

Appendix 4D

Name of entity	UGL Limited
ABN	85 009 180 287
Half-year ended ('current period')	31 December 2014

Results for announcement to the market		%		\$A'000
Revenues from ordinary activities	Up	8.5%	to	1,007,872
Loss from ordinary activities after tax attributable to members	Down	(515.2%)	to	(122,522)
Loss for the period attributable to members	Down	(515.2%)	to	(122,522)

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	0 cents	0 cents
Record date for determining entitlements to the dividend	N/A	

The directors do not recommend the payment of an interim dividend.

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 attached press release.

The remainder of the information requiring disclosure to comply with listing rule 4.2A is contained in the attached Directors' Report and Interim Financial Report for the half-year ended 31 December 2014, the attached press release, and the additional information below.

Additional information

Net Tangible Assets/(Liabilities) per ordinary share: \$0.75 (June 2014: (\$2.21))

Details of interests in significant joint venture entities and associates:

Name	Principal activities	Interests held %	
		December 2014	June 2014
Joint ventures:			
United Group Infrastructure/Balfour Beatty	High voltage transmission line installation	50	50
Texmaco UGL Rail Private Ltd	Manufacture and supply of rolling stock components	50	50
UGL KAEFER	General maintenance services and field managed modifications	50	50
CH2M HILL/UGL	Power plant construction	50	50
UGL Kentz	Structural, mechanical and piping project	50	-
Naval Ship Maintenance (Australia) Pty Ltd	Defence fleet maintenance	50	50
Associates:			
Metro Trains Melbourne Pty Ltd	Operation and maintenance of Melbourne passenger train network	20	20

Details of the individual share of profits or losses of these entities has not been disclosed as many entities are created to deliver a specific contract and disclosure of this information would be prejudicial to the consolidated entity.



UGL Limited ABN 85 009 180 287

Interim financial report 2015

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Directors' report

The directors of UGL Limited (UGL) present their report together with the consolidated interim financial report of UGL and its subsidiaries (the Group) for the half-year ended 31 December 2014 and the review report thereon.

Directors

The names of directors in office during or since the end of the interim period are:

- Ms Kathryn D Spargo - Chairman
- Mr Ross Taylor - Managing Director & CEO (appointed 24 November 2014)
- Mr Guy M Cowan
- Mr Richard G Humphry AO
- Dr Douglas F McTaggart
- Dr Raymond K F Ch'ien (resigned 30 October 2014)
- Mr Richard A Leupen (retired 21 November 2014)
- Mr Trevor C Rowe AO (retired 30 October 2014)

Unless indicated otherwise, all directors held their position as a director throughout the half-year and up to the date of this report.

Principal activities

UGL is a leading provider of end-to-end outsourced engineering, asset management and maintenance services with a diversified end-market exposure across core sectors of rail, transport & technology systems, power, resources, water and defence.

UGL employs over 8,000 people (including subcontractors) across Australia, New Zealand and South East Asia. The Group has a client base that includes large blue-chip companies, government agencies, private enterprise and public institutions.

During the period, the Group completed the sale of the DTZ Property division (refer Note 12: Assets held for sale and discontinued operations).

Results

The consolidated loss for the Group for the period, after income tax and non-controlling interests was \$122,522,000; reconciled to underlying net profit after tax (NPAT) as follows:

	\$'000	\$'000
Loss after income tax and non-controlling interests		(122,522)
Adjusted for:		
Provision for contract loss		175,000
Claims resolution and settlement		17,282
Asset impairment and provisions:		
Narrow gauge locomotive development costs	48,500	
Investment in Indian joint venture	9,700	
Planned property closures	14,900	
Rail inventory	5,300	78,400
Tender costs written off		8,700
Profit on sale of DTZ, after tax		(46,674)
Tax on underlying adjustments		(80,905)
Underlying NPAT		29,281

Underlying NPAT has been presented to provide a more accurate reflection of the Group's operating performance as the adjustments reflect non-recurring costs incurred during the period as well as the accounting profit on sale of DTZ.

Operational results by segment:	UGL Engineering	DTZ Property	Total \$'000
Segment EBIT	39,276	27,796	67,072
Corporate costs			(10,566)
Net interest			(15,718)
Income tax			(9,822)
			30,966
Non-controlling interests			(1,685)
Underlying NPAT			29,281

Underlying NPAT is non-IFRS financial information. EBIT and reconciling items have been extracted from Note 2: Operating segments.

Dividend

The directors do not recommend the payment of an interim dividend.

During the period a distribution of \$3.00 per share was approved by shareholders at the Company's Annual General Meeting held on 30 October 2014. The distribution was to be made from proceeds arising on the sale of the DTZ businesses. The Australian Taxation Office ruled that the distribution would comprise a capital return of \$2.94 per share (\$489,543,046), and an unfranked dividend of \$0.06 per share (\$9,990,674). The distribution was made on 27 November 2014, to shareholders on record at 20 November 2014.

