880)	-	-
Unwinding of discount	-	-	-	4
Balance at 30 June 2008	4,109	-	3,363	648

Warranties and contracts
Provision is made for the estimated liability on all products still under warranty at balance date, and known claims arising under service and construction contracts. The provision is estimated having regard to previous claims experience.

Public liability and workers' compensation insurance
The Group self insures for various risks, including workers' compensation in some states. Provision is made for the Group's obligations for incurred but not reported (IBNR) insurance claims, based on assessment using prior claims history.

Note 22: Capital and reserves

Reconciliation of movement in capital and reserves

Consolidated 2008 $'000	Translation reserve	Hedging reserve	Employee equity benefit reserve	Total reserves	Share capital	Retained earnings	Total	Minority interest	Total equity
Balance at 1 July 2007	(6,906)	(2,705)	10,162	551	465,950	129,666	596,167	(1,309)	594,858
Total recognised income and expense	(28,498)	10,569	-	(17,929)	-	131,105	113,176	1,276	114,452
Shares issued	-	-	-		425,269	-	425,269	-	425,269
Equity settled share based payments	-	-	5,160	5,160	-	-	5,160	-	5,160
Dividends to shareholders	-	-	-	-	-	(83,780)	(83,780)	-	(83,780)
Balance at 30 June 2008	(35,404)	7,864	15,322	(12,218)	891,219	176,991	1,055,992	(33)	1,055,959

Consolidated 2007 $'000	Translation reserve	Hedging reserve	Employee equity benefit reserve	Total reserves	Share capital	Retained earnings	Total	Minority interest	Total equity
Balance at 1 July 2006	(2,998)	(3,266)	5,997	(267)	423,387	97,598	520,718	46	520,764
Total recognised income and expense	(3,908)	561	-	(3,347)	-	92,701	89,354	(1,355)	87,999
Shares issued	-	-	-	-	42,563	-	42,563	-	42,563
Equity settled share based payments	-	-	4,165	4,165	-	-	4,165	-	4,165
Dividends to shareholders	-	-	-	-	-	(60,633)	(60,633)	-	(60,633)
Balance at 30 June 2007	(6,906)	(2,705)	10,162	551	465,950	129,666	596,167	(1,309)	594,858

Company 2008 $'000	Translation reserve	Hedging reserve	Employee equity benefit reserve	Total reserves	Share capital	Retained earnings	Total equity
Balance at 1 July 2007	-	-	10,162	10,162	465,950	45,630	521,742
Total recognised income and expense	-	(96)	-	(96)	-	105,736	105,640
Shares issued	-	-	-	-	425,269	-	425,269
Equity settled share based payments	-	-	5,160	5,160	-	-	5,160
Dividends to shareholders	-	-	-	-	-	(83,780)	(83,780)
Balance at 30 June 2008	-	(96)	15,322	15,226	891,219	67,586	974,031

Company 2007 $'000	Translation reserve	Hedging reserve	Employee equity benefit reserve	Total reserves	Share capital	Retained earnings	Total equity
Balance at 1 July 2006	-	-	5,997	5,997	423,387	37,667	467,051
Total recognised income and expense	-	-	-	-	-	68,596	68,596
Shares issued	-	-	-	-	42,563	-	42,563
Equity settled share based payments	-	-	4,165	4,165	-	-	4,165
Dividends to shareholders	-	-	-	-	-	(60,633)	(60,633)
Balance at 30 June 2007	-	-	10,162	10,162	465,950	45,630	521,742

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

Hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions where settlement has not yet occurred.

Employee equity benefit reserve

The employee equity benefit reserve represents the cumulative expense associated with equity settled compensation, under the Employee Share Option Plan.

Capital risk management

The Board's objective when managing capital is to safeguard the ability of the Group and the Company to continue as a going concern whilst providing adequate returns to shareholders and maintaining an optimal capital structure to reduce the cost of capital.

The Board monitors the return on capital, which is defined as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also establishes the dividend payout policy which is targeted as being 65% to 75% of earnings. Dividend payout for the year ended 30 June 2008 was 71% (2007: 78%).

Capital is monitored on the basis of the gearing ratio. The strategy is to maintain a gearing ratio of net debt/ (net debt + equity) within 20% to 40%. The gearing ratios at 30 June 2008 and 2007 were as follows:

		Consolidated		Company	
	Note	2008 $	2007 $	2008 $	2007 $
Total borrowings	19	506,016	370,669	132,193	241,672
Less: cash and cash equivalents	9	(228,812)	(103,464)	(1)	(2)
Net debt		277,204	267,205	132,192	241,670
Total equity	22	1,055,992	596,167	974,031	521,742
Total capital		1,333,196	863,372	1,106,223	763,412
Gearing ratio		20.8%	30.9%	11.9%	31.7%

As disclosed in Note 19: Loans and borrowings, the Group is required to maintain specified financial ratios including that the gearing ratio of net debt/(net debt + equity) will not exceed 45%.

There were no changes in the Group's approach to capital management during the year.

Share capital

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Issued and paid-up capital				
163,308,567 (2007 – 137,694,964) ordinary shares	891,219	465,950	891,219	465,950

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

	2008		2007	
	$'000	Number of ordinary shares	$'000	Number of ordinary shares
(b) Movements in contributed equity				
Opening balance	465,950	137,694,964	423,387	133,471,928
Shares issued in placement net of costs (i)	315,559	18,691,897	-	-
Shares issued under Share Purchase Plan net of costs (refer to (i) below)	24,684	1,454,435	31,458	2,459,920
Shares issued on acquisition of Unicco (ii)	76,411	4,219,307	-	-
Shares issued pursuant to Employee Share Option Plan (refer to Note 28: Employee benefits) & (refer to (iii) below)	8,615	1,247,964	3,904	874,000
Treasury shares paid	-	-	2,860	550,000
Shares issued to Mr R Leupen	-	-	4,341	339,116
Closing balance	891,219	163,308,567	465,950	137,694,964

(i) The Company undertook a placement of shares at an issue price of $17 per share in July 2007, and a share purchase plan in August 2007 at an issue price of $17 per share, to partially fund the acquisition of Unicco.

(ii) In September 2007 the Company issued 4,219,307 shares to the vendors at an issue price of $18.11 on the acquisition of Unicco.

(iii) At various dates throughout the year ended 30 June 2008, the Company issued 1,247,964 shares, pursuant to the exercise of options under the Employee Share Option Scheme, at exercise prices ranging between $4.45 and $11.39.

The number of ordinary shares noted above is less than the amount recorded by the share registry by 750,000 treasury shares. For accounting purposes treasury shares are treated as options.
The Company does not have authorised capital or par value in respect of its issued shares.

(c) Dividends	2008 $'000	2007 $'000
Dividends recognised in the current year by the Company are:		
Final dividend of 28 cents (2007: 24 cents) per share, fully franked paid on 14 September 2007	44,419	32,944
Interim dividend of 24 cents (2007: 20 cents) per share, fully franked paid on 7 March 2008	39,361	27,689
Total dividends paid	83,780	60,633
Dividends not recognised at year end		
Since the year end the directors have recommended the payment of a final dividend of 34 cents (2007: 28 cents) per share fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 5 September 2008 out of retained profits at 30 June 2008 not recognised as a liability at year end.	55,780	44,419
Dividend franking account - Company		
Franking credits at a tax rate of 30% (2007: 30%) available to shareholders of United Group for subsequent financial years	33,291	20,773

The above amounts represent the balance of the dividend franking account at year-end adjusted for:

a) franking credits that will arise from the payment of the current tax liability;
b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $23,796,000 (2007: $19,108,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax - Consolidated group has assumed the benefit of all franking credits.

Note 23: Cash flow information

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
a) Reconciliation of cash					
Cash and cash equivalents	9	228,812	103,464	1	2
Bank overdraft	19	(2,105)	(1,672)	(50,747)	(1,672)
Cash and cash equivalents in statement of cash flows		226,707	101,792	(50,746)	(1,670)

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and deposits at call, net of overdrafts, and investments in money market instruments with less than 90 days to maturity.

