Appendix 4D

Name of entity	UGL Limited
ABN	85 009 180 287
Half-year ended ('current period')	31 December 2013

Results for announcement to the market		%		$A'000
Revenues from ordinary activities	Up	5.6%	to	1,993,593
Profit from ordinary activities after tax attributable to members	Up	13.5%	to	29,511
Net profit for the period attributable to members	Up	13.5%	to	29,511

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 2013, the attached press release, and the additional information below.

Additional information

Net Tangible Assets/(Liabilities) per ordinary share: ($2.30) (June 2013: ($2.13))

Details of interests in significant joint venture entities and associates:

		Interests held %	
Name	Principal activities	December 2013	June 2013
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
UGL Services LLC	Integrated facilities and property management services	50	50
CH2M HILL/UGL	Power plant construction	50	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
PREMAS (Thailand) Co. Ltd	Integrated real estate management services	49	49
DTZ Zadelhoff VOF	Property advisory	50	50

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 2014

maintaining today creating tomorrow

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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 2013 and the review report thereon.

Directors

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

- Mr Trevor C Rowe AO - Chairman
- Mr Richard A Leupen - Managing Director & CEO
- Dr Raymond K F Ch'ien
- Mr Guy M Cowan
- Mr Richard G Humphry AO
- Dr Douglas F McTaggart
- Ms Kathryn D Spargo
- Mr Robert E Denham (resigned 13 December 2013)

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 global leader in outsourced engineering, property services and asset management and maintenance.

UGL operates worldwide across 52 countries employing over 52,000 people (inclusive of subcontractors). The Group has a client base that includes local and national governments, institutions and blue-chip corporations.

The Group consists of two businesses, DTZ Property and UGL Engineering. The businesses deliver whole of life cycle solutions to clients across the property, power, water, rail, resources, defence and transport and technology systems sectors.

Our global operations include Australia, New Zealand, Asia, Europe, United Kingdom, the Americas and parts of the Middle East.

Results

The consolidated profit for the Group for the period, after income tax and non-controlling interests was $29,511,000; reconciled to underlying net profit after tax (NPAT) as follows:

	$'000
Profit after income tax and non-controlling interests	29,511
Adjusted for:	
Restructuring costs	17,671
Demerger costs	3,058
Amortisation of acquired intangibles	7,334
Tax on underlying adjustments	(7,873)
Underlying NPAT	49,701

Underlying NPAT has been presented to provide a more accurate reflection of the Group's operating performance excluding the effect of costs arising from acquisitions, restructuring, and in this period demerger expenses.

Operational results by segment:	**UGL Engineering**	**DTZ Property**	**Total $'000**
Segment EBIT	35,872	58,257	94,129
Corporate costs			(15,589)
Net interest			(18,791)
Income tax			(8,260)
			51,489
Non-controlling interests			(1,788)
Underlying NPAT			49,701

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.

Since the end of the previous financial year, a final ordinary dividend of $8,326,000 (5 cents per share, unfranked) on the issued ordinary shares of UGL, was paid on 6 September 2013.

Review of operations

6 months to 31 December 2013

The group experienced subdued conditions across engineering markets in Australia, with continued slowdown in capital investment in the resources and infrastructure sectors and delays in new project awards. Despite this, UGL's diversified business model has compensated for these conditions with continued growth in facilities management and expansion of the corporate real estate business, with a 7% increase in the consolidated revenues to $2.2 billion for the half.

One-off costs of $17.7 million were incurred in a group-wide cost reduction program which is expected to provide improved margin performance in future periods by right sizing the business for the softer domestic and international market conditions. Additionally, $3.1 million was spent in the process of establishing the two independent standalone Engineering and DTZ Property entities in preparation for the demerger announced in August 2013.

UGL continues to focus on actively reducing gearing, with divestment of non-core property planned for the second half.

DTZ Property

Revenue increased 18% to $1,081.9 million and generated EBIT of $58.3 million for the half year ending 31 December 2013. The revenue and EBIT improvement were aided by increased activity in the US corporate real estate market, and growth in the North Asia and UK businesses.

Global and multi-region mandates continue to build, with the business securing 25 new mandates as at 31 December 2013. The order book at $3.4 billion provides a stable platform for future performance.

UGL Engineering

Revenue decreased 1% to $1,152.7 million with EBIT down 40% to $35.9 million. Impacting the first half are cost under-recoveries due to the delay in new project awards as well as margin compression from increased competition and the cost reduction focus of resources clients. 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 $4.6 billion including 79% of recurring revenues, providing the Engineering division a degree of insulation from the contracting market environment. Tendering opportunities, particularly across the LNG, rail and transport sectors, continue to be pursued where they fit within UGL's risk appetite and business capabilities.

