UXC Limited
ABN 65 067 682 928

Australian Securities Exchange
Company Announcements Platform
28 August 2014

MARKET ANNOUNCEMENT
FY14 Annual Report

The Directors of UXC are pleased to announce the results of the Company for the year ending 30 June 2014 and the financial position as at that date, and herewith lodge the UXC Limited 2014 Annual Report and Appendix 4E. The Directors have declared a final dividend of 3.0 cents per share, fully franked, and provide the following summary of highlights:

2014 Results

	2014	2013	Change %
Revenue from Continuing Operations ($'000)	643,368	594,269	+8%
Net Profit after tax from Continuing Operations ($'000)	15,732	22,683	-31%
Profit attributable to members ($'000)	15,732	24,012	-34%
Earnings per share from Continuing Operations (cents per share)	4.95	7.37	-33%
Earnings per share attributable to members (cents per share)	4.95	7.80	-37%
Dividend (cents per share)			
Interim	0.75	1.75	-57%
Special	-	0.45	-
Final	3.00	3.55	-15%
Total	3.75	5.75	-35%

Highlights

Full Year Revenue up 8.3% to $643 million, a record result.

Underlying Earnings are in line with market guidance issued in June 2014:

- Full Year Underlying EBITDA -2% to $36.4 million (2nd Half up 7% to $24.4 million)
- Full Year Underlying PBT -13% to $25.6 million (2nd Half down 1% to $18.2 million).

Increase in annuity revenue by 29% over the previous corresponding period. Now 27% of business.

Completed and successfully integrated five acquisitions in the Applications segment.

Strong Net Debt position at $4.1 million.

Final Dividend of 3.0 cents per share fully franked.

Outlook

Annuity contracts and back log of work represents 60% of FY15 revenue target – up from 46% in FY14.

Strong back-log of work to be delivered, up over 20% from the close of last financial year.

Good pipeline of new contracts with the value of the sales pipeline (front-log) up 13% from the close of the last financial year.

FY15 will provide increased opportunity for growth with the full year impact of the five acquisitions and the improved project delivery processes.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan will participate in the final dividend. Shareholders who wish to reinvest their dividend in UXC shares, who have not already elected to do so, need to ensure their Dividend Reinvestment Plan election notice is received by the UXC registry, Link Market Services, by 13 October 2014. An election notice variation form is available on the UXC web site at:

http://www.uxc.com.au/home/Investors/reinvestment.html

UXC also announces that in accordance with Dividend Reinvestment Plan Rule 5.2, the reinvestment price will be the arithmetic volume weighted average market price of all shares sold in the ordinary course of trading on the ASX Limited automated trading system during the 5 days immediately prior to the Record Date, 13 October 2014, rounded to the nearest full cent. No additional discount will be available.

For more information please contact:

Mr Cris Nicolli Managing Director UXC Limited (613) 9224 5777	Mr Mark Grodzicky General Counsel and Company Secretary UXC Limited (613) 9224 5777	Toll free shareholder information line: 1800 092 092 www.uxc.com.au

ABOUT UXC LIMITED

UXC Limited is an S&P/ASX 300 listed Australian business solutions company, and the largest Australian owned ICT consultancy firm. UXC services medium to large entities in the private and public sectors across Australia and New Zealand.

UXC provides a range of unique, unmatched and formidable ICT Solutions in Consulting, Business Applications and Infrastructure that support our customers to plan & design, implement & enhance, and operate & manage their ICT requirements.

UXC strives to create simplicity and meaning in a complex world through the power of people and technology, by being the leading Tier 1 Australian IT Services and Solutions Company, delivering value, innovation and responsive business outcomes with excellent people.

building the future

annual report

UXC Limited
ABN 65 067 682 928

UXC Limited
Appendix 4E Rule 4.3A
Final Report
Year ended 30 June 2014

1. Details of the reporting period and the previous corresponding period

ABN or equivalent company reference	Year ended
ABN 65 067 682 928	30 June 2014 (Previous corresponding year: 30 June 2013)

2. Results for announcement to the market

				$'000
Total revenue from continuing operations	Up	8%	to	643,368
Profit after tax from continuing operations	Down	(31)%	to	15,732
Net profit for the period attributable to members	Down	(34)%	to	15,732

Distributions

Dividends	**Amount per security (cents per share)**	**Franked amount per security (cents per share)**
Current Period:		
Final dividend	3.00	3.00
Interim dividend	0.75	0.75
Previous corresponding period:		
Final dividend	3.55	3.55
Special dividend	0.45	0.45
Interim dividend	1.75	1.75
Record date for determining entitlements to the final and special dividend	13 October 2014	
Payment date of final dividend	27 October 2014	

3. Consolidated statement of profit or loss

Refer to the attached financial statements for the year ended 30 June 2014.

4. Consolidated statement of financial position

Refer to the attached financial statements for the year ended 30 June 2014.

5. Consolidated statement of cash flows

Refer to the attached financial statements for the year ended 30 June 2014.

6. Consolidated statement of changes in equity

Refer to the attached financial statements for the year ended 30 June 2014.

7. Details of individual and total dividends or distributions and payment date

Refer Section 2 above.

8. Details of any dividend or distribution reinvestment plans and the last date for the receipt of an election notice for the receipt of an election notice for participation

The dividend reinvestment plan allows Australia and New Zealand resident shareholders to reinvest dividends paid by UXC into fully paid ordinary shares rather than receive a cash payment, thereby increasing their shareholding in UXC.

An Election Form must be received by the Record Date to be treated as participating in the Dividend Reinvestment Plan as at the Dividend Payment Date. Until a Variation Notice is received nominated shares will be treated as participating in the DRP going forward.

For further details please refer to the 'Dividend Reinvestment Plan Summary Sheet' on the UXC website www.uxc.com.au.

9. Net Tangible Assets per Security

	30 June 2014 cents	30 June 2013 cents
Net tangible asset backing (per ordinary share)	**(2.35)**	8.55
Net asset backing (per ordinary share)	**66.70**	65.40

10. Details of entities over which control has been gained or lost during the period

Refer to Note 29 Acquisitions of businesses in the attached financial statements for the year ended 30 June 2014.

11. Details of associates and joint entities

UXC Limited had no interests in associates or joint entities during the year ended 30 June 2014.

12. Any other significant information

Refer to the attached financial statements for the year ended 30 June 2014.

13. Accounting Standards used in compiling the report

Refer to Note 1 Summary of significant accounting policies in the attached financial statements for the year ended 30 June 2014.

14. Commentary on results for the period

Refer to the Letter from the Chairman and Managing Director's Review in the attached financial statements for the year ended 30 June 2014.

15. Statement of whether the report is based on audited accounts, are in the process of being audited or have not yet been audited

The attached financial statements for the year ended 30 June 2014 have been audited.

Cris Nicolli
Managing Director

Melbourne
28 August 2014

UXC Limited
Highlights
30 June 2014

2014 Results

	2014	2013	Change %
Revenue from continuing operations ($'000)	**643,368**	594,269	8
Net profit after tax from continuing operations ($'000)	**15,732**	22,683	(31)
Profit attributable to members ($'000)	**15,732**	24,012	(34)
Earnings per share from continuing operations (cents per share)	**4.95**	7.37	(33)
Earnings per share attributable to members (cents per share)	**4.95**	7.80	(37)
Dividend (cents per share)			
Interim	**0.75**	1.75	(57)
Special	**-**	0.45	(100)
Final	**3.00**	3.55	(15)
Total	**3.75**	5.75	(35)

Highlights

- **Full year revenue** up 8.3% to $643 million, a record result
- **Underlying earnings** are in line with market guidance issued in June 2014:
  - Full year underlying EBITDA -2% to $36.4 million (2nd half up 7% to $24.4 million)
  - Full year underlying PBT - 13% to $25.6 million (2nd half down 1% to $18.2 million)
- Completed and **successfully integrated five acquisitions** in the Applications segment
- Increase in **annuity revenue** by 29% over the previous corresponding period, now represents 27% of business
- Strong **net debt** position at $4.1 million
- **Final dividend** of 3.0 cents per share fully franked

Outlook

- **Annuity contracts and back log** of work represents 60% of FY15 revenue target - up from 46% in FY14
- **Strong back-log** of work to be delivered, up over 20% from the close of last financial year
- Good pipeline of **new contracts** with the value of the sales pipeline (front-log) up 13% from the close of the last financial year
- FY15 will provide **increased opportunity for growth** with the full year impact of the five acquisitions, new technology solutions and improved project delivery processes

Contents

Our Vision

To create simplicity and meaning in a complex world through the power of people and technology, by being the leading Tier 1 Australian IT Services and Solutions Company, delivering value, innovation and responsive business outcomes with excellent people.

Our Focus

"IS OUR CUSTOMERS"

Providing a range of unique, unmatched and formidable ICT solutions in Consulting, Business Applications and Infrastructure that support our customers to plan & design, implement & enhance, and operate & manage their ICT requirements.

Our Competitive Position

To be recognised as the leading Australasian IT service provider and the Number One alternative to the multinationals in the sector through the domain depth and breadth of our services, client centricity and market leading capabilities.

Letter from the Chairman

Melbourne, Victoria
28 August 2014

Dear Fellow Shareholders,

On behalf of the directors, I am pleased to present the results of UXC Limited for the twelve months ended 30 June 2014 and its financial position as at that date.

The second half performance has been encouraging. Revenue performance is at a record high for the year and our underlying earnings are in line with the guidance issued to the market in June 2014, with an impressive cash performance in June delivering a strong balance sheet with net debt at a low $4.1 million.

We continue to make good progress towards the fulfilment of our strategic plan and the advancement of our growth platform. We have made significant steps in improving our position in many new and emerging technologies through our acquisitions and new partnerships with global software and Cloud providers.

We have further established our leadership as the largest Australasian Services and Solutions IT Company and thereby advanced our status as the number one alternative to multinational competitors in the IT sector. This is evidenced by our continuing revenue growth rate exceeding growth rates achieved by the industry sector.

We are rapidly moving into new areas of technology and solutions through acquisition and vendor alliances. To support this drive, we have completed three significant acquisitions that expand the range and reach of our ICT solutions as well as two smaller acquisitions that increase our functional and geographic positioning. Having purchased the three larger businesses late in the first half, we expect these businesses, together with the two acquired in June, will make an important contribution to the full year earnings in FY15.

While the first half was impacted by unanticipated project over runs and some restructuring costs, improved project and risk management has seen the completion of these projects within our expectations. Additionally new processes, reporting and governance has provided greater transparency and improved management of our project portfolio.

The directors have declared a final dividend of 3 cents per share fully franked, payable on 27 October 2014 for shareholders of record on 13 October 2014.

Your Board of Directors look forward to making further progress on our strategic plan and increasing shareholder returns. I would like to thank the Board, management and employees for the important contribution they have all made towards UXC's progress during this past year.

Geoffrey Cosgriff
Chairman

Managing Director's Review

Melbourne, Victoria
28 August 2014

Dear Fellow Shareholders,

I am pleased to report that UXC had a strong second half in what has been a challenging year.

The results of our second half EBITDA on an underlying basis are well above the first half, and above the previous corresponding period. While we have seen improvements on multiple fronts, especially in the last quarter, it has not been sufficient to achieve the FY14 annual profitability goals that we set for ourselves.

The impacts of the first half are now well behind us and the tough lessons learnt from bidding, winning and delivering larger more complex projects are becoming systemically entrenched into the business.

We are very pleased with our annual revenue growth, up 8.3% to $643 million, a record result and while we still have much to do in driving the appropriate level of earnings across the business, improvements are being seen and provide strong indicators for FY15.

We have completed five acquisitions, four of which have been successfully integrated into the business, with UXC Keystone forming a standalone business. This coupled with our emerging technology solutions, improved processes and increased customer satisfaction, we have further increased the strength of UXC both strategically and in earnings capacity. The underlying business continues to improve and remain strong as is evidenced by our revenue growth, the 29% increase in annuity contracts, the 20% increase in our back log of business and improved positioning in new market segments.

Our goal remains to continue to build UXC into a more vibrant client centric, robust, sustainable and more profitable business over the medium to long term. As a leader within the IT sector we have over the past twelve months, through our people, the acquisitions and strong customer centricity, increased the capability and maturity of the company and positioned UXC for stronger earnings growth in the future.

Our net debt was a low $4.1 million as at 30 June 2014 further reaffirming our capacity to generate strong cash flows from our business. The strong cash collection in June is a reflection of our strong customer support and improved cash collection processes.

Despite subdued market conditions we continued to make very good progress on the execution of our strategy and importantly we have positioned the business with expanded growth opportunities in some emerging technology SaaS and cloud segments that show strong demand.

We have also further increased our investment in the high growth market of North America with our Microsoft business. This market and the strength of Microsoft in North America, presents a strong growth opportunity for UXC, especially given the successful integration of the acquired business and the synergies being created.

The strong positioning of our existing core relationships in the Applications market (Microsoft, Oracle, SAP and ServiceNow) is now being augmented by new strategies and relationships that position UXC well for the future. This process of portfolio refresh is positioning UXC for ongoing profitable growth and provides confidence in our FY15 outlook.

REVENUE AND UNDERLYING EARNINGS

Improving our earnings continues to be one of the major focuses for the business. To better understand the results of our operations and the influences on our earnings, presented below is a table which reconciles the reported profit to the underlying earnings the business generates:

Managing Director's Review

REVENUE AND UNDERLYING EARNINGS (continued)

Reconciliation of NPAT to EBITDA (1)	**2014 Full Year**			2013 Full Year		
	Reported $'000	**Adjustments $'000**	**Underlying $'000**	Reported $'000	Adjustments $'000	Underlying $'000
Net profit after tax attributable to members	15,732			24,012		
Net profit after tax - discontinued operations	-			1,329		
Net profit after tax - continuing operations	**15,732**			**22,683**		
Income tax expense	6,302			8,858		
Reported profit before tax	**22,034**		**22,034**	**31,541**		**31,541**
Less: Acquisition costs		1,896	1,896		-	-
Transformation and redundancy costs		1,904	1,904		-	-
Contingent consideration adjustment		(209)	(209)		(1,337)	(1,337)
Net gain on sale of business		-	-		(814)	(814)
Profit before tax	**22,034**	**3,591**	**25,625**	**31,541**	**(2,151)**	**29,390**
Net interest expense	2,588		2,588	434		434
Depreciation and amortisation	8,152		8,152	7,442		7,442
EBITDA	**32,774**	**3,691**	**36,365**	**39,417**	**(2,151)**	**37,266**

(1) Unaudited Non-IFRS Financial Table
The underlying profit adjustments diminished the reported result for FY14 and relate to the costs incurred and expensed in acquiring the purchased businesses ($1.896 million), redundancies ($1.904 million) less the write back of deferred consideration of ($0.209 million).

Revenue at $643 million for the FY14 year was up 8.3% on FY13 and 10% for the second half. This shows the business remains robust especially given the strong 29% increase in annuity business which now represents 27% of our revenue. Services remained flat for the period but product and licence sales increased 12% over FY13.

Underlying EBITDA was up 7% for the second half and down 2% for the year after the difficult first half.

A number of key financial performance indicators provide increased confidence on our revenue base for FY15, especially the impact of the five acquisitions with full year revenue and earnings contributions.

These include:

- The increase in annuity business up 29% over last year
- The re-signing of our portfolio of managed services contracts
- Adding new managed services clients such as Melbourne Water, Virgin Airlines, Shell, Fletcher Group and Hudson
- The back-log of work to be delivered up 20% from last year
- The pipeline of opportunities (front-log) up 13% from last year
- The top 50 clients contributing to a revenue increase of 6.5% over last year

Despite falling short of our full year plan and ambition, it was encouraging to see the second half improvement in what was a challenging market. We have applied a number of new processes to all projects to achieve improved delivery performance including a more disciplined qualification, bid and solution review processes, breaking larger projects into specific packages of work, increased risk assessment, and uplifted the program management experience. Additionally, the Audit and Risk Committee provides increased project review and risk oversight to support executive management.

In addition to focusing on improving project delivery gross margin, utilisation and productivity by staff member, a number of non-direct labour related cost cutting initiatives have been completed. We have made good savings in key operational and overhead spending areas with group purchasing power exercised to achieve improved pricing on key areas of spend. These include travel, accommodation, facilities, communications, energy, marketing and advertising. The consolidation of facilities is an ongoing process with Melbourne completed in FY14 and Sydney planned for FY15. While we see some cost savings from this consolidation, the real benefit is the integration of employees into a single office allowing for greater business unit and employee collaboration.

Managing Director's Review

REVENUE AND UNDERLYING EARNINGS (continued)

Our total overhead spend from our existing business has reduced by $5 million or 4%. While our overall overheads have increased through the acquisition of new businesses, excluding acquisition related costs, overall overhead costs have reduced as a percentage of revenue.

We continue to be watchful on our resources, both permanent and contract headcount, to reflect the need to align skills with client demand and price points. Staff numbers excluding employees joined via acquisitions (260) have dropped by 20 including contractors.

Our ongoing attention remains on margin growth as a major driver of continued earnings improvement, with cost reductions, staff productivity and excellence in project delivery as cornerstones of our strategy to achieve this outcome.

SEGMENT REVIEW

Applications

Our market-leading Applications segment had a flat FY14 organic revenue performance, but **improved revenue by 15%** from the previous corresponding period when including acquisitions. The Applications segment is our core growth driver and remains a major competitive differentiator in the market against our local and international competitors. This market segment is characterised by larger value and longer duration projects and as such provides a form of buffer against short term market variances.

Underlying PBT growth for this segment was **11% for the year and 29% for the second half** including acquisitions. Included in the result are the investments made in new innovation, emerging products and Application Management Services. Other than our ServiceNow investment which performed well, we are just starting to see these new opportunities come to market and expect an increased contribution from investments in FY15 and beyond.

Our largest application business, focused on Oracle, UXC RedRock provided strong growth and we continue to invest in and maintain our leadership position. Oracle globally continues to acquire organisations and capabilities which in turn provides emerging opportunities for our business. We have extended our investment in the Oracle portfolio to include Asset Life Cycle Management (ALM), through the acquisition of Convergence, as well as Project Portfolio Management with Primavera. The investment in Convergence not only provides greater domain depth in key areas but also extends our Western Australia presence as well as providing an entry to test the South East Asian market. Based on our domain capability and depth, some customers are requesting assistance with overseas projects which creates additional opportunities to access growth options for the future.

After being focused on the acquisition and integration of the North American assets from the Tectura business between November to February, we are now in full operating mode and seeing strong market demand in North America. With the successful integration of the North American acquisition, the Microsoft business is now a global leader. The Microsoft Dynamics market space has been accelerating in the second half, especially in the North American market. The maturity of the Microsoft Azure platform, the new release of Dynamics AX and the increased functionality for Dynamics CRM are all exciting avenues for our leadership position in this market space. The back log of work is increasing especially with Dynamics AX and we expect the improvements seen in the second half to continue. Margins remained solid in this business and we expect increased growth in FY15 based on the higher growth rates of the North American market and the improvement in the local Dynamics AX business.

Our SAP business, UXC Oxygen had a difficult year in generating satisfactory earnings but won and successfully delivered some very complex and large SAP projects during the year. The SAP market for UXC was characterised by some large projects but there was a slowdown in run rate business, making resource allocation difficult. The acquisition of White Labelled is generating increased opportunity including new eCommerce and Omi channel solutions. While revenue was satisfactory, margins were lower than anticipated especially with the impact of a bad debt of $550k written off in June, impacting PBT.

Our ServiceNow business, UXC Keystone has contributed to earnings for seven months of the period and is expected to benefit from synergies with our ITSM expertise in our Consulting practice. We see significant new service opportunities as ServiceNow extends its functionality and market reach especially within our installed customer base. As we develop more alignment with the vendor and increase the value add of the ServiceNow platform, increased consulting activities will result.

Managing Director's Review

SEGMENT REVIEW (continued)

Applications (continued)

Our investment in this sector will provide strong growth in FY15 and going forward.

Consulting

The Consulting segment which includes our advisory and professional solutions business has had an improved year. The challenges in this market are well documented but on a 6% reduction in revenue PBT improved 13% over FY13. While there was an improvement of PBT quality from 6% to 7.6%, of revenue, it is still below our target but with some increased revenue anticipated in FY15, further improvements are expected. As we augment our current services range, by developing the emerging product and services portfolio through our refresh process, new opportunities are becoming available that provide greater scope for improved differentiation and pricing. Our focus is on utilisation, cost control and resource management to achieve further improvements for this segment.

IT Infrastructure

The IT Infrastructure segment experienced a revenue increase of 6% over the year on the strength of first half demand in product areas, as well as a solid second half from the Queensland Hospital projects. The most pleasing aspect of the year was the re-signing of the major outsourcing clients that were ending contract terms. The success in retaining our long term managed services clients as well as the winning of new contracts such as Melbourne Water, Shell, Virgin Airlines, Fletcher Group and Hudson recognises the service delivery reputation and competitiveness of our offerings. These successes contributed to the strong growth in our annuity business.

Additionally, the performance in managing large and complex project delivery, especially in the Health sector, improved such that margins delivered were more closely aligned to sell margins. The cost of bidding for the expiring and prospective managed services contracts together with the first half delivery issues produced a result that was down on the previous year, however the second half was significantly above the first half performance.

STRATEGY AND SOLUTIONS

The UXC difference is to achieve meaningful outcomes and outstanding customer centricity through the power and capability of our people, our partners and technology. With the accelerating complexity of technology and its impact on business, UXC has a vision of delivering business outcomes based on simplifying this complexity and delivering real value add outcomes. The alignment of longer term client relationships and annuity business is based on solutions and delivery excellence that becomes core business. A key component of the strategy is to identify and invest in selected segments of the IT market with a view to achieving leadership and competitive positioning together with relevance to the vendors represented. By also focusing on the way the market and clients want to interact and purchase, it provides an opportunity for UXC to align our “go to market” with those customer preferences while providing strong domain and functional delivery outcomes and processes.

Selecting and investing in key market segments is an evolving cycle, especially with the increasing rate of change in new technologies and platforms. To stay relevant and be competitively strong, high touch client relationships are required as is the ability to look at new and emerging solutions that provide client value. UXC has developed a strong capability and process for investing in new solutions. These positions are achieved via organic investments and through acquisitions. As the market grows and changes, it is important to identify new client centric solutions to augment our already strong portfolio of products, services and solutions.

An area of significant advancement over the past year has been the inclusion of solutions based on new and emerging technologies. UXC has been approached, by global leaders, to be a reseller and systems integrator given our strong market reputation and customer base. We have also been proactive in developing relationships that have started to show returns in FY14, a year of investment and establishment for these “incubator” type initiatives.

Managing Director's Review

STRATEGY AND SOLUTIONS (continued)

These solutions will provide UXC with new avenues to market and increase the value to existing and new clients who are looking to invest more funds into systems of engagement that bring new value and innovation to the business. SaaS, Analytics, Mobility, BYOD, self-service, Digital, PaaS are just some of the technology solutions being considered by the market but are yet to be fully embraced. The formalisation of new relationships with ServiceNow, Amazon Web Services, Apptio, Box, Right Scale, Senetas, Splunk, Tableau, and others positions us well to drive increased revenue and margin from these partner based solutions in FY15. The investments made in this past year have been a part of the strategic plan to build new, increasingly flexible and annuity based solutions to the clients as they move to more operational cost and consumption based models. These solutions will flow into our businesses in the ERP market and provide greater opportunity within our key clients.

This is part of our deliberate portfolio refresh strategy which also includes our current core vendors. The support of our mainstream vendor relationships continues to be critical to our future as we support the investments these vendors make in new products, services and capabilities as they move to bring new cloud based solutions to augment their current portfolio.

Our relevance to our core partners continues to place us in a strong position to market, sell, implement and support these global leading products. We consider the advancements being made by Microsoft, Oracle, SAP and ServiceNow in new solution areas, as well as the continuing demand for their core products positions us strategically to capture greater market share. The maturity of the Microsoft Azure platform, the new release of Dynamics AX and the increased functionality for Dynamics CRM are all enhanced avenues for our leadership position in this market space.

We have continued the process of refreshing the UXC portfolio of services and solutions and are confident of our overall strategy.

ACQUISITIONS

We completed and successfully integrated five acquisitions in FY14 which provide capacity and capability for emerging segments in the market that will drive a number of our growth initiatives and increase our depth and breadth of capability in the Applications segment. The businesses purchased will contribute a full year of earnings to UXC's FY15 financial targets and provide a greater degree of annuity revenue especially in cloud based SaaS. Each brings its own strengths and capabilities as well as access to an emerging and rapidly sought technology and/or expanded capability in core offerings in growing markets. Each of the businesses sit within our Applications operating segment.

- Within our SAP business, UXC Oxygen, **White Labelled** was acquired in October 2013. White Labelled specialises in the delivery of digital and eCommerce solutions built on industry-leading platforms such as hybris (an SAP company), Oracle Commerce, IBM WebSphere Commerce and Magento. It will enable UXC to provide the solutions and services necessary to establish an Omni- channel customer experience platform for organisations across all industries. With the ability to offer cloud based solutions, together with our other UXC cloud based solutions, UXC has been accredited as one of only two platinum partners of Amazon Web Services.

