Delivering Earnings Growth

2015 Annual Report

UXC Limited
ABN 65 067 682 928

Contents

Highlights

2015 results

Earnings before interest, tax, depreciation & amortisation (EBITDA)*	**$42.1m**	↑28%
Net profit before tax (PBT)*	**$29.9m**	↑36%
Net profit after tax (NPAT)*	**$23.1m**	↑47%
Earnings per share (EPS)*	**7.0c**	↑41%
Full year dividend (final dividend 3.6c)	**5.3c**	↑41%
Return on equity	**9.9%**	↑36%
Revenue	**$686m**	↑7%

* From continuing operations

our vision

To create simplicity and meaning in a complex and disruptive 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.

Key FY15 highlights include:

- **Strong organic growth** – organic PBT was strong with a full year increase of 18-23% with a very pleasing 2H15 improvement over 2H14 of 27%.
- **Record revenue** – FY15 revenue was a record for UXC at $686m. The strategic shift away from lower margin product and licence revenues impacted overall organic revenue (up marginally at 1.3%) for the full year and increased by 2.7% in the second half. The mix of revenue is now more aligned to higher margin services and solutions. This shift not only provides greater margin potential, but the focus on providing clients with high quality managed services with annuity revenue streams is also improving customer relevancy. Many of these wins were in transition periods in May to June and as such did not contribute revenue or earnings for the period but will support the growth expectations of FY16 and beyond.
- **Increasing annuity revenues** – annuity revenues increased by 13%. Major wins in the annuity managed services area of our business have further validated UXC's strategy of being able to win and deliver end to end solutions and build scale in selected high growth markets.
- **Strategic shift in business mix** – the change in business mix has continued to change to higher quality services and annuity revenue, improving the quality of earnings and margin potential. Annuity services now represent 29% of the UXC portfolio.
- **Success in North America** – the North American business continues to grow with revenues currently $68m and the winning of key "brands", especially in the retail sector, continues to increase our confidence in this market.
- **Market leader in emerging technologies** – emerging digital and cloud based solutions have formed a greater component of our business in the second half, with over 50 such solutions being marketed by UXC. Whilst revenue from these emerging technologies currently comprises around 10% of our revenue, it is expected to grow significantly in FY16 and beyond.
- **Successful acquisitions** – the successful full integration of the FY15 acquisitions has seen both UXC Saltbush and contiigo perform above our expectations, with UXC Saltbush in particular having accelerated growth in servicing the buoyant information and cyber security market.
- **Key accounts focus** – our focus on key accounts is showing good returns with strong support from these clients by way of increased business and contract renewals. 47% of UXC's revenues come from our top 50 accounts. Additionally we have won another 19 new customers who spent over $1m in the year and 4 of these new accounts have spent over $5m.
- **Strong cash flow and debt reduction** – the clear strategy and disciplined execution of our plan is driving cash flows, debt reduction and improved returns. The balance sheet reflects a $3.0m net cash surplus at 30 June 2015 compared to a net debt position of $4.2m in the prior year.
- **Improved banking facilities** – increased flexibility and improved commercial terms.

Our Business

Advisory & Consulting

Our deep domain expertise can lift your capabilities through strategic advice, expert design and focused training to deliver pragmatic outcomes.

uxc consulting

UXC professional solutions

Telsyte

Enterprise Applications

We have a proven track record for successfully implementing and enhancing solutions from Microsoft, Oracle, SAP and ServiceNow.

uxc eclipse

UXC KEYSTONE

uxc oxygen

UXC RED ROCK

IT Infrastructure

UXC Connect operates and manages the entire ICT technology and application environment – doing things faster and smarter to deliver you sustainable competitive advantage.

uxc connect

Our Services

Inform & Educate

Inspiring value through Advisory & Consulting Services, Education & Training, and Innovation & Research.

- Advisory & Consulting
- Education & Training
- Innovation & Research

Design & Implement

Creating value through Enterprise Application Design & Implementation, Infrastructure and Emerging Solutions.

- Enterprise Applications & Implementation
- Infrastructure Services
- Emerging Solutions

Operate & Manage

Delivering value through Application Management, Managed Infrastructure Services and Solutions as a Service.

- Application Management Services
- Managed Services
- Solutions as a Service

Key Partners

Major Customer Wins 2015

Australian Government Department of Foreign Affairs and Trade
BARTELL DRUGS
meBank
Luxbet
servicestream
FOXTEL
Lady Cilento Children's Hospital
Ravensdown
Melbourne Water
Australian Government Department of the Prime Minister and Cabinet
nab
woodside
ENGINEERS AUSTRALIA
STARTRACK
Wesfarmers Industrial and Safety
WAIWERA
Australian Government IP Australia
BAE SYSTEMS
Wilson
SA Health
SPIRIT OF TASMANIA
Australian Government Department of Defence
Hydro Tasmania
ACC
NEW ZEALAND STEEL
G20 Australia 2014
PUBLIC TRANSPORT VICTORIA PT
THE UNIVERSITY OF NOTRE DAME AUSTRALIA
SUNCORP
DALLAS COWBOYS
Australian Government Department of Human Services
Wesfarmers Industrial and Safety
Auckland Council
Bendigo and Adelaide Bank
SELECT HARVESTS
SUMMIT FERTILIZERS
bhpbilliton
UC UNIVERSITY OF CANTERBURY
SIMONDS
EQC EARTHQUAKE COMMISSION
taswater
IXOM
DST
CommonwealthBank
TOURISM AUSTRALIA
Virgin australia
NSW Transport for NSW
Jeanswest
LAING O'ROURKE
TRANSPOWER
YAMAHA
TREASURY WINE ESTATES
Fletcher Building
ERTECH
MURRAY GOULBURN
PGG Wrightson
ACT Shared Services Procurement
QR
Beyond Bank AUSTRALIA
ORICA
NSW Health
Gladstone Ports Corporation
Chevron
ATLAS
BMA BHP Billiton Mitsubishi Alliance
Blundstone
JNL
News Corporation

Letter from the Chairman

"FY15 has been a successful financial year for UXC with a record revenue of $686m, strong earnings growth with a 36% improvement in profit before tax."

Melbourne, Victoria
20 August 2015

Dear Fellow Shareholders,

On behalf of the Directors, I am delighted to present the results of UXC Limited for the twelve months ended 30 June 2015 and its financial position as at that date.

FY15 has been a successful financial year for UXC with a record revenue of $686m, strong earnings growth with a 36% improvement in profit before tax and a continuing increase in annuity revenues, which are now 29% of total revenues. Through careful capital management, UXC has a surplus cash position of $3.0m at 30 June 2015 compared to a net debt position of $4.2m in the prior year.

Of particular significance has been the further strengthening and diversification of UXC's customer base, with recent significant new contract wins worth greater than $100m. This, coupled with the growing annuity revenues, provides excellent momentum for a strong FY16.

We have been successful in North America in FY15, where we are a market leader in Microsoft AX. We will continue to grow in this space, targeting to double our revenue to become a US$100m company in North America.

We are also proud to be a market leader in the emerging technologies and digital space where we work with a focused range of global emerging technology partners and have had significant customer success in FY15.

UXC has successfully completed two acquisitions during the year that expand the range and reach of our ICT solutions:

- UXC Saltbush is the market's leading provider of cyber and information security systems, an increasingly important issue for our clients and this acquisition enhances our breadth of services and our customer relevancy; and
- contiigo is a leading provider of SAP hybris digital and customer engagement services. Partnered with our existing e-commerce business, White Labelled, this gives us a market leading position that enables B2B and B2C customers to provide real-time, consistent, contextual and relevant experiences to their customers regardless of channel or device.

Both acquisitions have been fully integrated into UXC and are performing above our targeted expectations. They will make an important contribution to the full year earnings in FY16.

Looking forward, we will continue to look for acquisitions that build UXC's capabilities and create strong customer relevancy. We will also look for further collaboration within UXC to deliver a more streamlined offering to our clients that leverages the complete range of our capabilities. A further priority will be looking to simplify and consolidate how we provide best practice support services to each of our businesses.

The Directors have declared a final dividend of 3.6 cents per share fully franked, payable on 6 October 2015 for shareholders of record on 11 September 2015. This represents a 79% payout ratio based on FY15 NPAT and an increase in full year dividend of 41% compared to prior year.

Your Board of Directors look forward to further establishing UXC as the market's leading ICT service provider and further increasing shareholder returns. I would like to thank the Board, management and employees for the important contribution they have all made towards UXC's significant success in FY15.

Geoffrey Cosgriff
Chairman

Managing Director's Review

"With the accelerating rate of technology and its impact on business, UXC has a vision to create certainty in a world of complexity and disruption through the power of people and technology."

Melbourne, Victoria
20 August 2015

Dear Fellow Shareholders,

FINANCIAL RESULTS & COMMENTARY

I am pleased to report that UXC has delivered a very strong result for the 2015 financial year.

Our strategy continues to be focused on clients and how we can provide them with solutions that assist them meet the complexity and disruption facing their markets. The increasing presence of disruption and the use of new technology, especially digital and cloud platforms, brings new options to drive customer engagement which is key to our strategy.

With our strength in the Applications portfolio together with our e-commerce and digital capabilities, we can provide customers with solutions with which to gain competitive positions in their markets.

FY15 results commentary

It is pleasing to see the significant increase in earnings. The focus on improving earnings has been a key driver in FY15. The increase in reported PBT of 18-23% together with improvements across all segments is a strong result.

The performance of our two FY15 acquisitions have exceeded plan and made a good contribution to both revenue and earnings.

The core of the FY15 earnings has come from our organic business, with the infrastructure business showing the greatest improvement.

Organic earnings have increased significantly with PBT up 18-23% for the full year, with an increase of 27% in PBT the second half. This improvement should underpin the targets set for FY16.

All segments delivered strong reported and organic PBT growth. This was achieved through the combination of increased revenue, improved gross margins, continuing improvements in project delivery, tighter cost controls and effective corporate initiatives.

Offshore success

The growth of our North American business has exceeded our expectations. Having successfully integrated and achieved synergies from the US acquisitions, and with the focus on driving organic growth, we have achieved a 10% revenue increase in the North American business in 2H15 and a 45% increase in PBT.

UXC's initial move into the North American market was in response to a client's request to undertake a major project which then led to additional work and customers. As our confidence in this market has increased, our business has advanced in recent years by carefully crafted acquisitions including the assets of Tectura. The successful integration of Tectura, along with the calibre and number of new clients choosing UXC, means we have established a strong presence in this important Microsoft market to underpin our ambition to build revenue from our North American business to exceed US$100m.

Our New Zealand business has also performed well with significant wins in government and in ERP based solutions.

Applications

The strong positioning and relevancy of our existing core relationships in the Applications market (Microsoft, Oracle, SAP and ServiceNow) are key elements in our strategy. These mainstream vendors, and some other critical vendors targeting the infrastructure segment, are creating new innovative solutions and acquiring new capabilities.

These organisations are prolific in acquiring companies that are at the forefront of many of technology trends. Our strong historical and current positioning, together with our relevancy, places us in a competitively strong position to become an integrator with these new innovations and solutions.

Some examples of this alignment and innovation are evident with: the new cloud based SAP B1 solution at the NZ Earth Quake Commission; the SAP CRM in the cloud solution for Jemina; the Red Beverage and

Red Asset (UXC industry developed templates based on JDE) solutions for some key clients based on the Oracle platform; and the increase in Microsoft Dynamics AX and Azure based solutions.

Emerging technologies
We continue to augment our portfolio of relationships with emerging technology vendors that position UXC well for the future. This is an important element of our strategy. Clients are looking for innovative solutions to assist them in handling complexity and disruption. They are also asking UXC how we can assist them with new value added capabilities that create their own disruption and drive down costs, improve efficiencies and help them transform their delivery of service and business value. Our position as a key advisor in core business areas, together with our ability to introduce these emerging technologies with partners such as ServiceNow, DocuSign, Apptio, Tableau and others, enables us to work closely with clients on new and value add projects.

Project delivery success
While we continue to win new streams of work and projects, a key element of the operational performance lies in our continuing project delivery improvement. We have further refined the discipline and processes on projects to achieve improved delivery quality and margins. The Audit & Risk Committee continues to be actively involved in driving governance on major project reviews and risk oversight to support the Senior Management Team.

Cost environment
The very high cost of bidding for large tenders in 1H15 has not continued in 2H15, which has seen a more normalised run rate. The win/loss ratio on these larger projects has been close to our historical trend with a higher win rate across our core ERP application areas.

To further enhance our service delivery capabilities and efficiencies, we have taken advantage of the opportunity of investing jointly with the Tasmanian Government to develop an enhanced enterprise delivery centre to be based in Hobart. Funding from the Tasmanian Government is supporting this transition. The enhancement of our service delivery capabilities and efficiencies will also be augmented by our offshore strategy, including utilising specific offshore partners to reduce our cost of delivery in certain solutions.

In addition to the initiatives previously undertaken in FY14 to reduce costs, we continue to drive for further improvements in gross margin and overhead reduction. The consolidation of office facilities is an ongoing process with Melbourne completed in late 2013 and Sydney completed in May of this year. While we will see some cost savings from this consolidation, the real benefit is the integration of employees into a single office allowing for greater employee collaboration.

Other financial matters
The focus on working capital has again paid dividends with UXC's finance charges flat compared to FY14 and a surplus cash position of $3.0m at 30 June 2015.

UXC has successfully negotiated the refinancing of its existing loan facility that was due to mature in November 2016. The new loan facility totals $97.5m comprising a $75m revolving cash facility and $22.5m of facilities to support general working capital and bank guarantee requirements. The new facility has improved margins; a three year tenor; can be drawn in A$, NZ$ or US$; and provides additional funding capacity through an accordion feature to support organic growth and to facilitate acquisition opportunities as they arise.

UXC's effective tax rate was positively impacted by the 1H15 tax benefit relating to the North American business. UXC's effective tax rate is expected to return to previous levels in FY16.

It is important to note that all litigation relating to the Victorian bushfires is now finally resolved. All matters have been negotiated between the parties with no financial or cash impact on UXC.

UXC's full year result has been impacted by a 1H15 one-off charge of $0.5m against discontinued operations. This is due to a liquidator preference payment claim relating to the previously owned Field Solutions Group. No further charges will occur as all warranty periods have now passed and there may be a part recovery of this amount in future periods.

SEGMENT REVIEW

Applications
One of the major UXC differentiators is our market-leading applications business. This segment provides 52% of UXC revenue and 64% of the continuing operations business segment PBT.

The applications segment is UXC's core growth driver and remains its major competitive differentiator in the market as the company offers its clients choice in the Enterprise Resource Planning market and service management segments. These contracts are characterised by larger value and longer duration projects and as such provides some stability against short term market variances. The ability to offer the choice of leading global software vendors, while maintaining best-in-class capabilities provides quality revenue streams as well as a strong competitive advantage. Additionally, as these vendors invest in more cloud based solutions, UXC is at the forefront of planning and implementing these solutions. As noted above, some examples of UXC's implementations of these solutions include the first SAP cloud based Business 1 solution at the NZ Earth Quake commission and the Oracle based Red Beverage solutions being implemented with a global beverage organisation.