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 2013.

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.

Trevor C Rowe AO	Richard A Leupen
Chairman	Managing Director & CEO

Dated at Sydney this 14th day of February 2014.

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 2013 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.

KPMG

KPMG

Mark Epper
Partner
Sydney
14th February 2014

Consolidated income statement

for the half-year ended 31 December 2013

	Note	31 December 2013 $'000	31 December 2012 $'000
Revenue		1,993,593	1,887,360
Other income	4	3,518	20,206
Raw materials and consumables		(369,469)	(299,463)
Employment costs		(1,106,074)	(1,083,498)
Depreciation and amortisation		(33,774)	(34,645)
Subcontractor expenses		(251,741)	(191,378)
Finance costs (net)	3	(22,742)	(21,056)
Rental and occupancy expenses		(43,250)	(43,150)
Communication expenses		(5,975)	(7,632)
Insurance		(18,491)	(16,882)
Plant and equipment expenses		(11,950)	(17,925)
Motor vehicle expenses		(20,073)	(24,723)
Travel		(25,996)	(27,505)
Other expenses		(67,920)	(116,323)
Share of profit of equity accounted investees (net of income tax)		9,628	1,093
Profit before income tax expense		**29,284**	**24,479**
Income tax benefit	6	2,015	3,466
Profit for the period		**31,299**	**27,945**
Profit attributable to:			
Owners of the Company		29,511	26,004
Non-controlling interests		1,788	1,941
Profit for the period		**31,299**	**27,945**
		Cents	Cents
Basic and diluted earnings per share (cents per share)		17.7	15.6

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

Consolidated statement of comprehensive income

for the half-year ended 31 December 2013

	31 December 2013 $'000	31 December 2012 $'000
Profit for the period	**31,299**	**27,945**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Defined benefits plans actuarial (losses)/gains	(4,424)	357
Total items that will not be reclassified to profit or loss	**(4,424)**	**357**
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences - foreign operations	7,597	(197)
Cash flow hedges	27,941	425
Cash flow hedges – equity accounted investees	-	(78)
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	**31,271**	**150**
Other comprehensive income for the period (net of tax)	**26,847**	**507**
Total comprehensive income for the period	**58,146**	**28,452**
Total comprehensive income attributable to:		
Owners of the Company	55,871	26,382
Non-controlling interests	2,275	2,070
Total comprehensive income for the period	**58,146**	**28,452**

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

Consolidated statement of financial position

as at 31 December 2013

	Note	31 December 2013 $'000	30 June 2013 $'000
Current assets			
Cash and cash equivalents		123,255	161,070
Trade and other receivables		634,228	612,316
Inventories		327,350	351,577
Income tax receivable		47,531	43,128
Other financial assets		27,660	860
Total current assets		**1,160,024**	**1,168,951**
Non-current assets			
Trade and other receivables		5,588	2,949
Other financial assets		30,993	27,805
Investments accounted for using the equity method		46,504	46,805
Property, plant and equipment		161,550	170,826
Intangible assets		1,516,397	1,444,989
Deferred tax assets		57,978	51,908
Total non-current assets		**1,819,010**	**1,745,282**
Total assets		**2,979,034**	**2,914,233**
Current liabilities			
Trade and other payables		565,209	547,639
Loans and borrowings	10	8,940	11,552
Employee benefits		190,326	215,375
Other financial liabilities		3,930	4,331
Income tax payable		15,948	16,726
Provisions		52,759	72,804
Total current liabilities		**837,112**	**868,427**
Non-current liabilities			
Loans and borrowings	10	776,793	730,142
Employee benefits		21,166	17,823
Other financial liabilities		34,052	33,331
Deferred tax liabilities		16,643	14,507
Provisions		116,987	120,014
Total non-current liabilities		**965,641**	**915,817**
Total liabilities		**1,802,753**	**1,784,244**
Net assets		**1,176,281**	**1,129,989**
Equity			
Share capital	7	910,836	910,836
Reserves		6,037	(24,648)
Retained earnings		248,657	231,896
Total equity attributable to owners of the Company		1,165,530	1,118,084
Non-controlling interests		10,751	11,905
Total equity		**1,176,281**	**1,129,989**