- **Keystone** Management Solutions was acquired in late November 2013. We see the high growth cloud-based IT Service Automation market, coupled with our strong ITSM experience in Australia and South East Asia, as ideal platforms to combine with Keystone. The expansion is also a compelling opportunity for a strong return on our investment and furthering our strategy of building our Cloud Services leadership. We are now the Australian market leader in ServiceNow.
  The investment in ServiceNow presents a significant platform from which to rapidly change and value add to key clients both within the IT function and into areas such as HR, procurement and other service functions. Our early and strong positioning, together with the addition of new applications aligned to the ServiceNow platform provides a compelling solution for business, most of which is SaaS and annuity based.

Managing Director's Review

ACQUISITIONS (continued)

- Within our Microsoft business, UXC Eclipse, selected businesses and assets of **Tectura** Corporation were acquired in North America in late December 2013. UXC has previously articulated its strategy to build a stronger presence in the North American market specific for Microsoft Dynamics, given the higher rate of growth available in that market, and the strong position held by UXC Eclipse in Microsoft Dynamics in Australasia. Tectura, like UXC Eclipse, is an established global Microsoft Dynamics Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) partner, and the UXC Eclipse acquisition of the North American business is well supported by Microsoft. Tectura specialises in implementing and supporting Dynamics NAV, Dynamics GP and Dynamics AX for a broad range of medium to large companies. With an additional 180 staff from Tectura in the USA and Canada, this will bring the UXC Eclipse North American footprint to over 240 people, a customer base over 1,400 and annual revenue will increase by some $48 million per annum to be in excess of $70 million.
  The integration of this business by the UXC Eclipse team has gone very well and we are expecting to see impressive returns from the business which is operating in a high growth rate market.

- **Convergence** is an Oracle based Asset Life Cycle Management (ALM) consultancy which was acquired in late June 2014. With a strong reputation in the ALM space and with 23 consultants in Australia and Singapore, this business extends our UXC Red Rock Oracle functional capability and broadens our customer base. This business is operating as a practice within UXC Red Rock.

- **Clarity** is a niche SAP consultancy that was acquired in late June 2014 and was fully integrated into UXC Oxygen. The 12 staff will form part of the various functional SAP practices.

The acquisitions were funded with a combination of shares and bank debt.

Net of cash acquired, $37.9 million of cash and $6.2 million of shares has been paid to date for the businesses. They contributed $44.8 million to revenue, an EBITDA of $6 million with acquisition costs incurred of $1.9 million for the year.

A strong earnings accretive contribution is expected in FY15 as we will have a full twelve months earnings and no further impost from acquisition costs.

These acquisitions will assist us to leverage the next chapter in the growth and expansion of our capabilities within UXC.

CLIENTS

Our culture is aimed at building outstanding long term client relationships. With our unique client centric culture, our pragmatic and agile approach, we have been very successful in not only retaining our key clients but also in consistently winning significant new contracts.

Our percentage of business derived from our top 50 clients increased by 6.5%, demonstrating the increasing significance of work performed for them.

Our reputation for delivering on promises and adding value together with the advancement of our new investments both organically and through acquisitions have positioned us well in new key, high demand areas of technology. Existing clients are asking us to do more and new clients are approaching UXC to bring innovation and new tools to their business. This is further reinforcing the key component of our strategy which is to be the leading Australasian Tier 1 service provider and compete for sophisticated systems integration and managed services contracts. We believe the evidence of our successes is shown by the win rate, the retention and expansion of key clients, the increase in our annuity business and backlog of work to be delivered. We continue to receive pleasing feedback and the references we receive from our clients continue to play an important role in our winning new and larger opportunities. We have been able to retain all of our large clients and now have 65% of our business coming from our top 100 clients.

Managing Director's Review

CLIENTS (continued)

Annuity revenue has grown 29% over FY13 and now comprises 27% of the business. This growth is a further reflection of the longer term relationships being developed with clients and the increasing opportunity being provided to UXC. The combination of being highly customer centric, providing value and outcomes, not just price, being at the cusp on new and emerging technologies such as mobility, Digital, analytics and cloud centric solutions, presents increased opportunity in a market that is becoming increasingly complex. Customers are changing the pattern of their purchasing to wanting more solutions, strong relationships and innovation. With our breadth, depth and reputation in the market place we are very well positioned to operate in this environment.

CASH FLOW AND CAPITAL MANAGEMENT

Cash flow remains a key focus area of business. As has been the case for many years, the net cash flow from operating activities is an outflow in the first half of every financial year due to seasonal factors affecting the timing of receipts and the related disbursements around 30 June. While Government procurement of goods and services and certain software license sales to other customers typically peak in the May - June period, which produces higher than usual collections, this year has not been as pronounced. What has been different this year is that while there have been fewer prepayments, we have enjoyed a more positive response by clients to paying within and some cases ahead of trading terms.

Our cash collections in May and June were very strong with net debt being $4.1 million as at 30 June 2014. The strong collection outcome is seen as a reflection of our improved cash collection processes but more significantly an indicator of the high satisfaction rating from our clients.

While we have traditionally had a large temporary cash surplus in June, with large outflows in quarter one, it is anticipated that FY15 will generate a more even cash flow outcome. There will still be a cash usage in the first half due to disbursements made to suppliers and staff incentive payments (August and September) that are a significant component of wages.

An increasing factor in our working capital management is the impact of the larger fixed price projects that are often based on milestones for invoicing and therefore impact cash collection. The ability to manage the balance between meeting customer terms and retention needs, including UXC requests for mobilisation deposits and keeping our cash current is an ongoing focus of the manner in which we contract and manage our projects.

We are confident that our track record of typically converting the majority of our EBITDA to cash over the course of the full financial year will continue.

The final dividend of 3.0 cents per share has been positioned at the top end of the guidance range as a recognition of the confidence we have in the future and our desire to reward shareholders.

BUSINESS ENVIRONMENT AND OUTLOOK

Market conditions have been both challenging and variable by industry and region. We experienced an increase in activity in quarter four and have seen reasonable confidence to the start of this year. We remain optimistic that our approach is solid, but also cautious in our investments. The FY15-FY17 targets set are realistic and aim to improve earnings growth for the next three years as part of our integrated strategic plan. We will remain focused on improving earnings while building UXC into a stronger, leaner and more competitive organisation for the future.

We have advanced our strategy of taking leading positions with emerging and faster growing technology vendors as part of the portfolio augmentation process based on the belief that, demand for new and innovative solutions will increasingly drive increased opportunity, for which we are well placed. We will continue with the current strategy of building increased capability in our targeted go to market areas by way of increased scale and geographic reach where required and maintain our specific focus on core technologies. We will align this with the businesses that best represent the vendors that make up our solutions in those segment including Alcatel, Amazon Web Services, Apptio, BOX, Cisco, Microsoft, Oracle, Right Scale, SAP, Senetas, ServiceNow, Splunk and others. We are conscious of the need to continue to stay relevant to our clients and the vendors we represent and be positioned to lead customers as they embrace new solutions and services as technology and business drivers change.

Managing Director's Review

BUSINESS ENVIRONMENT AND OUTLOOK (continued)

While maintaining our core customer base, UXC will continue to focus on increasing the size of the client engagements and projects we tender for. Our references with key clients are crucial in continuing to build our reputation as an organisation that can deliver larger and more complex projects, and this in turn leverages our Consulting and Professional Solutions practices who are also winning larger and longer term assignments as well as assignments more aligned to our Application and Infrastructure projects.

Our challenge after winning these larger and more complex projects, is about improving the quality and consistency of delivery margins. As we deliver more of these complex and larger value contracts, we will continue to learn from our experiences. The investment in new processes include independent risk assessment, management of scope and risk reviews and project health checks to ensure the quality of delivery to achieve tendered margins, is already showing improvements.

The value of our annuity base of business, which has increased by 29% over the previous corresponding period, our strong customer relationships, the impact of our acquisitions and the increase in our back log of business will enable UXC to grow revenue above market in FY15. The impact of the full year earnings of our acquisitions will provide earnings growth over FY14 and augment our organic growth expectations.

We continue to be confident in our ability to grow the profitability of UXC. While market conditions remain subdued we still see the ability to forecast meaningful growth in FY15 on the previous corresponding period.

ACKNOWLEDGEMENTS

Our valued employees are central to impressing our clients and delivering our plan. I would like to take the opportunity to thank all of them for their exceptional contribution to the business, their loyalty and for their outstanding service to our clients. The manner in which they collaborate, innovate, listen, focus on client outcomes, work tirelessly to add value and meet our promises is not just great - it is excellent. Their professionalism, focus, passion and loyalty are very respected and appreciated. I would like to take this opportunity to thank them, my executive team and the Board for their support.

I wish to thank our clients and again highlight how critically important they have been in helping UXC continue to be recognised as a leader in the market. I am confident that provided we stay focused on their outcomes and our brand of innovation, high touch and show our ability to create simplicity and meaning in a complex world, more opportunities will follow. I take this opportunity to thank our existing loyal clients for their confidence in UXC.

We have positioned UXC for the future. With the stronger business platform and portfolio we have developed, our continuing focus on the client, and the investment in our people, I am confident all at UXC look forward to the challenges and rewards of taking UXC forward to reach new highs and to ensure that we achieve our potential.

Cris Nicolli
Managing Director

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of UXC Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors
The Directors of the Company in office during the financial year and up to the date of this report are:

- Geoffrey Cosgriff (Chairman)
- Cris Nicolli (Managing Director)
- Geoffrey Lord (Deputy Chairman)
- Kingsley Culley (resigned 24 October 2013)
- Brian Mitchell
- Gail Pemberton
- Jean-Marie Simart
- Doug Snedden

Principal activities
During the year the principal activity of the Group was the provision of business services and solutions in information, communication and technology.

Review of operations
Refer to the Managing Director's Review on pages 2 to 9 for commentary on results and financial position for the year ended 30 June 2014.

The Company’s track record in its operating performance, financial strength and returns to shareholders is summarised in the following table:

Financial Year Ending 30 June		2014	2013	2012	2011	2010
Revenue ($000)		643,368	594,269	560,078	521,402	470,059
NPAT from Continuing Operations ($000)		15,732	22,683	18,177	4,530	20,340
NPAT Attributable to members ($000)	(1)	15,732	24,012	19,711	(20,177)	(2,872)
Operating Cash Flow ($000)		31,049	19,776	30,873	26,483	27,956
Closing Cash ($000)		19,724	34,343	40,545	27,163	37,758
Total Assets ($000)		425,593	382,579	346,894	417,440	447,351
Shareholders’ Equity ($000)		215,028	201,873	183,391	172,443	193,275
Available Franking Credits ($000)		7,573	10,142	9,889	7,917	8,600
Basic EPS - Continuing Operations (Cents per share)		4.95¢	7.37¢	5.94¢	1.48¢	7.00¢
Basic EPS - to members (Cents per share)		4.95¢	7.80¢	6.44¢	(6.60)¢	(1.01)¢
Dividend / Distribution (Cents per share)	(2)	3.75¢	5.75¢	3.50¢	2.00¢	-
Dividend Payout Ratio (%)		76%	74%	54%	n/a	-
Return on Tangible Assets (%)		10.9%	15.2%	9.0%	(7.9%)	(1.1%)
Return on Assets (%)		5.2%	8.2%	5.2%	(4.7%)	(0.6%)
Return on Equity (%)		10.2%	15.6%	11.1%	(11.0%)	(1.5%)
Gearing Ratio (%)	(3)	10.0%	4.0%	0%	14.7%	20.2%

(1) From all sources - includes results of operations now discontinued.
(2) Includes a final dividend of 3.55 cents and a special dividend of 0.45 cents in FY13. Includes the return of capital in FY11.
(3) Calculated as gross debt/gross debt plus equity.

UXC operated within its banking covenants for the year.

Information on Directors

Director	Experience	Special Responsibilities	Directorships of other Listed Companies	Period of Directorship
Geoffrey Cosgriff Aged 61 BAppSc (Elec) FAICD FIE Australia Company Director Diploma	Chairman Appointed Chairman on 24 October 2012. Appointed Director on 13 September 2002. More than 30 years experience as a manager and Director in the Information Technology and Infrastructure sectors. Director of RACV Ltd and related entities since November 2012. Chairman of Leadership Victoria since 2012. Director of Infocos Pty Ltd since 1990. Director of Intelematics Australia Pty Ltd since 2013. Former Managing Director of MITS Ltd from 1990-2000. Former Non-executive Director of Transurban Group (2000-2011). Former Executive Director of Logica Australia Pty Ltd (2000-June 2008).	Chairman; Member of Nomination Committee	Transurban Group	2000-2011
Cris Nicolli Aged 60 BMS FAICD	Managing Director Appointed Managing Director of UXC Limited 28 October 2010. Over 25 years of management experience in the Information Technology and Communications Industry. Executive roles in Sales Management, Channel Management and services at Digital Equipment Corporation (now part of Hewlett Packard). Former Director of Compaq Asia Pacific Professional Services. Former Vice President of Nortel Networks Asia Pacific Global Professional Services. Member of the National Standing Committee on Cloud Computing.	Managing Director		
Geoffrey Lord Aged 69 BEco (Hons) MBA (Distinction) ASSA FAICD	Deputy Chairman Founder, appointed Director and Chairman on 13 September 2002, resigned 24 October 2012. Appointed Deputy Chairman on 24 October 2012. Over 40 years experience in business management. Chairman and Chief Executive Officer of Belgravia Group. Chairman LCM Litigation Fund (formerly Australian Litigation Fund) and Terrain Capital Limited. Deputy Chairman of Institute of Drug Technology Limited. Director of MaxiTrans Industries Limited. Former Director of KLM Group, Ausmelt Limited, Northern Energy Corporation Limited. Founder and inaugural Chairman of Melbourne Victory Limited.	Deputy Chairman; Member of Nomination Committee	Institute of Drug Technology Ltd MaxiTrans Industries Ltd Ausmelt Ltd Northern Energy Corporation Limited	Since 1998 Since 2000 2001-2011 2007-2011

Information on Directors (continued)

Director	Experience	Special Responsibilities	Directorships of other Listed Companies	Period of Directorship
Jean-Marie Simart Aged 69	Non-executive Director Appointed Director on 10 August 2001. Director of Vintec Australia Executive Chairman of Crown Commercial Group Former Senior Country Officer with Bank Indosuez in Saudi Arabia, South Korea, Japan and Australia (1980-1996). Former Executive Director of the Bank's Asian Board, in charge of the Private banking in Asia and member of the advisory Board to the Chairman of the Bank. Former Chairman of the French Advisors Association to the French Government in South Korea, Japan and Australia. Former Chairman of the foreign bankers association.	Member of Audit & Risk Committee; Nomination Committee and HR & Remuneration Committee (appointed 1 November 2013)		
Gail Pemberton Aged 61 FAICD MA (UTS)	Non-executive Director Appointed Director on 1 November 2011. Over 30 years experience in the financial services and technology sector in CIO, COO and CEO roles at companies including Macquarie Bank and BNP Paribas. Chairman of OneVue, SIRCA and Onthehouse. Director of QIC and Paypal Australia. Former Director of Alleron Funds Management, Air Services Australia, the Sydney Opera House Trust, Harvey World Travel and Baycorp.	Chairperson of HR & Remuneration Committee; Member of Nomination Committee	Onthehouse	Since 2011
Brian Mitchell Aged 66 FAICD FAMI AFAIM	Non-executive Director Appointed Director on 24 October 2012. Senior executive with over 30 years experience in the IT Industry, mostly at CEO level with IBM, Digital Equipment, BIS Banking Systems and Oracle Corporation, throughout the UK, the USA, Australia and Asia Pacific. Chairman of Bravura Solutions Ltd. Chairman of Other Levels Pty Ltd. Former Senior Vice President of Oracle Asia Pacific. Former Managing Director of Oracle Australia & New Zealand (Dec 2000 to Sept 2004).	Member of Audit & Risk Committee; Nomination Committee; HR & Remuneration Committee	Bravura Solutions Ltd	Since 2009
Doug Snedden Aged 56 B Ec (ANU) MAICD	Non-executive Director Appointed Director on 24 October 2012. 30 years experience working in consulting, technology and outsourcing for Accenture (formerly Andersen Consulting), throughout Australia and Asia Pacific. Chairman of Odyssey House NSW and Chris O'Brien Lifehouse Director of Transfield Services Limited, Hillgrove Resources Ltd, Sirca Technology Pty Ltd, St James Ethics Centre, Black Dog Institute. Former Managing Director of Accenture Australia (retired June 2008).	Chairman of Audit & Risk Committee; Member of Nomination Committee	Transfield Services Limited Hillgrove Resources Ltd	Since 2009 Since 2012

Information on Directors (continued)

Director	Experience	Special Responsibilities	Directorships of other Listed Companies	Period of Directorship
Kingsley Culley OAM Aged 72 MBA BEng (Hons) Dip Mech Eng FIE Australia FAICD	Non-executive Director Appointed Director on 13 September 2002, resigned 24 October 2013. Engineer with over 20 years experience in senior management. Former Chairman of Port of Melbourne Authority and Pacific Hydro Ltd. Former Director of Docklands Authority and South East Water Ltd. Former CEO of Melbourne and Metropolitan Board of Works (MMBW).	Member of HR & Remuneration Committee (resigned 24 October 2013) and Nomination Committee (resigned 24 October 2013)		

Company secretary

Mark Grodzicky

Mark Grodzicky, aged 50, was appointed as General Counsel of UXC Limited in November 2008 and Company Secretary on 1 April 2014. Mark has worked as a general counsel and company secretary in a career that has spanned over 30 years in the Information Technology and Communications Industry. Prior to joining UXC, Mark was General Counsel and Company Secretary of Getronics Australia Pty. Ltd, which was acquired by UXC in 2008. Prior to Getronics, Mark held various legal and business positions with Digital Equipment Corporation, Compaq, Sun Microsystems and Wang Computer. He has a Bachelor of Law and Science and is a member of the NSW Law Society and of the Australian Corporate Lawyers Association.

Mark Hubbard

Chartered Accountant, aged 55, joined UXC Limited in September 2002 and was also Finance Director. Mr Hubbard resigned as Company Secretary and Finance Director effective 31 July 2014. Mark was previously Executive Director/Company Secretary of DVT Holdings Limited from August 2001. A Chartered Accountant with Deloitte in Denver and Sydney, has also served as CFO/Company Secretary with Mase Westpac Australia Limited, Spectrum Network Systems (now PowerTel), and AIDC Metals Limited. Mr Hubbard holds a degree of Bachelor of Science Business (Accounting) Cum Laude from the University of Colorado School of Business and Administration, and holds a Certified Public Accountant qualification from the USA. He is also a member of the Australian Institute of Company Directors.

Meetings of Directors

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member).

	Full meetings of Directors		Meetings of committees: Audit & Risk		Nomination		HR & Remuneration	
	A	B	A	B	A	B	A	B
Geoffrey Cosgriff	15	15	*	*	4	4	*	*
Cris Nicolli	15	15	*	*	*	*	*	*
Geoffrey Lord	15	12	*	*	4	4	*	*
Kingsley Culley (resigned 24 October 2013)	6	6	*	*	1	1	3	3
Brian Mitchell	15	14	9	9	4	4	6	6
Gail Pemberton	15	15	*	*	4	4	6	6
Jean-Marie Simart	15	15	9	9	4	4	3	3
Doug Snedden	15	15	9	9	4	4	*	*

A = Number of meetings held during the time the Director held office or was a member of the committee during the year
B = Number of meetings attended
* = Not a member of the relevant committee

All Directors were eligible to attend all meetings held.

Dividends
Details of dividends in respect of the current year and prior year are as follows:

	2014 $'000	2013 $'000
Fully franked interim dividend of 0.75 cents per share paid 28 March 2014 (in respect of year ended 30 June 2014)	**2,405**	-
Fully franked final dividend of 3.55 cents per share paid 21 October 2013 (in respect of year ended 30 June 2013)	**11,075**	-
Fully franked special dividend of 0.45 cents per share paid 21 October 2013 (in respect of year ended 30 June 2013)	**1,404**	-
Fully franked interim dividend of 1.75 cents per share paid 28 March 2013 (in respect of year ended 30 June 2013)	**-**	5,393
Fully franked final dividend of 2.50 cents per share paid 24 October 2012 (in respect of year ended 30 June 2012)	**-**	7,689
	14,884	13,082

In addition, the Directors have declared on 28 August 2014 a fully franked final dividend of 3.0 cents per share (2013: 3.55 cents final dividend and 0.45 cents special dividend) in respect of the 2014 financial year to be paid on 27 October 2014 for shareholders of record on 13 October 2014. The dividend has not been provided for in this financial report.

Share capital
During the financial year 13,670,000 of UXC Limited ordinary shares (UXC ORD) were issued for a value of $13,505,000, taking the balance at 30 June 2014 to $180,423,000 (322,477,434 ordinary shares).

Details of issues in share capital are as follows:

UXC	**Shares '000**	**$'000**
Balance at 1 July 2013	308,807	166,934
Consideration for acquisitions	8,143	7,538
Dividend Reinvestment Plan	2,446	2,610
Exercise of performance rights	3,230	3,519
Cancellation of shares held in escrow	(149)	(162)
Share buy back	-	-
Net movement	13,670	13,505
Less transaction costs		(16)
Balance at 30 June 2014	322,477	180,423

Shares under performance rights
Un-issued ordinary shares of UXC Limited under performance rights pursuant to the terms of the UXC Incentive Plan at the date of this report are 7,913,907 with an exercise price of $nil and expiry dates from 31 August 2014 to 31 August 2016. A total of 3,295,194 performance rights lapsed during the year with exercise price of $nil. A total of 3,230,710 performance rights were exercised during the year at an exercise price of $nil. No amounts are unpaid on any shares.

Directors' share holdings

The following table discloses UXC Limited ordinary shares held by Directors at the date of this report.

	Total Ordinary Shares Held 2014	2013
Geoffrey Cosgriff	**4,531,704**	4,531,704
Cris Nicolli	**4,481,413**	3,976,992
Geoffrey Lord	**16,702,114**	16,700,110
Kingsley Culley (resigned 24 October 2013)	**-**	1,771,108
Brian Mitchell	**241,000**	201,000
Gail Pemberton	**140,211**	140,211
Jean-Marie Simart	**607,443**	597,443
Doug Snedden	**150,000**	150,000

Performance rights granted to Directors and Senior Management

The following table discloses performance rights over un-issued ordinary shares of the Company granted during or subsequent to the end of the financial year and performance rights held by Directors and the five highest remunerated executives at the date of this report.

	Performance Rights Granted	Total Performance Rights Held
Directors and Senior Management 2014		
Cris Nicolli (1)	**-**	**1,730,769**
Mark Hubbard (2)	**84,270**	**297,269**
Jonathan Rubinsztein	**224,720**	**574,414**
Bradley Stroop	**224,720**	**569,460**
Ian Poole	**112,360**	**427,095**
Directors and Senior Management 2013		
Cris Nicolli (1)	-	2,135,190
Mark Hubbard	212,770	506,857
Ralph Pickering	106,380	483,361
Jonathan Rubinsztein	425,530	795,367
Bradley Stroop	425,530	783,168

(1) Cris Nicolli holds 1,730,769 performance rights granted in FY12 that are subject to the achievement of FY12-FY14 key performance indicators. Refer to Remuneration Report for further details.
(2) Mark Hubbard resigned effective 31 July 2014.

Subsequent Events

On 28 August 2014, the Directors declared a final dividend of 3.0 cents fully franked per ordinary share for shareholders of record on 13 October 2014 and payable on 27 October 2014. This dividend has not been provided for in this financial report.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations
The FY15-FY17 targets set are realistic and aim to improve earnings growth for the next three years as part of our integrated strategic plan. We will remain focused on improving earnings while building UXC into a stronger, leaner and more competitive organisation for the future.

We remain optimistic that our approach is solid, but also cautious in our investments. We have advanced our strategy of taking leading positions with emerging and faster growing technology vendors as part of the portfolio augmentation process, based on the belief that demand for new and innovative solutions will increasingly drive opportunity, for which we are well placed.

We will continue with the current strategy of building increased capability in our targeted go to market areas by way of increased scale and geographic reach where required and maintain our specific focus on core technologies. We will align this with the businesses that best represent the vendors that make up our solutions in those segment including Alcatel, Amazon Web Services, Apptio, BOX, Cisco, Microsoft, Oracle, Right Scale, SAP, Senetas, ServiceNow, Splunk and others. We are conscious of the need to continue to stay relevant to our clients and the vendors we represent and be positioned to lead customers as they embrace new solutions and services as technology and business drivers change.

While maintaining our core customer base, UXC will continue to focus on increasing the size of the client engagements and projects we tender for. Our references with key clients are crucial in continuing to build our reputation as an organisation that can deliver larger and more complex projects, and this in turn leverages our Consulting and Professional Solutions practices, who are also winning larger and longer term assignments as well as assignments more aligned to our Application and Infrastructure projects.

Our challenge after winning these larger and more complex projects, is about improving the quality and consistency of delivery margins. As we deliver more of these complex and larger value contracts, we will continue to learn from our experiences.

The value of our annuity base of business, which has increased by 29% over the previous corresponding period, our strong customer relationships, the impact of our acquisitions and the increase in our back log of business, will enable UXC to grow revenue above market in FY15.

The increase in the value of our annuity contracts and back log of work, which has increased from 46% of FY14 revenue to 60% of FY15 revenue, together with the impact of the full year earnings of our acquisitions, will provide earnings growth over FY14 and augment our organic growth expectations.

We continue to be confident in our ability to grow the profitability of UXC. While market conditions remain subdued we still see the ability to forecast meaningful growth in FY15 on the previous corresponding period.