Oracle
We are Asia Pacific leaders in Oracle and one of the global leaders in the JD Edwards market, which continues to generate strong demand. Our reputation has been enhanced by UXC Red Rock being the only Australia & New Zealand Oracle Partner to win the prestigious JD Edwards Partner Excellence Award, presented in Denver in February 2015.

UXC Red Rock has continued to perform well and has won a number of significant projects. These include Fletcher Building, Transpower New Zealand, Public Transport Victoria, Ravensdown, TWE, Downer, the new Leighton joint venture and the University of Canterbury with others to be announced. These contracts provide a solid pipeline of work to be delivered over the next 18 months and opportunities to offer other UXC services to these clients.

Microsoft Dynamics
UXC is one of the global leaders in the Microsoft Dynamics market and we continue to see this part of the business as having significant revenue and earnings potential. Our Microsoft business, UXC Eclipse, had an excellent year with a solid contribution from Australia & New Zealand and growth in the North American market. This, coupled with the strong market positioning of Microsoft, especially as it ramps up investment in Microsoft Dynamics AX and Cloud-based Azure solutions, provides UXC with exciting opportunities in the coming years. Some high profile wins include Australian Tourism Commission, Logicamms, Wilson Services and Bartels to name just a few. UXC is being asked to take on larger and more complex projects in this Microsoft space, especially as UXC Eclipse has been announced as the Microsoft Global Retailer Partner for AX.

Investments have been made to further strengthen our retail industry position in the Microsoft market through the building of some intellectual property that augments Microsoft functionality. We are now a leading partner for Microsoft in the Retail Industry vertical with a number of high profile client wins such as Jeans West in the Asia Pacific region; and a major NFL brand, the Jean Coutu Group and the Bartels Group in North America.

SAP
Our SAP business, UXC Oxygen, is seen as the leading independent SAP integrator in Australia & New Zealand. Our reputation for service delivery excellence and our alignment to key industry and functional expertise continues to win new clients. As SAP continues to build and acquire further SaaS assets and capabilities such as Hybris, Concur and Ariba, UXC Oxygen will benefit from being able to offer these additional products and services to clients. The UXC Oxygen reputation continues to be enhanced with the successful delivery of a number of large SAP projects during FY15 including large mobility, customer experience and e-commerce solutions.

During 2H15 we acquired the assets of contiigo, a specialist services company with significant strength in the digital and hybris area. Together with our current business that operates in this area, White Labelled, UXC has one of the largest hybris capabilities to drive digital, e-commerce and customer experience solutions in the market.

Additionally, as SAP moves more aggressively to offer further "cloud" based solutions in the market, UXC Oxygen is seen as a partner of choice given their experience and success in the market to date. This coupled with the success of the Hanna platform together with the new "Run Simple" SAP solution, places UXC with an increasing array of opportunities in this market.

ServiceNow
In 2H15 UXC Keystone was recognised for having implemented the second largest number of ServiceNow implementations globally. This, coupled with our outstanding customer reputation in Australia & New Zealand, has resulted in UXC Keystone being awarded the region's only MASTER Partner status. We are the Asia Pacific leaders in ServiceNow. This platform changes the way clients deliver service management. As the only Master Partner in Australia & New Zealand, we are engaged with a number of blue chip clients in helping them transform how they deliver service and value within their businesses. Services continue to be in strong demand and we expect a continuation of the growth experienced in services in FY16.

Consulting
The Consulting segment, which includes our advisory and professional solutions business, had a much improved year with an exceptionally strong 2H15. Full year revenue growth increased by 23% with organic growth at 10%. 2H15 growth was exceptional at 34% over 2H14 with organic growth at 23%.

The strong growth of the UXC Saltbush acquisition has been one key factor in the improvement, however, organic growth of 23% is an indicator of the strong gains made in this segment.

The strategy of identifying and then investing in key growth market segments, such as UXC Saltbush, has provided strong FY15 returns in the Information and Cyber security market. This market demand and strength is expected to continue into the foreseeable future.

Despite the well documented variability in this sector, especially in Victoria, our largest market, UXC business consulting margins improved slightly compared with previous reporting periods. These Consulting services enable cross-selling leverage to and from the Application and Infrastructure businesses.

Infrastructure
The Infrastructure segment has delivered significantly better profits in FY15. We embarked on a strategy of increasing our value added services, especially managed services and support solutions, whilst reducing the focus on lower margin product. Additionally, we targeted a small number of specific opportunities and invested our best capabilities and resources on these accounts.

The strategy is well progressed with encouraging results seeing a number of new managed services and maintenance contract wins, many of which were announced in July. These include Ausgrid, Endeavour, IXOM, Leighton's new joint venture, DFAT and others. This is partly reflected in the increase of annuity managed services revenue

of 13% compared to FY14, whilst product revenue was down in line with our plan. Our strong annuity revenue growth is expected to continue in FY16 given the award of the new contracts.

Our annuity managed services business continues to grow and with further investments focused on application management and lower cost enterprise delivery models, we expect to further grow revenue and profit capability.

The strategic positioning of the UXC infrastructure business is becoming a greater asset as customers look beyond applications to consider the ability to leverage platforms to provide improved application performance and flexibility of environment. Given the end to end solution capability of UXC, there are more opportunities available from leveraging our infrastructure business together with application support and service management.

UXC BUSINESS STRATEGY

A key component of the UXC strategy is to identify and invest in selected segments of the IT market with a view to achieving market leadership and competitive positioning, together with relevance to the vendors we represent. By focusing on the way markets and clients want to interact and purchase, UXC has the opportunity to align its "go to market" offering with those customer preferences, while providing strong domain and functional delivery outcomes and process capabilities.

For some years, UXC has been focused on building and executing a strategy based on strong client relationships coupled with market leadership through our applications, infrastructure and consulting services capabilities. UXC recognises that success is predicated on providing its clients innovative solutions and predictable outcomes. Our ability to anticipate emerging technologies, and to find the right partners and solutions has generated additional revenues from new and existing clients which will strengthen our growth in the coming years.

Our full lifecycle of services from plan, design, implement through to manage and support provides clients with a range of systems and solution integration options. This supports our goal of developing longer term client relationships with annuity business based on key solutions and delivery excellence. Our track record of retaining and winning new clients, many based on our existing clients' references, provides an increasingly solid foundation for our business.

With the accelerating rate of technology and its impact on business, UXC has a vision to create certainty in a world of complexity and disruption through the power of people and technology. With the inclusion of solutions based on new and emerging technologies, we have advanced this vision over the past year. Examples of these emerging technologies being adopted in the market include analytics, big data, digital, mobility, service management, IT cost management, customer experience, e-commerce and collaboration. As complexity and cloud solutions become more pervasive, the need for greater security based solutions and services increases. This is a capability that is now core to our business.

Importantly, it is becoming more critical to better understand the business of our customer, across their entire business and not just within information technology domains. One of the key advantages derived from our applications businesses is the interaction undertaken with customer executives from CEO, CFO, CMO to CIO.

The increased awareness of the customer business allows us to better understand how to position new disruptive and emerging technologies. As these technologies and solutions enter the market, we are at the forefront of selectively bringing these solutions to clients. These emerging technologies and solutions provide entry points for the disruption of legacy and inflexible costly systems that no longer support required business models. We will continue to invest in and monetise emerging solutions that meet our investment criteria.

The strategic plan is also to continue to invest in selected industries. Current industry sectors and the percentage contribution of UXC's revenue include: Health (11%), Energy and Utilities (9%), Government (24%) and Consumer and Capital Goods and Services (24%). Given the opportunity in the Microsoft Dynamics space noted above, Retail will be a key focus for the future. This diversity of industry coverage protects UXC from any sector specific downturn.

We will continue to look for acquisition opportunities that provide strategic benefit plus accretive earnings capability to UXC. Our recent investments have provided UXC with increased confidence, including investing in the North American market. Any opportunity will be evaluated in the context of our strict and disciplined investment criteria and our working capital and balance sheet capacity.

ACQUISITIONS

The combined performance of our FY14 acquisitions has been within expectations. Much of the early part of the FY15 year was focused on integration and obtaining the synergies from these businesses. Importantly, these acquisitions have provided us with new clients and allowed us to increase our service offerings to UXC's existing clients. This is especially relevant in the Service Management area.

The FY15 acquisitions have not only performed above expectations, but have provided capacity and capability for leveraging our other core business segments. The investments have been focused on new emerging segments in the market that will drive a number of our growth initiatives and increase our revenue and earnings base.

UXC Saltbush

The Saltbush Group, acquired in October 2014, is one of the leading information and cyber security professional services firms in its sector. Within this sector, Saltbush has a strong reputation for customer service and quality, especially in the areas of Assurance, Consulting, Development, Solutions and Training.

When acquired, Saltbush had revenue of approximately $12m and 66 staff. Staff numbers have increased to 90 at the end of FY15. The demand for security services and secure operating environments is very strong and it is expected that this sector will continue to grow at double digit levels. The UXC Saltbush team has been fully integrated into our UXC Consulting business and has continued to leverage UXC support by building the practice across Australia.

contiigo

contiigo is a digital, e-commerce and customer experience consultancy and solutions business primarily focused on the SAP hybris platform. In 2013, UXC acquired White Labelled which also has a hybris capability and strong e-commerce references.

UXC believes the “e-commerce and customer experience” segment will see significant growth in FY16 and beyond. This acquisition provides significantly increased scale with an additional 50% capacity within UXC, but importantly contiigo brings a strong a depth of hybris capability recognised as market leading.

contiigo is a recognised lead partner of SAP hybris in this market. When coupled with White Labelled, it provides UXC with a very strong digital market presence and capability. With support from the UXC Oxygen brand and leveraging the relationship with SAP, our relevancy becomes unmatched in the market and positions us to be the preferred partner for SAP and hybris in this region.

CASH FLOW AND CAPITAL MANAGEMENT

UXC continued to improve its working capital management, reaffirming our capacity to generate strong cash flows from our business. UXC had a surplus cash position of $3.0m at 30 June 2015 compared to a net debt position of $20.5m at 31 December 2014 and $4.2m at 30 June 2014.

As in prior years, and in line with the financial results, UXC’s cash flows are skewed to the second half of the financial year due to seasonal factors impacting the timing of receipts and related disbursements, the timing of employee incentives and the final dividend payment. The impact of the larger projects, with invoicing and payments based on project milestones, can also affect UXC’s cash collection cycle. The result obtained in Q4 was again a strong indicator of customer satisfaction and provided UXC with an excellent cash balance and a surplus net cash position at 30 June 2015.

UXC is confident that the company’s track record of converting the majority of EBITDA to cash over the course of the next full financial year will continue.

Our Return on Equity increased to 9.9% from 7.3% in FY14.

The final dividend of 3.6 cents per share represents a 79% pay-out ratio based on FY15 NPAT. The 41% increase in the full year dividend for FY15 of 5.3c is recognition of the confidence the Board and Senior Management have in UXC’s future and our desire to reward shareholders.

FY15 basic EPS from continuing operations improved 41% to 7.00c, up from 4.97c.

BUSINESS ENVIRONMENT AND OUTLOOK

We are very encouraged by the FY15 result, especially the second half performance. The strength of the back log of business, coupled with the impact of the recently won contracts, positions us strongly for FY16 and beyond. We remain confident in achieving our FY16 targets, while recognising the historical strong weighting of earnings to the second half, reflecting the nature of the business and market.

This confidence is based on having 53% of our full year FY16 revenue already confirmed through annuity contracts and the contracted backlog of orders. We are also encouraged by a number of large opportunities we are well positioned to win in Q1FY16.

There will be some changes and enhancements to the manner in which we focus on our top customers so that we can better understand the industry and specific customer issues. Our increased focus should provide greater opportunities to position our capabilities and increase what are already strong relationships for the future. An example of this will be to take our Health focus national given the success and references from our Queensland experience.

We will continue to build on the recent acquisition of UXC Saltbush to leverage our Consulting capabilities and to enhance our product and managed services offerings.

Further gains are also expected in North America based on UXC’s growing confidence in this market, the support of Microsoft in the Retail market and the track record of winning large scale AX projects in that region.

Our UXC infrastructure business is starting to build on the investments made in establishing differentiated managed service offerings and as more customers are looking to hybrid cloud and IT platforms, an increasing leverage across the UXC portfolio of solutions is being seen. The increased collaboration from a more unified organisation, especially from the new Melbourne and Sydney locations, is providing further opportunities across our customer base.

Given the number of new large contracts won in Q4FY15 and July 2015, significant focus will be placed on disciplined transition programs and the conversion of these contracts into profitable revenue flows. Additionally, the conversion of identified large new business opportunities, for which UXC is shortlisted, provides even greater confidence in achieving a strong FY16 outcome.

Disciplined delivery of the back log of orders, continuing vigilance in operational management, particularly around utilisation and project delivery, will remain key drivers of improving gross margin.

FY16 will see further and material rationalisation of some of the current back office and support functions that can, over time, be streamlined to provide a more effective and lower cost support structure.

While we will remain focused on improving earnings, investments are required to continue to fine tune the business and build UXC into a stronger, leaner and more competitive organisation for the future.

We need to continue to attend to the core margin drivers of managing costs and improving utilisation. We will continue to improve the quality of earnings by further changing the business mix away from lower margin products and licences and focusing on services, particularly those that provide greater annuity revenues and greater value to clients. We have made strong progress in effecting this change to date and will continue with our increased focus on our larger and key clients.

The value of our annuity base now represents 29% of our revenue. Our strong customer relationships, our new project wins and our back log of business will all have a positive impact on UXC's FY16 earnings.

We remain confident in our ability to grow the profitability of UXC. While market conditions are variable, we still are confident in our ability to forecast revenue and profit growth in FY16 over the previous corresponding period.

In summary, the strong FY15 result validates UXC's strategy to build scale in selected higher growth markets and is beginning to deliver the anticipated returns for shareholders. We have made strong progress in changing the business mix to higher quality services, building annuity revenues that are improving our customer relevancy and quality of earnings.

We are winning larger scale contracts, both in the ERP applications market and in the annuity managed services and infrastructure areas. These wins provide a growing confidence that customers value UXC solutions and the pragmatic outcomes delivered. The strength of these contracts should provide a boost to FY16 revenue and earnings.

We have started the FY16 year well with a strong July performance ahead of our budget targets and the prior year's July result.

We believe our evolving strategic approach and plan is solid, whilst being aware of the need to focus on effective execution and exercising caution with our investments. Our goal is to continue to improve sustainable earnings growth into the future while continuing to invest to achieve our medium term strategic goals of building UXC into an even more robust and sustainable leader in the market.

ACKNOWLEDGEMENTS

Our employees are the key differentiator in 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, their confidence with humility, their outstanding service to our clients and making a difference. 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.

We have positioned UXC well for the future. UXC has a strong solution and business platform and with our continuing focus on the client and the investment in our people, I am confident UXC can reach new heights, deliver a strong FY16 and achieve our full potential.

Cris Nicolli
Managing Director

Board of Directors

Geoffrey Cosgriff
Chairman
Aged 62
BAppSc (Elec), FAICD, FIE Australia, Company Director Diploma

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 (2000-2008).

Special responsibilities

Chairman; Member of Nomination Committee

Cris Nicolli
Managing Director
Aged 61
BMS, FAICD

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.