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 2013

Half-year ended 31 December 2013 $'000	Translation reserve	Hedging reserve	Employee equity benefit reserve	Reserve for treasury shares	Total reserves	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the Company									
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 changes in equity

for the half-year ended 31 December 2013

Half-year ended 31 December 2012 $'000	Attributable to owners of the Company: Translation reserve	Hedging reserve	Employee equity benefit reserve	Reserve for treasury shares	Total reserves	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 July 2012	(39,618)	(397)	23,908	(32,593)	(48,700)	908,775	309,605	1,169,680	5,702	1,175,382
Profit for the period	-	-	-	-	-	-	26,004	26,004	1,941	27,945
Foreign currency translation differences - foreign operations	(326)	-	-	-	(326)	-	-	(326)	129	(197)
Gains on cash flow hedges taken to equity	-	232	-	-	232	-	-	232	-	232
Net change in fair value of cash flow hedges transferred to the initial carrying amount of the hedged item	-	193	-	-	193	-	-	193	-	193
Gains/(losses) on cash flow hedges taken to equity – equity accounted investees	-	(78)	-	-	(78)	-	-	(78)	-	(78)
Defined benefit plans actuarial gains	-	-	-	-	-	-	357	357	-	357
Total comprehensive income for the period	(326)	347	-	-	21	-	26,361	26,382	2,070	28,452
Transactions with owners in their capacity as owners:										
Share-based payments	-	-	1,961	-	1,961	-	-	1,961	-	1,961
Treasury shares purchased	-	-	-	(363)	(363)	-	-	(363)	-	(363)
Transfer of vested shares	-	-	(1,272)	1,272	-	-	-	-	-	-
Dividends to owners	-	-	-	-	-	-	(59,873)	(59,873)	-	(59,873)
Non-controlling interests investment in subsidiary	-	-	-	-	-	-	-	-	2,100	2,100
Total transactions with owners	-	-	689	909	1,598	-	(59,873)	(58,275)	2,100	(56,175)
Balance at 31 December 2012	(39,944)	(50)	24,597	(31,684)	(47,081)	908,775	276,093	1,137,787	9,872	1,147,659

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 2013

	Note	31 December 2013 $'000	31 December 2012 $'000
Cash flows from operating activities			
Cash receipts from customers		2,094,684	2,003,612
Cash payments to suppliers and employees		(2,071,710)	(2,020,580)
Interest received		1,578	1,871
Interest and other costs of finance paid		(19,998)	(17,860)
Distributions from equity accounted investments		16,155	6,369
Income taxes paid		(11,488)	(13,732)
Net cash used in operating activities		**9,221**	**(40,320)**
Cash flows from investing activities			
Payments for plant and equipment		(11,205)	(22,289)
Proceeds from sale of plant and equipment		6,579	22,941
Proceeds from sale of unlisted investment		-	2,014
Payments for software		(14,434)	(10,694)
Project establishment costs		(8,644)	(4,037)
Payment for other intangibles		(10,724)	(14,658)
Non-controlling interests investment in subsidiary		-	2,100
Investment in associates and joint ventures		(5,056)	-
Net cash used in investing activities		**(43,484)**	**(24,623)**
Cash flows from financing activities			
Proceeds from borrowings		177,915	169,634
Repayment of borrowings		(171,061)	(50,628)
Payment for treasury shares		-	(363)
Payment of finance lease liabilities		(1,768)	(975)
Dividends paid to owners	8	(8,326)	(59,873)
Dividends paid to non-controlling interests		(3,429)	-
Net cash from financing activities		**(6,669)**	**57,795**
Net decrease in cash and cash equivalents		**(40,932)**	**(7,148)**
Cash and cash equivalents at the beginning of the financial period (net of overdrafts)		157,654	174,281
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		5,753	453
Cash and cash equivalents, net of overdrafts, at 31 December		**122,475**	**167,586**

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 2013 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 2013 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 2013. The consolidated interim financial statements were authorised for issue by the directors on 14 February 2014.

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 2013.

c) Change in significant accounting policies

The Group has adopted the following significant new standards and amendments to standards, with initial application as at 1 July 2013.

Employee benefits

Revised AASB 119: *Employee Benefits* applies retrospectively. Net interest expense or income is now calculated by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets used as a calculation basis in prior periods.

Retrospective application of the revised standard resulted in increases in the pension cost in profit or loss and offsetting actuarial gains on plan assets of $368,000 in the 2012 financial year and $553,000 in the 2013 financial year, with no change in reported defined benefit obligations. As the Company's accounting policy is to take defined benefit plan actuarial gains and losses in other comprehensive income to retained earnings, there is no change to reported retained earnings, or to total equity.