Review of operations

6 months to 31 December 2014

Operating revenue, including joint ventures, for the half year ended 31 December 2014 was \$2.0 billion, compared to \$2.2 billion in the prior year. The decrease in revenue due in part to the 4 months of DTZ operations included in the current period prior to sale compared to the 6 months included in the corresponding period.

The reported loss for the period of \$122,500,000 includes a significant provision for project loss of \$175,000,000 recognised on the Ichthys CCPP project (refer Note 11: Provisions) and a number of one-off items due to subdued market conditions experienced across engineering markets including (pre-tax);

- \$48,500,000 impairment charge recognised against the development of the narrow gauge locomotive product. The resources market slow-down is expected to continue in the medium term and the significant contraction in coal markets has impacted the demand for the narrow gauge locomotive.
- \$9,700,000 impairment charge recognised to write-down the UGL investment in bogie manufacturing in India.
- \$14,900,000 for property impairment and provisioning for planned property consolidation and closures.
- \$5,300,000 impairment of rail inventory recognised due to write-down in recoverable values of stock and project cancellations.

These one-off charges were offset in part by the sale of the DTZ Property division, which completed on 5 November 2014, resulting in an accounting profit of \$64,408,000 (\$46,674,000 after tax).

UGL Engineering

Revenue increased 7% to \$1,229.1 million with EBIT up 9% to \$39.3 million, excluding the one-off costs and impairments highlighted above. Impacting the first half are loss making operations in South East Asia and revenue recognised at nil margin. The rail operations continued to deliver a solid EBIT contribution with market leading maintenance franchises in both passenger and freight rail generating long term revenue and EBIT streams.

Order book remains stable at \$4.9 billion including 70% of long term recurring revenues, providing the Engineering division a degree of insulation from the contracting market environment. Tendering opportunities, particularly across government investment in transport infrastructure, oil and gas capex, and LNG maintenance continue to be pursued.

An end-to-end business and strategic review is currently being completed, with further announcement to be made in May 2015.

DTZ Property

In June 2014, the Company announced that it had entered into a binding agreement to sell the DTZ businesses to a consortium comprising TPG Capital, PAG Asia Capital and Ontario Teachers' Pension Plan for an enterprise value of \$1.215 billion. The sale was completed on 5 November 2014, for a net consideration of \$1.179 billion, after working capital and other sale adjustments, and deduction of \$35.5 million held in escrow to be used to settle any future legal claims arising from events that occurred prior to 5 November 2014 but not notified at that date. A profit of \$46.4 million was recorded on the sale after tax and sale related costs.

The reported results also include the 4 months contribution of DTZ to operating profit prior to sale of \$17.5 million (after tax).

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 3 and forms part of the directors' report for the half-year ended 31 December 2014.

Rounding of amounts

The parent entity is a company of the kind specified in Australian Securities and Investments Commission class order 98/100 dated 10 July 1998. In accordance with that class order, amounts in the consolidated interim 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 directors.



Kathryn D Spargo
Chairman



Ross Taylor
Managing Director & CEO

Dated at Sydney this 20th day of February 2015.



Lead auditor's independence declaration under section 307C of the Corporations Act 2001

To: the directors of UGL Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that reads 'T. Gilerman'.

Tanya Gilerman
Partner
Sydney
20th February 2015

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Corporate ("KPMG International"), a Swiss entity.
Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated income statement

for the half-year ended 31 December 2014

	Note	31 December 2014 \$'000	31 December 2013 \$'000
Continuing operations			
Revenue		1,007,872	928,931
Other income		2,084	2,956
Raw materials and consumables		(331,676)	(327,685)
Employment costs		(485,349)	(435,751)
Depreciation and amortisation		(18,834)	(17,411)
Subcontractor expenses		(85,671)	(78,424)
Finance costs (net)	3	(13,916)	(11,136)
Rental and occupancy expenses		(25,077)	(17,684)
Communication expenses		(4,561)	(2,633)
Insurance		(5,495)	(6,751)
Plant and equipment expenses		(15,236)	(11,765)
Motor vehicle expenses		(8,471)	(10,140)
Travel		(11,683)	(12,042)
Other expenses		(273,701)	(15,105)
Share of profit of equity accounted investees (net of income tax)		6,283	6,513
Loss before income tax expense		(263,431)	(8,127)
Income tax benefit	5	78,460	7,121
Loss from continuing operations		(184,971)	(1,006)
Discontinued operation			
Profit from discontinued operation, net of tax	12	64,134	32,305
(Loss)/profit for the period		(120,837)	31,299
(Loss)/profit attributable to:			
Owners of the Company		(122,522)	29,511
Non-controlling interests		1,685	1,788
(Loss)/profit for the period		(120,837)	31,299
Profit attributable to discontinued operation:			
Owners of the Company		64,038	32,200
Non-controlling interests		96	105
Profit for the period		64,134	32,305
Earnings per share			
		Cents	Cents
Earnings per share from continuing and discontinued operations			
Basic and diluted earnings per share (cents per share)		(73.6)	17.7
Earnings per share from continuing operations			
Basic and diluted earnings per share (cents per share)		(112.0)	(1.6)

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

Consolidated financial performance for 2014 and 2013 is stated after allocation of the results of the DTZ businesses to discontinued operations, in accordance with AASB 5: *Non-current Assets Held for Sale and Discontinued Operations*.