Special responsibilities

Managing Director

Geoffrey Lord
Deputy Chairman
Aged 70
B.Eco (Hons), MBA (Distinction), ASSA, FAICD

Founder, appointed Director and Chairman on 13 September 2002, resigned as Chairman 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 and Northern Energy Corporation Limited.

Founder and inaugural Chairman of Melbourne Victory Limited.

Director of Melbourne Business School.

Special responsibilities

Deputy Chairman; Member of Nomination Committee

Directorships of other Listed Companies

Institute of Drug Technology Ltd (since 1998)

MaxiTrans Industries Ltd (since 2000)

Jean-Marie Simart
Non-executive Director
Aged 70

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.

Special responsibilities

Member of Audit & Risk Committee; Nomination Committee and HR & Remuneration Committee

Gail Pemberton
Non-executive Director
Aged 62
FAICD, MA (UTS)

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 Holdings Limited and SIRCA.

Director of QIC, Paypal Australia and Eclipx Group Limited.

Former Director and Chair of Onthehouse Group.

Former Director of Alleron Funds Management, Air Services Australia, the Sydney Opera House Trust, Harvey World Travel and Baycorp.

Special responsibilities
Chairperson of HR & Remuneration Committee; Member of Nomination Committee

Directorships of other Listed Companies

Onthehouse Holdings Limited (2011-2015)

Eclipx Group Limited (since 2015)

OneVue Holdings Limited (since 2007)

Brian Mitchell
Non-executive Director
Aged 67
FAICD, FAMI, AFAIM

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 Pty Ltd.

Director of MT Partners Pty Ltd.

Former Senior Vice President of Oracle Asia Pacific.

Former Managing Director of Oracle Australia & New Zealand (Dec 2000 to Sept 2004).

Chairman of Messmo Holdings Pty Ltd.

Former Director Onthehouse Holdings Limited.

Special responsibilities
Member of Audit & Risk Committee; Nomination Committee;
HR & Remuneration Committee

Directorships of other Listed Companies

Bravura Solutions Ltd (2009-2013)

Onthehouse Holdings Limited (2014-2015)

OtherLevels Holdings Limited (since 2015)

Doug Snedden
Non-executive Director
Aged 57
B Ec (ANU), MAICD

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, OzForex Group Limited, Sirca Technology Pty Ltd, St James Ethics Centre and Black Dog Institute.

Former Director of Hillgrove Resources Ltd.

Former Managing Director of Accenture Australia (retired June 2008).

Special responsibilities
Chairman of Audit & Risk Committee; Member of Nomination Committee

Directorships of other Listed Companies

Transfield Services Limited (since 2009)

OzForex Group Limited (since 2015)

Hillgrove Resources Ltd (2012-2015)

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 2015.

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)
- 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 6 to 11 for commentary on results and financial position for the year ended 30 June 2015.

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	2015	2014	2013	2012	2011
Revenue ($000)	686,430	643,368	594,269	560,078	521,402
PBT from continuing operations ($000)	29,930	22,034	31,541	25,005	9,087
NPAT from continuing operations ($000)	23,074	15,732	22,683	18,177	4,530
NPAT attributable to members ($000)[1]	22,549	15,732	24,012	19,711	(20,177)
Basic EPS – to members (cents per share)	6.84¢	4.97¢	7.80¢	6.44¢	(6.60)¢
Diluted EPS – to members (cents per share)	6.73¢	4.85¢	7.61¢	6.35¢	(6.59)¢
Share price at start of year	$0.74	$1.03	$0.56	$0.57	$0.45
Share price at end of year	$0.75	$0.74	$1.03	$0.56	$0.57
Interim dividend (cents per share)	1.70¢	0.75¢	1.75¢	1.00¢	–
Final dividend (cents per share)	3.60¢	3.00¢	3.55¢	2.50¢	–
Special dividend / distribution (cents per share)[2]	–	–	0.45¢	–	2.00¢
Dividend payout ratio	79%	78%	74%	54%	–

(1) From all sources – includes results of operations now discontinued.

(2) Includes a special dividend of 0.45 cents in FY13. Includes the return of capital in FY11.

UXC operated within its banking covenants for the year.

Directors' Report

Company secretary

Iona MacPherson

Iona MacPherson was appointed as Chief Financial Officer & Company Secretary on 12 January 2015. Iona has been a qualified Chartered Accountant for over 21 years and brings proven skill sets and experience in financial & capital management, business improvement and change management.

Prior to joining UXC, Iona held the position of Chief Financial Officer & Company Secretary at Boom Logistics Limited for 7 years. In that role, she was pivotal in integrating and improving systems and processes, realising cost synergies across the business, establishing a sound capital management environment and embedding best practice frameworks for financial management, risk and governance across the organisation.

Iona's previous experience included her 4 year role as Chief Financial Officer & Company Secretary of Australian Air Express, a Qantas and Australia Post joint venture, following a 13 year career with KPMG in their Edinburgh, Hong Kong and Melbourne offices.

Mark Grodzicky

Mark Grodzicky 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.

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).

			Meetings of committees					
	Full meetings of Directors		Audit & Risk		Nomination		HR & Remuneration	
	A	B	A	B	A	B	A	B
Geoffrey Cosgriff	13	13	*	*	2	2	*	*
Cris Nicolli	12	12	*	*	*	*	*	*
Geoffrey Lord	13	12	*	*	2	2	*	*
Brian Mitchell	13	13	10	10	2	2	8	8
Gail Pemberton	13	13	*	*	2	2	8	8
Jean-Marie Simart	13	10	10	8	2	2	8	8
Doug Snedden	13	13	10	10	2	2	*	*

A = Number of meetings held during the time the Director held office or was a member of the committee during the year and the Director was eligible to attend

B = Number of meetings attended

* = Not a member of the relevant committee

Dividends – UXC Limited

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

	2015 $'000	2014 $'000
Fully franked interim dividend of 1.70 cents per share paid 2 April 2015 (in respect of year ended 30 June 2015)	5,639	–
Fully franked final dividend of 3.00 cents per share paid 27 October 2014 (in respect of year ended 30 June 2014)	9,891	–
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
	15,530	**14,884**

In addition, the Directors have declared on 20 August 2015 a fully franked final dividend of 3.60 cents per share (2014: 3.0 cents final dividend) in respect of the 2015 financial year to be paid on 6 October 2015 for shareholders of record on 11 September 2015. The dividend has not been provided for in this financial report.

Share capital

During the financial year 10,500,591 of UXC Limited ordinary shares (UXC ORD) were issued for a value of $9,774,000 taking the balance at 30 June 2015 to $188,291,000 (332,978,025 ordinary shares).

Details of issues in share capital are as follows:

UXC	Shares '000	$'000
Balance at 1 July 2014	322,477	180,423
Consideration for acquisitions	3,327	2,893
Exercise of performance rights	4,762	4,815
Dividend Reinvestment Plan	2,412	2,066
Derecognition of restricted shares under the Employee Share Plan	–	(1,906)
Balance at 30 June 2015	**332,978**	**188,291**

Shares under performance rights

Unissued ordinary shares of UXC Limited under performance rights pursuant to the terms of the UXC Incentive Plan at the date of this report are 7,713,085 with an exercise price of $nil and expiry dates from 31 August 2015 to 30 September 2017. A total of 1,610,786 performance rights lapsed during the year with exercise price of $nil. A total of 4,762,098 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	
	2015	**2014**
Geoffrey Cosgriff	4,531,704	4,531,704
Cris Nicolli	5,486,931	4,481,413
Geoffrey Lord	16,702,114	16,702,114
Brian Mitchell	241,000	241,000
Gail Pemberton	140,211	140,211
Jean-Marie Simart	607,443	607,443
Doug Snedden	150,000	150,000

Performance rights granted to Directors and Senior Management

The following table discloses performance rights over unissued 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.

Directors and Senior Management	Performance Rights Granted	Total Performance Rights Held
2015		
Cris Nicolli	1,848,340	1,848,340
Jonathan Rubinsztein	351,560	552,670
Bradley Stroop	343,750	544,860
Paul Timmins	187,500	262,915
Ian Poole	117,190	268,024

Directors' Report

Subsequent Events

Subsequent to 30 June 2015, UXC Limited successfully negotiated the refinancing of its existing loan facility, refer to note 29(h) of the financial statements.

On 20 August 2015, the Directors declared a final dividend of 3.60 cents fully franked per ordinary share for shareholders of record on 11 September 2015 and payable on 6 October 2015. This dividend has not been provided for in this financial report.

No other matter or circumstance has arisen since 30 June 2015 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

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 15.

Environmental regulation

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

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 19 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.

The Company has not, during or since the end of 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 by such an officer or auditor, except as permitted under section 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 23 to the financial statements.

Auditor's independence declaration

The auditor's independence declaration is included on page 31.

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)

The Board of UXC Limited ("UXC") is committed to ensuring that our remuneration strategy drives a culture of performance and ensures executives are rewarded for the delivery of results and the achievement of UXC's short-term business objectives and long-term business strategy; ultimately generating satisfactory returns for our shareholders.

This report outlines the remuneration strategy and framework of UXC, as approved by the Board, in relation to the remuneration of the Managing Director and those executives who report to him (including key management personnel). It also enables our investors to understand:

- The costs and benefits associated with UXC's remuneration strategy & framework; and
- The link between UXC's performance and the remuneration paid to the Managing Director and other key management personnel ("KMP").

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) Key management personnel

Key management personnel is defined by AASB 124 *Related Party Disclosures*. Only Directors, the Managing Director and executives 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.

The KMP of UXC for the year ended 30 June 2015 were:

Non-executive Directors	Role	Commencement Date
Geoffrey Cosgriff	Chairman[1]	13 September 2002
Geoffrey Lord	Deputy Chairman[2]	13 September 2002
Brian Mitchell	Non-executive Director	24 October 2012
Gail Pemberton	Non-executive Director	1 November 2011
Jean-Marie Simart	Non-executive Director	10 August 2001
Doug Snedden	Non-executive Director	24 October 2012
KMP – Executive Director		
Cris Nicolli	Managing Director[3]	11 June 2003
KMP Executives		
Iona MacPherson[4]	CFO & Company Secretary	12 January 2015
Paul Timmins[5]	Chief Operating Officer	27 September 2004
Ralph Pickering	Director – Divestments & Acquisitions	1 August 1997

1. Appointed as Chairman on 24 October 2012
2. Appointed as Deputy Chairman on 24 October 2012
3. Appointed as Managing Director on 28 October 2010
4. Appointed as CFO & Company Secretary on 12 January 2015
5. Included as a KMP effective 1 July 2014

(b) HR & Remuneration Committee

The HR & Remuneration Committee advises the Board on remuneration practices and policies which are fair and responsible, by recognising the correlation between performance targets and reward, in order to provide the best value to shareholders. In doing so, the HR & Remuneration Committee reviews and makes recommendations to the Board regarding the remuneration of the Directors, the Managing Director and those executives who report to him, and sets the remuneration strategy & framework for UXC.

The members of the HR & Remuneration Committee are Ms Gail Pemberton (Chairperson), Mr Brian Mitchell and Mr Jean-Marie Simart. The Chair of the Committee and its membership is reviewed by the Board annually. The Chair may not be the Chairman of the Board. The HR & Remuneration Committee met 8 times during the 2015 financial year.

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

Directors' Report

The HR & Remuneration Committee periodically engages independent external consultants to advise and assess the remuneration of the Chairman, Non-executive Directors, Managing Director and those executives reporting to the Managing Director.

Two independent consultants, the Godfrey Remuneration Group and Ernst & Young, were engaged by the HR & Remuneration Committee in the year ended 30 June 2015 to provide advice on market data and practices. The engagement of the consultants during the year was in accordance with the UXC's governance processes. The fees incurred were $8,000 and $30,500 respectively.

(c) Remuneration strategy

The overarching principles of the UXC remuneration strategy are to:

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

(d) Remuneration framework

Each executive's total remuneration package may be comprised of the following elements:

- Total Fixed Remuneration
- At-Risk Remuneration:
  - Short Term Incentive ("STI")
  - Medium Term Incentive ("MTI")
  - Long Term Incentive ("LTI")*

* Only the Managing Director, Cris Nicolli, participates in the UXC Long Term Incentive Plan.

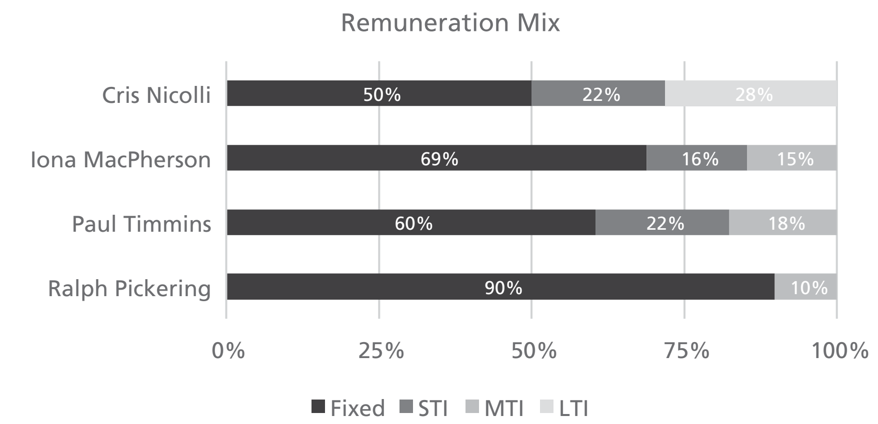
The 'at-risk' component for the Managing Director and those executives reporting to him (including KMP executives) ranges from 10% to 50% of total remuneration, with an average of 33%.

The current mix of remuneration for the KMP executives is shown in the following table and a detailed description of each of these elements is discussed in more detail below.

	Total Fixed Remuneration	Short Term Incentive (At-Target)[1]	Short Term Incentive (Stretch)[2]	Medium or Long Term Incentive (At-Target)[3]
KMP – Executive Director				
Cris Nicolli	$800,000	44%	57%	56%
KMP Executives				
Iona MacPherson	$420,000	24%	30%	21%
Paul Timmins	$412,000	36%	44%	29%
Ralph Pickering	$352,724	–	–	11%

1. The short term incentive is the total payment at-target as a % of total fixed remuneration
2. KMP executives' STIs have a stretch component that is designed to encourage above at-target performance and is a % of total fixed remuneration.
3. The medium and long term incentive refers to the value, at target, of any grant (as a % of total fixed remuneration).

The mix of each component as a percentage of the KMP's total remuneration package (at-target) is shown in the graph below.



(i) Total fixed remuneration
Total fixed remuneration consists of base salary and statutory superannuation contributions. UXC's executives may elect to have a combination of benefits provided out of their total fixed remuneration, including additional superannuation contributions and the provision of a motor vehicle or car parking. The value of any non-cash benefits provided includes the costs of any fringe benefits tax payable by UXC, unless specifically otherwise stated.

The total fixed remuneration for the Managing Director and those executives reporting to him (including the KMP executives) is approved annually by the Board (based on the recommendation of the HR & Remuneration Committee).

In considering total fixed remuneration, benchmarks provided by external consultants are taken into account, as well as business needs, performance and potential as well as the retention of key talent. Benchmarks that are considered include roles in major corporations (excluding resource and financial services companies), the information and communication technology sector and global competitors.