The effect of application to the half-years ended 31 December 2012 and 31 December 2013 is immaterial.

Subsidiaries

As a result of AASB 10: *Consolidated Financial Statements,* the Group has changed its accounting policy for determining whether it has control over and subsequently whether it consolidates its investees. A new control model is applicable to all investees, focussing on whether the Group has power over an investee, exposure or right to variable returns from its involvement with the investee and ability to use its power to affect those returns. The Group reassessed the control conclusion for its investees at 1 July 2013, with no change to entities classified as subsidiaries as at that date.

Joint arrangements

Under AASB 11: *Joint Arrangements,* the Group now classifies its interest in joint arrangements as either joint operations or joint ventures depending on the Group's right to the assets, and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicle, and the contractual terms of the arrangement. Previously the structure of the arrangement was the sole focus of classification. Based on this assessment, there was no change to the Group's classification or accounting treatment of joint arrangements.

Fair value measurement

AASB 13: *Fair Value Measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see Note 11).

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. The change had no significant impact on the measurements of the Group's assets and liabilities.

d) 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 2013.

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 2013.

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 2013.

Note 2: Operating segments

For management purposes, from 1 July 2013 the Group has been 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.

Prior to 1 July 2013, the Group was organised into three business units; UGL Engineering; UGL Operations & Maintenance; and DTZ Property. Comparative information for the half-year ended 31 December 2012 has been restated to reflect the two business units that are operative from 1 July 2013.

Note 2: Operating segments (continued)

$'000	UGL Engineering	DTZ Property	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)
Consolidated revenue						1,993,593
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)
Consolidated profit before income tax						29,284
Half-year ended 31 December 2012						
External revenues	1,162,168	919,347	2,081,515	-	-	2,081,515
Inter-segment revenue	644	696	1,340	-	(1,340)	-
Total reportable segment revenue	**1,162,812**	**920,043**	**2,082,855**	**-**	**(1,340)**	**2,081,515**
Reconciliation:						
Revenue - joint ventures and associates					(194,155)	(194,155)
Consolidated revenue						1,887,360
Reportable segment profit (loss) (Segment EBIT)	**59,650**	**45,837**	**105,487**	**(19,759)**	**-**	**85,728**
Reconciliation:						
Amortisation of intangible associated with acquisitions				(6,924)		(6,924)
Rebranding and brand impairment costs				(31,944)		(31,944)
Restructuring costs				(22,187)		(22,187)
Profit on sale of land and buildings				17,360		17,360
Interest income	796	879	1,675	172		1,847
Interest expense				(18,062)		(18,062)
Tax on equity accounted income					(1,339)	(1,339)
Consolidated profit before income tax						24,479

Note 3: Finance costs (net)	31 December 2013 $'000	31 December 2012 $'000
Interest expense	20,525	18,062
Other finance costs	3,951	4,841
	24,476	22,903
Interest revenue	(1,734)	(1,847)
	22,742	21,056

Note 4: Other income

Profit on sale of property, plant and equipment	1,733	17,648
Profit on sale of unlisted investment	-	1,653
Other	1,785	905
	3,518	20,206

Note 5: Expenses

Profit before income tax includes the following significant expenses:		
Restructuring and redundancy costs	17,671	22,187
Demerger costs	3,058	-
Impairment of trademarks and trade names	-	29,149
Rebranding costs	-	2,795

Note 6: Income tax expense

The Group has reported a tax benefit of $2,015,000 for the half-year ended 31 December 2013, as compared with a tax benefit of $3,466,000 for the comparative period.

The tax benefit resulted from: recognition of carry forward tax losses, finance deductions and lower tax rates in overseas jurisdictions.

Note 7: Share capital	31 December 2013 $'000	30 June 2013 $'000
Share capital		
165,761,240 (30 June 2013 – 165,761,240) ordinary shares	910,836	910,836

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 2013, the Trust held 2,340,064 of the Company's shares (30 June 2013: 2,552,122 shares)

Note 8: Dividends	31 December 2013 $'000	31 December 2012 $'000
Dividends recognised in the current period by the Company are:		
Final unfranked dividend for 2013 of 5 cents (2012 – fully franked 36 cents) per share paid on 6 September 2013 (2012: 7 September 2012)	8,326	59,873
Total dividends paid	8,326	59,873

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

An interim dividend of $56,614,000 (34 cents per share, 50% franked) was paid for the half year ended 31 December 2012.