Additional comments on likely developments and expected results of certain operations of the Group are included in this Annual Report under the review of operations on page 10.

Environmental regulation
The Group is not subject to any particular or significant environmental regulations in respect to its operations.

The Group has assessed its relevant greenhouse gas emissions and energy consumption as being below the 2014 reporting thresholds under the National Greenhouse and Energy Reporting Act 2007.

Significant changes in the state of affairs
The Directors are not aware of any significant change in the state of affairs of the Group that occurred during the financial year other than as reported in this annual report.

Remuneration report
Information about the remuneration of Directors and senior executives is set out in the Remuneration Report on pages 18 to 30 of this Directors' Report.

Insurance of officers and auditors
During the financial year the Company paid insurance premiums in respect of Directors' and officers' liability insurance. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. In accordance with section 300(9) of the Corporations Act 2001, further details have not been disclosed due to the confidentiality provisions of the insurance agreement.

On the 20th June 2012, UXC Limited executed separate indemnities in favour of three Directors of ACN 060 674 580 Pty Ltd, being Geoffrey Lord, Ralph Pickering and Mark Hubbard. This was as a result of updates to the Constitution and in line with current best practice and the Corporations Act 2001 (Cth).

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor auditor, except for certain subsidiaries within the Group where constitutions were revised during the year as permitted under s.188 of the Corporations Act 2001 (Cth).

Non-audit services
The Directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

Details of the amounts paid or payable to the auditor (Deloitte Touche Tohmatsu) for audit and non-audit services provided during the year are outlined in Note 26 to the full financial statements.

Auditor's independence declaration
The auditor's independence declaration is included on page 32.

Rounding of amounts
The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Remuneration report (audited)

This report outlines the policies of the Board of Directors of UXC Limited in relation to the remuneration of the Company's Directors and other key management personnel. It enables investors to understand:

- The costs and benefits associated with UXC's remuneration policies.
- The link between remuneration paid to Directors and other key management personnel and the Company's performance.
- Further information associated with the Directors and other key management personnel who have the greatest authority and responsibility for planning, directing and controlling the activities of UXC Limited.

The disclosures in this report have been prepared in compliance with section 300A of the Corporations Act 2001 (Cth). Where applicable, employee benefits and share-based payments have been calculated in accordance with AASB 119 Employee Benefits and AASB 2 Share-based Payment.

(a) Directors and key management personnel disclosed in this report

The Directors and other key management personnel of UXC Limited during the financial year were:

Chairman	Geoffrey Cosgriff
Managing Director	Cris Nicolli
Non-executive Directors	Geoffrey Lord Kingsley Culley (resigned 24 October 2013) Brian Mitchell Gail Pemberton Jean-Marie Simart Doug Snedden
Key Management Personnel	Mark Hubbard - Finance Director/Company Secretary Ralph Pickering - Director, Divestments & Acquisitions

(b) Relationship between remuneration and UXC Limited performance

Financial Year Ending 30 June		**2014**	**2013**	**2012**	**2011**	**2010**
Revenue ($000)	(1)	$643,368	$594,269	$560,078	$521,402	$470,059
NPAT ($000)	(1)	$15,732	$22,683	$18,177	$4,530	$20,340
Share price at start of year		$1.03	$0.56	$0.57	$0.45	$0.465
Share price at end of year		$0.74	$1.03	$0.56	$0.57	$0.45
Interim dividend (Cents per share)	(2)	0.75¢	1.75¢	1.00¢	0.00¢	0.00¢
Final dividend / distribution (Cents per share)	(2)(3)	3.00¢	4.00¢	2.50¢	2.00¢	0.00¢
Total dividend / distribution (Cents per share)		3.75¢	5.75¢	3.50¢	2.00¢	0.00¢
Basic EPS (Cents per share)						
- from continuing operations		4.95¢	7.37¢	5.94¢	1.48¢	7.13¢
- from continuing and discontinued operations		4.95¢	7.80¢	6.44¢	(6.60)¢	(1.01)¢

(1) From Continuing Operations.

(2) FY12 and FY13 dividends franked to 100% at 30% corporate income tax rate. FY13 final dividend of 3.55 cents and special dividend of 0.45 cents. FY11 return of capital. FY10 1 for 10 bonus issue of shares declared in lieu of cash dividend.

(3) Final dividends declared after the financial year end are not reflected in the financial statements.

Remuneration report (audited) (continued)

(c) HR & Remuneration Committee

The members of the HR & Remuneration Committee are Ms Gail Pemberton (Chairperson), Mr Kingsley Culley (resigned 24 October 2013), Mr Brian Mitchell and Jean-Marie Simart (appointed 1 November 2013). The Chairperson of the Committee and its membership is reviewed by the Board annually and the Chairperson may not be the Chairperson of the Board. The HR & Remuneration Committee met six times during the 2014 financial year.

UXC Limited's HR & Remuneration Committee advises the Board on remuneration practices and policies which are fair and responsible, by recognising the correlation between executive performance targets and reward, to provide the best value to shareholders. In doing so, the Committee reviews and makes recommendations to the Board regarding the remuneration of the Directors, the Managing Director, and the direct reports of the Managing Director. The HR & Remuneration Committee periodically engages independent, external consultants to independently advise and assess the remuneration of the Chairman, executive management and Non-executive Directors. To this extent, performance incentives are available to all executives in various forms, including cash or equity entitlements.

Two independent consultants; The Hay Group and The Godfrey Remuneration Group, were engaged by the HR & Remuneration Committee in the year ended 30 June 2014. The Hay Group was engaged to complete the executive remuneration benchmarking in April 2014 for a fee of $22,400. This independent review covered the Managing Director and executive management. The Godfrey Remuneration Group was engaged to complete non-executive director and Managing Director LTI benchmarking in February 2014 for a fee of $27,500. The executive remuneration benchmarking data for the Managing Director, executive management and non-executive directors was presented to the HR & Remuneration Committee. The HR & and Remuneration Committee and the Board are satisfied that the remuneration recommendation was made free from undue influence.

The HR & Remuneration Committee has a Charter which outlines the terms of reference under which the Committee operates. It is available online at www.uxc.com.au.

(d) Remuneration Policy

The overarching tenets of the UXC Remuneration Policy are to meet the following objectives:

- Ensure the Company can attract and retain high calibre executives who will create value for shareholders and who will support the Board Charter.
- Fairly and responsibly reward executives having regard to:
  - the performance of the Company;
  - the performance of the executive; and
  - the general pay environment.
- Ensure a correlation between executive rewards and shareholder value.
- Differentiate individual rewards commensurate with contribution to overall results and according to responsibility, performance and potential.
- Provide incentive to executives to meet and exceed challenging performance targets.

(e) Remuneration of Non-executive Directors

Remuneration Components

In line with the UXC Limited Constitution and the ASX Listing Rules, total remuneration for Non-Executive Directors for their services as Non-Executive Directors must not exceed $750,000 per annum being the amount determined by the Company in its Annual General Meeting on 24 October 2012.

Within the aggregate amount of $750,000, Non-executive Directors' fees are reviewed periodically and determined by the HR & Remuneration Committee and the Board based on advice from external advisors and with reference to fees paid to other Non-executive Directors of similar companies. Non-executive Directors' fees are within the maximum aggregate limit agreed to by shareholders at a General Meeting, and are commensurate with the amount of time which Non-executive Directors spend on UXC matters.

Remuneration report (audited) (continued)
(e) Remuneration of Non-executive Directors (continued)

Remuneration Components (continued)

Non-executive Directors receive an annual fee of $70,000 plus superannuation for being a Director of the Company. Additionally, an annual fee of $12,500 is paid for being appointed as Chairman of a Board Sub-committee and $7,500 is paid for being a member of a Board Sub-committee, in recognition of the further responsibilities and work load involved. No fee is paid for membership of the Nomination Committee.

From 1 July 2014 onwards, Non-executive Directors will receive an annual fee of $73,500 plus superannuation for being a Director of the Company. Additionally, an annual fee of $12,500 will be paid for being appointed as Chairman of a Board Sub-committee and $7,500 will be paid for being a member of a Board Sub-committee, in recognition of the further responsibilities and work load involved. No fee will be paid for membership of the Nomination Committee.

Equity

In the current financial year, no equity entitlements have been made to any Non-executive Director. There is currently no plan available for the Non-executive Directors to receive remuneration in equity.

Retirement allowances for Non-executive Directors

Consistent with Australian Securities Exchange (ASX) Corporate Governance Rules which state that Non-executive Directors should not be provided with retirement benefits other than statutory superannuation, UXC does not provide retirement benefits to its Directors.

(f) Remuneration of the Chairman

Remuneration Components

Mr Cosgriff received an annual fee of $140,000 plus superannuation in recognition of his role and responsibilities as Chairman of UXC Limited in FY14 (FY15: $147,000 plus superannuation).

Equity

In the current financial year, no equity entitlements have been made to the Chairman. There is currently no plan available for the Chairman to receive remuneration in equity.

Retirement Benefits

Retirement benefits are provided to the Chairman via Company superannuation.

(g) Remuneration of the Managing Director

Remuneration Components

Mr Nicolli receives remuneration comprising cash, equity entitlements and benefits in recognition of his role and responsibilities as Managing Director. The HR & Remuneration Committee and the Board of Directors are satisfied that Mr Nicolli's remuneration is (i) an appropriate reward in relation to the marketplace and his ongoing contribution to the Company's development and performance, and (ii) structured in such a manner as to continue to motivate his ongoing performance and valued contribution to the business. The Board is also satisfied the remuneration is reasonable for the purposes of section 211(1)(b) of the Corporations Act 2001 (Cth).

In his role as Managing Director, Mr Nicolli received $750,000 salary comprising cash and benefits, and a short term cash incentive of $285,840 in the FY14 financial year in respect of FY13.

STI

A short term performance incentive of up to $350,000, payable in cash, was available to Mr Nicolli for the FY14 financial year (FY15: $350,000) in his role as Managing Director. As detailed in the following table, 56.75% or $198,625 of his STI is indicated to have been achieved, subject to an annual review, which will be payable subsequent to 30 June 2014 upon ratification by the HR & Remuneration Committee and recommended to the Board of Directors for approval.

Remuneration report (audited) (continued)
(g) Remuneration of the Managing Director (continued)

Remuneration Components (continued)

STI (continued)

The KPIs for the STIs in FY14 and FY15 are as follows:

	FY14		**FY15**
STI - KPI	**Composition**	**Achievement**	**Composition**
Budgeted NPAT Organic Business	40%	0%	50%
Budgeted NPAT Newly Acquired Businesses (1)	25%	23.50%	10%
Targeted Cash Conversion	15%	14.25%	10%
Stakeholder Management	10%	10%	10%
Leadership and Management Development	10%	9%	20%
	100%	**56.75%**	**100%**

(1) In the event that there are no FY15 acquisitions, this component of the STI will revert back to the STI for Budgeted NPAT Organic Business and be additive to that STI (i.e. 60%).

The STI earned in FY14 is payable subsequent to 30 June 2014 (FY15: payable subsequent to 30 June 2015).

LTI - Performance rights

FY12-FY14 LTI:
Mr Nicolli's LTI key performance indicators, Targeted Relative Total Shareholder Return and Targeted Relative Earnings per Share, were approved at the 2011 Annual General Meeting. For the vested portion of his LTI entitlement, Mr Nicolli will receive equity based compensation in the form of performance rights, which will be exercisable at the end of the three year performance period (i.e. subsequent to 30 June 2014) upon ratification by the HR & Remuneration Committee and recommended to the Board of Directors for approval.

A long term incentive for FY12-FY14, of up to $900,000 over three years is available to Mr Nicolli subject to the achievement of key performance indicators, as detailed in the following LTI FY12-FY14 table, payable in equity based compensation (represented by a maximum of 1,730,769 performance rights for the three years). Achievement of 56.67% or 980,768 performance rights is indicated to have been achieved, subject to a final review, which will be payable subsequent to 30 June 2014 upon ratification by the HR & Remuneration Committee and recommended to the Board of Directors for approval. The incentive forfeited as a result of non-achievement of the performance criteria is expected to be 43.33% (represented by 750,001 performance rights lapsing subsequent to 30 June 2014).

FY15-FY17 LTI:
The Board of Directors has approved and is proposing at the 2014 AGM, Mr Nicolli's revised FY15-FY17 long term incentive (LTI) with key performance indicators, Targeted Relative Total Shareholder Return, Targeted Relative Earnings per Share and Targeted Core Earnings Growth for shareholder approval. For the vested portion of his LTI entitlement, Mr Nicolli will receive equity based compensation, payable in the form of performance rights, to a maximum of $1,350,000 over three years subject to the achievement of key performance indicators, as detailed in the following LTI FY15-FY17 table. This is represented by a maximum number of performance rights of 1,848,340, which is calculated based on a share price of 0.7303 cents (being the 20 trading days VWAP for the period up to and including 30 June 2014). These will be exercisable at the end of the three year performance period (i.e. subsequent to 30 June 2017) upon ratification by the HR & Remuneration Committee and recommended to the Board of Directors for approval.

The KPIs for the LTIs relating to FY12-FY14 and FY15-FY17 are as follows:

	FY12-FY14		**FY15-FY17**
LTI - KPI	**Composition**	**Achievement**	**Composition**
Targeted Relative Total Shareholder Return	50%	40%	25%
Targeted Relative Earnings per Share	50%	16.67%	25%
Targeted Core Earnings Growth	N/A	N/A	50%
	100%	**56.67%**	**100%**

Equity holdings

Mr Nicolli currently holds 4,481,413 fully paid ordinary shares in the Company and 1,730,769 performance rights which are subject to the achievement of FY12-FY14 key performance indicators (as detailed above).

Remuneration report (audited) (continued)
(g) Remuneration of the Managing Director (continued)

Retirement and Termination

Retirement benefits are provided to Mr Nicolli by UXC Limited. Mr Nicolli's employment can be terminated with 12 months' notice by either party.

(h) Compensation of Key Management Personnel

Key Management Personnel (KMP) is defined by AASB 124 Related Party Disclosures. Only Directors and Executive Management that have the authority and responsibility for planning, directing and controlling the activities of UXC Limited, directly or indirectly and are responsible for the entity's governance are classified as KMP.

(i) Compensation Components

Executives are compensated through a variety of components which include:

- Short-term employee benefits
- Share-based payments
- Termination benefits

Short-term employee benefits

Short-term employee benefits include cash salary, fees and short-term compensated absences, non-monetary benefits and other short-term employee benefits.

Basic salary, superannuation contributions and other benefits paid to executives occur within a framework called Total Fixed Remuneration (TFR) in which participants are accorded some flexibility when choosing the precise mix of cash, superannuation contributions and other benefits in which the employee's remuneration is totalled.

The compensation benefits provided to UXC's executives include salary, bonuses and non-monetary benefits including the provision of health benefits (USA only) and motor vehicles. Salary categories include fixed entitlements, while incentive categories include 'at-risk' remuneration and short and medium term incentives. The Company has adopted measures whereby reward is directly linked to the necessary attainment of a range of prescriptive performance objectives contributing to the Company's performance goals and profitability.

To achieve this, remuneration of executives may encompass a fixed remuneration component including salary, non-monetary benefits, and superannuation benefits, as well as a variable or 'at-risk' component which may be settled in cash and/or securities.

The relative weighting of fixed and variable components for target performance is set according to the scope of the executive's role. The 'at-risk' component is linked to those roles in which market value provides compelling reasons to provide some individuals with higher levels of remuneration, while also recognising the importance for providing shareholders with value. To ensure that fixed remuneration for the Group's most senior executives remains competitive, it is reviewed annually based on performance and market data.

The 'at-risk' component ranges from 10% to 53% of total remuneration (which is equivalent to some 11% to 113% of the fixed entitlement component), with the average occurrence being around 28% of total remuneration.

The key performance indicators and other targets against which performance is measured for determining the proportion of 'at-risk' compensation which is earned are generally as follows:

- Financial Parameters - actual compared to budget for items including revenue, EBITDA, PBT, and income tax. The actual parameters applied are dependent upon the roles and responsibilities of the executive in question. These parameters comprise some 70% to 80% of the total 'at-risk' compensation available to be earned. No 'at-risk' compensation is available for an actual performance that is below budget by 85% or more.
- Business Management Parameters - performance metrics such as cash generation, number of days sales outstanding in debtors, inventory turnover, cost/revenue ratios, and staff utilisation are measured against pre-determined targets.
- Customer Satisfaction - retention, quality, cross-selling, new accounts.
- Business Growth - NPAT, earnings per share, price earnings ratio, revenue, new order value, acquisitions, new customers.

Remuneration report (audited) (continued)
(i) Compensation Components (continued)

- Cross business unit revenue generation.
- Staff - training, leadership, development, retention, teamwork.
- Other - governance, capital management.

The targets against which performance is measured for this criteria are quantified during the annual strategic review and budgeting process undertaken by the Company. For Executive Management, the parameters are based on Group or Business Unit performance.

Share-based Payments

Share based compensation is comprised of performance rights granted under the UXC Incentive Plan. Such grants are made as medium to long term incentives that are designed to allow employees to be compensated for their role in the sustained growth in shareholder value. The size of such grants is linked to the Company's performance and the individual's level of responsibility, performance and potential.

The terms of the UXC Incentive Plan include the following for performance rights:

- **Entitlement** - each performance right will entitle the performance right holder to subscribe for one fully paid ordinary share in the capital of the Company.
- **Period** - performance rights have vesting conditions in the first year after issue tied to actual profit before tax performance compared to budget at a mixture of the Business Unit level (0% - 60%) and the Company level (40% - 100%). Rights are lapsed for those conditions not achieved after year one. Additionally, the performance rights have two further exercise conditions, whereby 50% of vested rights may be exercisable after two years from their date of issue subject to continuing employment, and the remaining 50% of vested rights may be exercisable after three years from their date of issue subject to continuing employment. In addition, irrespective of the satisfaction of performance criteria, the performance rights will be exercisable if a takeover bid is made to acquire any issued shares of the Company at the discretion of the Directors (unless, in their opinion, an intention to make an equivalent offer for the performance rights is given), or a person gives the Company a substantial holder notice disclosing a voting interest to a number of shares that is greater than 30% of the Company's issued voting shares. Different exercise periods apply where the Executive ceases to be employed by the Company or a group Company.
- **Expiry** - performance rights which are not exercised after three years of the date of issue will lapse automatically.
- **Exercise Price** - each performance right will be issued for nil consideration on grant. Each performance right may be exercised into one share subject to the achievement of vesting conditions and exercise conditions for nil consideration.
- **Quotation** - the performance rights are not quoted on any stock exchange.
- **Transferability** - the performance rights are generally not transferable.
- **Termination** - the performance rights lapse upon the termination of the employee, except at the discretion of the Board of Directors.
- **Capital Reconstructions** - customary capital re-organisation clauses apply to performance rights issued such that the number of performance rights and issue price, or both, must be amended in the event of rights issues, bonus issues, capital reconstructions and similar events.

Termination benefits

Executives serve under terms and conditions contained in a standard Executive Employment Agreement, that allows for termination under certain conditions with three to six months notice, depending on the role and responsibility of the executive. The agreements include restraints of trade on the employee as well as confidentiality and intellectual property agreements.

Remuneration report (audited) (continued)

(j) Details of remuneration

Details of the nature and amount of each element of the compensation of each Director of UXC Limited and named Company and Group executives of the consolidated entity receiving the highest emoluments are set out in the following tables.

Table A: Compensation for Directors and Key Management Personnel Year Ended 30 June 2014

2014	Short-term employee benefits			Post-employment benefits	Share-based payments		
	Salary / Fees (1)	Cash STI (2)	Non-monetary benefits (3)	Super-annuation	Equity-settled rights (4)	Total	Performance related
	$	$	$	$	$	$	%
Non-executive Directors							
Geoffrey Cosgriff	140,000	-	-	12,950	-	152,950	-%
Geoffrey Lord	70,000	-	-	6,475	-	76,475	-%
Kingsley Culley	25,833	-	-	2,158	-	27,991	-%
Brian Mitchell	85,000	-	-	-	-	85,000	-%
Gail Pemberton	82,500	-	-	-	-	82,500	-%
Jean-Marie Simart	82,500	-	-	-	-	82,500	-%
Doug Snedden	84,167	-	-	6,476	-	90,643	-%
Key management personnel							
Cris Nicolli	732,225	285,840	4,290	17,775	90,000	1,130,130	33%
Mark Hubbard	372,225	130,000	-	17,775	93,580	613,580	36%
Ralph Pickering	317,994	-	-	17,775	95,980	431,749	22%

(1) Salary/Fees

Kingsley Culley

Fees for the period to resignation on 24 October 2013.

(2) Cash STI

Cris Nicolli

Prescribed details of bonus paid:

The incentive paid and included as 30 June 2014 reported remuneration was 95% or $285,840 of the performance based at-risk compensation available in respect of the year ended 30 June 2013. The performance based at-risk compensation available in respect of the year ended 30 June 2014 is $350,000. Of this amount, approximately 56.75% or $198,625 is indicated to have been achieved in respect of that period. It will vest at such time as it is ratified by the HR & Remuneration Committee and recommended to the Board of Directors for approval. As such, it has not been paid during FY14 nor included in the above table.

The incentive forfeited as a result of non-achievement of the performance criteria was 5% of the performance based at-risk compensation available in respect of the year ended 30 June 2013. The incentive forfeited as a result of non-achievement of the performance criteria for the year ended 30 June 2014 is expected to be 43.25% or $151,375 of the performance based at-risk compensation available, based on amounts to be vested and not paid at balance date.

The performance based at-risk STI compensation available in respect of 2015 is $350,000 which is payable upon achievement of the relevant performance criteria. Based on the historical achievement of performance criteria the capability and calibre of the executive, the current economic climate and the anticipated financial performance of the Group, estimates of the range of likely minimum to maximum possible values of bonus vesting in future years is 70% to 100%.

Remuneration report (audited) (continued)
(j) Details of remuneration (continued)

Mark Hubbard
Prescribed details of bonus paid:
The incentive paid and included as 30 June 2014 reported remuneration was 90% of the performance based at-risk compensation available in respect of the year ended 30 June 2013. The performance based at-risk compensation available in respect of the year ended 30 June 2014 is $145,000. Of this amount, approximately nil% is indicated to have been achieved in respect of that period.

The incentive forfeited as a result of non-achievement of the performance criteria was 10% of the performance based at-risk compensation available in respect of the year ended 30 June 2013. The incentive forfeited as a result of non-achievement of the performance criteria for the year ended 30 June 2014 is expected to be 100%. Mr Hubbard resigned as Company Secretary and Finance Director effective 31 July 2014. He has no entitlement to performance based at-risk compensation in respect of the year ending 30 June 2015.

(3) Non-monetary benefits
Cris Nicolli
Comprising car park benefits.

(4) Share based payments - Equity settled performance rights
In accordance with Australian Accounting Standard AASB 2 Share-based Payment, remuneration includes the amortisation of the fair value of performance rights issued under the UXC Incentive Plan that are expected to vest, less any write back on performance rights lapsed or expected to lapse as a result of actual or expected performance against non-market hurdles. The fair value of performance rights is measured at grant date in accordance with AASB 2 using the Binomial Valuation Methodology and progressively allocated to profit and loss over the vesting period of the performance right. The amount included in remuneration above may not be indicative of the benefit (if any) that key management personnel may ultimately realise should the equity instruments vest.

Details of performance rights issued, exercised, and lapsed is contained in Tables C and D, below.

Cris Nicolli - LTI
In respect of the full three year FY12-FY14 LTI, 56.67% is indicated to have been achieved, being $510,000 (represented by 980,768 performance rights or 56.67% of the maximum 1,730,769 performance rights available), subject to a final review, which will vest and be payable subsequent to 30 June 2014 upon ratification by the HR & Remuneration Committee and recommended to the Board of Directors for approval.

During the years ended 30 June 2012 and 30 June 2013, $150,000 and $270,000 respectively, was expensed to profit and loss in those years (being $420,000 in aggregate) being the estimated likely achievement at those dates. At 30 June 2014 the estimated achievement for the full three year FY12-FY14 LTI amounts to $510,000 in aggregate. Therefore, in accordance with the requirements of AASB 2, $90,000 was expensed to profit and loss in the year ended 30 June 2014.

Mark Hubbard & Ralph Pickering
Vesting conditions are not expected to be met for performance rights issued as the FY14 medium term incentive pursuant to the UXC Incentive Plan. Mark Hubbard resigned effective 31 July 2014.

Remuneration report (audited) (continued)
(j) Details of remuneration (continued)

Table A: Compensation for Directors and Key Management Personnel Year Ended 30 June 2013

2013	Short-term employee benefits			Post-employment benefits	Share-based payments		
	Salary / Fees (1)	Cash STI (2)	Non-monetary benefits (3)	Super-annuation	Equity-settled rights (4)	Total	Performance related
	$	$	$	$	$	$	%
Non-executive Directors							
Geoffrey Cosgriff	124,409	-	-	10,597	-	135,006	-%
Geoffrey Lord	91,667	-	-	3,675	-	95,342	-%
Kingsley Culley	81,250	-	-	6,300	-	87,550	-%
Brian Mitchell	55,483	-	-	-	-	55,483	-%
Gail Pemberton	86,250	-	-	-	-	86,250	-%
Jean-Marie Simart	84,583	-	-	-	-	84,583	-%
Doug Snedden	51,922	-	-	4,335	-	56,257	-%
Ron Zammit	25,833	-	-	2,625	-	28,458	-%
Key management personnel							
Cris Nicolli	643,530	195,000	6,089	16,470	270,000	1,131,089	41%
Mark Hubbard	373,435	152,121	-	15,110	78,000	618,666	37%
Ralph Pickering	321,022	-	-	14,747	78,300	414,069	19%

(1) Salary/Fees
Brian Mitchell & Doug Snedden
Fees for the period from appointment on 24 October 2012.