To ensure that total fixed remuneration for UXC's executives remains competitive, it is reviewed annually based on the executive's performance and the relevant market data.

Cris Nicolli's fixed remuneration was increased to $800,000 (a 6.67% increase effective 1 July 2014). The HR & Remuneration Committee and the Board of Directors are satisfied that Cris Nicolli's remuneration is an appropriate reward in relation to the marketplace and his ongoing contribution to the Company's development and financial performance.

Details of KMP executives' total fixed remuneration for the year ended 30 June 2015 (and 30 June 2014) can be found in Table A in section (g) below.

(ii) Short Term Incentive Plan
The UXC Short Term Incentive Plan (STIP) rewards the Managing Director and those executives reporting to him (including the KMP executives) for performance against a pre-determined scorecard of measures linked to UXC's short-term business performance (12 months) and individual performance. The specific performance measures may vary from year to year depending on the business' objectives, but are chosen on the basis that they will increase financial performance, market share, and shareholder returns.

The relative weighting of fixed and variable components for target performance is set according to the scope of the executive's role.

Eligibility for a STI 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.

The key performance indicators and other targets against which performance can be measured for determining the proportion of 'at-risk' remuneration, are generally as follows:

- Financial parameters – actual results compared to budgeted results for items including EBITDA, PBT and NPAT.
- Business growth parameters – NPAT, earnings per share, price earnings ratio, new order value, acquisitions and new customers.
- Business management parameters – performance metrics such as cash generation, capital management, number of days sales outstanding in debtors, inventory turnover, cost/revenue ratios and staff utilisation.
- Customer satisfaction parameters – retention, quality, cross-selling, new accounts.
- Cross business unit revenue generation.
- Employees – training, leadership, development, retention, teamwork.

The specific measures and targets against which performance will be measured are quantified during the annual strategic review and budgeting process undertaken by UXC. A large percentage of the KMP executives' STI awards (50% to 70%) relate to financial, business growth and business management measures. Individual measures are based on the relevant priorities for UXC; as determined by the Board and Managing Director. The Board believes that the STI provides the right measures and appropriately challenging targets for participants, including KMP executives.

The only KMP executives who participate in the UXC STIP are Cris Nicolli, Iona MacPherson, and Paul Timmins. Ralph Pickering (Director – Divestments & Acquisitions) does not participate in an STI due to the nature of his role.

Following finalisation of UXC's full year results, the Managing Director makes a recommendation of the STI award for each of those executives reporting to him (including KMP executives), which is approved by the Board. The Chairman assesses the performance of the Managing Director and makes a recommendation of the STI award to be approved by the Board. No 'at-risk' remuneration is available for an actual performance that is below 85% of budget.

An executive is only eligible for an STI award if they are employed at the date of payment. The STI award may be pro rata for part-year starters.

Details of KMP executives' STI payments for the year ended 30 June 2015, the proportion to be received for at-target and stretch performance, achieved STI, and the amounts forfeited are shown in the table below.

2015	STI At-Target $	STI Stretch[1] $	STI Achieved[2] $	At-Target STI Achieved %	Stretch STI Achieved %	Stretch STI Forfeited %
KMP – Executive Director						
Cris Nicolli	350,000	457,800	422,177	120.6%	92.2%	7.8%
KMP Executives						
Iona MacPherson[3]	100,000	126,200	50,196	100.4%	79.5%	20.5%
Paul Timmins	150,000	183,000	145,725	97.2%	79.6%	20.4%

1. KMP executives' STIs have a stretch component that is designed to encourage above at-target performance.
2. STIs amounts indicated to have been achieved in respect of the year ended 30 June 2015 are subject to an annual review and only payable subsequent to 30 June 2015 upon ratification and recommendation by the HR & Remuneration Committee and approved by the Board of Directors. Refer section (f)(i) below for details in respect of FY15 achievement outcomes.
3. The payment to Iona MacPherson represents a pro rata payment as she was appointed on 12 January 2015. Accordingly, the amount of $50,196 represents 50.2% of her annual at-target STI amount of $100,000 or 100.4% of her pro rata at-target STI amount of $50,000.

(iii) Medium Term Incentive Plan

UXC has a Medium Term Incentive Plan ("MTIP") that is designed to reward executives for the increased financial performance of UXC and sustained growth in shareholder value. The size of such grants is linked to UXC's performance and the individual's level of responsibility, performance, and potential.

The KMP executives who participate in an MTI are Iona MacPherson, Paul Timmins and Ralph Pickering. The Managing Director does not participate in an MTI as he participates in the UXC Long Term Incentive Plan ("LTIP") – see below for details of the LTIP.

Details of the grants and exercise of performance rights under the MTIP for KMP executives can be found in Table C in section (g) below.

The terms of the UXC MTIP include the following:

- **Entitlement** – each performance right will entitle the participant to subscribe for one fully paid ordinary share in the capital of UXC if the performance measure is achieved.
- **Performance Measure** – actual profit before tax performance compared to budget at a mixture of the Business Unit level (0%-60%) and UXC level (40%-100%). The performance rights lapse if the performance condition is not achieved after year one.
- **Performance Period** – the performance period is linked to the relevant financial year. 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.

  For FY16 grants (for the year ended 30 June 2016) the MTIP will be changed to have 100% of vested rights exercisable after three years from their date of issue subject to continuing employment. The changes are in the context of the need to "motivate & retain" key talent with a meaningful and tax effective form of remuneration.

  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 by the participant.
- **Quotation** – the performance rights are not quoted on any stock exchange.
- **Transferability** – the performance rights are not transferable.
- **Termination** – the performance rights lapse upon the termination of the employee, except at the discretion of the Board of Directors under a "good leaver" consideration.
- **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.

(iv) Long Term Incentive Plan
The Board approved (subsequently approved at the 2014 AGM) a long term incentive plan for Cris Nicolli – the only participant. The UXC Long Term Incentive Plan (LTIP) links any reward to UXC's long-term financial performance and shareholder returns.

LTIP Opportunity
For the vested portion of his LTI entitlement, Cris Nicolli will receive equity based remuneration, 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. 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 approval by the Board.

Details of the grant and exercise of performance rights under the LTIP for the Managing Director can be found in Table C in section (g) below.

Performance Measures
The performance measures and hurdles applicable to each grant of LTI awards have been set by the Board having regard to the long-term business plan of UXC. The Board determined that multiple measures were the best approach to provide a more complete assessment of performance and minimised the risk of the Managing Director focussing on a single outcome. The measures relating to FY15-FY17 are as follows:

LTI – Key Performance Indicators	FY15-17 Composition
Relative TSR	25%
Relative EPS	25%
Core Earnings CAGR	50%
Total	**100%**

Relative TSR – an external measure based on relative total shareholder return ("TSR") to assess whether UXC achieves above average total shareholder return relative to the performance of an appropriate peer group of companies from the ASX Technology Index.

The TSR vesting schedule is:

TSR Ranking	% of TSR related LTI award that vest*
< 50th percentile	0%
= 50th percentile	66.67%
> 50th percentile = or > 75th percentile	100%

* Note: pro-rata vesting for performance between 50th percentile (66.67%) and 75th percentile (100%)

Relative EPS – an external measure based on earnings per share ("EPS") growth to assess whether UXC achieves above average EPS growth relative to the performance of an appropriate peer group of companies from the ASX Technology Index.

The EPS vesting schedule is:

EPS Ranking	% of EPS related LTI award that vest*
< 50th percentile	0%
= 50th percentile	66.67%
> 50th percentile = or > 75th percentile	100%

* Note: pro-rata vesting for performance between 50th percentile (66.67%) and 75th percentile (100%)

Core Earnings CAGR (compound annual growth rate) – is defined as earnings from current operations less earnings from businesses divested or acquired during the performance period being 1 July 2014 to 30 June 2017. Earnings are defined as EBITDA.

The importance of this measure is that the Board recognises the importance of maintaining a focus on strong growth in core earnings whilst still pursuing the growth of UXC through acquisitions.

The Core Earnings CAGR vesting schedule is:

Core Earnings CAGR	% of CAGR related LTI award that vest*
< 11.4%	0%
= 11.4%	66.67%
> 11.4% = or < 15.5%	100%

* Note: pro-rata vesting between 11.4% and 15.5% Core Earnings CAGR – to a maximum of 100%.

(v) Termination Benefits
The remuneration and other terms of employment for the executives are covered in formal employment contracts. UXC may terminate an executive immediately for cause, in which case the executive is not entitled to any payment other than the value of total fixed remuneration (and accrued entitlements) up to the termination date.

Name	Notice Period by UXC	Notice Period by Executive	Termination / Redundancy Payment
KMP – Executive Director			
Cris Nicolli	12 months	12 months	Payment in lieu of notice at Company's discretion for company initiated termination only. If terminated by reason of redundancy, up to 12 months Total Fixed Remuneration is payable.
KMP Executives			
Iona MacPherson	6 months	6 months	Payment in lieu of notice at Company's discretion for company initiated termination only. If terminated by reason of redundancy, up to 12 months Total Fixed Remuneration is payable.
Paul Timmins	6 months	6 months	
Ralph Pickering	12 months	12 months	

(vi) Clawback Provisions

Effective from 1 July 2014, the Board will have the discretion to clawback incentive payments, including but not limited to short-term incentives, medium-term incentives and long-term incentives, where information or events come to light since the initial award was made which undermines materially UXC's performance, financial soundness and reputation. In exercising its discretion, the Board will have regard to matters of procedural fairness.

(e) Remuneration of Non-executive Directors

Remuneration Components

In line with the UXC Limited Constitution and the ASX Listing Rules, the 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 UXC at 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.

Board and Committee fees are set by reference to a number of relevant considerations including:

- responsibilities and risks attaching to the role of Director
- time commitment expected of Directors
- fees paid by comparable companies
- independent advice received from external advisers

The Chairman receives an annual fee of $160,965 (inclusive of superannuation) in recognition of his role and responsibilities as Chairman of UXC Limited.

Other Non-executive Directors receive an annual fee of $80,483 (inclusive of superannuation) for being a Director of UXC. Additionally, an annual fee of $12,500 (inclusive of superannuation) is paid for being appointed as Chairman of a Board Sub-committee and $7,500 (inclusive of superannuation) 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.

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 by way of 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 Non-executive Directors.

Details of the fees and other benefits received by the Non-executive Directors in the year ended 30 June 2015 together with their shareholdings in UXC are set out in section (g) below.

(f) Corporate performance

The Board recognises that each KMP executive needs a good portion of their remuneration to be at-risk and be linked to UXC's annual business objectives and actual performance.

Remuneration is linked to performance by:

- Requiring a proportion of the executives remuneration to vary with the short-term and long-term performance of UXC;
- Setting clear expectations on target and stretch performance objectives required for STI payments to ensure quality results; and
- Assessment of long-term performance through multiple measures to provide a complete picture of UXC's performance and the increase in shareholder value.

(i) STIP outcomes for the financial year ended 30 June 2015 (FY15)

The FY15 measures, targets and results for eligible KMP executives are set out below.

STI – Key Performance Indicators	**Composition (At-Target)**	**Achievement (At-Target)**
Cris Nicolli – Managing Director		
Net Profit After Tax (organic budget)	50%	63.8%
Net Profit After Tax (acquired business budget)	10%	15.6%
Capital management	10%	13.2%
Leadership and management development	20%	19.0%
Stakeholder management	10%	9.0%
	100%	**120.6%**
Iona MacPherson – Chief Financial Officer & Company Secretary		
Net Profit After Tax	50%	48.7%
Capital management	20%	24.2%
Individual	30%	27.5%
	100%	**100.4%**
Paul Timmins – Chief Operating Officer		
Profit Before Tax	50%	50.2%
Tender and project risk management	20%	20.0%
Individual	30%	27.0%
	100%	**97.2%**

The following table shows the relationship between KMP executives' at-risk remuneration and UXC's financial performance.

Financial Year Ended 30 June	**2015**	**2014**	**2013**	**2012**
Revenue ($000)	$686,430	$643,368	$594,269	$560,078
Profit Before Tax (continuing operations) ($000)	$29,930	$22,034	$31,541	$25,005
Profit Before Tax growth (continuing operations)	36%	(30%)	26%	175%
NPAT ($000)	$22,549	$15,732	$24,012	$19,711
NPAT growth	43%	(34%)	22%	n/a
Share price at start of year	$0.74	$1.03	$0.56	$0.57
Share price at end of year	$0.75	$0.74	$1.03	$0.56
Interim dividend (cents per share)	1.70	0.75	1.75	1.00
Final dividend/distribution (cents per share)	3.60	3.00	4.00	2.50
Total dividend/distribution (cents per share)	5.30	3.75	5.75	3.50
Basic EPS (cents per share)				
– from continuing operations	7.00	4.97	7.37	5.94
– from continuing and discontinued operations	6.84	4.97	7.80	(6.44)
Average STI payout as a % at-target for eligible KMPs[1]	**106%**	**63%**	**93%**	**92%**

1. STI amounts indicated to have been achieved in respect of the year ended 30 June 2015 are subject to an annual review and only payable subsequent to 30 June 2015 upon ratification by the HR & Remuneration Committee and approved by the Board of Directors.

(ii) LTIP outcomes for the financial year ended 30 June 2015

The Board and shareholders approved a long term incentive for Cris Nicolli in 2014. For the vested portion of his long term incentive entitlement, Cris Nicolli will receive equity based remuneration, payable in the form of performance rights, to a maximum of $1,350,000 in three years, subject to the achievement of key performance indicators. $404,460 of the long term incentive is estimated to have been achieved in respect of FY15. The achievement of the FY15-FY17 long term incentive is assessed at the end of the three year performance period and will vest at such time as it is ratified and recommended by the HR & Remuneration Committee and approved by the Board of Directors.

Directors' Report

(g) Remuneration Tables – Directors and KMP Executives

Details of the nature and amount of each element of the remuneration and shareholdings of the KMP of the consolidated entity are set out in the following tables.