Note 9: 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 2013 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 10: Loans and borrowings	**31 December 2013 $'000**	**30 June 2013 $'000**
Current		
Unsecured:		
- bank overdraft	780	3,416
- other loan	2,206	2,264
Secured:		
- bank loan	2,321	2,725
- finance lease liabilities	3,633	3,147
	8,940	11,552
Non-current		
Unsecured:		
- bank loans	492,804	455,385
- other loan	-	348
- US notes	279,392	269,542
Secured:		
- finance lease liabilities	4,597	4,867
	776,793	730,142

Note 10: Loans and borrowings (continued)

Bank loans and US notes (current and non-current) are drawn under the following term debt facilities:

	Maturity date	Principal facility currency amount thousands	Principal facility amount A$'000	Amount utilised A$'000	Amount unutilised A$'000
31 December 2013					
Bank loans					
Term debt	July 2014	GBP 35,000	64,469	-	64,469
Term debt	August 2014	AUD 50,000	50,000	-	50,000
Term debt	January 2015	GBP 70,000	128,937	113,833	15,104
Term debt	February 2015	SGD 1,500	1,325	-	1,325
Term debt	June 2015	AUD 98,656	98,656	50,000	48,656
Term debt	July 2015	USD 95,000	106,169	103,933	2,236
Term debt	July 2015	AUD 60,000	60,000	-	60,000
Term debt	March 2016	HKD 17,900	2,580	2,321	259
Term debt	June 2016	AUD 60,000	60,000	33,527	26,473
Term debt	July 2016	AUD 50,000	50,000	-	50,000
Term debt	July 2016	GBP 70,000	128,937	113,281	15,656
Term debt	January 2017	USD 17,501	19,558	-	19,558
Term debt	July 2017	USD 70,000	78,230	78,230	-
			848,861	495,125	353,736
US notes					
Tranche 1	September 2016	USD 50,000	55,878	55,878	-
Tranche 2	June 2018	USD 150,000	167,636	167,636	-
Tranche 3	September 2018	USD 50,000	55,878	55,878	-
			279,392	279,392	-
30 June 2013					
Bank loans					
Term debt	December 2013	USD 17,471	18,836	-	18,836
Term debt	July 2014	GBP 175,000	288,208	197,299	90,909
Term debt	August 2014	AUD 50,000	50,000	-	50,000
Term debt	March 2015	HKD 19,604	2,725	2,725	-
Term debt	June 2015	AUD 98,817	98,817	50,000	48,817
Term debt	July 2015	USD 95,000	102,426	100,269	2,157
Term debt	July 2015	AUD 60,000	60,000	-	60,000
Term debt	June 2016	AUD 60,000	60,000	32,345	27,655
Term debt	July 2016	AUD 50,000	50,000	-	50,000
Term debt	July 2017	USD 70,000	75,472	75,472	-
			806,484	458,110	348,374
US notes					
Tranche 1	September 2016	USD 50,000	53,908	53,908	-
Tranche 2	June 2018	USD 150,000	161,726	161,726	-
Tranche 3	September 2018	USD 50,000	53,908	53,908	-
			269,542	269,542	-

Note 11: 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 2013	
	Carrying amount $'000	Fair value $'000
Trade and other receivables	598,749	598,749
Cash and cash equivalents	123,255	123,255
Bank overdraft	(780)	(780)
Forward exchange contracts net - at fair value (Level 2 valuation method)	25,893	25,893
Secured bank loans	(2,321)	(2,321)
Finance lease liabilities	(8,230)	(8,163)
Unsecured bank facilities	(492,804)	(492,804)
US notes	(279,392)	(309,256)
Trade and other payables	(565,209)	(565,209)
Other loans	(2,206)	(2,206)
	(603,045)	(632,842)

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.

Directors' declaration

In the opinion of the directors of UGL Limited:

1) the consolidated financial statements and notes, set out on pages 4 to 16, 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 2013 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.

Trevor C Rowe AO
Chairman

Richard A Leupen
Managing Director & CEO

Dated at Sydney this 14th day of February 2014.

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 2013, 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 11 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 2013 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 2013 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*.

KPMG

Mark Epper

Partner

Sydney

14th February 2014

Corporate directory

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Trevor C Rowe AO
Non-executive Chairman

Raymond K F Ch'ien
Non-executive Director

Guy M Cowan
Non-executive Director

Richard G Humphry AO
Non-executive Director

Richard A Leupen
Managing Director &
Chief Executive Officer

Douglas F McTaggart
Non-executive Director

Kathryn D Spargo
Non-executive Director

Chief Financial Officer
Robert Bonaccorso

Company Secretaries
Murray McArdle
Lyn Nikolopoulos

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