Ron Zammit
Fees for the period to resignation on 24 October 2012.

(2) Cash STI
Cris Nicolli
Prescribed details of bonus paid:
The incentive paid and included as 30 June 2013 reported remuneration was 98% of the performance based at-risk compensation available in respect of the year ended 30 June 2012. The performance based at-risk compensation available in respect of the year ended 30 June 2013 is $300,000. Of this amount, approximately 95% is indicated to have been earned in respect of that period. It will vest at such time as it is recommended and ratified by the HR & Remuneration Committee. As such, it has not been paid during FY13 nor included in the above table.

The incentive forfeited as a result of non-achievement of the performance criteria was 2% of the performance based at-risk compensation available in respect of the year ended 30 June 2012. The incentive forfeited as a result of non-achievement of the performance criteria for the year ended 30 June 2013 is 5% of the performance based at-risk compensation available, based on amounts to be vested and not paid at balance date.

The performance based at-risk compensation available in respect of future years is $350,000 and is payable upon achievement of the relevant performance criteria. Based on the historical achievement of performance criteria, the capability and calibre of the executive, the current economic climate and the anticipated financial performance of the Group, estimates of the range of likely minimum to maximum possible values of bonus vesting in future years is 70% to 100%.

Remuneration report (audited) (continued)
(j) Details of remuneration (continued)

Mark Hubbard
Prescribed details of bonus paid:
The incentive paid and included as 30 June 2013 reported remuneration was 105% of the performance based at-risk compensation available in respect of the year ended 30 June 2012. The performance based at-risk compensation available in respect of the year ended 30 June 2013 is $145,000. Of this amount, approximately 90% is indicated to have been achieved in respect of that period. It will vest at such time as it is recommended and ratified by the HR & Remuneration Committee. As such, it has not been paid during FY13 nor included in the above table.

The incentive forfeited as a result of non-achievement of the performance criteria was 0% of the performance based at-risk compensation available in respect of the year ended 30 June 2012. The incentive forfeited as a result of non-achievement of the performance criteria for the year ended 30 June 2013 is 10% of the performance based at-risk compensation available, based on amounts to be vested and not paid at balance date.

The performance based at-risk compensation available in respect of future years is $145,000, subject to an annual review, and is payable upon achievement of the relevant performance criteria. Based on the historical achievement of performance criteria, the capability and calibre of the executive, the current economic climate and the anticipated financial performance of the Group, estimates of the range of likely minimum to maximum possible values of bonus vesting in future years is 70% to 100%.

(3) Non-monetary benefits
Cris Nicolli
Comprising car park benefits.

(4) Equity-settled rights
Rights over shares issued as part of remuneration have been valued in accordance with Australian Accounting Standard AASB 2, using the Binomial Valuation Methodology. The value of the rights is determined on the grant date and is included in remuneration on a proportionate basis from grant date to vesting date. Details of rights issued, exercised, and lapsed is contained in Tables C and D, below.

Cris Nicolli - LTI
$270,000 of the LTI incentive is estimated to have been achieved in respect of FY13. The achievement of the FY12-FY14 LTI is assessed at the end of the three year performance period and will vest at such time as it is recommended and ratified by the HR & Remuneration Committee and approved by the Board of Directors.

Mark Hubbard & Ralph Pickering
The performance conditions have been met for performance rights issued under the FY13 medium term incentive pursuant to the UXC Incentive Plan (Mark Hubbard 210,228 and Ralph Pickering 105,109 FY13 performance rights). Further vesting conditions are required to be met for the entitlement to be exercisable - continued employment through FY14 and FY15 allows the securities to be exercised 50% and 100% respectively.

Remuneration report (audited) (continued)
(j) Details of remuneration (continued)

Table B: Key management personnel holdings of shares 30 June 2014

The interests of Key Management Personnel in the Company and their related entities in shares of the Company at year-end and movements during the year are set out below. Key Management Personnel had no interest in entities within the Group.

2014	**Shares held 1 July 2013**	**Shares sold**	**Other (1)**	**Performance rights exercised**	**Acquired**	**Shares held 30 June 2014**
	No.	**No.**	**No.**	**No.**	**No.**	**No.**
Geoffrey Cosgriff	**4,531,704**	**-**	**-**	**-**	**-**	**4,531,704**
Cris Nicolli	**3,976,992**	**-**	**-**	**404,421**	**100,000**	**4,481,413**
Geoffrey Lord	**16,700,110**	**-**	**-**	**-**	**2,004**	**16,702,114**
Kingsley Culley (1)	**1,771,108**	**-**	**(1,771,108)**	**-**	**-**	**-**
Brian Mitchell	**201,000**	**-**	**-**	**-**	**40,000**	**241,000**
Gail Pemberton	**140,211**	**-**	**-**	**-**	**-**	**140,211**
Jean-Marie Simart	**597,443**	**-**	**-**	**-**	**10,000**	**607,443**
Doug Snedden	**150,000**	**-**	**-**	**-**	**-**	**150,000**
Mark Hubbard	**1,766,782**	**(180,000)**	**-**	**200,474**	**-**	**1,787,256**
Ralph Pickering	**2,110,073**	**-**	**-**	**252,824**	**-**	**2,362,897**
	31,945,423	**(180,000)**	**(1,771,108)**	**857,719**	**152,004**	**31,004,038**

(1) Kingsley Culley resigned 24 October 2013.

Table B: Key management personnel holdings of shares 30 June 2013

2013	Shares held 1 July 2012	Shares sold	Other (1)	Performance rights exercised	Acquired	Shares held 30 June 2013
	No.	No.	No.	No.	No.	No.
Geoffrey Cosgriff	4,531,704	-	-	-	-	4,531,704
Cris Nicolli	3,436,024	-	-	540,968	-	3,976,992
Geoffrey Lord	18,400,110	(1,700,000)	-	-	-	16,700,110
Kingsley Culley	1,771,108	-	-	-	-	1,771,108
Brian Mitchell	-	-	-	-	201,000	201,000
Gail Pemberton	140,211	-	-	-	-	140,211
Jean-Marie Simart	597,443	-	-	-	-	597,443
Doug Snedden	-	-	-	-	150,000	150,000
Ron Zammit	3,501,416	-	(3,501,416)	-	-	-
Mark Hubbard	1,566,855	-	-	199,927	-	1,766,782
Ralph Pickering	4,515,271	(2,641,814)	-	236,616	-	2,110,073
	38,460,142	(4,341,814)	(3,501,416)	977,511	351,000	31,945,423

(1) Ron Zammit resigned 24 October 2012.

Remuneration report (audited) (continued)
(j) Details of remuneration (continued)

Table C: Performance rights holdings of Directors and Key Management Personnel Year Ended 30 June 2014

	Performance rights held at 1 July 2013	Performance rights granted in current financial year (1)	Performance rights exercised during current financial year (2)	Other changes during the current year (lapsed)	Performance rights outstanding at 30 June 2014	Performance rights exercisable at end of period
Key Management Personnel						
Cris Nicolli	2,135,190	-	404,421	-	1,730,769	-
Mark Hubbard	506,857	84,270	200,474	(93,384)	297,269	-
Ralph Pickering	483,361	44,940	252,824	(49,497)	225,980	-

(1) Rights issued relate to FY14 Employee Performance Rights issued in accordance with the UXC Incentive Plan.
(2) Rights exercised relate to FY11 and FY12 Employee Performance Rights exercised in accordance with the UXC Incentive Plan.

Table C: Performance rights holdings of Directors and Key Management Personnel Year Ended 30 June 2013

	Performance rights held at 1 July 2012	Performance rights granted in current financial year (1)	Performance rights exercised during current financial year (2)	Other changes during the current year adjustments / (lapsed)	Performance rights outstanding at 30 June 2013	Performance rights exercisable at end of period
Key Management Personnel						
Cris Nicolli	2,676,158	-	540,968	-	2,135,190	-
Mark Hubbard	471,487	212,770	199,927	22,527	506,857	-
Ralph Pickering	614,868	106,380	236,616	(1,271)	483,361	-

(1) Rights issued relate to FY13 Employee Performance Rights issued in accordance with the UXC Incentive Plan.
(2) Rights exercised relate to FY10 and FY11 Employee Performance Rights exercised in accordance with the UXC Incentive Plan.

Table D: Performance rights of Directors and Key Management Personnel granted, exercised or lapsed during the period Year Ended 30 June 2014

	Value of performance rights at grant date (1) $	Value of performance rights at exercise date $	Value of performance rights at lapse date (2) $	Total value of performance rights granted, exercised and lapsed $	Value of performance rights included in remuneration for the year $	Percentage of remuneration that consists of performance rights %
Key Management Personnel						
Cris Nicolli	-	477,015	-	477,015	90,000	8%
Mark Hubbard	75,000	236,459	69,104	380,563	93,580	15%
Ralph Pickering	40,000	298,205	36,628	374,833	95,980	22%

(1) Valued in accordance with AASB 2 Share-based Payment, using the Binomial Valuation Methodology.
(2) Valued at the intrinsic value at the date the performance rights were exercised, expired or lapsed (i.e. the difference between the exercise price of the right and the market price of the share).

Remuneration report (audited) (continued)
(j) Details of remuneration (continued)

Table D: Performance rights of Directors and Key Management Personnel granted, exercised or lapsed during the period Year Ended 30 June 2013

	Value of performance rights at grant date (1) $	Value of performance rights at exercise date $	Value of performance rights at lapse date (2) $	Total value of performance rights granted, exercised and lapsed $	Value of performance rights included in remuneration for the year $	Percentage of remuneration that consists of performance rights %
Key Management Personnel						
Cris Nicolli	-	489,847	-	489,847	270,000	24%
Mark Hubbard	100,000	181,034	2,618	283,652	78,000	13%
Ralph Pickering	50,000	214,256	1,309	265,565	78,300	19%

(1) Valued in accordance with AASB 2, using the Binomial Valuation Methodology.
(2) Valued at the intrinsic value at the date the performance rights were exercised, expired or lapsed (i.e. the difference between the exercise price of the right and the market price of the share).

Notes to Tables C and D - 30 June 2014:
Mark Hubbard - 84,270 FY14 performance rights were issued as an FY14 medium term incentive pursuant to the UXC Incentive Plan with a nil strike price and subject to vesting and exercise conditions. 84,270 of these performance rights lapsed on 30 June 2014 as failing to meet vesting conditions, when the market price for UXC fully paid ordinary shares was $0.74.
Ralph Pickering - 44,940 FY14 performance rights were issued as an FY14 medium term incentive pursuant to the UXC Incentive Plan with a nil strike price and subject to vesting and exercise conditions. 44,940 of these performance rights lapsed on 30 June 2014 as failing to meet vesting conditions, when the market price for UXC fully paid ordinary shares was $0.74.

Notes to Tables C and D - 30 June 2013:
Mark Hubbard - 212,770 FY13 performance rights were issued as an FY13 medium term incentive pursuant to the UXC Incentive Plan with a nil strike price and subject to vesting and exercise conditions. 2,542 of these performance rights lapsed on 30 June 2013 as failing to meet vesting conditions, when the market price for UXC fully paid ordinary shares was $1.03.
Ralph Pickering - 106,380 FY13 performance rights were issued as an FY13 medium term incentive pursuant to the UXC Incentive Plan with a nil strike price and subject to vesting and exercise conditions. 1,271 of these performance rights lapsed on 30 June 2013 as failing to meet vesting conditions, when the market price for UXC fully paid ordinary shares was $1.03.

No payments have been made to any executive before they took office as part of the consideration for the executive agreeing to hold office.

This Directors' Report is signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

Geoffrey Cosgriff
Chairman

Doug Snedden
Director

Melbourne
28 August 2014

Deloitte.

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28 August 2014

The Board of Directors
UXC Limited
Level 19, 360 Collins St
MELBOURNE VIC 3000

Dear Board Members

AUDITOR'S INDEPENDENCE DECLARATION - UXC LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of UXC Limited.

As lead audit partner for the audit of the financial statements of UXC Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants

Corporate Governance Statement

Framework and Approach
The Board of UXC supports the intent of the ASX Corporate Governance Council's principles of good corporate governance and strives to meet their spirit and wherever possible the requirements of the best practice recommendations.

In carrying out its responsibilities and powers within a framework of good corporate governance practice, the Board is at all times determined to recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of UXC's shareholders, as well as its employees, customers, and the community; and to work to promote and maintain an environment within UXC that establishes its policies and procedures as basic guidelines for all of its employees and representatives.

The Directors' primary objective is to provide direction and governance to the business such that increased value is realised for shareholders. The Directors also ensure the employees of the Company and its subsidiaries are highly motivated and expertly managed with a high standard of legislative compliance and ethical behaviour.

A description of the Company's main corporate governance practices follows. This statement reflects UXC's practices at 30 June 2014 and up to the date of the report. All of these practices were in place for the entire financial year, except where otherwise stated. The complete UXC Corporate Governance Guide can be found on the Company's website at www.uxc.com.au.

ASX Corporate Governance Council Best Practice Recommendations and UXC Compliance

Principle 1	**Lay solid foundations for management and oversight**
Recommendation 1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.

Comply	Rationale:
	The Board's role and responsibility are detailed in the UXC Corporate Governance Guide – Responsibilities of the Board and Delegated Authority, and the Board Charter. In summary these are:
	• Strategic Planning and Financial Management Oversight, including:
	  • Issue of Capital
	  • Expenditure & Commitments
	  • Delegation of Authority
	  • Business & Strategic Plans
	  • Annual Budget
	  • Strategic Planning & Financial Performance Oversight.
	• Risk and Compliance Oversight, including:
	  • Internal & External Compliance
	  • Codes of Conduct
	  • Policies
	  • ASX Announcements
	  • Other Communications
	  • Financial Reporting
	  • Internal Control Framework.
	• Board Structure and Director/Executive Management Nomination, including:
	  • Board & Committee Structure
	  • Board membership, composition & performance and appraisal of the Managing Director
	  • Executive appointments and succession planning
	• Executive Management Oversight, including:
	  • Employment terms and appraisal of the Managing Director
	  • Employment and terms of the Company Secretary and direct reports to the Managing Director
	  • Executive Development & Succession Planning.
	Delegation of authority to management and limits thereto for each of these matters is considered within the UXC Corporate Governance Guide available on the Company's website at www.uxc.com.au.
	Each Director has the right to seek independent professional advice, at the Company's expense, in order to fulfill their duties as Director of the Company, with the prior consent of the Chairperson which may not be unreasonably withheld.

ASX Corporate Governance Council Best Practice Recommendations and UXC Compliance (continued)

Recommendation 1.2	Formalise and disclose the process for evaluating the performance of management.
Comply	Rationale: A formal performance evaluation of the Managing Director and Senior Executives occurs annually through the development of performance plans. In addition, mutually agreed upon performance targets are set for senior and mid managers. The performance evaluation process for these targets are reported on monthly. Further information is contained in the accompanying Remuneration Report.
Recommendation 1.3	Provide information regarding adherence to Principal 1 and its components.
Comply	Rationale: The required information has been disclosed herein, the UXC Corporate Governance Guide and/or within the Directors' Report.
Principle 2	**Structure the Board to add value**
Recommendation 2.1	A majority of the Board should be independent Directors.
Comply	Rationale: The Board aims to have a majority of Non-executive Directors who satisfy the following criteria for independence: • No material relationship • Not a recent former employee • Not a recent auditor to the Company or otherwise associated as specified • Not associated with executive management via family • Not a substantial shareholder of the Company. Mr Cris Nicolli and Mr Geoffrey Lord are the only Directors who are not independent, by virtue of Mr Cris Nicolli's executive management duties, and Mr Geoffrey Lord's ownership interest in the Company. All other Directors in office during the year have been, and at the date of the report are, independent.
Recommendation 2.2	The Chairperson should be an independent Director.
Comply	Rationale: The Chairperson, Mr Geoffrey Cosgriff, is an independent Non-executive Director.
Recommendation 2.3	The roles of the Chairperson and the Chief Executive Officer should not be exercised by the same individual.
Comply	Rationale: The roles of Chairperson and Managing Director are exercised by separate individuals.
Recommendation 2.4	The Board should establish a nomination committee.
Comply	Rationale: The Nomination Committee identifies and makes recommendations on: • Board & Committee Structure • Board & Committee membership, composition & performance • Executive appointments and succession planning for the Managing Director based on individual factors and in compliance with the ASX Listing Rules and Corporations Act (2001) (Cth). The Nomination Committee Charter is contained within the UXC Corporate Governance Guide and is available on the Company's website at www.uxc.com.au. The Nomination Committee meets at least twice annually and more frequently if necessary. The Committee is currently comprised of all Non-executive Directors of the Board and it is chaired by Mr Geoffrey Cosgriff in his capacity as Chairperson of the Board.
Recommendation 2.5	Disclose the process for evaluating the performance of the Board, its committees and individual Directors.
Comply	Rationale: The Chairperson of the Nomination Committee conducts an annual survey covering areas of Board performance with all Directors. At completion of the survey a report is produced which is discussed with the entire Board. In addition to the above, the Nomination Committee annually evaluates the composition and performance of all Board committees.

ASX Corporate Governance Council Best Practice Recommendations and UXC Compliance (continued)

Recommendation 2.6	Provide the information indicated in Guide to reporting on Principle 2.
Comply	Rationale: The required information has been disclosed herein and/or within the Directors' Report.
Principle 3	**Promote ethical and responsible decision-making**
Recommendation 3.1	Establish a code of conduct to guide the Directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the Company's integrity 3.1.2 the practices necessary to take into account legal obligations and reasonable expectations of stakeholders 3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
Comply	Rationale: UXC has a Code of Conduct for Directors, executives, management and staff based upon the Australian Public Service Code of Conduct. Additionally, UXC has a Code of Conduct for Finance Directors, CFOs and senior finance officers involved in or influencing financial reporting based upon the Group of 100 Code of Conduct for Finance Directors. The Code requires high standards of adherence to the principles of honesty and integrity, compliance, confidentiality, transparent communications and dealings and internal controls to safeguard assets and risk exposure. An employee aware of activities occurring that may impact poorly on UXC is obliged to notify the relevant Executive so action can be taken to minimise the impact. These codes are contained within the UXC Corporate Governance Guide included in staff induction material, published on internal intranet sites and available on the Company's website at www.uxc.com.au.
Recommendation 3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.
Comply	Rationale: UXC has a Board approved diversity policy. **UXC's diversity summary** UXC recognises that a talented and diverse workforce provides UXC with a key competitive advantage, and is imperative in the delivery of our strategy. We strive to create a work environment that is inclusive; acknowledges, celebrates and values our employees' unique capabilities, experiences and characteristics. We have a responsibility to demonstrate leadership on diversity issues within our organisation at all levels. We believe it is everybody's responsibility to ensure that respecting individuals and valuing diversity is part of every program and interaction at UXC. Our philosophy to diversity is underpinned by the following principles, to: • Create a strong values based culture across the organisation. • Ensure a safe and respectful workplace by responding to any inappropriate behaviour including workplace bullying and discrimination, victimisation and vilification. • Promote a strategy to be an Employer of Choice and ensuring best practice people programs that attract, develop and retain the best people in industry. • Make a contribution to the community through UXC's Corporate Social Responsibly program, UXCommunity supporting those less fortunate and the communities in which we operate. These principles are currently imbedded and managed across all levels of the organisation through our people and culture programs.

ASX Corporate Governance Council Best Practice Recommendations and UXC Compliance (continued)

Recommendation 3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.
Comply	Rationale: Measurable objectives stated within the UXC Diversity policy are to 'improve, year on year, UXC's diversity statistics as measured across all levels of the organisation.' Currently gender diversity is measured in line with Workplace Gender Equity Agency (WGEA) requirements to ensure UXC is competitive and attractive as an Employer of Choice for Women. UXC has been accredited as an Employer of Choice for Women for the last 12 years. Our current reporting cycles include: • Retention and workforce analysis is regularly conducted and reported on a quarterly basis to the Board. • Analysis of workforce statistics is conducted on a monthly basis. For example we report monthly on New & Terminated Employees including reasons for leaving, years of tenure & diversity categories, including gender. • Monthly reports are monitored at a business group level and a corporate level. The types of information collected is; employee headcounts, gender, staff turnover, geographic headcounts, leave management, length of service, and workforce profiles, such as a age and gender.
Recommendation 3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

Comply	Rationale:
	UXC has been accredited as an Employer of Choice for Women for the last 12 years.
	• UXC's female percentage in the Australian workforce was constant at 27% from May 2013 to May 2014, and has held steady at 27% in 2014 in a tight market, this reflects UXC's ability to engage, motivate, and retain key talent.
	• The People and Culture (HR) department focuses and reports on key areas of staff retention, including Equal Employment Opportunity for Women and Pay Equity.
	    • Our overall retention rate has remained constant at 82% in Australia from May 2013 to May 2014.
	    • A pay equity review was completed in May 2014 which was incorporated into our FY15 remuneration strategy.
	• Our female percentage in Senior and Middle Management Positions in Australia has continued to stay stable at 22%. In 2013 the percentage in Senior and Middle Management Positions reported was 26%, our female workforce has been steady for the last year, with the variance in reporting from 26% in 2013 to 22% in 2014 a reflection of a change in Workplace Gender Equity Agency (WGEA) reporting classifications.
	• We completed successions plans for all key Executive roles in 2014 and have retained all 13 women identified in the 2013 Talent pipeline for key Executive roles across the organisation.
	• UXC Leadership Development Programs were launched in 2014 and offered to Managers and Leaders in our Leadership Pipelines, currently 18% of participants are female leaders. This is in line with our principles; to develop our top talent based on capability and merit.

Recommendation 3.5	Provide the information indicated in Guide to reporting on Principle 3.
Comply	Rationale: The required information has been disclosed herein and/or within the Directors' Report.

ASX Corporate Governance Council Best Practice Recommendations and UXC Compliance (continued)

Principle 4	**Safeguard Integrity in financial reporting**
Recommendation 4.1	The Board should establish an audit committee.
Comply	Rationale: The Audit and Risk Committee advises the Board and provides oversight on audit and financial reporting matters, and corporate governance, compliance, internal control and risk management, including the review of the external auditor's performance and independence, making recommendations as to the appointment of the external auditor, integrity of the financial statements, compliance with legal and regulatory requirements, and evaluating the performance, resourcing and effectiveness of internal audit programmes, policies and procedure and risk management systems. The Audit Committee meets at least six times annually and more frequently if necessary.
Recommendation 4.2	Structure the audit committee so that it consists of:
	• only Non-executive Directors • a majority of independent Directors • an independent chairperson, who is not chairperson of the Board • at least three members.
Comply	Rationale: Current members of the Audit and Risk Committee are Mr Doug Snedden (Chairperson), Mr Jean-Marie Simart and Mr Brian Mitchell. All are independent Non-executive Directors. At all times during the period the committee membership was in compliance with best practice recommendations regarding composition of the committee. The committee is deemed to be of sufficient size, independence, financial and technical expertise to discharge its mandate effectively.
Recommendation 4.3	The audit committee should have a formal charter.
Comply	Rationale: The Audit Committee Charter is contained within the UXC Corporate Governance Guide and is available on the Company's website at www.uxc.com.au.
Recommendation 4.4	Provide the information indicated in Guide to reporting on Principle 4.
Comply	Rationale: The required information has been disclosed herein and/or within the Directors' Report.
Principle 5	**Make timely and balanced disclosure**
Recommendation 5.1	Establish and disclose written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.
Comply	Rationale: UXC has Continuous Disclosure Policies and Procedures that govern the manner in which UXC communicates with its shareholders and the market in compliance with its regulatory obligations and for the benefit of its stakeholders. The policies and procedures establish an internal notification and decision making process, roles and responsibilities in identifying, approving, and releasing disclosable information, process for timely disclosure, compliance, and treatment of market briefings. This policy is contained within the UXC Corporate Governance Guide and is available on the Company's website at www.uxc.com.au. UXC is committed to giving investors timely access to understandable and relevant information. Announcements may be reviewed by an external professional consultant for clear and balanced communication within the bounds of continuous disclosure requirements set out in the ASX Listing Rules and Corporations Act 2001 (Cth). UXC also publishes on its website all material releases that it makes to the ASX Company Announcements Platform, media releases, its annual and interim financial reports, notices of meetings, and presentations made to fund managers, brokers and analysts.
Recommendation 5.2	Provide the information indicated in Guide to reporting on Principle 5.
Comply	Rationale: The required information has been disclosed herein.