Consolidated statement of comprehensive income

for the half-year ended 31 December 2014

	31 December 2014 \$'000	31 December 2013 \$'000
(Loss)/ profit for the period	(120,837)	31,299
Other comprehensive income from continuing operations:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences - foreign operations	(25,403)	(24,218)
Cash flow hedges	7,513	16,613
Total items that may be reclassified subsequently to profit or loss	(17,890)	(7,605)
Other comprehensive income from continuing operations for the period (net of tax)	(17,890)	(7,605)
Other comprehensive income from discontinued operations:		
Items that will not be reclassified to profit or loss:		
Defined benefits plans actuarial losses	-	(4,424)
Total items that will not be reclassified to profit or loss	-	(4,424)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences - foreign operations	29,010	31,815
Cash flow hedges	-	11,328
Tax on items that may be reclassified subsequently to profit or loss	-	(4,267)
Total items that may be reclassified subsequently to profit or loss	29,010	38,876
Other comprehensive income from discontinued operations for the period (net of tax)	29,010	34,452
Total comprehensive income from continuing operations	(202,861)	(8,611)
Total comprehensive income from discontinued operations	93,133	66,757
Total comprehensive income for the period	(109,728)	58,146
Total comprehensive income from continuing operations attributable to:		
Owners of the Company	(204,450)	(7,605)
Non-controlling interests	1,589	(1,006)
Total comprehensive income for the period	(202,861)	(8,611)
Total comprehensive income from discontinued operations attributable to:		
Owners of the Company	93,048	66,165
Non-controlling interests	85	592
Total comprehensive income for the period	93,133	66,757

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

Consolidated statement of financial position

as at 31 December 2014

	Note	31 December 2014 \$'000	30 June 2014 \$'000
Current assets			
Cash and cash equivalents		79,952	182,497
Trade and other receivables		284,527	219,702
Inventories		338,132	319,675
Income tax receivable		31,366	28,774
Other financial assets		7,867	-
Assets held for sale	12	4,400	1,584,841
Total current assets		746,244	2,335,489
Non-current assets			
Trade and other receivables		3,793	4,169
Other financial assets		9,750	9,779
Investments accounted for using the equity method		21,291	34,322
Property, plant and equipment		61,082	59,004
Intangible assets		411,934	481,199
Deferred tax assets	5	129,941	66,567
Total non-current assets		637,791	655,040
Total assets		1,384,035	2,990,529
Current liabilities			
Trade and other payables		377,246	326,031
Loans and borrowings	9	150	22,368
Employee benefits		79,278	69,795
Other financial liabilities		2,958	4,108
Income tax payable		1,045	4,343
Provisions	11	195,795	16,888
Liabilities held for sale	12	-	628,115
Total current liabilities		656,472	1,071,648
Non-current liabilities			
Loans and borrowings	9	150,021	718,133
Employee benefits		5,809	5,365
Other financial liabilities		1,394	572
Provisions	11	15,959	9,719
Total non-current liabilities		173,183	733,789
Total liabilities		829,655	1,805,437
Net assets		554,380	1,185,092
Equity			
Share capital	6	421,293	910,836
Reserves		(23,470)	(30,053)
Retained earnings		148,744	281,257
		546,567	1,162,040
Amounts recognised directly in equity relating to assets classified as held for sale		-	10,234
Total equity attributable to owners of the Company		546,567	1,172,274
Non-controlling interests		7,813	12,818
Total equity		554,380	1,185,092