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
b) Reconciliation of profit after tax to cash flow from operations					
Profit after tax		132,381	91,346	105,736	68,596
Adjustment for non-cash items:					
Amortisation	16	17,470	11,815	349	156
Depreciation	15	26,199	19,498	1,483	694
Equity settled share based payments	22	5,160	4,165	5,160	4,165
Profit on sale of property, plant & equipment	5	(4,104)	(2,062)	-	-
Unrealised foreign exchange (gain)/loss		(7,462)	1,382	(8,127)	-
Share of joint venture entities net profit	34	(4,674)	(5,752)	-	-
Costs in relation to investments		-	14,924	-	7,886
Write off of StarTransit tender costs		-	11,232	-	-
Other		-	4,420	-	300
Movement in income taxes payable		3,237	(25,228)	12,943	(20,610)
Movement in deferred taxes payable		(3,794)	1,755	1,071	2,160
Changes in assets and liabilities:					
(Increase)/decrease in trade and other receivables		(7,219)	(27,495)	2,361	912
(Increase)/decrease in inventories		(80,850)	22,028	-	-
Increase/(decrease) in trade and other payables		63,728	25,424	5,127	(747)
Increase/(decrease) in provisions and employee benefits		31,231	(17,246)	4,461	(7,881)
Cash flows from operations		171,303	130,206	130,564	55,631

Note 24: Acquisitions of subsidiaries

Unicco

On 24 September 2007 United Group USA Inc. (wholly owned subsidiary of United Group Limited) acquired the business of Unicco Service Company (Unicco) for a consideration of $513.3 million (US$444.9m). Unicco is a US-based integrated facilities management services company. In the period to 30 June 2008 the business contributed net profit before interest and tax of $24.3m to the consolidated net profit for the year. The Group considers it impractical to disclose the proforma full year financial results to include the acquired entity as if it was owned for the full period as the entity acquired was privately owned and accounting policies were not consistent with those adopted by the Group. The acquisition was funded through debt and equity.

The acquisition has the following effect on the consolidated entity's assets and liabilities.

Acquiree's net assets at the acquisition date $'000	Recognised values on acquisition	Fair value adjustments	Pre-acquisition carrying amounts
Cash	32,552	-	32,552
Trade & other receivables	112,408	-	112,408
Inventories	1,292	-	1,292
Property, plant & equipment	7,163	(135)	7,298
Intangible assets	173,628	154,392	19,236
Other assets	5,580	-	5,580
Trade & other payables	(69,418)	-	(69,418)
Bank overdraft	(31,603)	-	(31,603)
Income tax payable	(15,457)	-	(15,457)
Employee benefits	(29,998)	-	(29,998)
Provisions	(23,852)	-	(23,852)
Deferred tax liability	(777)	-	(777)
Net identifiable assets and liabilities	161,518	154,257	7,261
Goodwill on acquisition	351,763		
Purchase consideration	513,281		

	$'000
Purchase consideration	
- Cash paid	426,408
- Shares issued in parent company	76,411
- Direct costs related to the acquisition	10,462
Total purchase consideration	513,281
Fair value of net identifiable asset acquired	(161,518)
Goodwill	351,763

Outflow of cash to acquire subsidiary net of cash acquired:

Cash consideration including costs	436,870
Less: cash balances acquired	
Cash	32,552
Bank overdraft	(31,603)
	949
Outflow of cash	435,921

Goodwill has arisen on the acquisition of Unicco because of the capacity of the business to generate recurring revenue streams in the future through the interrelationships of a proven track record, business processes, employee experience and skills. This did not meet the criteria for recognition as a separate intangible asset at the date of acquisition. Trademarks, customer relationships and non-compete agreements were identified and separately valued as intangible assets.

The purchase agreement includes consideration contingent upon tax liabilities incurred as a result of the acquisition.

2007 Acquisitions

Equis Corporation

On 19 July 2006 United Group USA Inc (wholly owned subsidiary of United Group Limited) acquired the business of Equis Corporation (renamed UGL Equis Corporation) (**UGL Equis**) for a consideration of $163,596,000 (US $120 million) with a potential additional $16 million (US $12 million) payment to the vendor based on future growth projections. The business is a US based provider of comprehensive corporate real estate services. In the period to 30 June 2007 the business contributed net profit before tax of $6,771,000 to the consolidated net profit for the year. If the acquisition had occurred on 1 July 2006, the contribution to net revenue would have been $107,130,000 and net profit would have been $7,122,000. The proforma revenue and net profit have been determined on the basis of extrapolation of post acquisition profit and have been calculated using the accounting policies of the Group. The acquisition was funded through debt and equity.

The acquisition has the following effect on the Group's assets and liabilities.

Acquiree's net assets at the acquisition date $'000	**Recognised values on acquisition**	**Fair value adjustments**	**Pre-acquisition carrying amounts**
Cash and cash equivalents	4,613	-	4,613
Trade and other receivables	29,766	-	29,766
Property, plant and equipment	2,292	-	2,292
Intangible assets	9,100	9,100	-
Other assets	2,088	-	2,088
Trade and other payables	(22,582)	-	(22,582)
Other financial liabilities	(60)	-	(60)
Provisions	(249)	-	(249)
Net identifiable assets and liabilities	24,968	9,100	15,868
Goodwill on acquisition	144,921		
Consideration	169,889		
Less consideration payable subject to earn out provision	(2,013)		
Cash acquired	(4,613)		
Net cash outflow	163,263		

The consideration above includes acquisition costs of $4,279,000.

Goodwill has arisen on the acquisition of UGL Equis because of the capacity of the business to generate recurring revenue streams in the future through the interrelationship of a proven track record, business processes, employee experience and skills and provided the Group with a presence in the USA. This did not meet the criteria for recognition as a separate intangible asset at the date of acquisition. Trademarks and customer relationships were identified and separately valued as an intangible asset.

Additional consideration in the form of an earn out payment of $2,078,000 (US$1,876,000) was paid in January 2008.

Proactive Communication Solutions

On 9 February 2007 United Group Infrastructure Pty Ltd (wholly owned subsidiary of United Group Limited) acquired the business of Proactive Communications Solutions (PCS) for a consideration of $980,000 with a potential additional $1,790,000 payment to the vendor based on future growth projections. The business is a provider of access solutions and has rights to a number of distributorships of high end products demanded by the major telecommunications carriers and State government authorities in Australia. In the period to 30 June 2007 the business contributed net profit before tax of $106,000 to the consolidated net profit for the year. Pro forma profit as though the business had been acquired on 1 July 2006 has not been determined due to the short period of ownership during the reporting period. The acquisition was funded through debt.

The acquisition has the following effect on the Group's assets and liabilities.

Acquiree's net assets at the acquisition date $'000	**Recognised values on acquisition**	**Fair value adjustments**	**Pre-acquisition carrying amounts**
Cash and cash equivalents	-	-	-
Inventories	100	-	100
Property, plant and equipment	11	-	11
Trade and other payables	-	-	-
Provisions	(19)	-	(19)
Net identifiable assets and liabilities	92	-	92
Goodwill on acquisition	1,023		
Consideration	1,115		
Cash acquired	-		
Net cash outflow	1,115		

The consideration above includes acquisition costs of $135,000.

Goodwill has arisen on the acquisition of PCS because of the capacity of the business to generate recurring revenue streams in the future through the interrelationship of a proven track record, business processes and employee experience and skills. This did not meet the criteria for recognition as a separate intangible asset at the date of acquisition.

The purchase agreement includes additional consideration in the form of an earn out payment of $790,000 payable two years from acquisition date should certain profitability milestones be achieved. The performance conditions were not met for the additional potential consideration of $1,000,000 due in February 2008.

Note 25: Operating leases

	Consolidated		Company	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Non-cancellable operating leases are payable as follows:				
- not later than one year	36,268	20,215	3,581	640
- later than one year but not later than five years	55,921	22,556	15,401	1,651
- later than five years	12,591	182	9,306	-
	104,780	42,953	28,288	2,291

The Group has entered into commercial leases on certain motor vehicles and office premises. These leases have average lives of between one and 8 years. There are no restrictions placed upon the lessee by entering into these leases.

During the financial year ended 30 June 2008 $32,149,000 was recognised as an expense in the income statement in respect of operating leases (2007: $23,357,000).

Note 26: Capital and other commitments

	Consolidated		Company	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Capital expenditure commitments				
Capital expenditure commitments contracted for:				
Plant and equipment purchases:				
Within one year	1,207	2,710	301	1,200
One year or later and no later than five year	6,700	-	-	-
	7,907	2,710	301	1,200
Other commitments	-	-	-	-

Note 27: Contingencies

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:				
(i) Under the provisions of joint venture agreements undertaken by entities controlled by the Company, the controlled entities are jointly and severally liable for all liabilities incurred by the joint venture. As at 30 June 2008 the assets of the joint ventures were sufficient to meet such liabilities. The liabilities of the joint ventures not included in the consolidated financial statements amounted to:	69,398	38,504	-	-

(ii) During the normal course of business, entities within the Group may incur contractor's and product liability in relation to their performance obligations for specific contracts. Such liability includes the potential costs to carry out further works and/or litigation by or against those Group entities. Provision is made for the potential costs of carrying out further works based on known claims and previous claims history, and for legal costs where litigation has been commenced. Whilst the ultimate outcome of these claims cannot be reliably determined at the date of this report, based on previous experience, amounts specifically provided, and the circumstances of specific claims outstanding, no additional costs are anticipated.