Table A: Remuneration for key management personnel for the year ended 30 June

	Year	Salary/Fees $	Cash STI[1] $	Non-monetary benefits[2] $	Superannuation $	Equity Settled Rights[3] $	Total $	Performance Related %
Non-executive Directors								
Geoffrey Cosgriff	**2015**	**147,000**	**–**		**13,965**	**–**	**160,965**	**–**
	2014	140,000	–	–	12,950	–	152,950	–
Geoffrey Lord	**2015**	**73,500**	**–**	**–**	**6,983**	**–**	**80,483**	**–**
	2014	70,000	–	–	6,475	–	76,475	–
Brian Mitchell	**2015**	**88,500**	**–**	**–**	**6,983**	**–**	**95,483**	**–**
	2014	85,000	–	–	–	–	85,000	–
Gail Pemberton	**2015**	**86,000**	**–**	**–**	**6,983**	**–**	**92,983**	**–**
	2014	82,500	–	–	–	–	82,500	–
Jean-Marie Simart	**2015**	**88,500**	**–**	**–**	**6,983**	**–**	**95,483**	**–**
	2014	82,500	–	–	–	–	82,500	–
Doug Snedden	**2015**	**86,000**	**–**	**–**	**6,983**	**–**	**92,983**	**–**
	2014	84,167	–	–	6,476	–	90,643	–
Kingsley Culley[4]	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2014	25,833	–	–	2,158	–	27,991	–
KMP – Executive Director								
Cris Nicolli	**2015**	**781,217**	**198,625**	**4,007**	**18,783**	**404,460**	**1,407,092**	**43%**
	2014	732,225	285,840	4,290	17,775	90,000	1,130,130	33%
KMP Executives								
Iona MacPherson[5]	**2015**	**190,321**	**–**	**–**	**9,392**	**15,255**	**214,968**	**7.1%**
	2014	–	–	–	–	–	–	–
Paul Timmins[6]	**2015**	**377,000**	**62,250**	**–**	**35,000**	**79,287**	**553,537**	**26%**
	2014	–	–	–	–	–	–	–
Ralph Pickering	**2015**	**278,856**	**–**	**–**	**18,717**	**41,764**	**339,336**	**12%**
	2014	317,994	–	–	17,775	95,980	431,749	22%
Mark Hubbard[7]	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2014	372,225	130,000	–	17,775	93,580	613,580	36%

Notes to Table A:

1. Cash STI reflects the STI achieved for the year ended 30 June 2014 and paid (and reported) in the year ended 30 June 2015:
   a. For Cris Nicolli the incentive paid and included as 30 June 2015 reported remuneration was 56.75% or $198,625 of the performance based at-risk remuneration available in respect of the year ended 30 June 2014.
   b. For Paul Timmins the incentive paid and included as 30 June 2015 reported remuneration was 41.67% or $62,500 of the performance based at-risk remuneration available in respect of the year ended 30 June 2014.
   c. Refer to sections (d)(ii) and (f)(i) above for details of the STIs amounts indicated to have been achieved in respect of the year ended 30 June 2015 (subject to an annual review and only payable subsequent to 30 June 2015 upon ratification and recommendation by the HR & Remuneration Committee and approved by the Board of Directors).
2. Represents the value of the car parking benefit provided to Cris Nicolli.
3. Refer to sections (d)(iv) and (f)(ii) above for details of Cris Nicolli's LTI estimated to have been earned in respect of the year ended 30 June 2015.
4. Kingsley Culley resigned as a Non-executive Director on 24 October 2013
5. Iona MacPherson was appointed as CFO & Company Secretary on 12 January 2015 and remuneration reflects this period as a KMP
6. Paul Timmins included as a KMP effective 1 July 2014
7. Mark Hubbard resigned effective 31 July 2014 and had previously ceased his responsibilities as a KMP during the year ended 30 June 2014. On resignation he received a payment of $371,365, comprising a termination payment of $286,323, as well as accrued employee entitlements of $44,550, a FY14 STI payment of $32,212 and superannuation of $8,280. Furthermore 297,269 performance rights were approved to vest in respect of FY12 (96,155), FY13 (201,114) and FY14 (nil).

Table B: Shareholdings of key management personnel for the year ended 30 June

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

	Year	Shares held at start of year No.	Shares sold No.	Other No.	Performance rights exercised No.	Shares acquired No.	Shares held at end of year No.
Non-executive Directors							
Geoffrey Cosgriff	**2015**	**4,531,704**	**–**	**–**	**–**	**–**	**4,531,704**
	2014	4,531,704	–	–	–	–	4,531,704
Geoffrey Lord	**2015**	**16,702,114**	**–**	**–**	**–**	**–**	**16,702,114**
	2014	16,700,110	–	–	–	2,004	16,702,114
Brian Mitchell	**2015**	**241,000**	**–**	**–**	**–**	**–**	**241,000**
	2014	201,000	–	–	–	40,000	241,000
Gail Pemberton	**2015**	**140,211**	**–**	**–**	**–**	**–**	**140,211**
	2014	140,211	–	–	–	–	140,211
Jean-Marie Simart	**2015**	**607,443**	**–**	**–**	**–**	**–**	**607,443**
	2014	597,443	–	–	–	10,000	607,443
Doug Snedden	**2015**	**150,000**	**–**	**–**	**–**	**–**	**150,000**
	2014	150,000	–	–	–	–	150,000
Kingsley Culley[1]	**2015**	**–**	**–**	**–**	**–**	**–**	**–**
	2014	1,771,108	–	(1,771,108)	–	–	–
KMP – Executive Director							
Cris Nicolli	**2015**	**4,481,413**	**–**	**–**	**980,768**	**24,750**	**5,486,931**
	2014	3,976,992	–	–	404,421	100,000	4,481,413
KMP Executives							
Iona MacPherson[2]	**2015**	**–**	**–**	**–**	**–**	**33,707**	**33,707**
	2014	–	–	–	–	–	–
Paul Timmins[3]	**2015**	**226,339**	**–**	**–**	**159,035**	**–**	**385,374**
	2014	–	–	–	–	–	–
Ralph Pickering	**2015**	**2,302,719**	**–**	**–**	**175,705**	**7,024**	**2,485,448**
	2014	2,044,526	–	–	252,824	5,369	2,302,719
Mark Hubbard[4]	**2015**	**–**	**–**	**–**	**–**	**–**	**–**
	2014	1,766,782	(180,000)	–	200,474	–	1,787,256

Notes to Table B:

1. Kingsley Culley resigned as a Non-executive Director on 24 October 2013
2. Iona MacPherson was appointed as CFO & Company Secretary on 12 January 2015
3. Paul Timmins included as a KMP effective 1 July 2014
4. Mark Hubbard resigned effective 31 July 2014 and ceased his responsibilities as a KMP during the year ended 30 June 2014.

UXC

Table C: Performance rights for key management personnel for the year ended 30 June

	Year	Performance rights held at start of year No.	Performance rights granted during the year[1] No.	Performance rights exercised during the year[2] No.	Other changes during the year adjustments/(lapsed)[3] No.	Performance rights held at end of year No.	Performance rights exercisable at end of year No.
KMP – Executive Director							
Cris Nicolli	**2015**	**1,730,769**	**1,848,340**	**(980,768)**	**(750,001)**	**1,848,340**	**–**
	2014	2,135,190	–	(404,421)	–	1,730,769	–
KMP Executives							
Iona MacPherson	**2015**	**–**	**65,111**	**–**	**–**	**65,111**	**–**
	2014	–	–	–	–	–	–
Paul Timmins	**2015**	**346,810**	**187,500**	**(159,035)**	**(112,360)**	**262,915**	**–**
	2014	–	–	–	–	–	–
Ralph Pickering	**2015**	**225,980**	**62,500**	**(175,705)**	**(44,940)**	**67,835**	**–**
	2014	483,361	44,940	(252,824)	(49,497)	225,980	–
Mark Hubbard[4]	**2015**	**–**	**–**	**–**	**–**	**–**	**–**
	2014	506,857	84,270	(200,474)	(93,384)	297,269	–

1. For Cris Nicolli the performance rights granted relate to those issued under the FY15-17 LTIP (refer to sections (d)(iv) and (f)(ii) above for more details). For other KMP executives the performance rights granted in 2015 relate to those issued in accordance with the FY15 UXC Medium Term Incentive Plan and for 2014 the performance rights issued relate to those issued in accordance with the FY14 UXC Medium Term Incentive Plan.
2. For Cris Nicolli the performance rights exercised in 2015 relate to those that vested under the FY12-14 LTIP. In respect of the full three year FY12-FY14 LTIP, 56.67% of the performance rights granted vested (represented by 980,768 performance rights or 56.67% of the maximum 1,730,769 performance rights available). For other KMP executives the performance rights exercised in 2015 relate to those issued in accordance with the FY12 and FY13 UXC Medium Term Incentive Plans. For Cris Nicolli and other KMP executives the performance rights exercised in 2014 relate to those issued in accordance with the FY11 and FY12 UXC Medium Term Incentive Plans.
3. For Cris Nicolli the performance rights that lapsed in 2015 relate to those issued under the FY12-14 LTIP. In respect of the full three year FY12-FY14 LTIP, 43.33% of the performance rights granted lapsed (represented by 750,001 performance rights or 43.33% of the maximum 1,730,769 performance rights available). For other KMP executives the performance rights that lapsed in 2015 relate to those issued in accordance with the FY14 UXC Medium Term Incentive Plan but lapsed due to the performance measure not being achieved.
4. Mark Hubbard resigned effective 31 July 2014 and ceased his responsibilities as a KMP during the year ended 30 June 2014.

Directors' Report

Table D: Performance rights for key management personnel in year ended 30 June

	Year	Value of performance rights at grant date[1] $	Value of performance rights at exercise date $	Total value of performance rights granted and exercised $	Value of performance rights included in remuneration for the year $
KMP – Executive Director					
Cris Nicolli	**2015**	**1,350,000**	**912,114**	**2,262,114**	**404,460**
	2014	–	477,015	477,015	90,000
KMP Executives					
Iona MacPherson	**2015**	**41,671**	**–**	**41,671**	**15,255**
	2014	–	–	–	–
Paul Timmins	**2015**	**120,000**	**144,784**	**264,784**	**79,287**
	2014	–	–	–	–
Ralph Pickering	**2015**	**40,000**	**159,960**	**199,960**	**41,764**
	2014	40,000	298,205	338,205	95,980
Mark Hubbard	**2015**	**–**	**–**	**–**	**–**
	2014	75,000	236,459	311,459	93,580

1. 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.

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

Geoffrey Cosgriff
Chairman

Doug Snedden
Director

Melbourne
20 August 2015

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

20 August 2015

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 2015, 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. UXC considers that it's corporate governance framework and practices comply with the ASX Corporate Governance Council's Principles and Recommendations (3rd edition 2014).

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 that 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 2015 and up to the date of this 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 respective roles and responsibilities of the Board and management and those matters reserved to the Board and those delegated to management.
Comply	Rationale: The Board's roles and responsibilities are detailed in the UXC Corporate Governance Guide – Responsibilities of the Board and Delegated Authority and in 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 ■ 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 terms of the Company Secretary and direct reports to the Managing Director • Executive development The Board delegates day-to-day management responsibility to the Managing Director and is supported by the Audit and Risk Committee in monitoring risk management performance and controls. Delegation of authority to management and limits thereto is considered within the UXC Corporate Governance Guide available on the Company's website at www.uxc.com.au.

	Management must supply the Board with information to enable the Board to discharge its duties effectively. Each Director has the right to seek independent professional advice, at the Company's expense, in order to fulfil their duties as Director of the Company, with the prior consent of the Chairman which may not be unreasonably withheld.
Recommendation 1.2	**Undertake appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a Director and provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.**
Comply	Rationale: The Nomination Committee reviews and makes recommendations to the Board regarding the appointment of new Directors. In nominating candidates, the Committee takes the following factors into account: strategic and financial acumen, diversity, experience with businesses of comparable size and related industries, the interplay of the candidate's skills, experience and expertise with that of other Board members, the extent to which the candidate would be a desirable addition to the Board and any Committees of the Board and potential conflicts of interest and independence. In the appointment of Directors, the Committee has sought advice from independent sources and engages independent professional search firms to source suitable candidates possessing the appropriate range of skills, expertise and competencies. Appropriate checks are undertaken in relation to such positions, including checks as to a candidate's character, expertise, education, criminal record and bankruptcy history. Directors other than the Managing Director are subject to re-election in accordance with UXC's constitution and the ASX Listing Rules. Details of Directors being re-elected or elected are set out in the explanatory notes to the Notice of Annual General Meeting, as well as in the Directors Report contained in the 2015 Annual Report.
Recommendation 1.3	**Have a written agreement with each Director and senior executive setting out the terms of their appointment.**
Comply	Rationale: A written agreement is in place between UXC Limited and each Director and senior executive setting out the terms of their appointment. Directors are not required to hold any share qualification.
Recommendation 1.4	**The Company Secretary should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.**
Comply	Rationale: The Board has appointed two Company Secretaries who are accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretaries are responsible for supporting the effectiveness of the Board by ensuring that policies and procedures are followed and coordinating timely completion and circulation of Board agendas and papers. The Company Secretaries are also responsible for ensuring that UXC complies with its continuous disclosure requirement matters and support the Chairman, Board and its Committees to manage the day to day governance framework of the Company. The Company Secretaries and each Director have the opportunity to communicate with each other directly as required. The Company Secretaries also liaise with the Chairman of the Board and Committees, respectively, to prepare and settle minutes prior to their tabling and to convene additional meetings, as required throughout the year.
Recommendation 1.5	**Formalise a diversity policy with measureable objectives for achieving gender diversity and to assess annually both the objectives and progress in achieving them, and disclose (i) that policy, (ii) the measurable objectives for achieving gender diversity set by the Board and its progress towards achieving them, and (iii) the most recent "Gender Equality Indicators" under the Workplace Gender Equality Act.**
Comply	Rationale: UXC has a Board approved diversity policy. 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.

Corporate Governance Statement

- 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 & Culture programs.

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. 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 are; employee headcounts, gender, staff turnover, geographic headcounts, leave management, length of service, and workforce profiles, such as a age and gender.

A focus on increasing representation of women in leadership roles is achieved by way of the UXC Leadership Academy and UXC Succession & Talent Program; which include succession planning, talent assessments, leadership development, career planning, and talent development through formal training, on-the-job development, and targeted stretch/ challenging assignments. These programs are an important part of the process for continually reviewing diversity in leadership roles and succession plans across UXC.

UXC has been accredited as an Employer of Choice for Women for the last 13 years. UXC's female percentage in the Australian workforce moved slightly to 26% (from 27%) from May 2014 to May 2015, and has held steady in 2015 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 increased to 84% (from 82%) in Australia from May 2014 to May 2015. A pay equity review was completed in May 2015 which will be incorporated into our FY16 remuneration strategy.

	Our female percentage in Senior and Middle Management Positions in Australia has increased to 26% (from 22%). UXC defines Senior and Middle Management positions as those classified as such in our 2015 Workplace Gender Equity Agency (WGEA) report. We completed successions plans for all key executive roles in 2015 and have retained all the 11% women identified in the 2014 Talent pipeline for key executive roles across the organisation. In addition, the UXC Leadership Development Programs (UXC Leadership Academy) were launched in 2014 and offered to Managers and Leaders in our Leadership Pipelines, currently 22% of participants are female leaders. The UXC Talent Program was also launched in 2015 in which 26% of high-potential leaders participating are female. This is in line with our principles; to develop our top talent based on capability and merit.
Recommendation 1.6	**Formalise and disclose the process for periodically evaluating the performance of the Board, its Committees and individual Directors and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**
Comply	Rationale: The Chairman of the Nomination Committee conducts an annual survey covering areas of Board performance with all Directors. Upon completion of the survey, a report is produced which is discussed with the entire Board. The Board undertook a survey of its performance during June/July 2015 and intends to undertake its next formal evaluation in June/July 2016. In addition to the above, the Nomination Committee annually evaluates the composition and performance of all Board committees.
Recommendation 1.7	**Formalise and disclose the process for evaluating the performance of senior executives and disclose whether a performance evaluation was undertaken in the reporting period.**
Comply	Rationale: A formal performance evaluation of the Managing Director and senior executives occurs annually. In addition, mutually agreed upon annual performance targets are set for senior and mid managers. Performance against these targets are monitored and assessed regularly and formally reported on annually. Further information is contained in the Remuneration Report on pages 19 to 30 in the 2015 Annual Report. A formal evaluation of the Managing Director and senior executives was undertaken during FY15 in accordance with arrangements described above.