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

Consolidated statement of changes in equity

for the half-year ended 31 December 2014

Half-year ended 31 December 2014 \$'000	Attributable to owners of the Company									Non- controlling interests	Total equity
	Translation reserve	Hedging reserve	Employee equity benefit reserve	Reserve for treasury shares	Total reserves	Share capital	Retained earnings	Total			
Balance at 1 July 2014	(11,936)	(2,956)	23,538	(28,465)	(19,819)	910,836	281,257	1,172,274	12,818	1,185,092	
(Loss)/profit for the period	-	-	-	-	-	-	(122,522)	(122,522)	1,685	(120,837)	
Foreign currency translation differences - foreign operations	3,607	-	-	-	3,607	-	-	3,607	(11)	3,596	
Gains on cash flow hedges taken to equity	-	6,199	-	-	6,199	-	-	6,199	-	6,199	
Net change in fair value of cash flow hedges transferred to the initial carrying amount of the hedged item	-	1,314	-	-	1,314	-	-	1,314	-	1,314	
Income tax	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	3,607	7,513	-	-	11,120	-	(122,522)	(111,402)	1,674	(109,728)	
Transactions with owners in their capacity as owners:											
Share-based payments	-	-	516	-	516	-	-	516	-	516	
Treasury shares disposal	-	-	-	118	118	-	-	118	-	118	
Transfer of vested shares	-	-	(5,645)	5,645	-	-	-	-	-	-	
Transfer to profit on sale of subsidiaries	(15,742)	337	-	-	(15,405)	-	-	(15,405)	(5,735)	(21,140)	
Return of capital	-	-	-	-	-	(489,543)	-	(489,543)	-	(489,543)	
Dividends to owners	-	-	-	-	-	-	(9,991)	(9,991)	(944)	(10,935)	
Total transactions with owners	(15,742)	337	(5,129)	5,763	(14,771)	(489,543)	(9,991)	(514,305)	(6,679)	(520,984)	
Balance at 31 December 2014	(24,071)	4,894	18,409	(22,702)	(23,470)	421,293	148,744	546,567	7,813	554,380	

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

Consolidated statement of changes in equity

for the half-year ended 31 December 2014

Half-year ended 31 December 2013 \$'000	Attributable to owners of the Company									Total equity
	Translation reserve	Hedging reserve	Employee equity benefit reserve	Reserve for treasury shares	Total reserves	Share capital	Retained earnings	Total	Non-controlling interests	
Balance at 1 July 2013	(16,522)	(1,897)	26,244	(32,473)	(24,648)	910,836	231,896	1,118,084	11,905	1,129,989
Profit for the period	-	-	-	-	-	-	29,511	29,511	1,788	31,299
Foreign currency translation differences - foreign operations	7,110	-	-	-	7,110	-	-	7,110	487	7,597
Gains on cash flow hedges taken to equity	-	26,298	-	-	26,298	-	-	26,298	-	26,298
Net change in fair value of cash flow hedges transferred to the initial carrying amount of the hedged item	-	1,643	-	-	1,643	-	-	1,643	-	1,643
Defined benefit plans actuarial losses	-	-	-	-	-	-	(4,424)	(4,424)	-	(4,424)
Income tax	-	(4,267)	-	-	(4,267)	-	-	(4,267)	-	(4,267)
Total comprehensive income for the period	7,110	23,674	-	-	30,784	-	25,087	55,871	2,275	58,146
Transactions with owners in their capacity as owners:										
Share-based payments	-	-	(249)	-	(249)	-	-	(249)	-	(249)
Treasury shares disposal	-	-	-	150	150	-	-	150	-	150
Transfer of vested shares	-	-	(1,783)	1,783	-	-	-	-	-	-
Dividends to owners	-	-	-	-	-	-	(8,326)	(8,326)	(3,429)	(11,755)
Total transactions with owners	-	-	(2,032)	1,933	(99)	-	(8,326)	(8,425)	(3,429)	(11,854)
Balance at 31 December 2013	(9,412)	21,777	24,212	(30,540)	6,037	910,836	248,657	1,165,530	10,751	1,176,281

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

Consolidated statement of cash flows

for the half-year ended 31 December 2014

	Note	31 December 2014 \$'000	31 December 2013 \$'000
Cash flows from operating activities			
Cash receipts from customers		1,866,750	2,094,684
Cash payments to suppliers and employees		(1,848,130)	(2,071,710)
Interest received		2,794	1,578
Interest and other costs of finance paid		(23,509)	(19,998)
Distributions from equity accounted investments		11,870	16,155
Income taxes paid		(13,393)	(11,488)
Net cash (used in) from operating activities		(3,618)	9,221
Cash flows from investing activities			
Payments for plant and equipment		(13,501)	(11,205)
Proceeds from sale of plant and equipment		215	6,579
Payments for software		(3,234)	(14,434)
Project establishment costs		(6,642)	(8,644)
Payment for other intangibles		(1,291)	(10,724)
Proceeds from sale of business	12	1,052,428	-
Investment in associates and joint ventures		-	(5,056)
Net cash from (used in) investing activities		1,027,975	(43,484)
Cash flows from financing activities			
Return of capital	6	(489,543)	-
Proceeds from borrowings		82,472	177,915
Repayment of borrowings		(706,384)	(171,061)
Payment of finance lease liabilities		-	(1,768)
Dividends paid to owners	7	(9,991)	(8,326)
Dividends paid to non-controlling interests		(944)	(3,429)
Net cash used in financing activities		(1,124,390)	(6,669)
Net decrease in cash and cash equivalents		(100,033)	(40,932)
Cash and cash equivalents at the beginning of the financial period (net of overdrafts)		179,230	157,654
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		755	5,753
Cash and cash equivalents, net of overdrafts, at 31 December		79,952	122,475

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

Notes to the consolidated interim financial statements

Note 1: Significant accounting policies

UGL Limited (the Company or UGL) is a company domiciled in Australia. The consolidated interim financial statements of the Company for the half-year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates and joint arrangements.