Note 28: Employee benefits

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Salaries and wages accrued	29,629	14,418	-	-
Liability for long service leave	40,990	33,284	743	343
Liability for annual leave	74,957	56,892	1,555	709
Other employee benefits	16,103	10,972	6,512	3,209
	161,679	115,566	8,810	4,261
Non-current				
Liability for long service leave	6,078	12,179	96	-
Liability for annual leave	704	1,184	-	-
Other employee benefits	2,872	519	-	-
	9,654	13,882	96	-

Superannuation

Benefits provided under the superannuation funds to which the Group contributes are based on accumulated contributions and earnings for each employee. The Group has a legal obligation to contribute to the funds in accordance with the Superannuation Guarantee Charge Legislation in Australia and similar obligations in overseas jurisdictions. The amount recognised as expense was $92,029,000 for the financial year ended 30 June 2008 (2007: $44,965,000).

Employee share plans

At the 2002 annual general meeting shareholders approved the implementation and operation of two employee share plans. The directors determine whether the share plans will be offered to employees prior to the commencement of each financial year. Permanent employees of the Group who have completed six months continuous service are entitled to participate in either of the following employee share plans:

- Exempt Employee Share Plan:
  Employees are entitled to contribute $500 from their pre-tax salary per annum in order to acquire shares in United Group Limited. The group matches this contribution by purchasing on-market additional shares to the value of $500.

- Deferred Employee Share Plan:
  Employees are entitled to contribute at least $2,000 from their pre-tax salary per annum in order to acquire shares in United Group Limited. The group matches the first $2,000 of this contribution by purchasing on-market additional shares to the value of $2,000.

Share based payments

The Company issues options to employees under the terms of the Employee Share Option Plan. The options are issued subject to performance hurdles consistent with the objective of aligning the interest of employees with shareholders. Generally these options vest in three tranches commencing between one and five years after grant date and expire four months after the final tranche vests.

The terms and conditions of grants made during the year ended 30 June 2008 are as follows:

Grant date	Number of options	Vesting Conditions	Expiry date
2 July 2007	61,123	Period of service and achievement of performance hurdles	31 December 2010
1 September 2007	1,064,354	Period of service and achievement of performance hurdles	31 December 2010
1 September 2007	619,816	Period of service and achievement of performance hurdles	31 December 2012
24 September 2007	668,456	Period of service and achievement of performance hurdles	31 December 2012
25 October 2007	147,700	Period of service and achievement of performance hurdles	31 December 2010
4 February 2008	103,476	Period of service and achievement of performance hurdles	31 December 2012
5 February 2008	30,000	Period of service and achievement of performance hurdles	31 December 2012
4 April 2008	10,000	Period of service and achievement of performance hurdles	31 December 2012

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2008	Number of options 2008	Weighted average exercise price 2007	Number of options 2007
Outstanding at the beginning of the period	$10.09	8,111,781	$7.17	6,718,628
Forfeited during the period	$11.28	(918,534)	$11.13	(525,130)
Exercised during the period	$6.86	(1,247,964)	$4.78	(1,424,000)
Granted during the period	$17.09	2,704,926	$13.86	3,342,283
Outstanding at the end of the period	$12.62	8,650,209	$10.09	8,111,781
Exercisable at the end of period		905,050		46,666

The options outstanding at 30 June 2008 have an exercise price in the range of $4.45 to $19.44 and a weighted average contractual life of 4.9 years.

Options exercisable at 30 June 2008 include 750,000 shares issued to Mr Leupen under the Long Term Incentive Performance Share Plan. These shares have vested following the achievement of performance hurdles but are restricted from trading until the corresponding loan is repaid.

During the financial year 1,247,964 share options were exercised (2007: 1,424,000). The weighted average share price at the dates of exercise was $18.19 (2007: $13.76).

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binomial option-pricing model.

During the year ended 30 June 2008 the Group recognised an expense of $5,160,000 (2007: $4,165,000) in relation to share based payments.

Fair value of share options granted during the year:

Fair value of share options and assumptions		
	2008	2007
Fair value at measurement date	$2.928 - $3.953	$2.138 - $3.478
Share price	$12.89 - $19.52	$13.44 - $15.64
Exercise price	$12.41 - $19.44	$13.39 – $15.43
Expected volatility	22.7% - 38.4%	21.8% - 27.5%
Option life	3.0 – 5.2 years	2.9 – 5.7 years
Expected dividends	4.3% - 4.6%	4.3% - 4.7%
Risk-free interest rate	5.9% - 6.6%	5.5% - 6.0%

The expected volatility is based on the historic volatility.

Share options are granted under a service condition and exercise is also dependent on the Group achieving certain performance hurdles.

Note 29: Subsidiaries

(a) Subsidiaries

The financial statements at 30 June 2008 include the following subsidiaries.

	Parties to deed of cross guarantee	Country of incorporation and operation	Owned 2008 %	Owned 2007 %
Parent entity:				
United Group Limited	(b)	Australia	-	-
Subsidiaries:				
United Group Infrastructure Pty Ltd	(b)	Australia	100	100
Inspection Testing & Certification Pty Ltd	(b)	Australia	100	100
Olympic Dam Maintenance Pty Ltd	(b)	Australia	100	100
United KG Construction Pty Ltd	(b)	Australia	100	100
United KG Maintenance Pty Ltd	(b)	Australia	100	100
UGL Pty Ltd	(b)	Australia	100	100
Western Water Services Pty Ltd	(b)	Australia	100	100
United KG (No. 1) Limited	(b)	Australia	100	100
United KG (No. 2) Pty Ltd	(b)	Australia	100	100
United KG Engineering Services Pty Ltd	(b)	Australia	100	100
United Group FM Services Pty Ltd	(b)	Australia	100	100
United Group Infrastructure (Services) Pty Ltd	(b)	Australia	100	100
United Group International Pty Ltd	(b)	Australia	100	100
United Group Water Projects Pty Ltd		Australia	100	100
United Group Water Projects (Victoria) Pty Ltd		Australia	100	100
United Group Infrastructure (Singapore) Pte Ltd		Singapore	100	100
United Group Infrastructure (Malaysia) Sdn Bhd		Malaysia	100	100
Arus Tenang Sdn Bhd		Malaysia	100	100
BKP Electrical Limited		Fiji	90	90
United Group Rail Pty Ltd	(b)	Australia	100	100
United Group Rail Services Limited	(b)	Australia	100	100
United Group Resources (Services) Limited	(b)	Australia	100	100
United Group Rail (North Queensland) Pty Ltd	(b)	Australia	100	100
United Goninan Construction Pty Ltd		Australia	100	100
Newcastle Engineering Pty Ltd		Australia	100	100
Railfleet Maintenance Services Pty Ltd		Australia	100	100
United Group (NZ) Limited	(b)	New Zealand	100	100
United Group Infrastructure (NZ) Limited	(b)	New Zealand	100	100
Kilpatrick Green (Malaysia) Sdn Bhd		Malaysia	100	100
United Group Services Pty Ltd	(b)	Australia	100	100
United Group Process Solutions Pty Ltd	(b)	Australia	100	100
United Group Procurement Services Pty Ltd	(b)	Australia	100	100
United Group HR Services Pty Ltd	(b)	Australia	100	100
United Group Real Estate Services (ACT) Pty Ltd		Australia	100	100
United Group Real Estate Services (NSW) Pty Ltd		Australia	100	100
United Group Real Estate Services (VIC) Pty Ltd		Australia	100	100
United Group Real Estate Services (QLD) Pty Ltd		Australia	100	100
United Group Real Estate Services (TAS) Pty Ltd		Australia	100	100
United Group Real Estate Services (SA) Pty Ltd		Australia	100	100
United Group Real Estate Services (WA) Pty Ltd		Australia	100	100
United Group Real Estate Services (NT) Pty Ltd		Australia	100	100
United Group Resources Pty Ltd	(b)	Australia	100	100
United Group Melbourne Transport Limited		Australia	100	100
United Group Rail Fleet Services Limited	(b)	Australia	100	100
United Group Rail (NZ) Limited		Australia	100	100
MainCo Melbourne Pty Limited		Australia	70	70
United Group Services (Europe) Limited		UK	100	100
United Group Europe Limited		UK	100	100
PT. BPO Indonesia		Indonesia	100	100
BPOEA (Thailand) Co., Ltd.		Thailand	100	100
BPOEA Malaysia Sdn Bhd		Malaysia	100	100
United PREMAS Limited		Singapore	100	100
PREMAS Valuers & Property Consultants Pte Ltd		Singapore	100	100
PREMAS Technologies Pte Ltd		Singapore	100	100
PREMAS Asia Pte Ltd		Singapore	100	100
PREMAS Property Services (Shanghai) Co. Ltd.		China	100	100
Beijing PREMAS Property Services Co. Ltd.		China	100	100
PREMAS Investments Pte Ltd		Singapore	100	100
PREMAS Technologies and Services (Shanghai) Co. Ltd.		China	100	100
LandArt (Shanghai) Co. Ltd.		China	-	100
PT. PREMAS International		Indonesia	100	100
PREMAS Total Asset Services Sdn. Bhd.		Malaysia	70	70
ESMACO Pte Ltd		Singapore	100	100
ESMACO Township Management Pte Ltd		Singapore	100	100
ESMACO International Pte Ltd		Singapore	100	100
ESMACO (M) Sdn. Bhd.		Malaysia	100	100
RESMA Property Services Pte Ltd		Singapore	100	100
LandArt Pte Ltd		Singapore	100	100
RESMA Engineering Services Pte Ltd		Singapore	100	100
ESMACO Valuers & Property Agents Pte Ltd		Singapore	100	100
United Group Investment Partnership		USA	100	-