Principle 2	Structure the Board to add value
Recommendation 2.1	The Board should have a Nomination Committee which has at least three members, a majority of whom are independent Directors, and is chaired by an independent Director, and disclose (i) the charter of the Committee, (ii) the members of the Committee, and (iii) the number of times the Committee met throughout the period and the individual attendances of the members at those meetings.
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 Chairman of the Board. The Nomination Committee members, the number of times the Committee met throughout the reporting period and the attendance of the Committees members at those meetings are set out on page 16 in the Directors' Report contained in the 2015 Annual Report.

Recommendation 2.2	Formalise and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.
Comply	Rationale: A summary of the depth of the Board's experience and skills appears below:

Skills / Experience	Number of the 7 Directors with relevant capability
Finance / Accounting / Capital & Debt Management	5
Business / Commercial	7
IT Industry Experience	6
Public Company Governance	6
Marketing / Branding	3
Operations / Logistics	4
Strategic Planning	6
Investor Relations / Communications / Public Relations	2
Risk Management	3
Entrepreneurship / Innovation	5
Acquisitions / Divestments	6
International Market Experience	7
Digital Economy / Digital Disruption	5
Human Resources / Leadership Development	2

The names of the current Directors, together with details of their qualifications and term in office are set out on pages 12 to 13 of the 2015 Annual Report.

The Nomination Committee is responsible for ensuring that the Board is of an appropriate size and that its members possess the required mix of skills and competence to fulfil the duties imposed by the Corporations Act (2001) (Cth) and other relevant laws and regulations.

For further explanation of the factors the Board takes into account when evaluating new Directors, refer to Principle 1, Recommendation 1.2 above.

Corporate Governance Statement

The Board delegates authority to the Nominations Committee to:

- Evaluate and recommend the appropriate Board membership size and composition. UXC's constitution provides for a minimum of four and maximum of eight Directors
- Identify and recommend suitably qualified candidates for nomination as members of the Board and its Committees
- Set and recommend acceptance by the Board of performance criteria for the Board members
- Evaluate and report on Board member performance
- Make recommendations as to Board member continuation or termination

The Board delegates authority to the HR and Remuneration Committee to set and recommend for acceptance by the Board, the terms and conditions (including remuneration) of Board members.

Recommendation 2.3 and Recommendation 2.4

Disclose

(a) the names of the Directors considered by the Board to be independent Directors;

(b) if a Director has an interest, position, association or relationship that may compromise the independence of the Director, but the Board is of the opinion that it does not, disclose the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each Director.

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 in an executive capacity
- Not a recent auditor or provider of material professional services to the Company or otherwise associated as specified
- Not having a material business or contractual relationship (e.g. being a supplier or customer)
- Not associated with executive management via family
- Not a substantial shareholder of the Company
- Not appointed as a Director for such a period that independence may be compromised.

The Directors considered by the Board to be independent are Mr Geoffrey Cosgriff, Mr Doug Snedden, Mr Jean-Marie Simart, Ms Gail Pemberton and Mr Brian Mitchell. During the 2014/2015 year, none of the independent Non-executive Directors had any interest or relationship that could, or could reasonably be perceived to materially interfere with the independent exercise of their judgement as Directors. Whilst Mr Geoffrey Cosgriff has been on the Board for 12 years, he has been assessed as not compromising his independence and the Board has determined that his appointment remains in the best interest of UXC because of the substantial knowledge and expertise that he brings to the Board.

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, having regard to the factors set out above.

The Board believes the separation of the roles of Chairman and Managing Director and the predominance of independent Non-executive Directors are appropriate. The Board values having an appropriate mix of longer serving Directors who know the history of UXC. The Directors have agreed to advise the Board, on an on-going basis, of any interest that could potentially conflict with those of the Company.

The terms in office of each Director is set out in the Directors Report on page 12 to 13 of the 2015 Annual Report.

Recommendation 2.5

The Chairman of the Board should be an independent Director and, in particular, should not be the same person as the CEO.

Comply

Rationale:

The Chairman, Mr Geoffrey Cosgriff, is an independent Non-executive Director. The roles of Chairman and Chief Executive Officer are exercised by separate individuals.

For personal use only

Recommendation 2.6	Formalise a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.
Comply	Rationale: Each new Director is provided with a letter of appointment setting out the key terms of their appointment, and provided with information on UXC including Company and Board policies and other material documents. All new Directors participate in a formal induction program covering UXC's financial, strategic, operational and risk management positions. This includes comprehensive briefings with the Chairman, Managing Director, senior executives and management to assist them in understanding UXC's businesses and issues. Appropriate professional development opportunities for Directors are also provided in order to allow Directors to develop and maintain the skills and knowledge required for them to perform their roles as Directors effectively. Ongoing Director education is provided through regular management presentations on key business activities and site visits to UXC operations. Deloitte, the external auditor, and industry experts, also address the Board from time to time on matters relevant to UXC's business or its operating environment.
Principle 3	**Promote ethical and responsible decision-making**
Recommendation 3.1	Formalise and disclose a code of conduct for its Directors, senior executives and employees.
Comply	Rationale: UXC has a Code of Conduct for Directors, executives, management and staff. Additionally, UXC has a Code of Conduct for CFOs and senior finance personnel involved in, or influencing financial reporting. 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 which is included in staff induction materials, is published on internal intranet sites and is available on the Company's website at www.uxc.com.au.

Principle 4	**Safeguard Integrity in financial reporting**
Recommendation 4.1	Have an audit committee which has at least three members, all of whom are Non-executive Directors and a majority of whom are independent Directors and is chaired by an independent Director, who is not the Chairman of the Board, and disclose (i) the charter of the committee, (ii) the relevant qualifications and experience of the members of the committee, and (iii) the number of times the committee met throughout the reporting period and the individual attendances of the members at those meetings.
Comply	Rationale: The Audit & 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. Current members of the Audit & Risk Committee are Mr Doug Snedden (Chairman), Mr Jean-Marie Simart and Mr Brian Mitchell. All are independent Non-executive Directors. The Committee is deemed to be of sufficient size and independence, and has the requisite financial and technical expertise to discharge its mandate effectively. Information relating to the qualifications and experience of the Audit & Risk Committee members is set out on pages 12 to 13 of the 2015 Annual Report. The Audit & Risk Committee Charter is contained within the UXC Corporate Governance Guide and is available on the Company's website at www.uxc.com.au. The number of times the Committee met throughout the reporting period and the attendance of the Committee's members at those meetings are set out in the Directors' Report on page 16 of the 2015 Annual Report.

Corporate Governance Statement

Recommendation 4.2	**The Board should, before it approves the financial statements, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**
Comply	Rationale: The CEO and CFO of each business unit within the UXC Group complete a Finance, Risk & Governance questionnaire and provide a formal statement to the Managing Director and Group CFO 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 Managing Director and Group Chief Financial Officer then provide formal written assurance of the same to the Board.
Recommendation 4.3	**Ensure that the external auditor attends the AGM and is available to answer questions from shareholders relevant to the audit.**
Comply	Rationale: The Company's external auditor attends each AGM of the Company and is always available to answer questions from shareholders relevant to the audit.
Principle 5	**Make timely and balanced disclosure**
Recommendation 5.1	**Formalise and disclose a written policy for complying with continuous disclosure obligations under the ASX Listing Rules.**
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, the 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.
Principle 6	**Respect the rights of shareholders**
Recommendation 6.1 and Recommendation 6.2 and Recommendation 6.3	**Provide information about the Company and its governance to investors via its website. Design and implement an investor relations program to facilitate effective two-way communication with investors. Disclose the policies and processes the Company has in place to facilitate and encourage participation at meetings of shareholders.**
Comply	Rationale: UXC provides access to Company information and facilitates effective two-way communication with investors and 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 and the Chairman and Managing Director's AGM addresses are webcast at www.uxc.com.au ■ Notices of Annual General Meeting and Explanatory Memoranda. UXC holds investor relations roadshows at least twice a year to provide shareholders with the opportunity to meet and ask questions of UXC's management team, particularly following the release of the half year and annual financial results. UXC is committed to providing relevant and timely advice to its shareholders, in accordance with its obligations under the ASX continuous disclosure requirements.

Recommendation 6.4	Give shareholders the option to receive communications from, and send communications to, the Company and its security registry electronically.
Comply	Rationale: UXC's securities registrar, Link Market Services, facilitates the provision of communications between UXC Limited and its shareholders electronically. Shareholders can elect to receive UXC's documents including notices of meetings, annual reports, distribution advices and other correspondence by electronic means. Shareholders can also lodge their proxies electronically. UXC has a dedicated enquiry form page (www.uxc.com.au/contact-us/enquiry-form/) to facilitate electronic communication with investors.
Principle 7	**Recognise and manage risk**
Recommendation 7.1	The Board should have a committee/s to oversee risk which has at least three members, a majority of whom are independent Directors; and is chaired by an independent Director, and disclose: (i) the charter of the committee, (ii) the members of the committee, and (iii) the number of times the committee met throughout the period and the individual attendances of the members at those meetings.
Comply	Rationale: Current members of the Audit & Risk Committee are Mr Doug Snedden (Chairman), Mr Jean-Marie Simart and Mr Brian Mitchell. All are independent Non-executive Directors. Information relating to the qualifications and experience of the Audit & Risk Committee members is set out on pages 12 to 13 of the 2015 Annual Report. The number of times the Audit & Risk Committee met throughout the reporting period and the attendance of the Committee's members at those meetings are set out in the Directors Report on page 16 of the 2015 Annual Report. The Audit & Risk 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 or a committee of the Board should review the Company's risk management framework at least annually to satisfy itself that it continues to be sound and disclose whether such a review has taken place.
Comply	Rationale: The purpose of the Audit & Risk Committee is to assist the Board to fulfil their corporate governance and oversight responsibilities in relation to financial reporting, internal and external audit functions, compliance, internal control and risk management. The functions of the Audit & 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. This plan is reviewed and updated regularly as required. 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. The Board receives monthly reports from executive management and from the Audit & Risk Committee in relation to the identification and monitoring of risk associated with delivery of large customer projects.
Recommendation 7.3	Disclose whether the Company has an internal audit function and the processes it employs for evaluating and continually improving the effectiveness of the risk management and internal control processes.
Comply	Rationale: The Company adopted a co-sourcing internal audit model during the year ended 30 June 2015, comprising: (i) Internal audits conducted at a business unit level through a peer-review process. Business Unit Chief Financial Officers and/or other senior finance staff in one business unit of the Company undertook an independent, structured review of selected processes and practices of another business unit of the Company. While personnel conducting the review made enquiries and examined processes and techniques in the business unit they were reviewing, they also considered whether any of their observations had applicability in their own business unit. If the reviewer detected suspicious or unusual circumstances, they investigated the circumstances as well as reporting any breach of policy or the shortcoming. Outcomes of the peer-review process were reported to the Audit & Risk Committee.

Corporate Governance Statement

	(ii) An independent audit firm was engaged to perform a focused review of the adequacy, nature, extent and effectiveness of the internal control and risk management processes of a particular group function. Utilising an external firm as a co-source provider has the advantage of ensuring the Company is informed of broader industry trends and experience. External firms will continue to be engaged to perform focused reviews of particular functions at a group or business unit level on an as needs basis based on a program of activity overseen by the Audit & Risk Committee.
Recommendation 7.4	**Disclose whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.**
Comply	Rationale: The Company does not have any material exposure to economic, environmental or social sustainability risks. Its key risks are operational (such as maintaining vendor relationships, successful delivery of large customer projects and maintaining technology solution relevance to customers), as well as the state of the Australian, USA, Canadian and New Zealand economies generally. The operational dynamics of the Company, together with how these risks are managed, are outlined in the Managing Director's Review section of the Directors' Report contained in the 2015 Annual Report as set out on pages 6 to 11.
Principle 8	**Remunerate fairly and responsibly**
Recommendation 8.1	**The Board should have a Remuneration Committee which has at least three members, a majority of whom are independent Directors and is chaired by an independent Director, and disclose (i) the charter of the Committee; (ii) the members of the Committee; and (iii) the number of times the Committee met throughout the period and the individual attendances of the members at those meetings.**
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 HR and Remuneration Committee are Ms Gail Pemberton (Chair), Mr Jean-Marie Simart and Mr Brian Mitchell. All are independent Non-executive Directors. The HR and Remuneration 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 meet at least twice annually and more frequently if necessary. Information relating to the qualifications and experience of the HR and Remuneration Committee members is set out on pages 12 to 13 of the 2015 Annual Report. The number of times the HR & Remuneration Committee met throughout the reporting period and the attendance of the Committee's members at those meetings are set out in the Directors' Report on page 16 of the 2015 Annual Report.
Recommendation 8.2	**Disclose the Company's policies and practices regarding the remuneration of Non-executive Directors, Executive Directors and other senior executives.**
Comply	Rationale: UXC's policies and practices regarding the remuneration of Non-executive Directors, Executive Directors and other senior executives is set out in the HR & Remuneration Committee Charter. Remuneration is detailed within the Remuneration Report in the 2015 Annual Report explaining the remuneration components, equity performance incentives and post-employment benefits awarded to Executive and Non-executive Directors, the Chairman and senior executives.
Recommendation 8.3	**Disclose information if there is an equity-based remuneration scheme and formalise a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme.**
Comply	Rationale: UXC has an equity based remuneration scheme which is detailed within the Remuneration Report and in notes 22 and 27(b) of the financial statements contained in the 2015 Annual Report.