The consolidated annual financial report of the Group for the year ended 30 June 2014 is available at www.ugllimited.com.

a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

These consolidated interim financial statements do not include all information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 30 June 2014. The consolidated interim financial statements were authorised for issue by the directors on 20 February 2015.

b) Basis of preparation

These consolidated financial statements are presented in Australian dollars. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The Group is a for-profit entity for the purpose of preparing the consolidated financial statements.

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

Except as described below, the accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 June 2014.

c) Accounting Standards and Interpretations not previously applied

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the Group's operations and effective for the current reporting period.

The adoption of these new and revised Standards and Interpretations has not had any material impact on the Group's assets, profits or earnings per share in the half-year ended 31 December 2014.

d) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are relevant to the Group's operations but are not mandatory for the 31 December 2014 accounting period. The Group's assessment of the impact of these is set out below.

- AASB 9 *Financial Instruments* will become mandatory for the Group's annual reporting period ended 30 June 2018, and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early, and the extent of the impact has not yet been determined.
- AASB 15 *Revenue from Contract with Customers* is effective for accounting periods commencing on or after 1 January 2017, with early adoption permitted. AASB 15 replaces the existing revenue standard and interpretations and is based on the identification of performance obligations under a contract to determine revenue treatment. The Group has not yet determined the extent of the impact of the adoption of this new standard.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods.

e) Estimates

The preparation of financial statements 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. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 30 June 2014, other than a change to the probability assessment supporting the capitalisation of tender costs from short listed to preferred bidder.

f) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 30 June 2014.

Note 2: Operating segments

For management purposes, in the period to 31 December 2014, the Group was organised into two business units based on their products and services:

UGL Engineering: provides project delivery across power, water, resources, rail, transport systems and communications with core capabilities in engineering, design, supply, project management, asset management, maintenance services and commissioning.

DTZ Property: provides occupiers and investors around the world with industry leading, end-to-end property solutions comprised of leasing agency and brokerage, integrated property and facilities management, capital markets, investment and asset management, valuation, building consultancy, project management, and research and consulting services.

The DTZ businesses comprising the DTZ Property segment were sold to a consortium comprising TPG Capital, PAG Asia Capital and Ontario Teachers' Pension Plan on 5 November 2014. Refer Note 12: Assets held for sale and discontinued operations.

Note 2: Operating segments (continued)

\$'000	UGL Engineering	DTZ Property discontinued	Reportable segments	Corporate/ unallocated	Eliminations	Total
Half-year ended 31 December 2014						
External revenues	1,229,071	728,138	1,957,209	-	-	1,957,209
Inter-segment revenue	-	1,010	1,010	-	(1,010)	-
Total reportable segment revenue	1,229,071	729,148	1,958,219	-	(1,010)	1,957,209
Reconciliation:						
Revenue - joint ventures and associates					(231,833)	(231,833)
Elimination of discontinued operation					(717,504)	(717,504)
Consolidated revenue						1,007,872
Reportable segment profit (loss) (Segment EBIT)	39,276	27,796	67,072	(10,566)	-	56,506
Reconciliation:						
Provision for contract loss				(175,000)		(175,000)
Claims resolution and settlement				(17,282)		(17,282)
Asset Impairment and provisions				(78,400)		(78,400)
Tender costs written off				(8,700)		(8,700)
Interest income	509	1,008	1,517	1,130		2,647
Interest expense				(18,365)		(18,365)
Tax on equity accounted income					(3,305)	(3,305)
Elimination of discontinued operation					(21,533)	(21,533)
Consolidated profit before income tax from continuing operations						(263,432)

Note 2: Operating segments (continued)

\$'000	UGL Engineering	DTZ Property discontinued	Reportable segments	Corporate/ unallocated	Eliminations	Total
Half-year ended 31 December 2013						
External revenues	1,152,712	1,080,894	2,233,606	-	-	2,233,606
Inter-segment revenue	3	1,044	1,047	-	(1,047)	-
Total reportable segment revenue	1,152,715	1,081,938	2,234,653	-	(1,047)	2,233,606
Reconciliation:						
Revenue - joint ventures and associates					(240,013)	(240,013)
Elimination of discontinued operation					(1,064,662)	(1,064,662)
Consolidated revenue						928,931
Reportable segment profit (loss) (Segment EBIT)	35,872	58,257	94,129	(15,589)	-	78,540
Reconciliation:						
Amortisation of intangible associated with acquisitions				(7,334)		(7,334)
Restructuring costs				(17,671)		(17,671)
Demerger costs				(3,058)		(3,058)
Interest income	554	995	1,549	185		1,734
Interest expense				(20,525)		(20,525)
Tax on equity accounted income					(2,402)	(2,402)
Elimination of discontinued operation					(37,411)	(37,411)
Consolidated profit before income tax from continuing operations						(8,127)