	Parties to deed of cross guarantee	Country of incorporation and operation	Owned 2008 %	Owned 2007 %
United Group USA Inc.		USA	100	100
UGL Equis Corporation		USA	100	100
Equis Canada Inc		Canada	100	100
Equis Construction Services L.L.C		USA	100	100
Technology Properties L.L.C.		USA	100	100
Cumberland Land Holdings, L.L.C		USA	100	100
Equis (India) Real Estate Private Limited		India	100	100
Equis Mexico S DE RL DE CV		Mexico	100	100
Equis Management Services S DE RL DE CV		Mexico	100	100
Equis Ltd.		Hungary	100	100
Equis (U.K.) Ltd		UK	100	100
Equis Institutional and Governmental Services Inc.		USA	100	100
Equis (Shanghai) Advisory Service Co. Ltd.		China	100	100
Equis Indiana Inc.		USA	100	100
Star Transit Nominees Ltd		Australia	100	100
Star Transit Finance Pty Ltd		Australia	100	100
Star Transit Operations Pty Ltd		Australia	75	75
Unicco Service Company		USA	100	100
Unicco Finance Corp		USA	100	100
Unicco Service of NJ, Inc		USA	100	100
USC, Inc		USA	100	100
Unicco Government Services, Inc		USA	100	100
Unicco Facility Services Canada Company		Canada	100	100
UGL Canada Inc		Canada	100	100

In the financial statements of the Company investments in subsidiaries are measured at cost. Refer to Note 13: Other financial assets.

(b) Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly owned subsidiaries listed above as parties to deed of cross guarantee are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

During the year no entities were added to or released from the deed of cross guarantee.
A consolidated income statement and consolidated balance sheet, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the deed of cross guarantee, at 30 June 2008 is set out as follows:

	2008 $'000	2007 $'000
Summarised income statement and retained profits		
Revenues	2,181,567	1,969,312
Expenses	(2,040,612)	(1,847,841)
Finance costs expense	(7,388)	(32,407)
Share of net profit from joint ventures	12,784	16,563
Profit before income tax	146,351	105,627
Income tax expense	(40,057)	(26,668)
Profit after income tax expense	106,294	78,959
Retained profits at the beginning of the year	81,147	62,821
Profit for the year	106,294	78,959
Dividends recognised during the year	(83,780)	(60,633)
Retained profits at the end of the year	103,661	81,147
Balance sheet		
Current assets		
Cash and cash equivalents	138,707	43,069
Trade and other receivables	290,873	279,557
Inventories	240,742	163,318
Income tax receivable	1,932	4,396
Other financial assets	1,538	390
Total current assets	673,792	490,730

	2008 $'000	2007 $'000
Non-current assets		
Trade and other receivables	16,366	24,022
Investments accounted for using the equity method	9,111	7,099
Other financial assets	301,973	130,070
Property, plant and equipment	138,399	130,321
Intangible assets	450,755	424,241
Deferred tax assets	27,520	27,277
Total non-current assets	944,124	743,030
Total assets	1,617,916	1,233,760
Current liabilities		
Trade and other payables	370,659	313,649
Loans and borrowings	16,538	25,050
Employee benefits	84,911	59,025
Other financial liabilities	1,710	2,321
Income tax payable	14,246	5,482
Provisions	18,509	18,698
Total current liabilities	506,573	424,225
Non-current liabilities		
Loans and borrowings	71,690	225,668
Employee benefits	5,460	13,878
Other financial liabilities	5,376	384
Deferred tax liabilities	-	3,096
Provisions	14,449	13,279
Total non-current liabilities	96,975	256,305
Total liabilities	603,548	680,530
Net assets	1,014,368	553,230
Equity		
Share capital	891,219	465,950
Reserves	19,488	6,133
Retained earnings	103,661	81,147
Total equity	1,014,368	553,230

Note 30: Related parties

Key management personnel compensation
The key management personnel compensation included in 'employment costs' in the income statement is as follows:

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Short-term employee benefits	9,694,839	6,440,196	6,499,979	3,560,190
Post-employment benefits	444,973	399,632	397,927	354,224
Termination benefits	635,542	-	-	-
Share-based payments	2,309,680	2,293,982	1,885,316	1,705,790
	13,085,034	9,133,810	8,783,222	5,620,204

Individual directors and executives compensation disclosures
Information regarding individual directors and executive compensation and some equity instruments disclosures as permitted by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interest existing at year-end.

Loans to key management personnel and their related parties
In December 2004 1,300,000 shares were issued to Mr Leupen at $5.20 per share (market price at date of issue) under a Long Term Incentive Performance Share Plan funded by an interest free loan to Mr Leupen from the company. These shares are restricted shares subject to the achievement of performance hurdles and repayment of the associated loan. Performance hurdles for the first tranche of shares was achieved in 2007 and following receipt of $5.20 per share the restriction on 550,000 shares was lifted. Performance hurdles for the second tranche of shares was achieved in 2008. Mr Leupen has not made payment for these 750,000 shares.

With the exception of Mr Leupen, no loans were made to key management personnel and their related parties at any time during 2007 or 2008.

Option holdings
The movement during the reporting period in the number of options over ordinary shares in United Group Limited, held directly or indirectly by each key management person, including their related parties is as follows:

2008	Held at 1 July 2007	Granted as compensation	Exercised	Other changes	Held at 30 June 2008	Vested and exercisable at 30 June 2008
Executive Director						
Mr R Leupen	2,100,000	-	-	-	2,100,000	750,000
Executives						
Mr J Birman	316,923	34,509	(85,999)	-	265,433	-
Mr T Chapman	349,783	34,509	(150,000)	(234,292)	-	-
Mr P Mirams	126,457	-	-	-	126,457	-
Mr A Summers	400,000	35,890	(33,333)	-	402,557	-
Mr M Vitlich	206,435	34,509	-	-	240,944	-
Mr P Dalgelish	102,734	54,229	(41,667)	-	115,296	-

2007	Held at 1 July 2006	Granted as remuneration	Exercised	Other changes	Held at 30 June 2007	Vested and exercisable at 30 June 2007
Executive Director						
Mr R Leupen	1,300,000	1,350,000	(550,000)	-	2,100,000	-
Executives						
Mr J Birman	350,257	-	(33,334)	-	316,923	-
Mr T Chapman	433,116	-	(83,333)	-	349,783	-
Mr D Harris	289,227	-	(66,666)	(222,561)	-	-
Mr D Irvine	289,535	-	(16,666)	(72,869)	200,000	-
Mr P Mirams	-	126,457	-	-	126,457	-
Mr A Summers	400,000	-	-	-	400,000	-
Mr M Vitlich	-	206,435	-	-	206,435	-
Mr T Weber	422,785	-	(83,333)	-	339,452	-

Other changes represent options that expired or were forfeited during the year.