ASX Corporate Governance Council Best Practice Recommendations and UXC Compliance (continued)

Principle 6	**Respect the rights of shareholders**
Recommendation 6.1	Design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings.
Comply	Rationale: UXC provides access to Company information by communicating with shareholders in the following ways: • Disclosures to the ASX (placed on the Company's website www.uxc.com.au) • Annual Financial Reports • Half yearly reports • Investor presentations, Chairman's Interviews and Chairman's General Meeting address are webcast at www.uxc.com.au • Notices of Annual General Meeting and Explanatory Memoranda.
Recommendation 6.2	Provide the information indicated in Guide to reporting on Principle 6.
Comply	Rationale: The required information has been disclosed herein.
Principle 7	**Recognise and manage risk**
Recommendation 7.1	Establish and disclose policies for the oversight and management of material business risk.
Comply	Rationale: The purpose of the Audit & Risk Committee is to assist the Board fulfil their corporate governance and oversight responsibilities in relation to financial reporting, internal and external audit functions, compliance, internal control and risk management. Current members of the Audit and Risk Committee are Mr Doug Snedden (Chairperson), Mr Jean-Marie Simart and Mr Brian Mitchell. All are independent Non-executive Directors. The functions of the Audit and Risk Committee are complemented by the Risk Management Plan, providing a holistic approach to the identification, quantification, mitigation, avoidance and/or management of risk throughout the Company. The Committee Charter and Risk Management Plan are contained within the UXC Corporate Governance Guide and are available on the Company's website at www.uxc.com.au.
Recommendation 7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.
Comply	Rationale: The Board receives monthly reports from Executive Management and bi-annual reports from the Audit and Risk Management Committee in relation to identifying any possible risk throughout the Company.
Recommendation 7.3	The Board should disclose whether it has received assurance from the chief executive officer (CEO) and the chief financial officer (CFO) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operated effectively in all material respects in relation to financial reporting risks.
Comply	Rationale: The CEO and CFO of each business unit within the UXC Group provide a formal statement to executive management at the end of each reporting period confirming that the business unit's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. The UXC Managing Director and Finance Director then provide formal written assurance of the same to the Board.
Recommendation 7.4	Provide the information indicated in Guide to reporting on Principle 7.
Comply	Rationale: The required information has been disclosed herein and/or within the Directors' Report.

ASX Corporate Governance Council Best Practice Recommendations and UXC Compliance (continued)

Principle 8	**Remunerate fairly and responsibly**
Recommendation 8.1	The Board should establish a remuneration committee.
Comply	Rationale: The HR and Remuneration Committee advises the Board on: • remuneration policies and practices, including fairly and responsibly remunerating executives and Non-executive Directors • incentive and bonus schemes • superannuation and other employment benefits • termination payments • reviewing and making recommendations to the Board regarding changes to the HR policy framework and individual HR policies based on individual and Company performance, general pay environments and in compliance with the ASX Listing Rules and Corporations Act 2001 (Cth). Current members of the Committee are Ms Gail Pemberton (Chairperson), Mr Jean-Marie Simart and Mr Brian Mitchell. The Committee's Charter details policies and practices that enable it to attract and retain executives and Directors who will create value for shareholders. The Charter is contained within the UXC Corporate Governance Guide and is available on the Company's website at www.uxc.com.au. The HR and Remuneration Committee meets at least twice annually and more frequently if necessary. All are independent Directors. The Nomination Committee ensures that an appropriate Board and Committee structure is in place so that the Board can perform an effective review function. The Committee also identifies individuals qualified to become Board members and advises on matters relating to executive appointments and succession planning. The Committee is comprised of all Non-executive Directors of the Board.
Recommendation 8.2	Clearly distinguish the structure of Non-executive Directors' remuneration from that of executives.
Comply	Rationale: Remuneration is detailed within the Remuneration Report accompanying the Annual Report explaining the remuneration components, equity performance incentives and Retirement benefits awarded to Non-executive Directors and the Chairperson.
Recommendation 8.3	Provide the information indicated in Guide to reporting on Principle 8.
Comply	Rationale: The required information has been disclosed herein and/or within the Directors' Report.

UXC Limited
Statement of profit or loss
For the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Revenue from continuing operations	3	**643,368**	594,269
Other income and gains	4	**3,200**	4,603
Employee benefits expenses	5	**(313,722)**	(290,156)
Services and products used		**(127,815)**	(102,697)
Contractor and sub-contractor expenses		**(89,727)**	(97,013)
Licence fee expenses		**(25,767)**	(20,216)
Travel expenses		**(14,596)**	(13,360)
Vehicle and equipment running costs		**(4,330)**	(4,067)
Depreciation and amortisation expense	5	**(8,152)**	(7,442)
Occupancy expenses		**(13,606)**	(12,373)
Professional services expenses		**(5,567)**	(1,993)
Finance charges	5	**(2,939)**	(814)
Communication expenses		**(7,405)**	(6,554)
Recruitment and staff training costs		**(3,411)**	(3,883)
Operating lease costs		**(384)**	(428)
Advertising and marketing costs		**(2,089)**	(2,394)
Insurance costs		**(976)**	(1,097)
Bad and doubtful debts expense	7	**(992)**	(305)
Other expenses		**(3,056)**	(2,539)
Profit from continuing operations before income tax expense	5	**22,034**	31,541
Income tax expense	6	**(6,302)**	(8,858)
Net profit from continuing operations		**15,732**	22,683
Profit from discontinued operation	35	**-**	1,329
Profit for the year		**15,732**	24,012
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	21	**4.95**	7.37
Diluted earnings per share	21	**4.80**	7.19
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	21	**4.95**	7.80
Diluted earnings per share	21	**4.80**	7.61

The above statement of profit or loss should be read in conjunction with the accompanying notes.

UXC Limited
Statement of comprehensive income
For the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Profit for the year		**15,732**	24,012
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**579**	2,467
Other comprehensive income for the year		**579**	2,467
Total comprehensive income for the year		**16,311**	26,479

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

UXC Limited
Statement of financial position
As at 30 June 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**19,724**	34,343
Trade and other receivables	7	**107,108**	92,233
Accrued income		**21,821**	30,990
Inventories	8	**2,927**	5,793
Other financial assets		**1,424**	178
Other current assets	9	**15,624**	16,580
Total current assets		**168,628**	180,117
Non-current assets			
Trade and other receivables	7	**2,326**	2,432
Property, plant and equipment	10	**12,521**	12,128
Goodwill	11	**210,234**	163,681
Other intangible assets	12	**12,370**	11,800
Deferred tax assets	6	**18,149**	10,817
Other non-current assets	13	**1,365**	1,604
Total non-current assets		**256,965**	202,462
Total assets		**425,593**	382,579
LIABILITIES			
Current liabilities			
Trade and other payables	14	**100,584**	87,115
Unearned income		**41,933**	39,721
Borrowings	15	**11,079**	17
Current tax liabilities		**4,365**	7,408
Provisions	16	**28,142**	24,553
Other current liabilities	17	**2,993**	3,795
Total current liabilities		**189,096**	162,609
Non-current liabilities			
Unearned income		**424**	743
Borrowings	15	**12,746**	8,500
Provisions	16	**5,364**	5,629
Other non-current liabilities	17	**2,935**	3,225
Total non-current liabilities		**21,469**	18,097
Total liabilities		**210,565**	180,706
Net assets		**215,028**	201,873
EQUITY			
Issued capital	18	**180,423**	166,934
Reserves	19	**1,949**	3,131
Retained earnings	20	**32,656**	31,808
Total equity		**215,028**	201,873

The above statement of financial position should be read in conjunction with the accompanying notes.

UXC Limited
Statement of changes in equity
For the year ended 30 June 2014

		Attributable to owners of UXC Limited					
	Notes	Issued capital $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Employee equity settled benefits reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2012	20	163,255	(4,272)	579	3,723	20,878	184,163
Profit for the year		-	-	-	-	24,012	24,012
Other comprehensive income		-	2,467	-	-	-	2,467
Total comprehensive income for the year		**-**	**2,467**	**-**	**-**	**24,012**	**26,479**
Share buy back	18	(167)	-	-	-	-	(167)
Dividends paid	22	-	-	-	-	(13,082)	(13,082)
Share based payments		-	-	-	634	-	634
Exercise of performance rights	18	2,489	-	-	-	-	2,489
Share issue costs	18	(4)	-	-	-	-	(4)
Dividend reinvestment plan	18	1,139	-	-	-	-	1,139
Consideration for acquisitions	18	222	-	-	-	-	222
		3,679	-	-	634	(13,082)	(8,769)
Balance at 30 June 2013		**166,934**	**(1,805)**	**579**	**4,357**	**31,808**	**201,873**
Balance at 1 July 2013		**166,934**	**(1,805)**	**579**	**4,357**	**31,808**	**201,873**
Profit for the year		**-**	**-**	**-**	**-**	**15,732**	**15,732**
Other comprehensive income		**-**	**579**	**-**	**-**	**-**	**579**
Total comprehensive income for the year		**-**	**579**	**-**	**-**	**15,732**	**16,311**
Dividends paid	22	**-**	**-**	**-**	**-**	**(14,884)**	**(14,884)**
Share based payments		**-**	**-**	**-**	**(1,761)**	**-**	**(1,761)**
Exercise of performance rights	18	**3,519**	**-**	**-**	**-**	**-**	**3,519**
Share issue costs	18	**(16)**	**-**	**-**	**-**	**-**	**(16)**
Dividend reinvestment plan	18	**2,610**	**-**	**-**	**-**	**-**	**2,610**
Cancellation of shares held in escrow	18	**(162)**	**-**	**-**	**-**	**-**	**(162)**
Consideration for acquisitions	18	**7,538**	**-**	**-**	**-**	**-**	**7,538**
		13,489	**-**	**-**	**(1,761)**	**(14,884)**	**(3,156)**
Balance at 30 June 2014		**180,423**	**(1,226)**	**579**	**2,596**	**32,656**	**215,028**

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

UXC Limited
Statement of cash flows
For the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		**709,843**	644,980
Payments to suppliers and employees		**(667,586)**	(620,401)
		42,257	24,579
Interest received		**351**	381
Interest and other finance costs paid		**(2,915)**	(755)
Income taxes paid		**(8,644)**	(4,429)
Net cash inflow from operating activities	31(a)	**31,049**	19,776
Cash flows from investing activities			
Proceeds from sale of businesses (net of cash disposed)		**-**	2,613
Payments for businesses acquired in current year (net of cash received)	31(b)	**(37,933)**	(12,022)
Payments for businesses acquired in prior years		**(4,067)**	-
Payments for property, plant and equipment		**(3,958)**	(8,385)
Proceeds from sale of property, plant and equipment		**57**	46
Payments for other intangible assets		**(2,916)**	(4,908)
Net cash (outflow) from investing activities		**(48,817)**	(22,656)
Cash flows from financing activities			
Payments for share buy back	18(a)	**-**	(167)
Payment for share issue costs	18(a)	**(16)**	(4)
Proceeds from borrowings		**103,281**	55,150
Repayment of borrowings		**(88,256)**	(47,170)
Dividends paid (net of Dividend Reinvestment Plan)		**(12,277)**	(11,943)
Net cash inflow/(outflow) from financing activities		**2,732**	(4,134)
Net (decrease) in cash and cash equivalents		**(15,036)**	(7,014)
Cash and cash equivalents at 1 July		**34,343**	40,545
Effects of exchange rate changes on cash and cash equivalents		**417**	812
Cash and cash equivalents at 30 June		**19,724**	34,343

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

Contents of the notes to the consolidated financial statements

1 Summary of significant accounting policies

(a) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial statements were authorised for issue by the Directors on 28 August 2014.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company is a Company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The principal accounting policies are set out below.

(c) Application of new and revised accounting standards

(i) New and amended standards adopted by the Group

In the current year, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2013.

The adoption of AASB 13 and AASB 119 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. These are explained and summarised in below. The other standards only affected the disclosures in the notes to the financial statements.

1 Summary of significant accounting policies (continued)

(c) Application of new and revised accounting standards (continued)

- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures' As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

In the current year the individual key management personnel disclosure previously required by AASB 124 (Notes 31 and 35(a)(b) in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

In the current year, the Group has applied for the first time AASB 10 together with the amendments to AASB 10 regarding the transitional guidance. AASB 11, AASB 12 and AASB 128 (as revised in 2011) are not applicable to the Group.

AASB 10 Consolidated Financial Statements was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements and in Interpretation 112 Consolidation - Special Purpose Entities.

The Group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

- AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period

- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see Note 32 for the 2014 disclosures). Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

1 Summary of significant accounting policies (continued)

(c) Application of new and revised accounting standards (continued)

- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The revised standard has changed the accounting for the Group's annual leave obligations. Where the entity does not expect annual leave to be taken within 12 months of the respective service being provided, that portion of annual leave obligations are now measured on a discounted basis. The whole annual leave obligation is a short-term liability as the entity does not have the right to defer settlement beyond 12 months. However, the impact of this change was immaterial since the majority of the leave is still expected to be taken within a short period after the end of the reporting period.

- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The amendments that are relevant to the Group are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to AASB 7 'Disclosures - Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the consolidated financial statements.

- AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)

This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements.

As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

1 Summary of significant accounting policies (continued)

(c) Application of new and revised accounting standards (continued)

(ii) New standards and interpretations not yet adopted

Certain new accounting Standards and Interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not yet been applied in the financial statements. The Directors have not yet assessed the impact the adoption of these Standards and Interpretations in future periods will have on the financial statements of the Company or the Group.

Standard/interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards (1)	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	30 June 2017
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
Equity method in separate financial statements (Amendments to IAS 27)	I January 2016	30 June 2017

(1) The AASB has issued the following versions of AASB 9 and the relevant amending standards:

- AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures'.
- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosure'.
- In December 2013 the AASB issued AASB 2013-9 'Amendment to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments', Part C - Financial Instruments. This amending standard has amended the mandatory effective date of AASB 9 to 1 January 2017. For annual reporting periods beginning before 1 January 2017, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.

(d) Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of the Company and entities controlled by the the Company (the parent entity) and its subsidiaries, as defined in Accounting Standard AASB 10 Consolidated Financial Statements. Control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

A list of subsidiaries appears in Note 28 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

1 Summary of significant accounting policies (continued)

(d) Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(e) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1 Summary of significant accounting policies (continued)

(f) Revenue recognition

Sale of goods/licensing of software products

Revenue from the sale of goods and licensing of software products is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods or software products.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses incurred.
- Revenue from fixed-price and construction contracts is recognised by reference to the stage of completion of the contract activity at the balance date, determined as the proportion of contract costs incurred for work to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work and claims are included to the extent they have been agreed with the customer. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset.

(g) Government grants

Research and development concession

The Group has revised its accounting policy for Research and development ("R&D") concessions in accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. R&D concessions are assistance to the Group by the Australian Government in the form of reduction in income tax liability in return for expenditure on eligible R&D as registered with AusIndustry.

R&D concessions receivable as compensation for expenses or losses already incurred by the Group with no future related costs are recognised in profit or loss in the period in which they are quantified and become receivable.

The amount of Research and development concessions received or receivable in respect of eligible R&D as registered with AusIndustry that is in excess of the amount that would have otherwise been deductible in calculating Income tax expense, are now included in Other income. The change in accounting policy more accurately reflects the income tax expense and the additional benefits from Government incentives. The change in accounting policy was applied retrospectively. The Research and development concession amount of $1,403,208 is recognised in Other income for the year ended 30 June 2014 (2013: $700,000). Previously the Research and development concession was treated as a reduction in Income tax expense. The amounts disclosed have all been restated in accordance with the new policy.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

1 Summary of significant accounting policies (continued)

(h) Income tax (continued)

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. UXC Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences are recognised by the members of the tax consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in Note 6 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(i) Foreign currency translation

Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its " functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

1 Summary of significant accounting policies (continued)

(i) Foreign currency translation (continued)

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Group companies

On consolidation, the assets and liabilities of the Group's foreign operations (including comparatives) are translated into Australian dollars at exchange rates prevailing on the balance date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to IFRS is treated as an Australian dollar denominated asset.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the weighted average cost basis. Cost comprises material, labour, sub-contract charges and direct contract expenses and an appropriate portion of fixed and variable overhead expenses.

(l) Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

1 Summary of significant accounting policies (continued)

(m) Financial assets

Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost using the effective interest method less impairment.

Financial assets at FVTPL

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within Other income or Other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

1 Summary of significant accounting policies (continued)

(n) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Items of property, plant and equipment are depreciated over their expected useful lives from the date of acquisition using a combination of straight-line and diminishing value bases. Estimates of remaining useful lives are made on a regular basis for all assets. The expected useful lives are as follows:

- Plant and equipment (including leased plant and equipment)	3 - 10 years
- Leasehold improvements	4 - 10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(o) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised at fair value or, if lower, at an amount equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income. Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives (for example rent free period and upfront capital contributions) are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight line basis over the period of the lease.

1 Summary of significant accounting policies (continued)

(o) Leases (continued)

The Group as lessee (continued)

Premises Leases Make Good

The Group is required to restore its leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

(p) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or groups of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or groups of CGUs) and then to the other assets of the CGU (or groups of CGUs) pro-rata on the basis of the carrying amount of each asset in the CGU (or groups of CGUs). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

(q) Other intangible assets

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Development expenditure

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

An intangible asset arising from development is recognised if, and only if, all the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- the intention to complete the intangible asset and use or sell it.
- the ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

1 Summary of significant accounting policies (continued)

(q) Other intangible assets (continued)

The following useful lives are used in the calculation of amortisation:

- Capitalised development costs	2 - 10 years
- Trademarks	Assessed as not having a finite useful life, therefore not amortised, and assessed for impairment annually.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination (such as customer contracts and relationships) are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The amortisation terms of customer contracts and relationships are predominantly between three and five years, with one instance of ten years.

Software

Software purchased outright or under finance lease is stated at cost less accumulated amortisation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. Occasionally software is acquired from within the Group on a competitive basis on normal commercial terms.

Software is amortised on a straight-line basis over its expected useful life from the date of acquisition. Estimates of remaining useful life are reviewed at least annually. Software is amortised over terms ranging from two to five years.

(r) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed. Recoverable amount is the higher of 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 post-tax discount rate (adjusted to reflect a pre-tax discount rate as required by the relevant Accounting Standard) that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(s) Trade and other payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

1 Summary of significant accounting policies (continued)

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

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

(u) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Warranty

Provisions are made for the estimated warranty claims in respect of products and services sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(w) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

(i) Short-term obligations

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

1 Summary of significant accounting policies (continued)

(w) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

Contributions to defined contribution superannuation plans are expensed when employees have rendered services entitling them to the contributions.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(x) Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

(y) Derivatives and hedging activities

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and foreign currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 32 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges), or hedges of net investments in foreign operations.

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

1 Summary of significant accounting policies (continued)

(y) Derivatives and hedging activities (continued)

(i) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

Derivatives not designated into an effective hedge relationship are classified as a current asset or a current liability.

(z) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Financial guarantee contract liabilities

Financial guarantee contracts are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the disclosed revenue recognition policies.

(aa) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The 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 the judgements. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1 Summary of significant accounting policies (continued)

(aa) Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use of calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Details of the impairment review are provided at Note 11.

Impairment of other intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets have been allocated. The value in use of calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Details of the impairment review are provided at Note 11.

Contingent consideration

Determining the amount of contingent consideration arising on acquisition of businesses requires the Group to estimate the future achievement of specified contractual earn-out targets. Refer to Note 29(a).

(ab) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures. Comparatives for the year ended 30 June 2013 have been restated for the following:

(a) Research and development concessions have been classified as other income to reflect its nature of Government Grant income. Refer to Note 1(g).
(b) A change in the accounting for revenue on certain software licensing and maintenance contracts. In accordance with Note 1(f), UXC accounting policy is to recognise revenue from licensing of software products when the Group has transferred to the buyer the significant risks and rewards of ownership of the software products. The need to restate prior period comparatives arose from a review of the contractual terms and conditions of certain software licensing and maintenance contracts in which the Group no longer has any continuing obligations and revenue should have been recognised upfront. The effect of the restatement as at 30 June 2013 (and 30 June 2012) was to decrease unearned income by $1,105,000, increase retained earnings by $772,000 and increase current tax liability by $333,000 with no impact on profit for the year ended 30 June 2013.

2 Segment information

(a) Description of segments

UXC has assessed the operating segments as follows:

- **Consulting**
  Services provided in the following specialist areas: Training, Business Transformation, Information Management, Telecommunications Consulting, Project, Program & Portfolio Management, Change Management, IT Research, IT Strategy & Architecture, IT Professional Services and Mobility.

- **Applications**
  Consult in and implement ERP systems for mid to large size organisations and individually represent Microsoft Dynamics, SAP, Oracle and ServiceNow in the market.

- **IT Infrastructure**
  Specialises in the areas of: Workspace Innovation, Contact Centre, Security, Mobility, Cloud, Entertainment & Content, Managed Services, Data Centre Optimisation, and Outsourcing.

2 Segment information (continued)

(a) Description of segments (continued)

	2014 Consulting $'000	2014 Applications $'000	2014 IT Infrastructure $'000	2014 Total $'000
Continuing Operations				
Segment sales	84,859	322,105	236,404	643,368
Total revenue			236,404	643,368
Segment result - continuing operations	6,132	28,171	3,213	37,516
Unallocated revenue less unallocated expenses			-	(15,482)
Profit before income tax expense			3,213	22,034
Income tax expense			-	(6,302)
Net profit from continuing operations			3,213	15,732
Net profit attributable to members of the parent entity			3,213	15,732
Segment assets	57,150	253,021	94,762	404,933
Unallocated assets			-	20,660
Total assets			94,762	425,593
Segment liabilities	8,273	79,796	74,749	162,818
Unallocated liabilities			-	47,747
Total liabilities			74,749	210,565
Property, plant and equipment, intangibles and other non-current assets				
Additions by segment	1,697	5,030	777	7,504
Unallocated additions			-	(498)
Total additions			777	7,006
Acquired from business acquisitions	-	2,597	-	2,597
Depreciation and amortisation expense				
From continuing operations	655	3,594	3,423	7,672
Unallocated depreciation and amortisation expense			-	480
Total depreciation and amortisation expense			3,423	8,152
Other non-cash expenses				
From continuing operations	8	780	182	970

2 Segment information (continued)

(a) Description of segments (continued)

	2013 Consulting $'000	2013 Applications $'000	2013 IT Infrastructure $'000	2013 Total $'000
Continuing Operations				
Segment sales	90,621	280,839	222,809	594,269
Total revenue				**594,269**
Segment result - continuing operations	5,421	30,149	8,958	44,528
Unallocated revenue less unallocated expenses				(12,987)
Profit before income tax expense				31,541
Income tax expense				(8,858)
Net profit from continuing operations				22,683
Net profit / (loss) from discontinued operations				1,329
Net profit attributable to members of the parent entity				**24,012**
Segment assets	61,463	192,464	106,423	360,350
Unallocated assets				22,229
Total assets				**382,579**
Segment liabilities	9,288	69,574	71,120	149,982
Unallocated liabilities				30,724
Total liabilities				**180,706**
Property, plant and equipment, intangibles and other non-current assets				
Additions by segment	246	4,112	3,843	8,201
Unallocated additions				4,993
Total additions				**13,194**
Acquired from business acquisitions	-	182	-	182
Depreciation and amortisation expense				
From continuing operations	641	2,983	3,794	7,418
Unallocated depreciation and amortisation expense				24
Total depreciation and amortisation expense				**7,442**
Other non-cash expenses				
From continuing operations	249	52	(58)	243

2 Segment information (continued)

(b) Geographical information

The Group operates predominantly in Australia. The Group's revenue from continuing operations and information about it's non-current assets by location of assets are detailed below. No single external customer generates 10% or more of the Group's revenue.

	2014 $'000	2013 $'000
Revenue from external customers		
Australia	**577,866**	542,601
Rest of world	**65,502**	51,668
	643,368	594,269
Non-current assets		
Australia	**178,870**	175,712
Rest of world	**78,095**	26,750
	256,965	202,462

3 Revenue

Sales revenue from continuing operations		
Revenue from the rendering of services	**517,750**	482,049
Revenue from the sale of goods	**125,618**	112,220
	643,368	594,269

4 Other income and gains

Research and development concession (1)	**1,403**	700
Interest revenue	**351**	380
Foreign exchange gain / (loss)	**147**	(96)
Gain from derecognition of contingent consideration	**209**	1,337
Net gain on disposal of business	**-**	1,732
Other revenue	**1,090**	550
	3,200	4,603

(1) Refer Note 1(g) for details about restatements for change in accounting policy.

5 Expenses

Profit before income tax includes the following specific expenses:

	2014 $'000	2013 $'000
Employee benefits expenses		
Post-employment benefits - defined contribution plans	**20,598**	19,365
Share based payments - equity settled share-based payments	**1,761**	1,919
Other employee benefits	**291,363**	268,872
Employee benefits expenses	**313,722**	290,156
Depreciation and amortisation		
Property, plant and equipment	**3,872**	3,940
Other intangible assets	**4,280**	3,502
Total depreciation and amortisation	**8,152**	7,442
Rental expense relating to operating leases		
Minimum lease payments	**12,835**	11,500
Net loss on disposal of property, plant and equipment	**441**	91
Finance charges		
Interest and finance charges paid/payable	**2,939**	814

6 Income tax expense

(a) Reconciliation of income tax expense to prima facie tax payable

	2014	2013
Profit from continuing operations before income tax expense	**22,034**	31,541
Profit from discontinuing operations before income tax expense	**-**	37
	22,034	31,578
Tax at the Australian tax rate of 30% (2013: 30.0%)	**6,610**	9,473
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	**381**	720
Effect of R&D concession income that is exempt from tax	**(421)**	(210)
Capital gains on sale of businesses not assessable	**-**	(803)
Deferred consideration adjustment not assessable	**(63)**	(401)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(366)**	64
	6,141	8,843
Under/(Over) provision in relation to continuing operations	**161**	(78)
Under/(Over) provision in relation to discontinued operations	**-**	(1,199)
Income tax expense	**6,302**	7,566

6 Income tax expense (continued)

(b) Income tax expense

	2014 $'000	2013 $'000
Tax expense in relation to continuing operations	**6,302**	8,858
Tax (benefit) in relation to discontinued operations	**-**	(1,292)
Aggregate income tax expense	**6,302**	7,566
Tax expense comprises:		
Current tax expense	**7,046**	7,855
Deferred tax expense relating to temporary differences	**(744)**	(289)
	6,302	7,566

(c) Deferred tax assets

Deferred tax assets comprise:

	Notes		
Temporary differences	6(e)	**18,149**	10,817
		18,149	10,817

(d) Unrecognised temporary differences

Under the tax law, the taxable profit made by a tax-consolidated group in relation to an entity leaving the group depends on a range of factors, including the tax values and/or carrying values of the assets and liabilities of the leaving entities, which vary in line with the transactions and events recognised in each entity. The taxable profit or loss ultimately made on any disposal of the investments within the tax-consolidated group will therefore depend upon when each entity leaves the tax-consolidated group and the assets and liabilities that the leaving entity holds at that time.