Note 3: Finance costs (net)	Note	31 December 2014 \$'000	31 December 2013 \$'000
Interest expense		11,109	8,288
Other finance costs		4,446	3,587
		15,555	11,875
Interest revenue		(1,639)	(739)
		(13,916)	(11,136)

Note 4: Expenses

Loss before income tax from continuing operations includes the following significant expenses:

Provision for contract loss	11	175,000	-
Narrow gauge locomotive development costs impaired		48,500	-
Investment in Indian joint venture impaired		9,700	-
Planned property closures		14,900	-
Rail inventory written off		5,300	-
Claims resolution and settlement		17,282	-
Tender costs written off		8,700	-
Restructuring and redundancy costs		-	17,671
Demerger costs		-	3,058

Note 5: Taxation

The Group has reported a tax benefit of \$78,460,000 for the half-year ended 31 December 2014, as compared with a tax benefit of \$7,121,000 for the comparative period. The tax benefit resulted from the recognition of provisions and carry forward tax losses.

The Deferred Tax Assets recorded at 31 December 2014 include recognition of income tax losses as well as recognition of timing differences, largely in relation to provisions (refer Note 11 below).

Note 6: Share capital	31 December 2014 \$'000	30 June 2014 \$'000
Share capital		
165,761,240 (30 June 2014 - 165,761,240) ordinary shares	421,293	910,836
Movements in contributed equity	Number of ordinary shares	\$'000
Opening balance	165,761,240	910,836
Return of capital	-	(489,543)
Closing balance	165,761,240	421,293

A distribution of \$3.00 per share was approved by shareholders at the Company's Annual General Meeting held on 30 October 2014. The distribution was to be made from proceeds arising on the sale of the DTZ businesses (refer Note 12). The Australian Taxation Office ruled that the distribution would comprise a capital return of \$2.94 per share (\$489,543,046), and an unfranked dividend of \$0.06 per share (\$9,990,674). The distribution was made on 27 November 2014, to shareholders on record at 20 November 2014.

Total ordinary shares of 166,511,240 are held by the share registry, which includes an additional 750,000 shares, treated for accounting purposes as options.

Treasury shares

Treasury shares are shares in UGL that are held by the UGL Limited Employee Share Plan Trust purchased on market for the purpose of issuing shares under UGL employee share plans. As at 31 December 2014, the Trust held 1,478,863 of the Company's shares (30 June 2014: 2,136,007 shares).

Note 7: Dividends	31 December 2014 \$'000	31 December 2013 \$'000
Dividends recognised in the current period by the Company are:		
No final dividend was paid for 2014 (2013 - unfranked 5 cents per share paid on 6 September 2013)	-	8,326
An unfranked dividend of 6 cents per share was paid on 27 November 2014, as a component of the \$3.00 per share distribution approved by shareholders at the Company's Annual General Meeting held on 30 October 2014.	9,991	-
Total dividends paid	9,991	8,326

The directors do not recommend the payment of an interim dividend.
No interim dividend was paid for the half year ended 31 December 2013.

Note 8: Contingencies

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 UGL, the controlled entities are jointly and severally liable for all the liabilities incurred by the joint ventures. As at 31 December 2014 the assets of the joint ventures exceed such liabilities.
- (ii) In the normal course of business, entities within the Group may incur contractors' and product liability, or be subject to threatened or pending legal actions arising from its activities. Such liabilities include the potential costs to carry out further works and/or costs of litigation by or against those Group entities. The business carries professional indemnity insurance and no separate disclosure is made of the costs of claims covered by insurance as to do so could seriously prejudice the position of the Group.

Where such costs are not covered by professional indemnity insurance, provision is made for the potential costs of carrying out further works based on known claims and previous claims history, and for legal costs and claims where litigation has been commenced, or it is probable that litigation will commence. Provision is also made for the Group's liability for incurred but not reported (IBNR) claims, based on assessment using prior claims history.

Based on previous experience, amounts specifically provided, and the circumstances of specific claims outstanding, no additional costs are anticipated. However, as the ultimate outcome of these claims cannot be reliably determined at the date of this report, contingent liabilities may exist for any amounts that ultimately become payable in excess of current provisioning levels.

Note 9: Loans and borrowings	31 December 2014 \$'000	30 June 2014 \$'000
Current		
Unsecured:		
- bank overdraft	-	3,267
- bank loan	-	17,197
Secured:		
- bank loan	-	1,722
- finance lease liabilities	150	182
	150	22,368
Non-current		
Unsecured:		
- bank loans	-	452,632
- US notes	149,963	265,393
Secured:		
- finance lease liabilities	58	108
	150,021	718,133

A portion of the funds received from the sale of the DTZ business (Refer: Note 12: Assets held for sale and discontinued operations) was used to retire bank debt and a number of the US notes.