All options that have vested are exercisable.

Equity holdings
The movement during the current year in the number of ordinary shares of United Group Limited held directly or indirectly by each key management person, including their related parties is as follows:

2008	Held at 1 July 2007	Purchases	Received on exercise of options	Received through company share plans	Sales	Held at 30 June 2008[1]
Directors						
Mr T Rowe AM	69,547	9,382	-	21,137		100,066
Mr B Camarri AM	80,613	882	-	3,524		85,019
Mr R Leupen	3,944,961	178,426	-	-	(2,500,000)	1,623,387
Mr R Elliot	27,674	4,766	-	2,383		34,823
Mr R Humphry AO	106,237	50,588	-	8,160		164,985
Mr J Ingram AM	52,899	10,882	-	2,564		66,345
Mr D Young	105,912	19,348	-	2,460		127,720
Mr R White	6,353	17,160	-	2,014		25,527

2008	Held at 1 July 2007	Purchases	Received on exercise of options	Received through company share plans	Sales	Held at 30 June 2008[1]
Executives						
Mr J Birman	339,261	100,191	85,999	1,395	(164,309)	362,537
Mr T Chapman	107,036	-	150,000	152	-	257,188
Mr A Summers	8,344	5,882	33,333	503	-	48,062
Mr P Dalgleish	56,666	-	41,667	-	(55,000)	43,333
Mr M Vitlich	-	-	-	256	-	256
Mr P Mirams	-	5,882	-	-	-	5,882

[1] Where the key management personnel have left United Group during the period the balance held is the balance at the date they left the Company.

2007	Held at 1 July 2006	Purchases	Received on exercise of options	Received through company share plans	Sales	Held at 30 June 2007[1]
Directors						
Mr T Rowe AM	62,609	1,170	-	5,768	-	69,547
Mr B Camarri AM	75,804	1,170	-	3,639	-	80,613
Mr R Leupen	3,053,675	341,286	550,000	-	-	3,944,961
Mr R Elliot	17,979	4,359	-	5,336	-	27,674
Mr R Humphry AO	72,728	30,780	-	2,729	-	106,237
Mr J Ingram AM	47,877	390	-	4,632	-	52,899
Mr D Young	88,586	14,000	-	3,326	-	105,912
Mr R White	-	4,560	-	1,793	-	6,353
Executives						
Mr D Irvine	356,730	390	16,666	48	-	373,834
Mr D Harris	19,717	-	66,666	54	-	86,437
Mr J Birman	319,090	-	33,334	1,837	(15,000)	339,261
Mr T Chapman	106,366	390	83,333	280	(83,333)	107,036
Mr A Summers	7,812	-	-	532	-	8,344
Mr T Weber	92,063	390	83,333	280	(153,333)	22,733
Mr M Vitlich	-	-	-	-	-	-
Mr P Mirams	-	-	-	-	-	-

1. Where the key management personnel have left United Group during the period the balance held is the balance at the date they left the Company.

1,300,000 shares were issued to Mr Leupen in December 2004 under the Long Term Incentive Performance Share Plan. These shares are restricted shares, subject to the achievement of performance hurdles discussed above and are therefore accounted for as options. The restrictions on 550,000 shares were lifted during the period following the achievement of performance hurdles. 750,000 shares remain restricted and have not been included in the equity holdings tables for 2008 and 2007 above.

Non-key management personnel transactions
Transactions with related parties – wholly owned members of the Group
The parent entity is United Group Limited. Details of wholly owned members of the Group and ownership interests in controlled entities are set out in Note 29: Subsidiaries.

Aggregate amounts included in the determination of profit before income tax that resulted from transactions with wholly-owned entities within the Group were as follows:

	Note	Company 2008 $'000	Company 2007 $'000
Management fee revenue for administrative services	4	46,221	41,518
Dividends revenue from subsidiaries	4	75,000	65,000
Interest revenue from subsidiaries	4	48,947	37,131
Current tax payable assumed from wholly-owned tax consolidated entities		10,319	16,648

Outstanding balances in relation to transactions with related parties
Aggregate amounts receivable from and payable to related parties at balance sheet date were as follows:

	Note	Company 2008 $'000	Company 2007 $'000
Current receivables	10	41	65,000
Current receivable – tax funding agreement	10	10,319	16,648
Non-current receivables	10	605,479	498,784
Current payables	18	532	249
Non-current payables	18	-	1

Terms and conditions
Outstanding balances are unsecured and repayable in cash.

All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between parties. The average interest rate on loans during the year was 8.3% (2007: 6.9%).

Note 31: Auditor's remuneration

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Amounts received or due and receivable by KPMG for:				
- audit or review of the financial statements	2,310,715	2,003,033	100,000	100,000
- other services				
- Taxation	221,704	179,678	179,874	46,194
- BSA audits	18,935	77,631	-	-
- Extended audit procedures	-	54,802	-	54,802
- Other	4,912	30,000	3,112	17,500
	245,551	342,111	182,986	118,496

Note 32: Earnings per share

	2008 $'000	2007 $'000
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit attributable to ordinary shareholders of the Company used in calculating basic and diluted earnings per share	131,105	92,701
	2008 Number	**2007 Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	160,324,337	136,758,152
Effect of dilutive securities:		
- options	2,356,264	2,855,843
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	162,680,601	139,613,995
Basic earnings per share (cents per share)	81.8	67.8
Diluted earnings per share (cents per share)	80.6	66.4

Note 33: Financial instruments

Financial risk management
Overview
The Group's activities expose it to a variety of financial risks: credit risk; liquidity risk; and market risk (including currency risk and interest rate risk).

The Group's overall financial risk management processes and procedures seek to minimise potential adverse effects on the financial performance of the Group that may arise from the unpredictability of financial markets.

Liquidity and market risk management is carried out by a central treasury department (Group Treasury) in accordance with risk management policies . Risk management policies are reviewed periodically to reflect changes in market conditions and the Group's activities. Group Treasury identifies, evaluates and hedges these financial risks in close co-operation with the Group's business units.

The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks, and aging analysis for credit risk.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or the counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. For the Company it arises principally from receivables due from subsidiaries. The maximum exposure to credit risk is the carrying amount of the financial assets.

Trade and other receivables
The Company's and Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group's customer base consists mainly of government, semi-government and major public company customers. The demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk.

New customers are analysed individually for creditworthiness, taking into account credit ratings where available, financial position, past experience and other factors. This includes all major contracts and tenders approved by the Group Tender Committee.

In monitoring customer credit risk, customers are grouped by business segment, and then by their debtor aging profile. Monitoring of receivable balances on an ongoing basis minimises the exposure to bad debts. There are no significant concentrations of credit risk within the Group.

A provision for impairment is recognised when there is objective evidence that a individual trade receivable is impaired.

Derivative financial instruments
Limits are established such that, at any time, less than $5 million of the fair value of favourable contracts outstanding are with an individual counterparty. Counterparties are principally large banks and recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

		Consolidated		Company	
	Note	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Credit risk					
Exposure to credit risk					
The carrying amount of financial assets represents the maximum credit exposure.					
Maximum exposure at the reporting date was:					
Trade receivables		417,959	320,674	-	-
Other receivables		124,270	99,203	1,298	293
Trade and other receivables (excluding prepayments and retentions)	10	542,229	419,877	1,298	293
Bank balances and call deposits		228,633	103,236	-	-
Amounts receivable from subsidiaries		-	-	615,839	580,432
Other assets		5,465	4,002	70	70
Foreign exchange contracts at fair value		442	-	-	-
		776,769	527,115	617,207	580,795
Maximum exposure to credit risk for trade and other receivables at the reporting date by business segment was:					
Infrastructure		74,095	119,336	-	-
Rail		208,636	161,828	-	-
Resources		74,061	42,815	-	-
Services		184,139	95,605	-	-
Unallocated		1,298	293	1,298	293
		542,229	419,877	1,298	293

Impairment losses

	Gross 2008 $'000	Impairment 2008 $'000	Gross 2007 $'000	Impairment 2007 $'000
Group				
The aging of trade receivables at the reporting date was:				
Not past due	328,131	-	206,312	-
Past due up to 30 days	53,059	(241)	38,860	-
Past due 31 to 120 days	24,820	(668)	20,682	-
Past due 121 days to one year	8,034	(3,104)	15,268	(3,231)
More than one year	3,915	(1,493)	39,552	(801)
	417,959	(5,506)	320,674	(4,032)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:	2008 $'000	2007 $'000
Balance at 1 July	(4,032)	(1,169)
Provisions made during the year	(1,252)	(652)
Impairment loss recognised	2,733	-
Provisions reversed during the year	460	406
Increase through acquisition	(3,836)	(2,617)
Foreign exchange movement	421	-
Balance at 30 June	(5,506)	(4,032)

None of the Group's other receivables and other assets are past due (2007: nil).