The Group considers the effects of entities entering or leaving the tax-consolidated group to be a change of tax status that is only recognised when those events occur. As a result, temporary differences and deferred tax liabilities have not been measured or recognised in relation to investments within the tax-consolidated group.

6 Income tax expense (continued)

(e) Deferred tax balances

2014	Opening balance $'000	Charged to income $'000	Recognised directly in equity $'000	Acquisitions / disposals $'000	Exchange differences $'000	Closing balance $'000
Temporary differences						
Capitalised development costs	**(298)**	**(484)**	**-**	**-**	**-**	**(782)**
Accrued income	**(1,886)**	**(847)**	**-**	**-**	**-**	**(2,733)**
Identifiable intangible assets	**(51)**	**123**	**-**	**(545)**	**-**	**(473)**
Accrued expenses	**1,397**	**1,287**	**-**	**-**	**-**	**2,684**
Provisions	**9,768**	**418**	**-**	**307**	**-**	**10,493**
Doubtful debts and impairment losses	**244**	**193**	**-**	**-**	**-**	**437**
Property, plant and equipment	**(1,288)**	**128**	**-**	**-**	**-**	**(1,160)**
Goodwill	**1,378**	**(314)**	**-**	**7,158**	**(427)**	**7,795**
Other	**1,553**	**240**	**95**	**-**	**-**	**1,888**
Net deferred tax asset	**10,817**	**744**	**95**	**6,920**	**(427)**	**18,149**

2013	Opening balance $'000	Charged to income $'000	Recognised directly in equity $'000	Acquisitions / disposals $'000	Exchange differences $'000	Closing balance $'000
Temporary differences						
Capitalised development costs	(79)	(219)	-	-	-	(298)
Accrued income	(2,040)	154	-	-	-	(1,886)
Identifiable intangible assets	(94)	43	-	-	-	(51)
Accrued expenses	1,469	(96)	-	24	-	1,397
Provisions	8,841	811	-	116	-	9,768
Doubtful debts and impairment losses	327	(83)	-	-	-	244
Property, plant and equipment	(779)	(509)	-	-	-	(1,288)
Goodwill	-	-	-	1,283	95	1,378
Other	451	188	897	17	-	1,553
Net deferred tax asset	8,096	289	897	1,440	95	10,817

The recoverability of the deferred tax asset has been assessed based on cash flow projections consistent with the analysis performed for the goodwill impairment assessment (refer Note 11). This assessment includes a consideration of the relevant tax authority.

(f) Unrecognised deferred tax balances

The following deferred tax assets have not been brought to account as assets:

	2014 $'000	2013 $'000
Tax losses capital	**16,535**	16,535

6 Income tax expense (continued)

(g) Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 13 September 2002 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is UXC Limited.

Entities within the tax consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, UXC Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the 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.

7 Trade and other receivables

	2014			2013		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Trade receivables	**104,584**	**-**	**104,584**	89,439	-	89,439
Provision for impairment of receivables	**(1,456)**	**-**	**(1,456)**	(811)	-	(811)
	103,128	**-**	**103,128**	88,628	-	88,628
Finance lease receivables	**734**	**328**	**1,062**	871	526	1,397
Other receivables	**3,246**	**1,998**	**5,244**	2,734	1,906	4,640
	107,108	**2,326**	**109,434**	92,233	2,432	94,665

(a) Past due but not impaired

	2014 $'000	2013 $'000
31 to 60 days	**17,360**	13,731
61 to 90 days	**1,402**	3,091
91 days or over	**1,910**	2,820
	20,672	19,642

Included in the Group's trade receivables balance are debtors with a carrying amount of $20,672,000 (2013: $19,642,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still recoverable. The Group does not hold any collateral over these balances.

7 Trade and other receivables (continued)

(b) Impairment and risk exposure

Average credit terms are 30 days, varying from COD to 60 days on specific engagements. No interest is charged on trade receivables which are past due. Trade receivables which are past due are provided for based on the estimated irrecoverable amount, determined by reference to past default history.

Impaired trade receivables	**2014 $'000**	2013 $'000
Balance at 1 July	**811**	1,090
Allowance utilised	**(347)**	(584)
Additional allowance recognised	**992**	305
Balance at 30 June	**1,456**	811

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being diverse. Accordingly, the Group believes that no further credit provision is required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are individually impaired trade receivables amounting to $550,000 (30 June 2013: $nil) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds.

Ageing of impaired receivables		
61 to 90 days	**307**	87
91 days and over	**1,149**	724
	1,456	811

(c) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(d) Finance lease receivables

Current	**734**	871
Non-current	**328**	526
Total finance lease receivables	**1,062**	1,397

The Group enters into finance lease arrangements for ITaaS products. All leases are denominated in Australian dollars. The average term of finance leases entered into is 5 years.

7 Trade and other receivables (continued)

(d) Finance lease receivables (continued)

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Within one year	**762**	937	**734**	871
Later than one year but not later than five years	**371**	621	**328**	526
	1,133	1,558	**1,062**	1,397
Less unearned finance income	**(71)**	(161)		
Present value of minimum lease payments receivable	**1,062**	1,397	**1,062**	1,397

8 Current assets - Inventories

	2014	2013
	$'000	$'000
Finished goods	**2,927**	5,793

Inventories recognised as expense during the year and included in 'Services and products used' amounted to $83,436,000 (2013: $68,506,000).

9 Current assets - Other current assets

Current assets		
Prepayments	**15,618**	16,538
Sundry current assets	**6**	42
	15,624	16,580

10 Non-current assets - Property, plant and equipment

Leasehold improvements		
Cost	**12,581**	10,428
Accumulated depreciation	**(5,576)**	(4,349)
	7,005	6,079
Plant and equipment		
Cost	**33,150**	31,199
Accumulated depreciation	**(27,740)**	(25,305)
	5,410	5,894
Leased plant & equipment		
Cost	**5,668**	5,507
Accumulated depreciation	**(5,562)**	(5,352)
	106	155
	12,521	12,128

10 Non-current assets - Property, plant and equipment (continued)

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Leasehold improvements $'000	Plant and equipment $'000	Leased plant and equipment $'000	Total $'000
Balance at 1 July 2012				
Cost	5,236	27,915	5,496	38,647
Accumulated depreciation	(3,341)	(22,894)	(4,834)	(31,069)
Net book amount	1,895	5,021	662	7,578
Year ended 30 June 2013				
Opening net book amount	1,895	5,021	662	7,578
Additions	5,215	3,146	10	8,371
Additions through acquisitions of businesses	-	182	-	182
Disposals	-	(126)	-	(126)
Depreciation charge	(1,008)	(2,415)	(517)	(3,940)
Transfers	(23)	23	-	-
Net foreign currency exchange differences	9	64	-	73
Write offs	(9)	(1)	-	(10)
Closing net book amount	6,079	5,894	155	12,128
Balance at 30 June 2013				
Cost	10,428	31,199	5,507	47,134
Accumulated depreciation	(4,349)	(25,305)	(5,352)	(35,006)
Net book amount	6,079	5,894	155	12,128
Year ended 30 June 2014				
Opening net book amount	**6,079**	**5,894**	**155**	**12,128**
Additions	**2,640**	**1,568**	**-**	**4,208**
Additions through acquisitions of businesses	**-**	**344**	**169**	**513**
Disposals	**(429)**	**(5)**	**-**	**(434)**
Depreciation charge	**(1,227)**	**(2,435)**	**(210)**	**(3,872)**
Transfers	**-**	**8**	**(8)**	**-**
Net foreign currency exchange differences	**6**	**36**	**-**	**42**
Write offs	**(64)**	**-**	**-**	**(64)**
Closing net book amount	**7,005**	**5,410**	**106**	**12,521**
Balance at 30 June 2014				
Cost	**12,581**	**33,150**	**5,668**	**51,399**
Accumulated depreciation	**(5,576)**	**(27,740)**	**(5,562)**	**(38,878)**
Net book amount	**7,005**	**5,410**	**106**	**12,521**

11 Non-current assets - Goodwill

	Notes	**2014 $'000**	2013 $'000
Balance at 1 July		**163,681**	143,219
Additional amounts recognised from business combinations occurring during the year	29	**46,472**	18,648
Derecognised on disposal of a business		**-**	(21)
Amounts derecognised from business combinations occurring in prior year		**(230)**	(200)
Effects of foreign currency exchange differences		**311**	2,035
Balance at 30 June		**210,234**	163,681

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to seven (2013: seven) cash-generating units. The carrying amounts of goodwill allocated to the three operating segments are as follows:

Operating segments		
Consulting	**40,267**	40,267
Applications	**140,015**	93,461
IT Infrastructure	**29,952**	29,953
Total Goodwill	**210,234**	163,681

The cash-generating units that individually have been allocated more than 10% of the Group's total carrying amount of goodwill are UXC Eclipse $51,096,000 (2013: $34,614,000), UXC Red Rock Consulting $46,593,000 (2013: $42,581,000), UXC Consulting $22,157,000 (2013: $21,957,000), IT Infrastructure (including UXC Connect) $29,952,000 (2013: $29,952,000) and UXC Keystone $23,100,000 (2013: $nil).

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections covering a five-year period based on financial budgets approved by management for the subsequent financial year. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates do not exceed the long-term average growth rates for the industry in which each CGU operates.

Cash flow projections for CGUs are based on budgeted EBIT during the projection period, increasing by underlying cash flow growth rates of between 2.8% and 9.0% per annum (2013: 2.5% p.a.). The cash flows beyond the five year projection period have been extrapolated using a steady growth rate of 2.5% (2013: 2.5%). The underlying growth rates have been determined by management based on most recent financial budgets and forecasts, expected industry growth rates and growth of the CGU for the previous two years.

In performing the value-in-use calculations for each CGU, the Group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The equivalent pre-tax discount rates are between 13.54% and 22.37% (2013: 13.46% to 13.60%).

The Directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of any cash-generating unit.

12 Non-current assets - Other intangible assets

	IT Software $'000	Development costs $'000	Customer contracts / relationships $'000	Trademarks $'000	Total $'000
Balance at 1 July 2012					
Cost	13,790	2,941	2,858	76	19,665
Accumulation amortisation and impairment	(4,635)	(2,124)	(2,661)	-	(9,420)
Net book amount	9,155	817	197	76	10,245
Year ended 30 June 2013					
Opening net book amount	9,155	817	197	76	10,245
Additions	1,609	3,214	-	-	4,823
Acquisition of business	-	209	-	-	209
Exchange differences	-	9	16	-	25
Amortisation charge	(2,827)	(615)	(60)	-	(3,502)
Transfers	338	(338)	-	-	-
Closing net book amount	8,275	3,296	153	76	11,800
Balance at 30 June 2013					
Cost	15,933	5,603	2,902	76	24,514
Accumulation amortisation and impairment	(7,658)	(2,307)	(2,749)	-	(12,714)
Net book amount	8,275	3,296	153	76	11,800
Year ended 30 June 2014					
Opening net book amount	**8,275**	**3,296**	**153**	**76**	**11,800**
Additions	**1,021**	**1,777**	**-**	**-**	**2,798**
Acquisition of business	**17**	**-**	**1,817**	**250**	**2,084**
Exchange differences	**-**	**14**	**18**	**-**	**32**
Amortisation charge	**(2,324)**	**(1,541)**	**(415)**	**-**	**(4,280)**
Write offs	**(64)**	**-**	**-**	**-**	**(64)**
Closing net book amount	**6,925**	**3,546**	**1,573**	**326**	**12,370**
Balance at 30 June 2014					
Cost	**16,407**	**5,598**	**4,784**	**326**	**27,115**
Accumulated amortisation and impairment	**(9,482)**	**(2,052)**	**(3,211)**	**-**	**(14,745)**
Net book amount	**6,925**	**3,546**	**1,573**	**326**	**12,370**

13 Non-current assets - Other non-current assets

	2014 $'000	2013 $'000
Security deposits	**371**	75
Deferred expense	**994**	1,529
	1,365	1,604

14 Current liabilities - Trade and other payables

	2014 $'000	2013 $'000
Trade payables	**55,493**	42,797
Other payables	**45,091**	44,318
	100,584	87,115

Average credit terms are 30 days. No interest is charged on trade payables.

15 Borrowings

		2014			2013		
	Notes	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Secured							
Commercial bills		**10,000**	**9,125**	**19,125**	-	8,500	8,500
Lease liabilities	23(b)	**1,079**	**3,621**	**4,700**	17	-	17
Total secured borrowings	31(d)	**11,079**	**12,746**	**23,825**	17	8,500	8,517

Financing facilities are secured by registered fixed and floating charges over the assets and undertakings of the Company and certain subsidiaries.

16 Provisions

	2014			2013		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Employee benefits	**24,195**	**3,472**	**27,667**	21,619	3,526	25,145
Premises leases make good provision	**1,047**	**140**	**1,187**	376	673	1,049
Premises lease incentives	**653**	**1,723**	**2,376**	283	1,365	1,648
Other provisions, including warranty claims	**2,247**	**29**	**2,276**	2,275	65	2,340
	28,142	**5,364**	**33,506**	24,553	5,629	30,182

16 Provisions (continued)

(a) Movements in provisions

Reconciliation of the carrying amounts of each category of provisions (excluding employee benefits) at the beginning and end of the previous and current financial years is set out below.

2014	**Premises Lease Incentives $'000**	**Premises Leases - Make good provision $'000**	**Other $'000**
Balance at 1 July	**1,648**	**1,049**	**2,340**
Additional provisions recognised	**2,489**	**326**	**3,130**
Reductions arising from payments	**(1,755)**	**(131)**	**(3,120)**
Reductions arising from re-measurement or settlement without cost	**(6)**	**(57)**	**(74)**
Balance at 30 June	**2,376**	**1,187**	**2,276**
Current	**653**	**1,047**	**2,247**
Non-current	**1,723**	**140**	**29**
Balance at 30 June	**2,376**	**1,187**	**2,276**

2013			
Balance at 1 July	1,258	1,180	1,448
Additional provisions recognised	390	-	1,892
Reductions arising from payments	-	(10)	-
Reductions arising from re-measurement or settlement without cost	-	(121)	(1,000)
Balance at 30 June	1,648	1,049	2,340
Current	283	376	2,275
Non-current	1,365	673	65
Balance at 30 June	1,648	1,049	2,340

17 Other liabilities

	2014	2013
	$'000	$'000
Deferred and contingent consideration		
Payable in cash	**4,348**	4,991
Payable in shares	**1,580**	2,029
	5,928	7,020
Current	**2,993**	3,795
Non-current	**2,935**	3,225
	5,928	7,020

There are a number of agreements which have been entered into by the Company and certain subsidiaries with third parties which confer on those third parties rights to be issued equity, or receive cash payments at a future date. This deferred consideration arises in connection with acquisition agreements and includes 'earn-out' obligations in favour of the vendors of the acquired entity upon their attainment of certain revenue and earnings targets within certain time frames. Where there is a likelihood of earn-outs being met and a reliable estimate of the obligations can be made, a liability has been raised. Refer to Note 29 for details of contingent consideration.

18 Issued capital

(a) Issued and paid-up capital

	2014		2013	
	Shares 000	**$'000**	Shares 000	$'000
UXC Shares (1)				
Balance at 1 July	**308,807**	**166,934**	305,171	163,255
Consideration for acquisitions	**8,143**	**7,538**	209	222
Share buy back	**-**	**-**	(300)	(167)
Exercise of performance rights	**3,230**	**3,519**	2,677	2,489
Cancellation of shares held in escrow	**(149)**	**(162)**	-	-
Dividend reinvestment plan	**2,446**	**2,610**	1,050	1,139
Net movement	**13,670**	**13,505**	3,636	3,683
Less transaction costs	-	**(16)**	-	(4)
Balance at 30 June	**322,477**	**180,423**	308,807	166,934

(1) Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

18 Issued capital (continued)

(b) Reconciliation of un-issued shares in respect of which performance rights are outstanding

Grant date	Performance rights on issue at 1 July 2013 No.	Exercise Price $	Performance Rights Issued No.	Performance Rights Exercised No.	Performance Rights Lapsed No.	Expiry Date	Performance Rights on issue at 30 June 2014 No.
UXC Incentive Plan - Employee Performance Rights							
6 Dec 10	1,191,519	$0.00	-	(1,111,831)	(79,688)	1 Jul 13	-
6 Dec 10	404,421	$0.00	-	(404,421)	-	31 Aug 13	-
31 Oct 11	3,615,977	$0.00	-	(1,714,458)	(240,204)	31 Aug 14	1,661,315
24 Sep 12	4,512,185	$0.00	-	-	(458,898)	31 Aug 15	4,053,287
1 Oct 13	-	$0.00	2,984,940	-	(2,516,404)	31 Aug 16	468,536
Sub Total	**9,724,102**		**2,984,940**	**(3,230,710)**	**(3,295,194)**		**6,183,138**
UXC Incentive Plan - MD LTI (1)							
24 Nov 11	1,730,769	$0.00	-	-	-	31 Aug 14	1,730,769
Sub Total	**1,730,769**		**-**	**-**	**-**		**1,730,769**
Grand Total	**11,454,871**		**2,984,940**	**(3,230,710)**	**(3,295,194)**		**7,913,907**

(1) Refer Note 25(b)(ii).

The employee performance rights have been issued in accordance with the UXC Incentive Plan, and under the terms of their issue, have vesting conditions in the first year after issue tied to actual profit before tax performance compared to budget at a mixture of the Business Unit level (0% - 60%) and the Group level (40% - 100%). Rights are lapsed for those conditions not achieved after year one. Additionally, the performance rights have two further exercise conditions, whereby 50% of vested rights may be exercisable after two years from their date of issue subject to continuing employment, and the remaining 50% of vested rights may be exercisable after three years from their date of issue subject to continuing employment.

(c) Performance rights issued during the year

2,984,940 performance rights exercisable at $nil (2013: 5,851,000 performance rights exercisable at $nil) were issued to employees in accordance with the UXC Incentive Plan (refer Note 25).

19 Reserves

	2014 $'000	2013 $'000
Foreign currency translation reserve	**(1,226)**	(1,805)
Share-based payments reserve	**579**	579
Employee equity settled benefits reserve	**2,596**	4,357
	1,949	3,131

19 Reserves (continued)

	2014 $'000	2013 $'000
Movements:		
Foreign currency translation reserve (i)		
Balance at 1 July	**(1,805)**	(4,272)
Translation of foreign operations	**579**	2,467
Balance at 30 June	**(1,226)**	(1,805)
Share-based payments reserve (ii)		
Balance at 1 July	**579**	579
Balance at 30 June	**579**	579
Employee equity-settled benefits reserve (iii)		
Balance at 1 July	**4,357**	3,723
Share-based payments for employees	**(1,761)**	634
Balance at 30 June	**2,596**	4,357
Total reserves	**1,949**	3,131

(i) Foreign currency translation reserve

The foreign currency translation reserve accumulates exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) which are recognised directly in other comprehensive income. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

(ii) Share-based payments reserve

The share-based payments reserve recognises performance rights over shares granted to vendors as part of business combinations.

(iii) Employee equity-settled benefits reserve

The employee equity-settled benefits reserve recognises performance rights granted to employees under the UXC Incentive Plan (refer to Note 25).

20 Retained profits

Movements in retained earnings were as follows:

	Notes	2014 $'000	2013 $'000
Balance at 1 July (1)		**31,808**	20,878
Net profit for the year		**15,732**	24,012
Dividends provided for or paid	22	**(14,884)**	(13,082)
Balance at 30 June		**32,656**	31,808

(1) Refer to Note 1(ab) for explanation of a change in the accounting for revenue on certain software licensing and maintenance contracts and retrospective restatement recognised for the year ended 30 June 2013 (and 30 June 2012). The amounts disclosed in this note are after these restatements.

21 Earnings per share

(a) Basic earnings per share

	2014 Cents	2013 Cents
From continuing operations	**4.95**	7.37
From discontinued operations	**-**	0.43
Total basic earnings per share	**4.95**	7.80

(b) Diluted earnings per share

From continuing operations	**4.80**	7.19
From discontinued operations	**-**	0.42
Total diluted earnings per share	**4.80**	7.61

(c) Reconciliation of earnings used in calculating earnings per share

	2014 $'000	2013 $'000
The earnings used in the calculation of basic and diluted earnings per share are:		
From continuing operations	**15,732**	22,683
From discontinued operation	**-**	1,329
	15,732	24,012

(d) Weighted average number of shares used as denominator

	2014 No. of shares 000	2013 No. of shares 000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**318,067**	307,714
Shares deemed to be issued in respect of business purchase agreements (deferred and contingent consideration)	**1,964**	2,639
Shares deemed to be issued for no consideration in respect of Performance Rights	**7,445**	5,212
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**327,476**	315,565

(e) Ordinary shares issued after reporting date

Nil ordinary shares have been issued after reporting date up to the date of the financial report.

(f) Potential ordinary shares issued after reporting date

No options or performance rights were issued over ordinary shares after the balance date. Nil performance rights were exercised and nil lapsed after the reporting date up to the date of the financial report.

22 Dividends

(a) Recognised amounts

	2014 $'000	2013 $'000
Fully franked interim dividend of 0.75 cents per share paid 28 March 2014 (in respect of year ended 30 June 2014)	**2,405**	-
Fully franked final dividend of 3.55 cents per share paid 21 October 2013 (in respect of year ended 30 June 2013)	**11,075**	-
Fully franked special dividend of 0.45 cents per share paid 21 October 2013 (in respect of year ended 30 June 2013)	**1,404**	-
Fully franked interim dividend of 1.75 cents per share paid 28 March 2013 (in respect of year ended 30 June 2013)	**-**	5,393
Fully franked final dividend of 2.50 cents per share paid 24 October 2012 (in respect of year ended 30 June 2012)	**-**	7,689
	14,884	13,082

(b) Unrecognised amounts

Fully franked final dividend of 3.0 cents per share payable on 27 October 2014	**9,878**	-
Fully franked final dividend of 3.55 cents per share payable on 21 October 2013	**-**	10,963
Fully franked special dividend of 0.45 cents per share payable on 21 October 2013	**-**	1,390
	9,878	12,353

(c) Franked dividends

Franking account balance (tax paid basis)	**7,573**	10,142
Impact on franking account balance of dividends not recognised	**(4,233)**	(5,294)
	3,340	4,848

23 Lease commitments

(a) Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**9,153**	9,372
Later than one year but not later than five years	**15,763**	16,387
Later than five years	**66**	-
	24,982	25,759

Operating leases relate to premises and plant and equipment with lease terms ranging from one to six years, with some contracts containing an option to extend for a further term. Some operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

23 Lease commitments (continued)

(b) Finance lease commitments

	2014 $'000	2013 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**1,311**	18
Later than one year but not later than five years	**3,978**	-
Minimum lease payments	**5,289**	18
Future finance charges	**(589)**	(1)
Total lease liabilities	**4,700**	17
Representing lease liabilities:		
Current	**1,079**	17
Non-current	**3,621**	-
	4,700	17

Finance leases relate to plant and equipment with lease terms of between one and six years. The interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from is 5.67% to 7.83% (2013: 7.16% to 7.83%) per annum. The Group has options to purchase the equipment for a nominal amount at the conclusion of the lease agreements. The Group's obligations under finance leases are secured by the assets leased. The carrying amount of the leased assets is shown in Note 10 Non-current assets - Property, plant and equipment. The fair value of the finance lease liabilities is approximately equal to their carrying amount.

24 Contingent liabilities

The Company and its subsidiaries have given guarantees of the performance of various projects and security for leased premises to third parties in the normal course of business (expiring at different dates). Particulars and estimated maximum amounts of contingent liabilities are as follows:

	2014 $'000	2013 $'000
Continuing operations	**7,672**	10,055
Discontinued operations	**-**	50
	7,672	10,105

Contractual Obligations

Certain subsidiaries have given guarantees pursuant to the performance of various projects and security for leased premises to third parties in the normal course of business. Certain subsidiaries have potential obligations and have provided warranties in the conduct of their business. Where there is a likelihood of a claim and a reliable estimate of an amount can be made, provision has been raised elsewhere in the financial report.

ACN 060 674 580 Pty Ltd (formerly Utility Services Corporation Limited) ('ACN 060 674 580'), a wholly-owned subsidiary of UXC Limited, is a defendant in two separate legal proceedings before the Supreme Court of Victoria concerning the 7 February 2009 Black Saturday bushfires known as Kilmore East (settled subject to court approval on 24 November 2014) and Murrindindi (trial to commence in 2015). ACN 060 674 580 denies it has any liability and will vigorously defend the proceedings. ACN 060 674 580 has liability insurance in place which provides cover for bushfire liability. ACN 060 674 580's insurance coverage is consistent with industry standards and practice.