Bank loans and US notes are drawn under the following term debt facilities:

Bank loan facilities available

31 December 2014	Maturity date	Principal facility currency amount thousands	Principal facility amount A\$'000	Amount utilised A\$'000	Amount unutilised A\$'000
Bank loans					
Term debt	June 2015	AUD 85,000	85,000	-	85,000
Term debt	July 2015	AUD 60,000	60,000	-	60,000
Term debt	June 2016	AUD 60,000	60,000	-	60,000
Term debt	July 2016	AUD 50,000	50,000	-	50,000
Term debt	August 2017	AUD 50,000	50,000	-	50,000
			305,000	-	305,000
US notes					
Tranche 1	September 2016	USD 27,000	32,918	32,918	-
Tranche 2	June 2018	USD 77,000	93,880	93,880	-
Tranche 3	September 2018	USD 19,000	23,165	23,165	-
		USD 123,000	149,963	149,963	-

Note 10: Financial instruments

Carrying amounts versus fair value

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

	31 December 2014		30 June 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Trade and other receivables	277,474	277,474	221,090	221,090
Cash and cash equivalents	79,952	79,952	182,497	182,497
Bank overdraft	-	-	(3,267)	(3,267)
Forward exchange contracts net - at fair value (Level 2 valuation method)	4,811	4,811	(2,632)	(2,632)
Secured bank loans	-	-	(1,722)	(1,722)
Finance lease liabilities	(208)	(189)	(290)	(263)
Unsecured bank facilities	-	-	(469,829)	(469,829)
US notes	(149,963)	(161,319)	(265,393)	(288,892)
Trade and other payables	(377,246)	(377,246)	(326,031)	(326,031)
	(165,180)	(176,517)	(665,577)	(689,049)

Fair value hierarchy

Financial instruments carried at fair value are classified by valuation method based on the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivate financial instruments (forward exchange contracts) are the only financial instruments carried by the Group at fair value, with a Level 2 valuation method.

Estimation of fair value

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

- forward exchange contracts - bank valuations adjusted as necessary to reflect the credit risk of the various counterparties
- 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; and
- trade and other receivables and payables - carrying amount equals fair value.

Note 11: Provisions	31 December	30 June
	2014	2014
	\$'000	\$'000
Current	195,795	16,888
Non-current	15,959	9,719
	211,754	26,607

The main contributor to the increase in provisions for the period to 31 December 2014 is a \$175 million provision raised for contract losses arising from the Joint Venture of CH2M HILL and UGL (the JV) to build a Combined Cycle Power Plant power station for the Ichthys LNG Project.

An announcement was made to market on 6 November 2014, that as a result of a range of project changes and events in the design and procurement phase of the project and subsequent delays, the forecast project costs had significantly increased, resulting in the JV recognising a provision of USD170 million. While acknowledging the JV's position in relation to the provision recognised, UGL was not in a position to reliably measure the provision at that stage.

Subsequently CH2M Hill and UGL have together completed a detailed review of the cost to complete estimate with some allowance for future commercial settlements, resulting in the joint venture recognising a provision of \$350 million (approximately USD\$280 million). UGL has raised a provision for \$175 million, equating to its 50% share of these losses.

In determining the cost to complete, the review considered all key components of the complex design and construction schedule based on significant judgements to arrive at estimates of forward scheduling and procurement, production and contingencies. Although management consider the current estimated costs to complete the project are valid and reliably measured, there is still a significant amount of work that needs to be performed on the project before achieving substantial completion and there can be no guarantee that additional cost growth will not occur. Engagement with the client continues as management pursues ongoing commercial negotiations for the recovery of costs, claims and project acceleration, which if successful, could impact the current position. The outcome of these negotiations remains uncertain.

Note 12: Assets held for sale and discontinued operations

Assets held for sale and discontinued operations comprise:

	31 December 2014 \$'000	30 June 2014 \$'000
Assets held for sale	4,400	4,400
Assets held for sale - discontinued operation	-	1,580,441
	4,400	1,584,841
Liabilities held for sale - discontinued operation	-	628,115

Assets classified as held for sale

	31 December 2014 \$'000	30 June 2014 \$'000
Land	284	284
Buildings	2,811	2,811
Plant and equipment	1,305	1,305
	4,400	4,400

During the financial year ended 30 June 2014 the Company implemented and substantially completed a property sales program. As at 30 June 2014, one industrial site remained as held-for-sale, with a sale expected within the next twelve months. These assets are presented in the Engineering segment in Note 2: Operating segments.

These industrial site assets held-for-sale are carried at fair value less costs to sell based on a provisional offer received subsequent to the year end.