Company

None of the Company's trade and other receivables are past due (2007: $141,000). During the year, an other receivable of $141,000 was written off and the impairment allowance relating to it of $141,000 was reversed.

Impairment allowance

Based on historic default rates, the Group believes that no impairment allowance is required for trade receivables not past due.

The impairment allowance relates to specific customers, identified as being in trading difficulties, or where specific debts are in dispute. The impairment allowance does not include debts past due relating to customers with a good credit history, or where payments of amounts due under a contract for such customers are delayed due to works in dispute and previous experience indicates that the amount will be paid in due course.

When the Group is satisfied that no recovery of the amount owing is possible, the amounts considered irrecoverable are written off against the financial asset directly. At 30 June 2008 the Group does not have any collective impairments on its trade receivables (2007: nil).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity is managed to ensure, as far as possible, that sufficient funds are available to meet liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations, by maintaining excess committed credit facilities of at least $100 million. Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties, with a weighted average duration of at least three years. Refer Note 19: Loans and borrowings for details of lines of credit available.

Surplus funds are generally only invested with banks in the Group's relationship panel, in instruments that are tradeable in highly liquid markets, with no more than $50 million invested with a single institution.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements.

		Contractual cash flows					
2008 $'000	**Carrying amount**	**Total**	**6 mths or less**	**6 to 12 mths**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**
Consolidated							
Non-derivative financial liabilities							
Unsecured bank loans	237,274	(258,432)	(4,026)	(3,595)	(56,317)	(194,494)	-
Unsecured term debt	1,390	(1,406)	(180)	(343)	(127)	(427)	(329)
Unsecured US notes	259,644	(426,741)	(8,594)	(8,594)	(17,188)	(51,563)	(340,802)
Finance lease liabilities	5,603	(5,794)	(1,129)	(845)	(1,249)	(2,571)	-
Trade and other payables - excluding billings in advance	384,535	(384,535)	(381,265)	(3,270)	-	-	-
Bank overdraft	2,105	(2,105)	(2,105)	-	-	-	-
Derivative financial liabilities							
Forward exchange contracts used for hedging:							
Carrying amount at fair value	(442)						
Outflow		(39,439)	(20,900)	(14,134)	(4,405)	-	-
	890,109	(1,118,452)	(418,199)	(30,781)	(79,286)	(249,055)	(341,131)
Company							
Non-derivative financial liabilities							
Unsecured bank loans	81,446	(86,445)	(1,318)	(1,094)	(51,315)	(32,718)	-
Loans from subsidiaries	532	(532)	(532)				
Trade and other payables	8,223	(8,223)	(8,223)	-	-	-	-
Bank overdraft	50,747	(50,747)	(50,747)	-	-	-	-
Derivative financial liabilities							
Forward exchange contracts used for hedging:							
Carrying amount at fair value	96						
Outflow		(1,443)	(1,443)	-	-	-	-
	141,044	(147,390)	(62,263)	(1,094)	(51,315)	(32,718)	-

Refer to Note 19: Loans and borrowings for details of the maturities of bank loans and US notes.

2007 $'000	Carrying amount	Contractual cash flows Total	6 mths or less	6 to 12 mths	1 to 2 years	2 to 5 years	More than 5 years
Consolidated							
Non-derivative financial liabilities							
Unsecured bank loans	242,486	(262,342)	(30,742)	(7,652)	(223,948)	-	-
Unsecured term debt	1,304	(1,484)	(79)	(267)	(291)	(473)	(374)
Unsecured US notes	117,261	(197,128)	(3,420)	(3,420)	(13,680)	(20,520)	(156,088)
Finance lease liabilities	7,767	(8,099)	(1,794)	(1,522)	(2,617)	(842)	(1,324)
Trade and other payables - excluding billings in advance	301,523	(301,523)	(300,293)	(1,230)	-	-	-
Bank overdraft	1,672	(1,672)	(1,672)	-	-	-	-
Derivative financial liabilities							
Interest rate swaps used for hedging	69	(69)	(69)	-	-	-	-
Forward exchange contracts used for hedging:							
Carrying amount at fair value	2,636						
Outflow		(29,148)	(15,369)	(3,992)	(8,355)	(1,432)	-
	674,718	(801,465)	(353,438)	(18,083)	(248,891)	(23,267)	(157,786)
Company							
Non-derivative financial liabilities							
Unsecured bank loans	240,000	(260,494)	(28,894)	(7,652)	(223,948)	-	-
Loans from subsidiaries	250	(250)	(250)	-	-	-	-
Trade and other payables	2,823	(2,823)	(2,823)	-	-	-	-
Bank overdraft	1,672	(1,672)	(1,672)	-	-	-	-
	244,745	(265,239)	(33,639)	(7,652)	(223,948)	-	-

Market risk
Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group aims to minimise the effects of these risks by the use of financial derivatives. All such transactions are carried out in accordance with Group policy. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk
The Group and the Company operate internationally and are exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily with respect to the US dollar, Euro, Yen, Hong Kong dollar, and GB Pound.

The Group's major foreign currency exposure relates to purchases of raw materials and consumables, and equipment. Its hedging policy applies to exposures arising from these specific transactions.

Group companies are required to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities in accordance with Group policies, using forward contracts transacted on their behalf by Group Treasury.

The Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Exposure to currency risk
Group
The Group's exposure to foreign currency risk at balance date, reflected in the foreign exchange contracts taken out to manage that risk, was as follows, based on notional amounts:

	Notional amounts AUD		Average exchange rate	
	2008 $'000	2007 $'000	2008	2007
US dollar				
Buy US dollars/ sell Australian dollars				
1 year or less	7,237	7,334	0.8382	0.8047
1 to 3 years	-	4,737	-	0.7865
Buy US dollars/sell HK dollars				
1 year or less	90	-	-	-
1 to 3 years	180	-	-	-
Yen				
Buy Yen/ sell Australian dollars				
1 year or less	1,198	5,650	93.2992	77.7508
GBP				
Buy GBP/ sell Australian dollars				
1 year or less	3,098	1,758	0.4060	0.4118
1 to 3 years	-	3,098	-	0.4060
Euros				
Buy Euros/ sell Australian dollars				
1 year or less	2,696	4,619	0.5845	0.5653
1 to 3 years	69	1,953	0.5579	0.5821
Buy Euros/sell HK dollars				
1 year or less	7,453	-	-	-
1 to 3 years	4,157	-	-	-
HK dollars				
Buy Australian dollars/sell HK dollars				
1 year or less	12,992	-	6.7658	-
Buy HK dollars / sell Australian dollars				
1 year or less	1,727	-	6.8551	-

The forward currency contracts are considered to be highly effective hedges as they are matched against forward inventory, contract costs and equipment purchases. Any gains or losses on the forward contracts attributable to the hedged risk are taken directly to equity. When goods and services are delivered the amount recognised in equity is adjusted to the inventory account , or property, plant and equipment in the balance sheet.

There was no significant cash flow hedge ineffectiveness in the current or prior year.

Company
Cash flow hedge
The Company's exposure to currency risk at balance date is in respect of a bank loan of US$78,400,000 (2007: nil). The Company has entered into forward exchange contracts during the year to hedge interest payments due within the next twelve months amounting to AUD 1,443,000 (2007: nil). There was no significant cash flow hedge ineffectiveness in the current or prior year.

The foreign exchange gain of $7,422,000 (2007: nil) on translation of the borrowings to Australian dollars at the reporting date is taken directly to the income statement.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2008	2007	2008	2007
USD	0.9015	0.7858	0.9626	0.8528
Euro	0.6156	0.6013	0.6096	0.6354
Yen	100.1388	93.1019	101.9300	106.8082
GBP	0.4494	0.4072	0.4829	0.4257
NZD	1.1761	1.1564	1.2609	1.1114
HKD	7.0761	6.1404	7.5091	6.7488

Sensitivity analysis
At 30 June 2008, had the Australian dollar weakened/strengthened by 10% against the respective foreign currencies with all other variables held constant, the Group post tax profit would have been materially unchanged mainly as a result of the effectiveness of the hedging in place. Group equity would have been $13,690,000 higher/ $13,690,000 lower (2007: $5,950,000 higher/ $5,950,000 lower) had the Australian dollar weakened/strengthened against the respective currencies. Company equity would have been $8,145,000 lower/$8,145,000 higher (2007: $nil lower/$nil higher) had the Australian dollar weakened/strengthened by 10% against the respective currencies.