24 Contingent liabilities (continued)

Deferred consideration for acquisitions

There are a number of agreements which have been entered into by UXC and its subsidiaries with third parties which confer on those third parties rights to be issued UXC shares or receive cash payments at a future date.

This Deferred Consideration arises in connection with acquisition agreements and includes 'earn-out' obligations in favour of the vendors of the acquired entity upon their attainment of certain earnings targets within certain time frames. In addition to the Deferred Equity Right entitlements thereby conferred, some of the earn-outs also contemplate cash payments on the same or similar basis.

Where there is a likelihood of earn-outs being met and a reliable estimate of the obligations can be made, a liability has been raised in the financial report (refer Note 17).

25 Share-based payments

(a) UXC Employee Share Plan

The Company has a shareholder-approved share plan comprising three awards: a $1,000 Tax Exempt Plan under which the shares are issued at market value and cannot be sold for three years; a Tax Deferred Plan under which the shares are issued at market value and are subject to forfeiture in certain circumstances; and a non-qualifying loan plan allowing a full recourse loan repayable in three years, to be provided to employees to acquire shares. All employees are eligible to participate in the plan. No ordinary shares were issued under the employee share plan during the year (2013: nil).

(b) UXC Incentive Plan

(i) Employee Performance Rights

- A total of 2,984,940 (2013: 5,851,000) performance rights were granted on 1 October 2013 to employees pursuant to the terms of the UXC Incentive Plan during the year. These rights are exercisable at $nil per share with an expiry date of 31 August 2016. The fair value at grant date was 89 cents per share. Performance rights carry no rights to dividends and no voting rights. No consideration is received for these performance rights at the time of their issue.
- 3,230,710 performance rights were exercised during the year, comprising 1,111,831 FY11 performance rights and 1,714,458 FY12 performance rights (2013: 1,060,035 FY10 performance rights and 1,212,262 FY11 performance rights) at an exercise price of $nil.
- 3,295,194 performance rights lapsed during the year (2013: 1,523,075).
- A total of 6,183,138 performance rights were on issue at 30 June 2014 (2013: 9,724,102) and are exercisable at $nil per share subject to satisfaction of remaining exercise conditions by 31 August 2014, 31 August 2015 and 31 August 2016 and upon ratification by the HR & Remuneration Committee and recommended to the Board of Directors for approval.

(ii) Managing Director's LTI

- During the year 404,421 of Mr Nicolli's FY11 performance rights were exercised (2013: 404,422) and none of Mr Nicolli's FY12 performance rights were exercised (2013: nil).
- 1,730,769 performance rights were granted to Mr Nicolli, Managing Director, during the year ended 30 June 2012 as a long term incentive over three years (FY12-FY14) subject to the achievement of key performance indicators. These rights are exercisable at $nil per share with an expiry date of 31 August 2014. Performance rights carry no rights to dividends and no voting rights. No consideration is received for these performance rights at the time of their issue. Of these 1,730,769 performance rights, 980,768 (representing achievement of 56.67%) is indicated to have been achieved, subject to a final review, which will be payable subsequent to 30 June 2014 upon ratification by the HR & Remuneration Committee and recommended to the Board of Directors for approval.

25 Share-based payments (continued)

(b) UXC Incentive Plan (continued)

(iii) Fair value of performance rights granted

The weighted average fair value at grant date of performance rights granted during the year ended 30 June 2014 was 89 cents per performance right (2013: 56.5 cents). The fair value at grant date is determined using a Binomial Valuation Methodology that takes into account the exercise price, the term of the performance rights, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance rights.

The model inputs for performance rights granted during the year ended 30 June 2014 included:

(a) grant date: 1 October 2013 (2013: 24 September 2012)
(b) exercise price: $nil (2013: nil)
(c) expiry date: 31 August 2016 (2013: 31 August 2015)
(d) share price at grant date: $1.09 (2013: $0.57)
(v) expected price volatility of the company's shares: 29.82% (2013: 29.82%)
(f) expected dividend yield: 5.01% (2013: 5.96%)
(g) risk-free interest rate: 2.75% (2013: 3.50%).

26 Remuneration of auditors

	2014	2013
	$	$
Auditor of the parent entity		
Audit and review of financial statements	**431,800**	337,500
Taxation services	**-**	45,583
Corporate finance services	**33,336**	87,000
Leadership development advisory services	**404,111**	141,941
Other services	**-**	10,728
	869,247	622,752
Network firms of the parent entity auditor		
Taxation services	**114,394**	96,883
Corporate finance services	**65,157**	-
Total auditors' remuneration	**1,048,798**	719,635

The auditor of the parent entity is Deloitte Touche Tohmatsu.

It is the Company's policy to employ Deloitte Touche Tohmatsu on assignments additional to their statutory audit duties where Deloitte Touche Tohmatsu's expertise and experience with the Group is important. These assignments are principally tax advice and due diligence reporting on acquisitions or where Deloitte Touche Tohmatsu is awarded assignments on a competitive basis.

27 Key management personnel remuneration

Aggregate amounts payable to Directors and other key management personnel of the Group at the end of the reporting period is set out below:

Short-term employee benefits	**2,412,574**	2,292,594
Post-employment benefits	**81,384**	73,859
Share-based payments	**279,560**	426,300
	2,773,518	2,792,753

28 Subsidiaries

	Reference	Country of incorporation	% Shares / Units Held 2014	2013
Parent entity				
UXC Limited	(1)	Australia	**100**	100
Subsidiaries of UXC Limited				
UXC BSG Holdings Pty Ltd	(1)(2)	Australia	**100**	100
UXC FSG Holdings Pty Ltd	(1)(3)	Australia	**100**	100
ACN 060 674 580 Pty Ltd (formerly Utility Services Corporation Limited)	(1)	Australia	**100**	100
Subsidiaries of BSG Holdings Pty Ltd				
UXC Eclipse Pty Ltd (formerly Eclipse Computing (Australia) Pty Ltd)	(1)(2)(9)	Australia	**100**	100
Oxygen Business Solutions Pty Ltd	(1)(2)	Australia	**100**	100
Red Rock Consulting Pty Ltd	(1)(2)	Australia	**100**	100
UXC Cloud Solutions Pty Ltd	(1)(2)	Australia	**100**	100
UXC Consulting Pty Ltd	(1)(2)	Australia	**100**	100
UXC Solutions Pty Ltd	(1)(2)	Australia	**100**	100
Integ Group Pty Ltd	(1)(2)	Australia	**100**	100
UXC Connect Pty Ltd	(1)(2)	Australia	**100**	100
UXC Professional Solutions Holdings Pty Ltd	(1)(2)	Australia	**100**	100
UXC Professional Solutions Pty Ltd	(1)(2)	Australia	**100**	100
UXC Keystone Pty Ltd (formerly Keystone Management Solutions Pty Ltd)	(1)(2)(11)	Australia	**100**	-
UXC Holdings Pty Ltd	(1)(2)	Australia	**100**	100
Subsidiaries of UXC FSG Holdings Pty Ltd				
ACN 101 125 820 Pty Ltd (formerly ILID Pty Limited)	(1)	Australia	**100**	100
Morgan Facilities Management Pty Ltd	(1)	Australia	**100**	100
UXC Infrastructure Constructions Pty Ltd	(1)(3)	Australia	**100**	100
UXC Engineering Solutions Pty Ltd	(1)	Australia	**100**	100
ACN 145 504 301 Pty Ltd (formerly UAM Pty Ltd) (de-registered)	(3)(18)	Australia	**-**	100
Subsidiary of ACN 101 125 820 Pty Ltd				
Shelfmade Pty Limited	(1)(2)	Australia	**100**	100
Subsidiaries of UXC Infrastructure Constructions Pty Ltd				
MPI Contracting Pty Ltd (de-registered)	(31)	Australia	**-**	100
Precision Pipes and Cables Pty Ltd (de-registered)	(32)	Australia	**-**	100
Subsidiaries of UXC Engineering Solutions Pty Ltd				
Datec (Qld) Pty Ltd	(1)	Australia	**100**	100
SLCI Pty Ltd	(1)(4)	Australia	**100**	100
Energy Assessors Australia Pty Ltd (de-registered)	(30)	Australia	**-**	100
Subsidiaries of ACN 060 674 580 Pty Ltd				
Australian Information Technology Pty Limited	(1)	Australia	**100**	100
TechComm Power International Pty Limited	(1)	Australia	**100**	100
Golden Hills Mining Services Pty Limited	(1)	Australia	**100**	100
U-tel Communications Pty Ltd		Australia	**75**	75
Insulaction Pty Ltd	(1)	Australia	**100**	100
UXC Retail Solutions Pty Ltd	(1)	Australia	**100**	100
ILID Systems Pty Limited	(1)	Australia	**100**	100

28 Subsidiaries (continued)

	Reference	Country of incorporation	% Shares / Units Held 2014	2013
Australian Information Technology Pty Limited is a trustee for				
AIT Unit Trust	(1)	Australia	**100**	100
ACN 007 443 165	(1)	Australia	**100**	100
ACN 007 443 165 is a trustee for				
MITS Unit Trust	(1)	Australia	**100**	100
U-tel Communications Pty Ltd is a trustee for				
U-tel Communications Unit Trust		Australia	**75**	75
Subsidiary of ILID Systems Pty Limited				
ILID No. 2 Pty Ltd	(1)	Australia	**100**	100
Subsidiaries of UXC Eclipse Pty Ltd				
Eclipse eOne Pty Ltd	(1)	Australia	**100**	100
Eclipse Cloud Computing Pty Ltd	(1)	Australia	**100**	100
UXC Applications Development Pty Ltd	(1)	Australia	**100**	100
QSP Asia Pacific Pty Ltd	(1)	Australia	**100**	100
UXC Eclipse Solutions (Canada) Ltd (formerly Eclipse Intelligent Solutions (Canada) Ltd)	(19)	Canada	**100**	100
Eclipse Intelligent Solutions (USA) Inc		USA	**100**	100
Subsidiaries of QSP Asia Pacific Pty Ltd				
Agave Software Pty Ltd (de-registered)	(22)	Australia	**-**	100
e.BI Solutions Pty Limited (de-registered)	(23)	Australia	**-**	100
e.Fab Pty Ltd (de-registered)	(24)	Australia	**-**	100
e.sens Pty Ltd (de-registered)	(25)	Australia	**-**	100
UXC Performance Management Pty Ltd (de-registered)	(26)	Australia	**-**	100
Subsidiary of UXC Performance Management Pty Ltd				
e.Prise Pty Ltd (de-registered)	(33)	Australia	**-**	100
Subsidiary of UXC Eclipse Solutions (Canada) Ltd				
UXC Eclipse Solutions (Canada East) Ltd (formerly 3456 Holdings Ltd (Canada))	(36)	Canada	**100**	-
Subsidiary of Eclipse Intelligent Solutions (USA) Inc				
UXC Eclipse (USA), Inc Co (formerly Cole Systems Associates, Inc)	(8)	USA	**100**	100
Subsidiaries of UXC Eclipse (USA), Inc Co				
UXC Eclipse (USA) LLC (formerly Contribution Sub 1, LLC)	(13)	USA	**100**	-
UXC Eclipse (AES) LLC (formerly Contribution Sub 2, LLC)	(14)	USA	**100**	-
Subsidiaries of Oxygen Business Solutions Pty Ltd				
Oxygen Express Pty Ltd	(1)	Australia	**100**	100
Stream Holdings Australia Pty Ltd	(1)(5)	Australia	**100**	100
White Labelled Pty Ltd	(1)(12)	Australia	**100**	-

28 Subsidiaries (continued)

	Reference	Country of incorporation	% Shares / Units Held 2014	2013
Subsidiary of Stream Holdings Australia Pty Ltd				
Stream Consulting Services Pty Ltd	(1)(5)	Australia	**100**	100
Subsidiary of Stream Consulting Services Pty Ltd				
Stream Technologies Pty Ltd	(1)(5)	Australia	**100**	100
Subsidiaries of White Labelled Pty Ltd				
UXC India IT Services Private Ltd	(15)	India	**100**	-
Code Shop Software Private Ltd	(37)	India	**100**	-
Subsidiaries of Red Rock Consulting Pty Ltd				
Rocksolid SQL Pty Ltd	(1)	Australia	**100**	100
Jigsaw Services Pty Ltd	(1)	Australia	**100**	100
Glue AP Pty Ltd	(1)	Australia	**100**	100
Tripoint Corporation Pty Ltd (formerly FGI101 Consulting Pty Ltd)	(1)(7)	Australia	**100**	100
MEAC Group Pty Ltd	(1)(6)	Australia	**100**	100
Red Rock Enterprises Ltd		New Zealand	**100**	100
Subsidiary of UXC Cloud Solutions Pty Ltd				
UXC Cloud Consulting Pty Ltd	(1)	Australia	**100**	100
Subsidiaries of UXC Consulting Pty Ltd				
Planpower Pty Limited	(1)	Australia	**100**	100
Gibson Quai-AAS Pty Ltd	(1)	Australia	**100**	100
Lucid IT Pty Ltd	(1)	Australia	**100**	100
Australian College of Project Management Pty Ltd	(1)	Australia	**100**	100
UXC Information Management Pty Ltd	(1)	Australia	**100**	100
Opticon Pty Ltd (de-registered)	(28)	Australia	**-**	100
UXC Defence Pty Ltd (de-registered)	(29)	Australia	**-**	100
Subsidiary of Planpower Pty Limited				
Planpower Training Solutions Pty Ltd (de-registered)	(27)	Australia	**-**	100
Subsidiaries of Gibson Quai-AAS Pty Ltd				
AAS Consulting Pty Ltd	(1)	Australia	**100**	100
Telecommunications Consultants Pty Limited	(1)	Australia	**100**	100
Telecommunications Consultants Pty Limited is a trustee for				
Telecommunications Consultants Unit Trust	(1)	Australia	**100**	100
Lucid IT Pty Ltd is a trustee for				
UXC Consulting Pte Ltd (formerly Lucid IT Pte Ltd)	(17)	Singapore	**100**	100
UXC Consulting SDN BHD (formerly Lucid IT Sdn Bhd)	(16)	Malaysia	**100**	100

28 Subsidiaries (continued)

	Reference	Country of incorporation	% Shares / Units Held 2014	2013
Subsidiaries of Integ Group Pty Ltd				
UXC Connect C4 Pty Ltd	(1)	Australia	**100**	100
UXC Connect Integ Pty Ltd	(1)(2)	Australia	**100**	100
Integ Queensland Pty Ltd	(1)	Australia	**100**	100
Pacific Consulting (Qld) Pty Ltd	(1)	Australia	**100**	100
Pinedawn Pty Ltd (de-registered)	(20)	Australia	**-**	100
Walan Systems Pty Ltd (de-registered)	(21)	Australia	**-**	100
Subsidiaries of UXC Professional Solutions Holdings Pty Ltd				
UXC Connect XSI Pty Ltd	(1)(2)	Australia	**100**	100
e-Data Care Pty Ltd (de-registered)	(34)	Australia	**-**	100
Subsidiaries of UXC Professional Solutions Pty Ltd				
Optimise IT Pty Ltd	(1)	Australia	**100**	100
Optimise Unit Trust	(1)	Australia	**100**	100
Optimise IT Holdings Pty Ltd (de-registered)	(35)	Australia	**-**	100
Subsidiary of UXC Holdings Pty Ltd				
UXC Holdings (NZ) Ltd		New Zealand	**100**	100
Subsidiaries of UXC Holdings (NZ) Ltd				
UXC Eclipse (New Zealand) Limited (formerly Eclipse (New Zealand) Limited)	(10)	New Zealand	**100**	100
Oxygen Business Solutions Limited		New Zealand	**100**	100
Red Rock Limited		New Zealand	**100**	100
Subsidiary of Red Rock Limited				
Jireh Consulting Services Limited		New Zealand	**100**	100

(1) These entities are members of the tax-consolidated group. UXC Limited is the head entity within the tax-consolidated group.

(2) These wholly-owned subsidiaries entered into a deed of cross guarantee on 15 June 2011 with UXC BSG Holdings Pty Limited pursuant to ASIC Class Order 98/1418 and were relieved from the requirement to prepare and lodge an audited financial report. UXC BSG Holdings Pty Limited will prepare and lodge an audited financial report for 30 June 2014.

(3) These wholly-owned subsidiaries entered into a deed of cross guarantee on 15 June 2011 with UXC FSG Holdings Pty Ltd pursuant to ASIC Class Order 98/1418 and were relieved from the requirement to prepare and lodge an audited financial report.

(4) SLCI Pty Ltd was acquired by UXC Engineering Solutions Pty Limited on 30 November 2012.

(5) Stream Holdings Australia Pty Ltd and subsidiaries was acquired by Oxygen Business Solutions Pty Ltd on 10 September 2012.

(6) MEAC Group Pty Ltd was acquired by Red Rock Consulting Pty Ltd on 26 October 2012.

(7) FGI101 Consulting Pty Ltd was acquired by Red Rock Consulting Pty Ltd on 3 August 2012. FGI101 Consulting Pty Ltd changed its name to Tripoint Corporation Pty Ltd on 21 March 2013.

(8) Cole Systems Associates, Inc was acquired on 11 December 2012. Cole Systems Associates, Inc changed its name to UXC Eclipse (USA), Inc on 11 December 2012.

(9) Eclipse Computing (Australia) Pty Ltd changed its name to UXC Eclipse Pty Ltd on 14 January 2013.

28 Subsidiaries (continued)

(10) Eclipse (New Zealand) Limited changed its name to UXC Eclipse (New Zealand) Limited on 31 January 2013.

(11) Keystone Management Solutions Pty Ltd was acquired on 29 November 2013. Keystone Management Solutions Pty Ltd changed its name to UXC Keystone Pty Ltd on 19 February 2014.

(12) White Labelled Pty Ltd was acquired by Oxygen Business Solutions Pty Ltd on 24 October 2013.

(13) Contribution Sub 1, LLC was acquired by UXC Eclipse (USA), Inc Co on 20 December 2013. Contribution Sub 1, LLC changed its name to UXC Eclipse (USA) LLC on 20 December 2013.

(14) Contribution Sub 2, LLC was acquired by UXC Eclipse (USA), Inc Co on 20 December 2013. Contribution Sub 2, LLC changed its name to UXC Eclipse (AES) LLC on 20 December 2013.

(15) UXC India IT Services Private Ltd was registered by White Labelled Pty Ltd on 31 December 2013.

(16) Lucid IT Sdn Bhd changed its name to UXC Consulting SDN BHD on 26 June 2013.

(17) Lucid IT Pte Ltd changed its name to UXC Consulting Pte Ltd on 11 July 2013.

(18) ACN 145 504 301 Pty Ltd was de-registered on 24 March 2014.

(19) Eclipse Intelligent Solutions (Canada) Ltd changed its name to UXC Eclipse Solutions (Canada) Ltd on 25 March 2013.

(20) Pinedawn Pty Ltd was de-registered on 13 February 2014.

(21) Walan Systems Pty Ltd was de-registered on 15 January 2014.

(22) Agave Software Pty Ltd was de-registered on 15 January 2014.

(23) e.BI Solutions Pty Ltd was de-registered on 13 February 2014.

(24) e.Fab Pty Ltd was de-registered on 24 March 2014.

(25) e.sens Pty Ltd was de-registered on 13 February 2014.

(26) UXC Performance Management Pty Ltd was de-registered on 13 February 2014.

(27) Planpower Training Solutions Pty Ltd was de-registered on 15 January 2014.

(28) Opticon Pty Ltd was de-registered on 15 January 2014.

(29) UXC Defence Pty Ltd was de-registered on 15 January 2014.

(30) Energy Assessors Australia Pty Ltd was de-registered on 15 January 2014.

(31) MPI Contracting Pty Ltd was de-registered on 15 January 2014.

(32) Precision Pipes & Cables Pty Ltd was de-registered on 15 January 2014.

(33) e.Prise Pty Ltd was de-registered on 13 February 2014.

(34) e-Data Care Pty Ltd was de-registered on 15 January 2014.

(35) Optimise IT Holdings Pty Ltd was de-registered on 15 January 2014.

(36) 3456 Holdings Ltd (Canada) was acquired by UXC Eclipse Solutions (Canada) Ltd on 20 December 2013. 3456 Holdings Ltd (Canada) Ltd changed its name to UXC Eclipse Solutions (Canada East) Ltd on 24 December 2013.

(37) Code Shop Software Private Ltd was acquired as part of the acquisition of White Labelled Pty Ltd on 24 October 2013.

29 Acquisitions of businesses

The following acquisitions were made during the financial year:

Name of entity / business	Principal activity	Date control gained	Proportion of shares acquired	Total consideration $'000
White Labelled Pty Ltd (1)	IT Consulting	24 October 2013	100%	2,304
Keystone Management Solutions Pty Ltd (1)	IT Consulting	29 November 2013	100%	25,551
Contribution Sub 1 LLC & Contribution Sub 2 LLC (USA), 3456 Holdings Ltd (Canada) - formerly part of Tectura Corporation (1)	IT Consulting	20 December 2013	100%	18,770
Convergence Team Pty Ltd (Australia) (2)	IT Consulting	1 June 2014	N/A - Business and assets	1,930
Convergence Team Pte Ltd (Singapore) (2)	IT Consulting	1 June 2014	N/A - Business and assets	1,030
Clarity Consulting Group Australia Pty Ltd (2)	IT Consulting	2 June 2014	N/A - Business and assets	537
				50,122

Acquisitions for the previous corresponding period were:

Name of entity / business	Principal activity	Date control gained	Proportion of shares acquired	Total consideration $'000
Tripoint	IT Consulting	20 July 2012	N/A - Business and assets	977
Stream Holdings Pty Ltd	IT Consulting	10 September 2012	100%	9,200
MEAC Group Pty Ltd	IT Consulting	26 October 2012	100%	1,350
Cole Systems Associates, Inc (USA)	IT Consulting	11 December 2012	100%	9,590
Aggregate of other acquisitions				518
				21,635

(1) Included in the result for the year is a profit for the period of $1,416,000 attributable to the above acquisitions. Had these business combinations been effected at 1 July 2013, the revenue of the consolidated entity would have been approximately $678,076,000 and the net profit would have been approximately $17,867,000 for the year ended 30 June 2014.

(2) Where a business and assets were acquired, the acquired business has been fully integrated with an existing business unit and it is impracticable to disclose revenue and net profit for the year had the business combination been effected at 1 July 2013.

29 Acquisitions of businesses (continued)

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	2014				2013
	Tectura $'000	**Keystone $'000**	**Others (1) $'000**	**Total $'000**	Total $'000
Consideration					
Cash	**18,770**	**19,125**	**1,786**	**39,681**	13,195
Share capital	**-**	**4,781**	**1,385**	**6,166**	-
Deferred consideration	**-**	**-**	**-**	**-**	1,359
Contingent consideration	**-**	**1,645**	**2,630**	**4,275**	7,081
	18,770	**25,551**	**5,801**	**50,122**	21,635
Fair value of net assets acquired					
Current assets					
Cash and cash equivalents	**-**	**2,027**	**(279)**	**1,748**	1,516
Trade and other receivables	**3,873**	**2,898**	**1,462**	**8,233**	3,967
Other	**2,459**	**106**	**102**	**2,667**	917
Total current assets	**6,332**	**5,031**	**1,285**	**12,648**	6,400
Non-current assets					
Property, plant and equipment	**268**	**90**	**155**	**513**	182
Other intangible assets	**-**	**2,084**	**-**	**2,084**	209
Deferred tax assets	**7,158**	**-**	**112**	**7,270**	1,440
Total non-current assets	**7,426**	**2,174**	**267**	**9,867**	1,831
Total assets	**13,758**	**7,205**	**1,552**	**22,515**	8,231
Current liabilities					
Trade and other payables	**6,136**	**2,598**	**796**	**9,530**	2,641
Unearned income	**3,689**	**214**	**423**	**4,326**	1,249
Borrowings	**156**	**-**	**-**	**156**	-
Current tax liabilities	**-**	**1,038**	**190**	**1,228**	631
Provisions	**2,295**	**368**	**275**	**2,938**	723
Total current liabilities	**12,276**	**4,218**	**1,684**	**18,178**	5,244
Non-current liabilities					
Provisions	**-**	**186**	**22**	**208**	-
Borrowings	**129**	**-**	**-**	**129**	-
Deferred tax liabilities	**-**	**350**	**-**	**350**	-
Total non-current liabilities	**129**	**536**	**22**	**687**	-
Total liabilities	**12,405**	**4,754**	**1,706**	**18,865**	5,244
Net assets / (liabilities) acquired	**1,353**	**2,451**	**(154)**	**3,650**	2,987
Goodwill on acquisition	**17,417**	**23,100**	**5,955**	**46,472**	18,648

(1) Others includes White Labelled Pty Ltd, Convergence Team Pty Ltd (Australia), Convergence Team Pte Ltd (Singapore) and Clarity Consulting Group Australia Pty Ltd

29 Acquisitions of businesses (continued)

Acquisition-related costs amounting to $1,896,000 (Tectura: $1,602,000, Keystone: $124,000 and Others: $170,000) have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the current year, within the 'Other expenses' line item.