Discontinued operation

In June 2014, the Company announced that it had entered into a binding agreement to sell the DTZ businesses to a consortium comprising TPG Capital, PAG Asia Capital and Ontario Teachers' Pension Plan for an enterprise value of \$1.215 billion. The sale was completed on 5 November 2014, for a net consideration of \$1.179 billion, before working capital and other sale adjustments, and after deduction of \$35.5 million held in escrow to be used to settle any future legal claims arising from events that occurred prior to 5 November 2014 but not notified at that date. The balance of funds remaining in escrow as at November 2017 will be paid to UGL, but there is no certainty that any funds will remain to be available to the company at that time.

The results of the DTZ business for the period to 5 November 2014 are presented in the DTZ Property segment in Note 2: Operating segments.

Note 12: Assets held for sale and discontinued operations (continued)

Assets and liabilities of the DTZ businesses sold (reported as a disposal group) and stated at their carrying amounts, are as follows:

	Sold 5 November 2014 \$'000	Held for sale 30 June 2014 \$'000
Assets:		
Cash and cash equivalents	111,529	-
Trade and other receivables	448,577	453,042
Inventories	13,854	10,844
Income tax receivable	1,548	4,208
Other financial assets	32,994	31,895
Investments accounted for using the equity method	14,998	15,993
Property, plant and equipment	55,688	48,881
Intangible assets	1,047,028	1,007,055
Deferred tax assets	14,132	8,523
	1,740,348	1,580,441
Liabilities:		
Trade and other payables	211,337	258,982
Bank overdraft	1,732	-
Loans and borrowings	9,065	8,709
Employee benefits	163,304	176,479
Other financial liabilities	30,835	31,772
Income tax payable	22,231	18,674
Provisions	113,542	122,028
Deferred tax liabilities	10,671	11,471
	562,717	628,115
Net assets	1,177,631	952,326
Total consideration on sale:		
Cash proceeds	1,179,506	
Deferred cash proceeds	58,674	
Transfer of Reserves and Non-Controlling Interest on sale	21,140	
Transaction costs	(17,281)	
	1,242,039	
Gain on sale of discontinued operation	64,408	
Net change in cash:		
Consideration received	1,179,506	
Transaction costs	(17,281)	
Cash disposed of (net of overdraft)	(109,797)	
Net cash inflow	1,052,428	

In accordance with the sale agreement, finalisation of potential sale price adjustments is expected to occur by May 2015. The final gain on sale of the discontinued operation is subject to the finalisation of these adjustments.

Note 12: Assets held for sale and discontinued operations (continued)

Results of the discontinued operation, gain on sale and cash flows from the discontinued operation are as follows:

	Period to 5 November 2014 \$'000	Half-year to 31 December 2013 \$'000
Profit from discontinued operations		
Revenue	717,504	1,064,662
Other income	10,596	579
Expenses	(708,554)	(1,030,945)
Share of profit of equity accounted investees (net of tax)	1,987	3,115
Profit before income tax	21,533	37,411
Attributable income tax expense	(4,073)	(5,106)
Profit for the period from discontinued operations	17,460	32,305
Gain on sale of discontinued operation	64,408	
Income tax expense	(17,734)	
Gain on sale of discontinued operation after tax	46,674	
Net gain on sale, net of tax	64,134	
Cash flow from discontinued operations		
Net cash inflows from operating activities	(44,991)	6,020
Net cash outflows from investing activities	(7,356)	(21,762)
Net cash inflows from financing activities	41,889	10,000
Net cash outflows	(10,458)	(5,742)

Directors' declaration

In the opinion of the directors of UGL Limited:

- 1) the consolidated financial statements and notes, set out on pages 4 to 19, are in accordance with the *Corporations Act 2001*, including:
 - a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year period ended on that date; and
 - b) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Kathryn D Spargo
Chairman



Ross Taylor
Managing Director & CEO

Dated at Sydney this 20th day of February 2015.



Independent auditor's review report

to the members of UGL Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of UGL Limited ("the Company"), which comprises the consolidated statement of financial position as at 31 December 2014, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year period ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of UGL Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to note 11 in the financial statements which outlines the estimation of the Ichthys CCPP project loss provision. In determining the cost to complete, Management considered all key components of the complex design and construction schedule based on significant judgements to arrive at estimates of forward scheduling and procurement, production and contingencies. Although management consider the current estimated costs to complete the project are valid and reliably measured, there is still a significant amount of work that needs to be performed on the project before achieving substantial completion and there is a risk that costs may increase. Engagement with the client continues as management pursues ongoing commercial negotiations for the recovery of costs, claims and project acceleration which if successful, could impact the current position. The outcome of these negotiations remains uncertain.

KPMG

Tanya Gilerman

Partner

Sydney

20th February 2015

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Corporate directory

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Non-executive Chairman

Ross Taylor
Managing Director & Chief Executive
Officer

Guy M Cowan
Non-executive Director

Richard G Humphry AO
Non-executive Director

Douglas F McTaggart
Non-executive Director

Chief Financial Officer

Robert Bonaccorso

Company Secretaries

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Lyn Nikolopoulos

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