Statement of profit or loss

For the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Revenue from continuing operations	3	686,430	643,368
Other income and gains	4	4,982	3,200
Employee benefits expenses	5	(345,312)	(313,722)
Services and products used		(121,560)	(127,815)
Contractor and sub-contractor expenses		(87,378)	(89,727)
Licence fee expenses		(38,895)	(25,767)
Travel expenses		(11,551)	(14,596)
Vehicle and equipment running costs		(3,754)	(4,330)
Depreciation and amortisation expense	5	(9,519)	(8,152)
Occupancy expenses		(13,761)	(13,606)
Finance charges		(2,848)	(2,939)
Communication expenses		(7,755)	(7,405)
Recruitment and staff training costs		(4,959)	(3,411)
Advertising and marketing costs		(1,913)	(2,089)
Bad and doubtful debts expense		(859)	(992)
Other expenses		(11,418)	(9,983)
Profit from continuing operations before income tax expense	5	**29,930**	**22,034**
Income tax expense	6	(6,856)	(6,302)
Net profit from continuing operations		**23,074**	**15,732**
Loss from discontinued operation	32	(525)	–
Profit for the year		**22,549**	**15,732**

Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:		**Cents**	**Cents**
Basic earnings per share	18	7.00	4.97
Diluted earnings per share	18	6.89	4.85
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	18	6.84	4.97
Diluted earnings per share	18	6.73	4.85

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

Statement of comprehensive income

For the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Profit for the year		22,549	15,732
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		4,582	543
Other comprehensive income for the year, net of income tax		**4,582**	**543**
Total comprehensive income for the year		**27,131**	**16,275**

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

UXC

Statement of financial position

As at 30 June 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents		25,197	19,724
Trade and other receivables	7	115,224	108,222
Accrued income		23,250	21,829
Inventories	8	4,410	2,927
Other financial assets		1,009	1,424
Other current assets	9	15,377	15,624
Total current assets		**184,467**	**169,750**
Non-current assets			
Trade and other receivables	7	137	2,326
Plant and equipment	10	17,675	12,593
Goodwill	11	226,795	209,130
Other intangible assets	12	11,842	14,147
Deferred tax assets	6	21,164	17,520
Other non-current assets		783	1,365
Total non-current assets		**278,396**	**257,081**
Total assets		**462,863**	**426,831**
LIABILITIES			
Current liabilities			
Trade and other payables	13	114,411	100,586
Unearned income		45,967	41,933
Borrowings	14	2,767	11,104
Current tax liabilities		2,552	4,365
Provisions	15	30,187	29,590
Other financial liabilities		1,663	–
Other current liabilities	16	5,843	3,058
Total current liabilities		**203,390**	**190,636**
Non-current liabilities			
Unearned income		744	424
Borrowings	14	19,472	12,784
Provisions	15	5,495	5,364
Other non-current liabilities	16	1,694	2,631
Total non-current liabilities		**27,405**	**21,203**
Total liabilities		**230,795**	**211,839**
Net assets		**232,068**	**214,992**
EQUITY			
Issued capital	17	188,291	180,423
Reserves		3,523	1,334
Retained earnings		40,254	33,235
Total equity		**232,068**	**214,992**

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

Statement of changes in equity

For the year ended 30 June 2015

		Attributable to owners of UXC Limited				
	Notes	Issued capital $'000	Foreign currency translation reserve[i] $'000	Employee equity settled benefits reserve[ii] $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2013		**166,934**	**(1,805)**	**4,357**	**32,387**	**201,873**
Profit for the year		–	–	–	15,732	15,732
Other comprehensive income		–	543	–	–	543
Total comprehensive income for the year		**–**	**543**	**–**	**15,732**	**16,275**
Share based payments		–	–	(1,761)	–	(1,761)
Dividends paid	19	–	–	–	(14,884)	(14,884)
Exercise of performance rights	17	3,519	–	–	–	3,519
Dividend reinvestment plan	17	2,594	–	–	–	2,594
Cancellation of shares held in escrow	17	(162)	–	–	–	(162)
Consideration for acquisitions	17	7,538	–	–	–	7,538
Total transactions with owners of the entity		**13,489**	**–**	**(1,761)**	**(14,884)**	**(3,156)**
Balance at 30 June 2014		**180,423**	**(1,262)**	**2,596**	**33,235**	**214,992**
Balance at 1 July 2014		**180,423**	**(1,262)**	**2,596**	**33,235**	**214,992**
Profit for the year		–	–	–	22,549	22,549
Other comprehensive income		–	4,582	–	–	4,582
Total comprehensive income for the year		**–**	**4,582**	**–**	**22,549**	**27,131**
Share based payments		–	–	(2,393)	–	(2,393)
Dividends paid	19	–	–	–	(15,530)	(15,530)
Exercise of performance rights	17	4,815	–	–	–	4,815
Dividend reinvestment plan	17	2,066	–	–	–	2,066
Derecognition of restricted shares	17	(1,906)	–	–	–	(1,906)
Consideration for acquisitions	17	2,893	–	–	–	2,893
Total transactions with owners of the entity		**7,868**	**–**	**(2,393)**	**(15,530)**	**(10,055)**
Balance at 30 June 2015		**188,291**	**3,320**	**203**	**40,254**	**232,068**

(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) 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 22).

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

UXC

Statement of cash flows

For the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers		755,268	709,843
Payments to suppliers and employees		(706,968)	(667,547)
		48,300	**42,296**
Interest received		188	351
Interest paid		(2,574)	(2,970)
Income taxes paid		(8,302)	(8,644)
Net cash inflow from operating activities	28(a)	**37,612**	**31,033**
Cash flows from investing activities			
Payments for businesses acquired in current period (net of cash received)	28(b)	(4,351)	(37,933)
Payments for businesses acquired in prior periods		(2,023)	(4,067)
Payments for plant and equipment		(9,467)	(3,901)
Payments for other intangible assets		(2,587)	(2,916)
Net cash outflow from investing activities		**(18,428)**	**(48,817)**
Cash flows from financing activities			
Proceeds from borrowings		145,566	103,281
Repayment of borrowings		(147,211)	(88,256)
Dividends paid (net of dividend reinvestment plan)		(13,465)	(12,277)
Net cash (outflow)/inflow from financing activities		**(15,110)**	**2,748**
Net increase/(decrease) in cash and cash equivalents		4,074	(15,036)
Cash and cash equivalents at 1 July		19,724	34,343
Effects of exchange rate changes on cash and cash equivalents		1,399	417
Cash and cash equivalents at 30 June		**25,197**	**19,724**

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

Notes to the consolidated financial statements

30 June 2015

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 20 August 2015.

(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 2014.

(ii) New standards and interpretations not yet adopted

Certain new accounting Standards and Interpretations have been published that are not mandatory for 30 June 2015 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 January 2018	30 June 2019
IFRS 15 'Revenue from Contracts with Customers'	1 January 2018	30 June 2019

A number of Australian Accounting Standards and Interpretations are on issue but are not effective for the current year end. The following existing group accounting policies will change on adoption of these pronouncements:

- AASB 9 *'Financial Instruments'*, and the relevant amending standards

  AASB 9 issued in December 2009 introduced new requirements for the classification and measurement of financial assets. AASB 9 was subsequently amended in December 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in December 2013 to include the new requirements for general hedge accounting. Another revised version of AASB 9 was issued in December 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

  The key requirements of AASB 9 affecting UXC is in relation to the impairment of financial assets, AASB 9 requires an expected credit loss model, as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires an entity to account for expected credit losses

For personal use only

and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Directors of the Company anticipate that the application of AASB 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of AASB 9 until the Group undertakes a detailed review.

- AASB 15 *'Revenue from Contracts with Customers'*

  AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance including AASB 118 'Revenue', AASB 111 'Construction Contracts' and the related Interpretations when it becomes effective.

  The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

  - Step 1: Identify the contract/(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

  The Directors of the Company anticipate that the application of AASB 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 15 until the Group performs a detailed review.

(d) Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of the Company and entities controlled by 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 25 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

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 acquiree 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; and
- 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.

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.

(f) 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.

(g) Revenue recognition

Sale of goods and licensing of software products

Revenue from the sale of goods and licensing of software products is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the Group, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 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.

(h) Government grants

Research and development incentive

Research and development ("R&D") incentives are accounted for in accordance with AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance'. R&D incentives 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 incentives 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 R&D incentives 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 included in other income.

(i) 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 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.

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 Statement of profit or loss, 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.

(j) 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.

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.

Notes to the consolidated financial statements
30 June 2015

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks, and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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 recognised in other comprehensive income and accumulated in equity.

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.

(k) 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.

(l) 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.

(m) Accrued income

When fixed price contract costs incurred to date plus recognised profits less recognised losses exceed progress billings or where goods or services have been provided to customer, but have not yet been invoiced, the surplus is shown as an accrued income asset in the Statement of financial position.

(n) 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 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 at least annually for all assets.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 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 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.

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.

Premises leases make good

The Group is required to restore some of 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 and to restore the leased premises to their original condition.

(p) 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, and
- 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.

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

■ IT software	2-5 years
■ 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 developed internally or acquired from within the Group on a competitive basis and 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.

(q) Impairment of tangible and intangible assets other than goodwill

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.

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. Recoverable amount is the higher of fair value less costs of disposal 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.

(r) 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.

(s) Unearned income

Where payments are received in advance of the provision of goods or services, or for fixed price contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an unearned income liability in the Statement of financial position.

(t) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the separate (parent entity) financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) 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. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Financial assets at FVTPL
Financial assets are classified as at FVTPL when the financial asset is designated as at FVTPL. A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

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 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, other than those at FVTPL, 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.

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.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(ii) Financial liabilities and equity instruments

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 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 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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out at Note 1(g) above.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL. A financial liability may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 1(t)(iv).

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised by applying the effective interest rate, except for short-term payables when the effect of discounting is immaterial.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(iii) Derivative financial instruments

From time to time 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 29 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.

(iv) Fair value

Fair value hierarchy

The Group must make 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.

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.

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.

(u) 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.

(i) 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.

(ii) 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.

(v) 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.

(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 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 corporate 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.

(w) Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 22.

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 equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group reassesses its estimate of the number of equity instruments expected to vest based on attrition of employees. The impact of the revision to the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(x) 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

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 critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements, along with the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill and other intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and 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 incorporate 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 26(a).

(y) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Comparatives for retained earnings have been restated to reflect that the remaining balance of the share based payments reserve of $579,000 (which has remained unchanged since the year ended 30 June 2007) has been transferred to retained earnings.

Comparatives for the year ended 30 June 2014 have been adjusted to reflect information that has come to light about conditions that existed at the time of the acquisition of Tectura, Keystone, White Labelled, Clarity, Convergence Team (Australia) and Convergence Team (Singapore). The adjustments resulted in a decrease in net assets by $0.036 million at 30 June 2014.

Comparatives in note 26 for the year ended 30 June 2014 have been adjusted to reflect information that has come to light about conditions that existed as at the time of the acquisitions of Tectura, Keystone, White Labelled, Clarity, Convergence Team (Australia) and Convergence Team (Singapore).

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.

	2015			
	Consulting $'000	**Applic-ations $'000**	**IT Infra-structure $'000**	**Total $'000**
Segment revenue	104,365	359,505	222,560	**686,430**
Segment profit before income tax expense	8,206	33,193	10,914	**52,313**
Unallocated revenue less unallocated expenses				**(22,383)**
Profit before income tax expense				**29,930**
Income tax expense				**(6,856)**
Net profit from continuing operations				**23,074**
Net loss from discontinued operation				**(525)**
Net profit attributable to members of the parent entity				**22,549**
Segment assets	72,637	269,996	93,430	**436,063**
Unallocated assets				**26,800**
Total assets				**462,863**
Segment liabilities	16,729	90,148	74,952	**181,829**
Unallocated liabilities				**48,966**
Total liabilities				**230,795**
Additions to plant and equipment and intangibles				
Additions by segment	918	7,055	3,027	**11,000**
Unallocated additions				**1,283**
Acquired from business acquisitions	33	–	–	**33**
Total additions				**12,316**
Depreciation and amortisation expense				
From continuing operations	381	5,479	2,665	**8,525**
Unallocated depreciation and amortisation expense				**994**
Total depreciation and amortisation expense				**9,519**

	2014			
	Consulting $'000	Applic-ations $'000	IT Infra-structure $'000	Total $'000
Segment revenue	84,859	322,105	236,404	**643,368**
Segment profit before income tax expense	6,132	28,171	3,213	**37,516**
Unallocated revenue less unallocated expenses				**(15,482)**
Profit before income tax expense				**22,034**
Income tax expense				**(6,302)**
Net profit from continuing operations				**15,732**
Net profit attributable to members of the parent entity				**15,732**
Segment assets	57,425	255,421	93,552	**406,398**
Unallocated assets				**20,433**
Total assets				**426,831**
Segment liabilities	8,287	81,410	74,749	**164,446**
Unallocated liabilities				**47,393**
Total liabilities				**211,839**
Additions to plant and equipment and intangibles				
Additions by segment	1,697	5,065	777	**7,539**
Unallocated additions				**(498)**
Acquired from business acquisitions	–	4,540	–	**4,540**
Total additions				**11,581**
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				**8,152**

(b) Geographical information

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

	Notes	2015 $'000	2014 $'000
Revenue from external customers			
Australia		571,246	556,536
North America		67,556	45,290
Rest of world		47,628	41,542
		686,430	**643,368**
Non-current assets (excluding financial instruments and deferred tax assets)			
Australia		205,946	190,045
North America		32,194	26,977
Rest of world		18,172	18,848
		256,312	**235,870**

3 Revenue

Sales revenue from continuing operations			
Revenue from the rendering of services		566,178	517,750
Revenue from the sale of goods and licensing of software products		120,252	125,618
		686,430	**643,368**

4 Other income and gains

Interest revenue		188	351
Foreign exchange gain/(loss)		(42)	147
Government grants		2,125	1,403
Gain from derecognition of contingent consideration	16	1,212	209
Other revenue		1,499	1,090
		4,982	**3,200**

Notes to the consolidated financial statements

30 June 2015

5 Expenses

Profit before income tax includes the following specific expenses:

	2015 $'000	2014 $'000
Employee benefits expenses		
Post-employment benefits – defined contribution plans	22,481	20,598
Share based payments – equity settled share-based payments	2,033	1,735
Other employee benefits	320,798	291,389
Employee benefits expenses	**345,312**	**313,722**
Depreciation and amortisation		
Depreciation	4,419	3,872
Amortisation	5,100	4,280
Total depreciation and amortisation	**9,519**	**8,152**
Expenses relating to operating leases		
Minimum lease payments	**12,350**	**12,835**
Net loss on disposal of plant and equipment	**52**	**441**

6 Income tax expense

	2015 $'000	2014 $'000
(a) Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	29,930	22,034
Loss from discontinued operation before income tax expense	(539)	–
	29,391	**22,034**
Tax at the Australian tax rate of 30% (2014: 30%)	8,817	6,610
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	851	381
Effect of R&D concession income that is exempt from tax	(498)	(421)
Deferred consideration adjustment not assessable	(362)	(63)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(177)	(366)
Foreign state taxes and withholding taxes	462	–
Recognise net additional deferred tax asset for North American operations	(2,055)	–
Non deductible costs relating to discontinued operation	148	–
Net impact of unrealised foreign exchange differences	(97)	–
	7,089	**6,141**
Under/(over) provision in relation to continuing operations	(247)	161
Income tax expense	**6,842**	**6,302**
(b) Income tax expense		
Tax expense in relation to continuing operations	6,856	6,302
Tax (benefit) in relation to discontinued operation	(14)	–
Aggregate income tax expense	**6,842**	**6,302**
Tax expense comprises:		
Current tax expense	8,389	7,046
Deferred tax benefit relating to temporary differences	(1,547)	(744)
	6,842	**6,302**

	Notes	2015 $'000	2014 $'000
(c) Deferred tax assets			
Deferred tax assets comprise:			
Temporary differences	6(e)	21,136	17,520
Tax losses – revenue	6(e)	28	–
		21,164	**17,520**

(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.