The analysis is performed consistently from year to year.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

Group policy is to maintain approximately 50% of its borrowings at fixed rate. The Group may use interest rate swaps from time to time to achieve this.

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Fixed rate instruments				
Financial assets	-	-	-	-
Financial liabilities	(265,247)	(125,028)	-	-
	(265,247)	(125,028)	-	-
Variable rate instruments				
Financial assets	228,633	103,236	615,839	580,432
Financial liabilities	(240,769)	(245,642)	(132,725)	(241,922)
	(12,136)	(142,406)	483,114	338,510

At reporting date the Group and the Company had the following variable rate borrowings and interest rate swap contracts outstanding:

	30 June 2008		30 June 2007	
Group	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	2007 $'000
Bank overdrafts	-	(2,105)	9.65	(1,672)
Bank loans	4.98	(238,664)	6.90	(243,970)
Interest rate swaps (notional principal amount)	-	-	8.00	2,703
Net exposure to cash flow interest rate risk		(240,769)		(242,939)
Company				
Bank overdrafts	7.10	(50,747)	9.65	(1,672)
Bank loans	3.24	(81,446)	6.90	(240,250)
Net exposure to cash flow interest rate risk		(132,193)		(241,922)

Interest rate swaps – cash flow hedges
At 30 June 2008, the Group had no interest rate swaps outstanding.

Fair value sensitivity analysis for fixed rate instruments
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not effect profit or loss for the Group or the Company.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by $2,150,000 for the Group (2007: $2,052,000) and $1,056,000 for the Company (2007: $3,040,000). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed consistently from year to year.

Fair Values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

2008	Consolidated		Company	
	Carrying amount $'000	**Fair value $'000**	**Carrying amount $'000**	**Fair value $'000**
Loans to subsidiaries	-	-	615,839	615,839
Trade and other receivables	553,952	553,952	3,270	3,270
Cash and cash equivalents	228,812	228,812	1	1
Bank overdraft	(2,105)	(2,105)	(50,747)	(50,747)
Forward exchange contracts - at fair value (net)	442	442	(96)	(96)
Finance lease liabilities	(5,603)	(4,932)	-	-
Unsecured bank facilities	(237,274)	(237,274)	(81,446)	(81,446)
US Notes	(259,644)	(254,613)	-	-
Trade and other payables	(534,224)	(534,224)	(8,233)	(8,233)
Loans from subsidiaries	-	-	(532)	(532)
Other loans	(1,390)	(1,390)	-	-
	(257,034)	(251,332)	478,056	478,056

2007	Consolidated		Company	
	Carrying amount $'000	**Fair value $'000**	**Carrying amount $'000**	**Fair value $'000**
Loans to subsidiaries	-	-	580,432	580,432
Trade and other receivables	430,310	430,310	2,545	2,545
Cash and cash equivalents	103,464	103,464	2	2
Bank overdraft	(1,672)	(1,672)	(1,672)	(1,672)
Interest rate swaps – at fair value (net)	(69)	(69)	-	-
Forward exchange contracts – at fair value (net)	(2,636)	(2,636)	-	-
Finance lease liabilities	(7,767)	(6,875)	-	-
Unsecured bank facilities	(242,486)	(242,486)	(240,000)	(240,000)
US Notes	(117,261)	(117,261)	-	-
Trade and other payables	(403,871)	(403,871)	(2,823)	(2,823)
Loans from subsidiaries	-	-	(250)	(250)
Other loans	(1,484)	(1,484)	-	-
	(243,472)	(242,580)	338,234	338,234

Estimation of fair value
The following methods and assumptions are used in estimating the fair values of financial instruments:

- Interest rate swaps –bank valuations
- Forward exchange contracts – bank valuations
- Loans and borrowings, and finance leases – present value of future principal and interest cash flow, discounted at the market rate of interest at the reporting date
- Trade and other receivables and payables – carrying amount equals fair value

Note 34: Investments accounted for using the equity method

Details of interests in joint venture entities are as follows. No joint venture investments are held by the Company.

Joint venture name	Principal activities	Interests held %		Investment carrying amount $'000	
		2008	2007	**2008**	2007
Aker Kvaerner Australia/United Group Infrastructure Joint Venture	Construction and maintenance of oil and gas facilities	50	50	4,261	4,008
Thames Water Projects / John Holland Joint Venture	Design and construction of water treatment plant	-	50	-	28
United Group Infrastructure/ Balfour Beatty Joint Venture	High voltage transmission line installation	50	50	4,730	3,211
United Group Resources / Aker Kvaerner Oil & Gas Australia	Engineering and maintenance services	50	50	122	30
Thiess Pty Ltd/ Alstom Australia Joint Venture	Rail signalling installation	50	50	-	250
Premas (Thailand) Co Ltd	Integrated real estate management services	49	49	418	303
Tricon Premas LLC	Integrated facility management services	49	49	29	25
Premas (Middle East) Pte Ltd	Integrated real estate management services	50	50	19	19
Thiess Pty Ltd/ United Group Infrastructure Pty Ltd Joint Venture (NSW)	Rail project	-	50	-	1,415
Thiess Pty Ltd/ United Group Infrastructure Pty Ltd Joint Venture	Rail project	-	50	-	(1,815)
				9,579	7,474

The share of the joint venture entities' results consist of:	**2008** **$'000**	**2007** **$'000**
Revenues from ordinary activities	95,044	135,758
Expenses from ordinary activities	(82,258)	(119,195)
	12,786	16,563
Income tax expense	(2)	-
Net profit accounted for using the equity method	12,784	16,563
Balance sheet		
Share of the joint venture entities' assets and liabilities consist of:		
Current assets	25,868	41,696
Non-current assets	127	65
Total assets	25,995	41,761
Current liabilities	16,416	34,287
Total liabilities	16,416	34,287
Net assets – accounted for using the equity method	9,579	7,474
Movements in carrying amount of joint venture entities		
Carrying amount at beginning of year	7,474	1,838
Reclassification to joint venture operations	150	-
Reclassification to receivables	(2,724)	-
Foreign exchange movements	5	(48)
Share of joint venture entities' net profit	12,784	16,563
Distributions from joint venture entities	(8,110)	(10,879)
Carrying amount at end of year	9,579	7,474

Note 35: Joint venture operations

Details of interests in joint venture operations are as follows. No joint venture operations have been entered into by the Company.

Joint venture name	Principal activities	Interests held %	
		2008	2007
Mount Piper Joint Venture	Water project	-	41
Pimpama Joint Venture	Water project	-	65
Theiss Pty Ltd/Alstom Australian Joint Venture	Rail Signalling installation	50	-
Theiss Pty Ltd/United Group Infrastructure Pty Ltd Joint Venture	Rail Project	50	-

The Group's interests in the assets employed in the joint venture are included in the consolidated balance sheet, under the following classifications:

	2008 $'000	**2007 $'000**
Current assets		
Cash and cash equivalents	-	2,232
Other current assets	-	3,117
Total current assets	-	5,349
Non-current assets	-	-
Total assets	-	5,349
Current liabilities		
Trade and other payables	1,694	-
Total liabilities	1,694	-
Net assets (liabilities)	(1,694)	5,349

Directors' declaration

1. In the opinion of the directors of United Group Limited (the Company):

   a. the financial statements and notes and the remuneration disclosures that are contained in the Remuneration report in the Directors' report, set out on pages 9 to 19, are in accordance with the Corporations Act 2001, including:
      i. giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance, for the financial year ended on that date; and
      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   b. the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1: Significant accounting policies

   c. the remuneration disclosures that are contained in the Remuneration report in the Directors' report comply with Australian Accounting Standard 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001; and

   d. there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the subsidiaries identified in Note 29: Subsidiaries (a) 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 29: Subsidiaries (b) between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3. The directors have been given the declaration required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2008.

Signed in accordance with a resolution of the directors:

[SIGNED]	[SIGNED]
Trevor C Rowe AM Chairman	Richard A Leupen Director

Dated at Sydney this 8th day of August 2008.