Goodwill on acquisition represents the future benefits of acquiring suitably qualified workforces, typically found with services businesses, specialising in particular technologies and systems. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Goodwill arising on the acquisition of the USA businesses from Tectura is expected to be deductible for tax purposes.

The initial accounting for the above acquisitions has only been provisionally determined at the end of the year. The company is currently undertaking an assessment of identifiable intangibles and deferred taxes for these acquisitions.

(a) Significant estimate: Contingent Consideration Liability

The fair value of the financial liability for contingent consideration payable is determined using a discounted cash flow valuation technique. The valuation model considers the present value of the expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios forecast for each of the stipulated stretch targets, the amount to be paid under each scenario and the probability of each scenario. The significant unobservable inputs for each acquisition are disclosed below.

Keystone

The Share Purchase Agreement for the acquisition of Keystone requires the Group to pay the vendors in cash and shares a maximum contingent consideration of $1.992 million in respect of FY14 stretch targets and $1.992 million in respect of FY15 stretch targets. The contingent consideration is based on achieving certain revenue and EBIT growth stretch targets, utilisation targets and employee retention targets for the financial years ending 30 June 2014 and 30 June 2015. $1.645 million was brought to account on acquisition representing the estimated fair value of this obligation based on the likelihood of achieving these FY14 and FY15 stretch targets. A $0.971 million decrease in the fair value of contingent consideration would result if the estimates for revenue decreased by 25%, EBIT decreased by 20%, workforce utilisation decreased by 10% and employee retention decreased by 5%.

White Labelled

The Share Purchase Agreement for the acquisition of White Labelled requires the Group to pay the vendors in cash and shares, a maximum contingent consideration of $4.0 million. The contingent consideration is based on a multiple of the excess of achieving certain EBIT stretch targets for the financial years ending 31 October 2014 and 31 October 2015. $0.806 million (less $0.203 million adjustment to consideration already receivable from the vendor) was brought to account on acquisition representing the estimated fair value of this obligation based on the likelihood of achieving these stretch targets. A $0.120 million decrease in the fair value of contingent consideration would result if the estimate for EBIT decreased by 10%.

Clarity

Under the arrangement for the acquisition of Clarity business assets, the Group is required to pay additional amounts to the vendors in cash. The contingent consideration for exceeding revenue targets in the financial year ending 30 June 2015 is capped at $0.823 million. $0.458 million was brought to account on acquisition representing the estimated fair value of this obligation based on the likelihood of achieving these stretch targets. A $0.181 million decrease in the fair value of contingent consideration would result if the estimate for revenue decreased by 10%.

Convergence Team (Australia)

Under the arrangement for the acquisition of Convergence Team Pty Ltd (Australia) business assets, the Group is required to pay to the vendors in cash and shares, a maximum contingent consideration of $1.040 million. The contingent consideration is based on achieving certain revenue and utilisation stretch targets of the acquired workforce in the financial years ending 30 June 2015 and 30 June 2016. $1.020 million was brought to account on acquisition representing the estimated fair value of this obligation based on the likelihood of achieving these stretch targets. A $0.226 million decrease in the fair value of contingent consideration would result if the estimates for revenue decreased by 10% and workforce utilisation decreased by 2%.

29 Acquisitions of businesses (continued)

(a) Significant estimate: Contingent Consideration Liability (continued)

Convergence Team (Singapore)

Under the arrangement for the acquisition of Convergence Team Pte Ltd (Singapore) business assets, the Group is required to pay to the vendors in cash and shares, a maximum contingent consideration of $0.560 million. The contingent consideration is based on achieving certain revenue and utilisation stretch targets of the acquired workforce in the financial years ending 30 June 2015 and 30 June 2016. $0.549 million was brought to account on acquisition representing the estimated fair value of this obligation based on the likelihood of achieving these stretch targets. A $0.104 million decrease in the fair value of contingent consideration would result if the estimates for revenue decreased by 10% and workforce utilisation decreased by 2%.

30 Related party disclosures

(a) Wholly-owned Group

The ultimate parent entity in the wholly-owned group is UXC Limited. Details of interests in wholly-owned subsidiaries are set out at Note 28. The Directors have elected for wholly-owned Australian entities within the Group to be taxed as a single entity from 13 September 2002 (refer Note 6(g)).

(b) Loans to Key Management Personnel

Limited recourse loans are provided to key management personnel under the Employee Deferred Payment Share Acquisition Plan (Note 25). At 30 June 2014 the balance of these loans was $1,906,250 (2013: $1,906,250) comprising limited recourse loans to C Nicolli $875,000 (2013: $875,000), M Hubbard $687,500 (2013: $687,500) and R Pickering $343,750 (2013: $343,750). There is no interest payable on the loans. The limited recourse loans are due to be repaid when the underlying shares cease to be restricted shares or the shares will be forfeited in full satisfaction. Subsequent to year end, on 30 July 2014, M Hubbard extinguished his loan in full through forfeiture of his shares. There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

(c) Transactions with Key Management Personnel

Profit for the year includes the following items of revenue and expense that resulted from transactions, other than compensation, loans or equity holdings, with key management personnel or their related entities. Each of the transactions was on normal terms and conditions of trading.

	2014 **$**	2013 $
Revenue from rendering of services to external customers	**46,700**	130,504
Purchases of services and products	**673**	636

(d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2014 **$**	2013 $
Current receivables (sales of goods/services)		
Entities controlled by key management personnel	**38,600**	-

31 Notes to the statement of cash flows

(a) Reconciliation of profit for the year to net cash flows from operating activities

	2014 $'000	2013 $'000
Profit after tax for the period	**15,732**	24,012
Depreciation and amortisation	**8,152**	7,442
Loss on disposal of plant and equipment	**441**	91
Gain on disposal of businesses	**-**	(1,732)
Equity settled share-based payment	**1,735**	1,942
Unrealised foreign exchange (gains) / losses	**268**	432
Gain from derecognition of contingent consideration	**(209)**	(1,337)
Fair value adjustment to contingent consideration	**307**	-
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	**(6,267)**	6,113
(Increase) / decrease in accrued income	**10,439**	(12,772)
(Increase) / decrease in inventories	**2,866**	(327)
(Increase) / decrease in other assets	**1,376**	(211)
(Increase) / decrease in deferred tax assets	**183**	(1,356)
Increase / (decrease) in trade and other payables	**2,985**	(7,871)
Increase / (decrease) in unearned income	**(3,641)**	287
Increase / (decrease) in current tax liabilities	**(3,938)**	1,885
Increase / (decrease) in provisions	**(135)**	1,147
Increase / (decrease) in provision for employee benefits	**755**	2,031
Net cash inflow from operating activities	**31,049**	19,776

(b) Acquisition of businesses

	Notes		
Outflow of cash for acquisition of businesses in the current year, net of cash acquired			
Cash consideration	29	**39,681**	13,195
Contingent consideration		**-**	343
Less: Cash balances acquired	29	**(1,748)**	(1,516)
		37,933	12,022

(c) Non–cash financing and investing activities

	Notes		
Consideration by means of share issues to acquire businesses	29	**6,166**	1,359

31 Notes to the statement of cash flows (continued)

(d) Financing facilities

The Group has access to the following lines of credit:

	2014 $'000	2013 $'000
Total facilities available (secured)		
Bank overdraft	**6,000**	6,000
Commercial bills	**76,000**	28,000
Finance leases	**6,700**	-
Bank guarantee facility	**15,015**	11,148
	103,715	45,148
Facilities utilised at balance date		
Bank overdraft	**-**	-
Commercial bills	**19,125**	8,500
Finance leases	**4,700**	17
Bank guarantee facility	**7,672**	10,099
	31,497	18,616
Facilities not utilised at balance date		
Bank overdraft	**6,000**	6,000
Commercial bills	**56,875**	19,500
Finance leases	**2,000**	-
Bank guarantee facility	**7,343**	1,049
	72,218	26,549

Financing facilities are secured by registered fixed and floating charges over the assets and undertakings of the Company and certain subsidiaries.

Interest on bank overdraft is determined with reference to the bank's variable lending indicator ('Benchmark') rate. The bank overdraft is part of a set-off agreement and is subject to periodic review.

Interest on commercial bills is determined with reference to the Bank Bill Swap Yield (BBSY) on the day of the draw down. The Group hedges a portion of the loans for interest rate risk via a cross currency interest rate swap exchanging fixed rate interest for variable rate interest.

32 Financial instruments

(a) Categories of Financial Instruments

	2014 $'000	2013 $'000
Cash and cash equivalents	**19,724**	34,343
Loans and receivables	**132,295**	125,833
Derivative instruments at fair value through profit and loss	**755**	17
	152,774	160,193
Financial liabilities at amortised cost	**134,597**	125,814
	134,597	125,814

32 Financial instruments (continued)

(b) Financial Risk Management Objectives

The Group's Corporate division monitors and manages the financial risks relating to the operations of the Group through internal risk reports, which analyses exposures to risks. These risks include:

- Market risk (including currency risk, interest rate risk, price risk).
- Credit risk.
- Liquidity risk.

The Group seeks to minimise the effects of these risks by using various financial instruments to hedge these exposures. The use of financial instruments is governed by the Group's Policies and Procedures approved by the Board. The Group does not enter into or trade financial instruments for speculative purposes.

(c) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- Foreign currency swaps to hedge exchange rate risk arising from earnings generated from overseas subsidiaries
- Forward foreign exchange contracts to hedge exchange rate risk arising on the import of goods and services from overseas

There has been no material change from the prior year to the Company's and the Group's exposure to market risk or in the matter to which the risks are managed and measured.

(d) Foreign Currency Risk Management

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange risk arises from:

- Net investment in US, Canadian, New Zealand, Fijian, Indian, Singaporean and Malaysian operations.
- Undertaking certain transactions denominated in foreign currencies.

The carrying amount in AUD of the Group's foreign currency denominated assets and liabilities at the reporting date is as follows:

	30 June 2014							30 June 2013			
	USD $'000	**CAD $'000**	**NZD $'000**	**FJD $'000**	**INR $'000**	**SGD $'000**	**MYR $'000**	USD $'000	CAD $'000	NZD $'000	FJD $'000
Assets (AUD)	**49,795**	**6,797**	**30,369**	**784**	**98**	**1,907**	**644**	16,778	6,894	26,135	826
Liabilities (AUD)	**(34,513)**	**(3,676)**	**(9,199)**	**(520)**	**(16)**	**(1,009)**	**(303)**	(10,275)	(2,461)	(9,614)	(539)

Foreign currency sensitivity

The Group is mainly exposed to New Zealand Dollars, Canadian Dollars and US Dollars. The following table details the Group's sensitivity to a 10% increase and decrease in the Australian Dollar against the New Zealand Dollar, Canadian Dollar and US Dollar. The sensitivity analysis only includes outstanding foreign currency denominated items and adjusts their translation at year end for a 10% change in foreign currency rates. A positive number indicates an increase where the Australian Dollar weakens against the New Zealand Dollar, Canadian Dollar and/or US Dollar.

32 Financial instruments (continued)

(d) Foreign Currency Risk Management (continued)

	2014 $'000	2013 $'000
Account		
Profit or loss	**8**	30
Payables to New Zealand subsidiaries	**(184)**	11
Receivables from Canadian subsidiaries	**259**	370
Receivables from US subsidiaries	**306**	271
Payables to Fijian subsidiaries	**(41)**	-
Payables to Indian subsidiaries	**(3)**	-
Receivables from Singapore subsidiaries	**35**	-
Receivables from Malaysian subsidiaries	**17**	-
	397	682

The Group's sensitivity to foreign currency has not changed materially from the prior year.

Foreign Exchange Contracts

The Group enters into cross currency swap contracts to cover specific borrowings which will be repaid with foreign currency earnings of subsidiaries within the Group. Forward foreign exchange contracts are entered into to cover specific foreign currency payments on behalf of entities within the Group. These are usually of a short-term nature (less than three months).

The following table details the Group's cross currency swaps and forward foreign currency contracts outstanding as at reporting date:

	Average Exchange Rate		Principal Amount		Fair Value	
	2014	2013	**2014 $000**	2013 $000	**2014 $000**	2013 $000
Cross currency swaps						
Sell US Dollars						
More than 12 months	0.8830	-	**13,321**	-	**755**	-
Forward foreign exchange						
Buy US Dollars						
Less than three months	**-**	0.9359	**-**	1,853	**-**	17

The above foreign exchange contracts were not designated as hedges and consequently, gains or losses are recognised in the profit or loss.

(e) Interest Rate Risk Management

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating rates. The risk is managed by the Group through the use of (interest rate) cross currency swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied by protecting interest expense through different interest rate cycles.

Swaps currently in place cover approximately 69.65% of the variable loan principal outstanding. The fixed interest rates are 1.26% and the variable are at the three month AUD-BBR-BBSY (BID) rate which at the end of the reporting period was 2.76%

32 Financial instruments (continued)

(e) Interest Rate Risk Management (continued)

	Average contracted fixed interest rate		Notional principal value		Fair value	
	2014	**2013**	**2014**	2013	**2014**	2013
	%	**%**	**$'000**	$'000	**$'000**	$'000
Outstanding receive floating pay fixed contracts						
2 to 5 years	**1.26%**	**-**	**13,321**	-	**755**	-
			13,321	-	**755**	-

Interest Rate Sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel.

At reporting date, if interest rates had been 100 basis point higher/lower and all other variables were held constant:

- The Group's net profit and equity would decrease/increase by $95,000 (2013: decrease/increase by $232,000).

This is attributable to the Group's exposure to interest rates on its variable rate borrowings and cash balances.

The Group's sensitivity to interest rates has decreased during the current year due to a decrease in cash balances.

(f) Other Price Risk

Other price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk). Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Equity Price Sensitivity

The Group has no exposure to equity price risk at the reporting date (2013: nil exposure).

(g) Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in a financial loss to the Group. The Group has a policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Trade receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of receivables.

The carrying amount of financial assets recorded in the financial statements, net of any allowances, represents the Group's exposure to credit risk.

32 Financial instruments (continued)

(h) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by:

- Maintaining adequate reserves and banking facilities. Refer to Note 31(d) for details of the Group's unused facilities.
- Continuously monitoring forecast and actual cash flows.
- Matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities and deferred consideration to be settled in cash. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both principal and interest cash flows.

There were no financial guarantee contracts in place at the end of the year (2013: nil).

Liquidity Table - Financial Liabilities	**Average Interest Rate %**	**Within 1 year $'000**	**Between 1 and 5 years $'000**	**Total $'000**
At 30 June 2014				
Non-interest bearing liabilities		**102,746**	**2,186**	**104,932**
Finance lease liabilities	**5.7%**	**1,311**	**3,978**	**5,289**
Variable interest rate instruments	**2.7%**	**10,516**	**9,474**	**19,990**
		114,573	**15,638**	**130,211**
At 30 June 2013				
Non-interest bearing liabilities		87,115	-	87,115
Finance lease liabilities	8.9%	17	-	17
Variable interest rate instruments	4.6%	393	9,187	9,580
		87,525	9,187	96,712

(i) Fair value measurements

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

32 Financial instruments (continued)

(i) Fair value measurements (continued)

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The fair value of derivative instruments, are calculated using quoted prices, which is a level 2 fair value measurement. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 30 June 2014:

	Contingent consideration $'000	Total $'000
Opening balance 1 July 2013	7,020	7,020
Acquisitions	4,476	4,476
Disposals/settlements	(5,436)	(5,436)
Gain on derecognition of contingent consideration	(209)	(209)
Fair value adjustment to contingent consideration	307	307
Amounts derecognised from business combinations occurring in prior year	(230)	(230)
Closing balance 30 June 2014	5,928	5,928

32 Financial instruments (continued)

(i) Fair value measurements (continued)

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Description	Fair value at 30 June 2014 $'000	Fair value hierarchy	Unobservable inputs*	Relationship of unobservable inputs to fair value
Cross Currency Swap	755	Level 2	Obtained from third party valuations based on discounted cash flows. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period), foreign currency futures and contracted interest and foreign currency rates, discounted at a rate that reflects the credit risk of the counterparties.	N/A
Contingent Consideration Liability	5,928	Level 3	Stretch targets based on revenue, workforce utilisation, EBIT and employee retention.	Refer to Note 29(a).

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

33 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall capital risk management strategy remains unchanged from 2013.

The capital structure of the Group consists of:

- Cash
- Debt, comprising the borrowings disclosed in Notes 15 and 31(d)
- Equity, comprising issued capital, reserves and retained profits as disclosed in Notes 18, 19 and 20 respectively.

The Group operates through a number of entities.

Gearing Ratio

The Group's senior finance team review the capital structure on a monthly basis. As a part of this review the team considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the senior finance team the Board balances the overall capital structure of the Group through the payment of dividends, new share issues (including shares issued as consideration for business acquisitions) and share buy-backs as well as the issue of new debt or the redemption of existing debt.

33 Capital risk management (continued)

Gearing Ratio (continued)

The Group's capital management measures include:

- gearing (net debt as a % of equity).
- interest cover (EBITDA Continuing operations / net interest expense).

	2014 $'000	2013 $'000
Net debt / (cash)	**4,101**	(25,826)
Equity	**215,028**	201,873
Gearing (net debt / net debt and equity)	**1.9%**	(14.67)%
Interest cover (EBITDA Continuing operations / net interest expense)	**13 times**	91 times

The Group has complied with the financial covenants of its borrowing facilities during the 2014 and 2013 reporting periods.

34 Parent entity financial information

(a) Summary financial information

	2014 $'000	2013 $'000
Balance sheet		
Current assets	**348,206**	342,388
Non-current assets	**60,342**	56,352
Total assets	**408,548**	398,740
Current liabilities	**225,989**	222,486
Non-current liabilities	**13,716**	9,200
Total liabilities	**239,705**	231,686
Net assets	**168,843**	167,054
Shareholders' equity		
Issued capital	**180,423**	166,934
Reserves		
Employee equity-settled benefits reserve	**2,126**	3,171
Share-based payments	**579**	579
Retained earnings	**(14,285)**	(3,630)
	168,843	167,054

	2014 $'000	2013 $'000
Profit or loss for the year	**2,609**	(7,376)
Other comprehensive income	**-**	-
Total comprehensive income	**2,609**	(7,376)
Contingent liabilities of the parent entity	**7,672**	10,105

35 Discontinued operation

There were no discontinued operations in the year ended 30 June 2014.

UXC completed the sale of the Field Solutions Group to Utility Services Group Limited (USG) on 8 September 2011 with accounting for the disposal being finalised in the year ended 30 June 2013. The disposal of the Field Solutions Group was part of the Group's long term strategic plan to go forward as a pure IT Company.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

	Notes	**2014 $'000**	2013 $'000
Other income		-	58
Expenses		-	(21)
Profit before income tax	6(a)	-	37
Income tax benefit	6(b)	-	1,292
Profit after income tax of discontinued operation		-	1,329
Cash flows from discontinued operations			
Net cash inflow / (outflow) from investing activities		-	2,243

36 Disposal of business

On 25 March 2013, UXC Eclipse Pty Ltd sold the business assets it held in PayGlobal.

There were no disposals of businesses in the year ended 30 June 2014.

	2014 $'000	2013 $'000
Consideration received		
Net consideration received in cash and cash equivalents	-	372
Deferred sales proceeds	-	896
Total disposal consideration	-	1,268
Net (assets) / liabilities disposed of	-	464
Gain on disposal	-	1,732

36 Disposal of business (continued)

The carrying amounts of assets and liabilities disposed were:

Assets and liabilities sold		
Other assets	-	372
Goodwill	-	21
Deferred tax assets	-	75
Total assets	-	468
Unearned income	-	(681)
Provisions	-	(251)
Total liabilities	-	(932)
Net assets / (liabilities)	-	(464)

37 Subsequent events

Final Dividend Declared

On 28 August 2014, the Directors declared a final dividend of 3.0 cents fully franked per ordinary share for shareholders of record on 13 October 2014 and payable on 27 October 2014. This dividend has not been provided for in this financial report.

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
(b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;
(c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity
(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001; and
(e) The Remuneration Report as set out in the Directors' Report complies with s.300A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

Geoffrey Cosgriff
Chairman

Doug Snedden
Director

Melbourne
28 August 2014

Deloitte.

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Independent Auditor's Report
to the Members of UXC Limited

Report on the Financial Report

We have audited the accompanying financial report of UXC Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 40 to 104.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply 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. Those 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 company's preparation of the financial report that gives a true and fair view, 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 company'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.

Deloitte

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of UXC Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of UXC Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 30 of the directors' report for the year ended 30 June 2014. 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 Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of UXC Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 28 August 2014

The Shareholder information set out below was applicable as at 19 August 2014.

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this Report.

Distribution of Shareholders Number of Shares Held	UXC Ordinary shares Number of shareholders
1 - 1000	3,201
1,001 - 5,000	2,811
5,001 - 10,000	1,304
10,001 - 100,000	2,297
100,001 and over	254
	9,867

Nil shareholders holding less than a marketable parcel	-

Twenty Largest Shareholders - UXC Ordinary Shares	Number held	Percentage of issued shares
NATIONAL NOMINEES LIMITED	33,122,378	10.27
J P MORGAN NOMINEES AUSTRALIA LIMITED	31,085,401	9.64
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	24,898,511	7.72
CITICORP NOMINEES PTY LIMITED	20,080,200	6.23
BELGRAVIA STRATEGIC EQUITIES PTY LTD	15,853,105	4.92
PACIFIC CUSTODIANS PTY LIMITED	4,469,273	1.39
BLOTT PTY LTD	4,042,044	1.25
INFOCOS PTY LIMITED	3,278,788	1.02
EONE INTEGRATED BUSINESS SOLUTIONS PTY LTD	2,943,242	0.91
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED (PI SELECT)	2,942,021	0.91
CITICORP NOMINEES PTY LIMITED (COLONIAL FIRST STATE)	2,694,263	0.84
PREMIER INITIATIVES PTY LTD	2,185,021	0.68
UBS NOMINEES PTY LTD	2,124,391	0.66
MRS DIANNE KATHLEEN MIOTLA	2,090,611	0.65
ZAMTEK PTY LTD	2,082,896	0.65
MR CRISTIANO NICOLLI & MR JOHN DU BOIS	1,955,250	0.61
MIRLEX PTY LTD	1,887,600	0.59
CAMARGARDENS PTY LTD	1,871,108	0.58
MR MARTIN A REID & MS ALISON L GRAHAM & MR IAN L BRITTEN	1,658,636	0.51
BNP PARIBAS NOMS PTY LTD	1,568,347	0.49
	162,833,086	**50.52**

Substantial holders	Number held
NATIONAL NOMINEES LIMITED	33,122,378
J P MORGAN NOMINEES AUSTRALIA LIMITED	31,085,401
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	24,898,511
CITICORP NOMINEES PTY LIMITED	20,080,200
BELGRAVIA STRATEGIC EQUITIES PTY LTD	15,853,105

Unquoted Equity Securities

There are unquoted performance rights outstanding for 7,913,907 ordinary shares.

Class of Equity Securities and Voting Rights

There are 9,687 shareholders of ordinary shares in the Company.

There are 121 holders of performance rights over ordinary shares.

The voting rights attaching to the ordinary shares, set out in clause 7.8 of the Company's Constitution, are subject to these articles and to any rights or restrictions attaching to any class of shares:

(a) Every Member may vote;
(b) On a show of hands every Member has one vote;
(c) On a poll every Member has:
(i) One vote for each fully paid share and each partly paid share held by him/her which was issued pursuant to a pro rata offer to persons entered in the Register or any branch register as the holder of ordinary shares or other securities in the Company which entitle their holders to participate in pro rata offers; and
(ii) A fraction of a vote for each contributing share equivalent to the proportion which the amount paid up bears to the total issue prices for the share.

There are no voting rights for performance rights holders.

AASB	Australian Accounting Standards Board
ACN	Australian Company Number
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BBSW	Bank Bill Swap Rate
BBSY	Bank Bill Swap Yield
COD	Cash On Delivery
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CPI	Cash Performance Indicators
CPS	Cents Per Share
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EPS	Earnings Per Share
ERP	Enterprise Resource Plan
FY	Financial Year
GST	Goods and Services Tax
IASB	International Accounting Standards Board
IP	Intellectual Property
ICT	Information, Communication and Technology
ITaaS	Information Technology as a Service
IFRS	International Financial Reporting Standards
IT	Information Technology
KMP	Key Management Personnel
KPI	Key Performance Indicator
LTI	Long Term Incentive
MD	Managing Director
MTI	Medium Term Incentive
NPAT	Net Profit After Tax
NTA	Net Tangible Asset
PBT	Profit Before Tax
PCP	Previous Corresponding Period
STI	Short Term Incentive
TFR	Total Fixed Remuneration

Directors	Geoffrey Cosgriff Chairman Cris Nicolli Managing Director Geoffrey Lord Brian Mitchell Gail Pemberton Jean-Marie Simart Doug Snedden
Management Executive	Mark Grodzicky, General Counsel / Company Secretary Ralph Pickering Director - Divestments and Acquisitions
Principal registered office in Australia	Level 19 360 Collins Street Melbourne VIC 3001 GPO Box 4386 +61 3 9224 5777
Website	www.uxc.com.au
Share register	Link Market Services Level 4 333 Collins Street Melbourne VIC 3000 1300 554 474
Auditor	Deloitte Touche Tohmatsu
Solicitors	Baker and McKenzie
Bankers	National Australia Bank
Stock exchange listings	The Company is listed on the Australian Securities Exchange (ASX).