KPMG

Independent Audit Report

TO MEMBERS OF UNITED GROUP LIMITED

Report on the financial report

We have audited the accompanying financial report of United Group Limited (the "Company"), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 35 and the directors' declaration set out on pages 29 to 78 of the Group 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 control 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 control. 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion:

(a) the financial report of United Group Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 9 to 19 of the directors' report for the year ended 30 June 2008. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of United Group Limited for the year ended 30 June 2008, complies with Section 300A of the *Corporations Act 2001*.

[SIGNED

KPMG

[SIGNED]

Duncan McLennan
Partner
Sydney
8 August 2008

Summary of financial statistics

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenue											
Sales	$m	497.8	753.8	676.4	722.6	855.2	1,076.9	1,254.9	2,232.4	2,549.7	3,478.2
Other	$m	3.6	7.5	5.2	2.2	5.6	3.6	3.0	3.8	4.9	9.0
Total	$m	501.4	761.3	681.6	724.8	860.8	1,080.5	1,257.9	2,236.2	2,554.6	3,487.2
Results											
EBITDA	$m	39.8	41.6	33.3	36.5	49.5	58.2	81.9	147.3	179.9	246.9
Depreciation & amortisation	$m	(6.7)	(10.7)	(9.2)	(8.0)	(9.6)	(11.1)	(18.5)	(27.1)	(31.3)	(43.7)
EBITA	$m	33.1	30.9	24.1	28.5	39.9	47.1	63.4	120.2	148.6	203.2
Net interest	$m	(0.7)	(5.0)	(4.3)	(3.9)	(4.3)	(3.3)	(6.1)	(14.4)	(23.6)	(17.7)
Amortisation of goodwill	$m	(1.7)	(2.7)	(2.7)	(2.6)	(4.6)	(5.3)	0.0	0.0	0.0	0.0
	$m	30.7	23.2	17.1	22.0	31.0	38.5	57.3	105.8	125.0	185.5
Abnormals	$m	0.0	(3.8)	(4.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT	$m	30.7	19.4	13.0	22.0	31.0	38.5	57.3	105.8	125.0	185.5
Income tax	$m	(11.9)	(8.7)	(5.3)	(5.7)	(9.1)	(9.4)	(9.8)	(27.1)	(33.7)	(53.1)
Net profit after tax	$m	18.8	10.7	7.7	16.3	21.9	29.1	47.5	78.7	91.3	132.4
NPAT attributable to minority interest	$m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	(1.3)
NPAT attributable to shareholders	$m	18.8	10.7	7.7	16.3	21.9	29.1	47.5	78.7	92.7	131.1
Balance sheet											
Total assets	$m	164.5	332.9	303.7	300.4	442.1	477.6	684.4	1,356.5	1,553.2	2,381.2
Net debt	$m	2.7	58.0	40.8	8.8	40.0	40.6	(32.6)	165.1	267.2	277.2
Shareholders' funds	$m	49.6	97.6	99.8	135.8	153.4	180.3	328.9	520.8	596.2	1056.0
Issued shares											
Total issued shares	m	63.6	80.8	80.8	90.7	91.5	100.7	118.4	133.5	137.7	163.3
Earnings per share											
Cents per share	cps	29.6	14.0	9.5	19.5	24.0	29.1	45.8	63.7	67.8	81.8
Cents per share (adj for goodwill amortisation)	cps	32.3	17.5	13.0	22.7	29.1	34.4	45.8	63.7	67.8	81.8
Dividends											
Interim	cps	8.0	6.0	3.0	6.0	6.0	8.0	10.0	20.0	20.0	24.0
Final	cps	7.0	3.0	4.0	4.0	8.0	10.0	20.0	24.0	28.0	34.0
Special	cps	3.0	0.0	0.0	0.0	10.0	10.0	0.0	0.0	0.0	0.0
Total	cps	18.0	9.0	7.0	10.0	24.0	28.0	30.0	44.0	48.0	58.0
Franked		Fully	Fully	Fully	Fully	Fully	Fully	Fully	Fully	Fully	Fully
Gearing											
Net debt/equity	%	5.0	60.0	41.0	6.0	26.0	23.0	(9.9)	31.7	44.9	26.3
Net debt/(net debt + equity)	%	5.0	37.0	29.0	6.0	21.0	18.0	(11.0)	24.1	31.0	20.8
Interest cover	times	18.9	4.2	3.3	6.6	7.6	9.8	7.7	6.6	5.2	11.5
Dividend cover											
Excluding special dividends	times	2.0	1.5	1.4	1.8	1.9	1.6	1.5	1.4	1.3	1.4
Net asset backing	cps	77.9	120.8	123.5	149.7	167.7	178.9	277.8	390.1	432.9	646.6
Net tangible asset backing	cps	37.9	63.8	70.5	105.3	69.3	93.2	161.3	26.0	(38.3)	(43.8)

Prior to 2005 information is presented in accordance with pre AIFRS AGAAP.

Additional Information for Listed Companies as at 4 August 2008

The following additional information is provided in accordance with the ASX listing rules.

1. Substantial Shareholders

The names of substantial shareholders disclosed in substantial holding notices given to the company are:

Shareholder	Number of Ordinary Shares	%
UBS Nominees Pty Ltd and related bodies corporate	22,153,873	13.50
Caledonia Investments Pty Limited and Associates	19,672,932	12.00
Concord Capital	11,761,339	7.17
National Australia Bank Limited and related bodies corporate	8,276,029	5.045

2. Distribution of Ordinary Shareholdings

Range of Holdings	Number of Shareholders	Number of Ordinary Shares	%
1 - 1,000	12,568	6,092,263	3,71
1,001 - 5,000	10,647	24,692,173	15.05
5,001 - 10,000	1,590	11,205,337	6.83
10,001 - 100,000	884	18,252,139	11.13
100,001 and over	64	103,816,655	63.28
Total	25,753	164,058,567	100.00

The number of shareholders with less than a marketable parcel of 39 securities ($13.12 on 4 August 2008) is 710, holding in total 13,212 shares.

3. Options

The company has issued 7,900,209 options over unissued ordinary shares in the company held by 449 option holders.

4. Voting Rights

The voting rights attached to ordinary shares are that each member present in person or by proxy, attorney or representative at a general meeting has one vote on a vote taken by a show of hands, and one vote for each fully paid share held on a vote taken on a poll. There are no voting rights attached to options.

5. Twenty largest Shareholders

The names of the 20 largest shareholders of the ordinary shares of the company are:

Name	Number of Ordinary Shares Held	% Held of Issued Ordinary Capital
National Nominees Limited	25,895,564	15.78
UBS Nominees Pty Ltd	16,564,718	10.10
HSBC Custody Nominees (Australia) Limited	13,247,346	8.07
JP Morgan Nominees Australia Ltd	12,831,174	7.82
ANZ Nominees Limited	4,476,748	2.73
Citicorp Nominees Pty Limited	3,706,099	2.26
Cogent Nominees Pty Limited	3,203,683	1.95
PSS Board	2,875,252	1.75
Bond Street Custodians Limited	2,518,845	1.54
Protech Holdings (WA) Pty Ltd	2,369,893	1.44
Invia Custodian Pty Limited	2,190,172	1.33
Carmella P Kletjian, Louis J Lanzillo Jr and Thomas E Peckham (Estate of Steven C Kletjian)	2,041,600	1.24
RBC Dexia Investor Services Australia Nominees Pty Limited	1,833,288	1.12
UBS Wealth Management Australia Nominees Pty Ltd	1,755,197	1.07
ARGO Investments Limited	1,478,242	0.90
AMP Life Limited	1,029,731	0.63
Robert P Kletjian	980,766	0.60
Queensland Investment Corporation	931,798	0.57
Milton Corporation Limited	862,555	0.53
Richard J Kletjian (Qualified Annuity 2007 A/C)	686,557	0.42
Total	101,479,228	61.86

6. On-Market Buy-Back

There is no current on-market buy-back.

7. Stock Exchange Listings

The company's ordinary shares are quoted on the Australian Securities Exchange (ASX Code: UGL).

Corporate Directory

Directors
Trevor C Rowe AM
Non-executive Chairman

Bruno G Camarri AM
Non-executive Deputy Chairman

RG (Sandy) Elliot
Non-executive Director

Richard G Humphry AO
Non-executive Director

John W Ingram AM
Non-executive Director

Richard A Leupen
Managing Director and
Chief Executive Officer

Richard D White
Non-executive Director

David J Young
Non-executive Director

Chief Financial Officer
Philip Mirams

Company Secretaries
David Simpson
Dennis Mentzines
Lyn Nikolopolous

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Share Registry
Link Market Services
680 George Street
Sydney NSW 2000

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