(e) Deferred tax balances

2015	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	(782)	224	–	–	–	(558)
Accrued income	(2,733)	927	–	–	–	(1,806)
Identifiable intangible assets	(605)	165	–	–	15	(425)
Accrued expenses	2,684	(515)	–	–	64	2,233
Doubtful debts and impairment losses	437	(102)	–	–	12	347
Provisions	10,493	648	–	187	49	11,377
Plant and equipment	(1,160)	(161)	–	–	–	(1,321)
Goodwill	7,298	1,485	–	–	1,775	10,558
Other	1,888	(1,152)	(5)	–	–	731
Net deferred temporary differences	17,520	1,519	(5)	187	1,915	21,136
Unused tax losses						
Tax losses – revenue	–	28	–	–	–	28
Net deferred tax asset	**17,520**	**1,547**	**(5)**	**187**	**1,915**	**21,164**

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	–	(677)	–	(605)
Accrued expenses	1,397	1,287	–	–	–	2,684
Provisions	9,768	418	–	307	–	10,493
Doubtful debts and impairment losses	244	193	–	–	–	437
Plant and equipment	(1,288)	128	–	–	–	(1,160)
Goodwill	1,378	(314)	–	6,661	(427)	7,298
Other	1,553	240	95	–	–	1,888
Net deferred tax asset	**10,817**	**744**	**95**	**6,291**	**(427)**	**17,520**

(f) Unrecognised deferred tax balances

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

	2015 $'000	2014 $'000
Tax losses – capital	16,535	16,535

(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

	2015			2014		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Trade receivables	114,764	–	114,764	104,584	–	104,584
Allowance for doubtful debts	(2,554)	–	(2,554)	(1,491)	–	(1,491)
	112,210	**–**	**112,210**	**103,093**	**–**	**103,093**
Finance lease receivables	345	130	475	734	328	1,062
Other receivables	2,669	7	2,676	4,395	1,998	6,393
	115,224	**137**	**115,361**	**108,222**	**2,326**	**110,548**

(a) Past due but not impaired	2015 $'000	2014 $'000
31 to 60 days	18,237	17,360
61 to 90 days	5,449	1,402
91 days or over	1,599	1,910
	25,285	**20,672**

Included in the Group's trade receivables balance are debtors with a carrying amount of $25,285,000 (2014: $20,672,000) 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.

(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.

Movement in the allowance for doubtful debts

Balance at 1 July	1,491	811
Allowance for doubtful debts recognised during the year	2,445	1,343
Receivables written off during the year as uncollectible	(1,129)	(337)
Unused amounts reversed	(146)	(213)
Net foreign currency exchange differences	26	–
Amounts recovered during the year	(133)	(113)
Balance at 30 June	**2,554**	**1,491**

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 $nil (30 June 2014: $550,000) 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.

UXC

(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.

8 Inventories

	2015 $'000	2014 $'000
Finished goods	**4,410**	**2,927**

Inventories recognised as expense during the year and included in 'Services and products used' amounted to $70,753,000 (2014: $83,436,000).

9 Other current assets

	2015 $'000	2014 $'000
Prepayments	**15,377**	**15,624**

10 Plant and equipment

Reconciliations of the carrying amounts of each class of 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 2013				
Cost or fair value	9,236	14,788	2,559	26,583
Accumulated depreciation	(3,157)	(8,894)	(2,404)	(14,455)
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 acquisition of businesses	–	344	241	585
Disposals	(493)	(5)	–	(498)
Depreciation charge	(1,227)	(2,435)	(210)	(3,872)
Transfers and reclassifications	–	8	(8)	–
Net foreign currency exchange differences	4	45	(7)	42
Closing net book amount	**7,003**	**5,419**	**171**	**12,593**
Balance at 30 June 2014				
Cost or fair value	10,214	18,109	6,648	34,971
Accumulated depreciation	(3,211)	(12,690)	(6,477)	(22,378)
Net book amount	**7,003**	**5,419**	**171**	**12,593**
Year ended 30 June 2015				
Opening net book amount	7,003	5,419	171	12,593
Additions	6,385	2,261	683	9,329
Additions through acquisition of businesses	–	33	–	33
Disposals	–	(88)	(5)	(93)
Depreciation charge	(929)	(3,240)	(250)	(4,419)
Transfers and reclassifications	(110)	374	–	264
Net foreign currency exchange differences	(95)	126	(63)	(32)
Closing net book amount	**12,254**	**4,885**	**536**	**17,675**
Balance at 30 June 2015				
Cost	15,254	15,542	1,153	31,949
Accumulated depreciation	(3,000)	(10,657)	(617)	(14,274)
Net book amount	**12,254**	**4,885**	**536**	**17,675**

11 Goodwill	Notes	2015 $'000	2014 $'000
Balance at 1 July		209,130	163,681
Additional amounts recognised from business combinations occurring during the year	26	12,888	45,310
Amounts derecognised from business combinations occurring in prior year		–	(230)
Effects of foreign currency exchange differences		4,777	369
Balance at 30 June		**226,795**	**209,130**

The carrying amounts of goodwill allocated to the three operating segments are as follows:

Operating segments		
Consulting	49,564	40,267
Applications	147,279	138,911
IT Infrastructure	29,952	29,952
	226,795	**209,130**

Goodwill has been allocated for impairment testing purposes to seven (2014: seven) cash-generating units as follows:

Cash-generating units		
UXC Consulting	31,455	22,158
UXC Professional Solutions	18,109	18,109
UXC Eclipse	55,464	50,215
UXC Red Rock	46,207	46,565
UXC Oxygen	22,737	19,260
UXC Keystone	22,871	22,871
IT Infrastructure	29,952	29,952
	226,795	**209,130**

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 3.0% per annum (2014: 2.8%-9.0% per annum). The cash flows beyond the five year projection period have been extrapolated using a steady growth rate of 2.5% (2014: 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 11.20% and 13.40% (2014: 13.54% to 22.37%).

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, with the exception of UXC Oxygen, where changes in key assumptions would have an impact.

UXC Oxygen has budgeted revenue growth of 8.3% for the year ending 30 June 2016. This is based on a strong current order backlog, current tender opportunities, sales pipeline opportunities and available resourcing capacity. Subsequent to 30 June 2016, ongoing growth is assumed to be 3.0% for the years ending 2017 to 2020, then 2.5% in subsequent years. Keeping all other assumptions constant, there will be no requirement for UXC Oxygen to impair its assets if it achieves revenue growth in the year ending 30 June 2016, and therefore its revenues for the year ending 30 June 2016 exceed that of the prior year. The Directors believe that the year ending 30 June 2016 budget for UXC Oxygen is achievable.

12 Other intangible assets

	IT Software $'000	Development costs $'000	Customer contracts / relationships $'000	Trademarks $'000	Total $'000
Balance at 1 July 2013					
Cost	18,745	4,509	1,089	86	24,429
Accumulation amortisation and impairment	(9,389)	(2,348)	(892)	–	(12,629)
Net book amount	**9,356**	**2,161**	**197**	**86**	**11,800**
Year ended 30 June 2014					
Opening net book amount	9,356	2,161	197	86	11,800
Additions	1,224	1,609	–	–	2,833
Acquisition of business	17	–	3,688	250	3,955
Exchange differences	(65)	–	(96)	–	(161)
Amortisation charge	(2,779)	(1,056)	(445)	–	(4,280)
Transfers and reclassifications	(617)	542	90	(15)	–
Closing net book amount	**7,136**	**3,256**	**3,434**	**321**	**14,147**
Balance at 30 June 2014					
Cost	20,039	4,310	4,746	321	29,416
Accumulation amortisation and impairment	(12,903)	(1,054)	(1,312)	–	(15,269)
Net book amount	**7,136**	**3,256**	**3,434**	**321**	**14,147**
Year ended 30 June 2015					
Opening net book amount	7,136	3,256	3,434	321	14,147
Additions	1,654	1,300	–	–	2,954
Exchange differences	(10)	(8)	274	–	256
Amortisation charge	(2,178)	(1,608)	(1,314)	–	(5,100)
Transfers and reclassifications	(450)	186	–	–	(264)
Write offs	(2)	(131)	(18)	–	(151)
Closing net book amount	**6,150**	**2,995**	**2,376**	**321**	**11,842**
Balance at 30 June 2015					
Cost	16,011	5,606	5,026	321	26,964
Accumulated amortisation and impairment	(9,861)	(2,611)	(2,650)	–	(15,122)
Net book amount	**6,150**	**2,995**	**2,376**	**321**	**11,842**

13 Trade and other payables

	2015 $'000	2014 $'000
Trade payables	61,915	55,493
Other payables	52,496	45,093
	114,411	**100,586**

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

14 Borrowings

	Notes	2015 Current $'000	2015 Non-current $'000	2015 Total $'000	2014 Current $'000	2014 Non-current $'000	2014 Total $'000
Secured							
Commercial bills		–	12,156	12,156	10,000	9,125	19,125
Lease liabilities	20(b)	2,235	7,316	9,551	1,104	3,659	4,763
Other loans		532	–	532	–	–	–
Total secured borrowings		**2,767**	**19,472**	**22,239**	**11,104**	**12,784**	**23,888**

Financing facilities are secured by registered fixed and floating charges over the assets and undertakings of the Company and certain subsidiaries. Refer to note 29(h) for details of financing facilities.

15 Provisions

	2015 Current $'000	2015 Non-current $'000	2015 Total $'000	2014 Current $'000	2014 Non-current $'000	2014 Total $'000
Employee benefits	26,733	3,333	30,066	24,005	3,472	27,477
Provisions for premises	733	2,150	2,883	1,700	1,863	3,563
Other provisions, including warranty provisions	2,721	12	2,733	3,885	29	3,914
	30,187	**5,495**	**35,682**	**29,590**	**5,364**	**34,954**

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.

	2015		2014	
	Provisions for Premises $'000	Other (including warranty provisions) $'000	Provisions for Premises $'000	Other (including warranty provisions) $'000
Balance at 1 July	3,563	3,914	2,697	2,340
Additional provisions recognised	2,837	1,396	2,815	4,872
Reductions arising from payments	(3,532)	(2,643)	(1,887)	(3,120)
Reductions arising from remeasurement or settlement without cost	(85)	(184)	(62)	(178)
Net foreign currency exchange differences	100	250	–	–
Balance at 30 June	**2,883**	**2,733**	**3,563**	**3,914**

16 Other liabilities

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 and contingent 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 stretch targets based on revenue, workforce utilisation, EBIT and/or employee retention 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 26 for details of deferred and contingent consideration.

	2015 $'000	2014 $'000
Deferred and contingent consideration		
Payable in cash	6,064	4,158
Payable in shares	1,473	1,531
	7,537	**5,689**
Current	5,843	3,058
Non-current	1,694	2,631
	7,537	**5,689**
Opening balance 1 July	5,689	7,020
Disposals/settlements	(4,163)	(5,436)
Acquisitions	7,044	4,237
Gain on derecognition of contingent consideration	(1,212)	(209)
Fair value adjustment to contingent consideration	179	307
Amounts derecognised from business combinations occurring in prior year	–	(230)
Closing balance 30 June	**7,537**	**5,689**

17 Issued capital

	2015		2014	
(a) Issued and paid-up capital	No. of shares '000	$'000	No. of shares '000	$'000
UXC Shares (1)				
Balance at 1 July	322,477	180,423	308,807	166,934
Consideration for acquisitions	3,327	2,893	8,143	7,538
Exercise of performance rights	4,762	4,815	3,230	3,519
Cancellation of shares held in escrow	–	–	(149)	(162)
Derecognition of restricted shares under the Employee Share Plan (refer note 27(b))	–	(1,906)	–	–
Dividend reinvestment plan	2,412	2,066	2,446	2,594
Balance at 30 June	**332,978**	**188,291**	**322,477**	**180,423**

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

(b) Reconciliation of unissued shares in respect of which performance rights are outstanding

Grant date	Performance rights on issue at 1 July 2014 No.	Exercise price $	Performance rights issued No.	Performance rights exercised No.	Performance rights lapsed No.	Expiry Date	Performance rights on issue at 30 June 2015 No.
UXC Incentive Plan – Employee Performance Rights							
31 Oct 2011	1,680,646	$0.00	–	(1,680,646)	–	31 Aug 2014	–
24 Sep 2012	4,053,287	$0.00	–	(2,100,684)	(93,544)	31 Aug 2015	1,859,059
1 Oct 2013	468,536	$0.00	–	–	(47,754)	31 Aug 2016	420,782
1 Oct 2014	–	$0.00	4,304,391	–	(719,487)	30 Sep 2017	3,584,904
Sub Total	**6,202,469**		**4,304,391**	**(3,781,330)**	**(860,785)**		**5,864,745**
UXC Incentive Plan – MD LTI[(1)]							
24 Nov 2011	1,730,769	$0.00	–	(980,768)	(750,001)	31 Aug 2014	–
30 Oct 2014	–	$0.00	1,848,340	–	–	31 Aug 2017	1,848,340
Sub Total	**1,730,769**		**1,848,340**	**(980,768)**	**(750,001)**		**1,848,340**
Grand Total	**7,933,238**		**6,152,731**	**(4,762,098)**	**(1,610,786)**		**7,713,085**

(1) Refer Note 22(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 grant date subject to continuing employment, and the remaining 50% of vested rights may be exercisable after three years from their grant date subject to continuing employment.

(c) Performance rights issued during the year

6,152,731 performance rights exercisable at $nil (2014: 2,984,940 performance rights exercisable at $nil) were issued to employees in accordance with the UXC Incentive Plan (refer Note 22).

18 Earnings per share

	2015 Cents	2014 Cents
(a) Basic earnings per share		
From continuing operations	7.00	4.97
From discontinued operation	(0.16)	–
Total basic earnings per share	**6.84**	**4.97**
(b) Diluted earnings per share		
From continuing operations	6.89	4.85
From discontinued operation	(0.16)	–
Total diluted earnings per share	**6.73**	**4.85**

	2015 $'000	2014 $'000
(c) Reconciliation of earnings used in calculating earnings per share		
The earnings used in the calculation of basic and diluted earnings per share are:		
From continuing operations	23,074	15,732
From discontinued operation	(525)	–
	22,549	**15,732**

	2015 No. of shares '000	2014 No. of shares '000
(d) Weighted average number of shares used as denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	329,526	316,778
Shares deemed to be issued in respect of business purchase agreements (deferred and contingent consideration)	2,669	2,146
Shares deemed to be issued for no consideration in respect of performance rights	2,782	5,715
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**334,977**	**324,639**

19 Dividends

	2015 $'000	2014 $'000
(a) Recognised amounts		
Fully franked interim dividend of 1.70 cents per share paid 2 April 2015 (in respect of year ended 30 June 2015)	5,639	–
Fully franked final dividend of 3.00 cents per share paid 27 October 2014 (in respect of year ended 30 June 2014)	9,891	–
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
	15,530	**14,884**
(b) Unrecognised amounts		
Fully franked final dividend of 3.60 cents per share payable on 6 October 2015	12,105	–
Fully franked final dividend of 3.00 cents per share payable on 27 October 2014	–	9,891
	12,105	**9,891**
(c) Franked dividends		
Franking account balance (tax paid basis)	5,540	7,573
Impact on franking account balance of dividends not recognised	(5,188)	(4,233)
	352	**3,340**

20 Lease commitments

	2015 $'000	2014 $'000
(a) Operating lease commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	9,190	9,153
Later than one year but not later than five years	19,478	15,763
Later than five years	14,588	66
	43,256	**24,982**

Operating leases relate to premises and plant and equipment with lease terms ranging from one to ten 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.

(b) Finance lease commitments

	Minimum lease payments		Present value of minimum lease payments	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within one year	2,673	1,341	2,235	1,104
Later than one year but not later than 5 years	7,948	4,019	7,316	3,659
	10,621	**5,360**	**9,551**	**4,763**
Future finance charges	(1,070)	(597)	–	–
Present value of minimum lease payments	**9,551**	**4,763**	**9,551**	**4,763**

Finance leases relate to plant and equipment with lease terms of between three and five years. The interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 4.67% to 9.66% (2014: 5.67% to 7.83%) per annum. The Group has options to purchase some of 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 Plant and equipment. The fair value of the finance lease liabilities is approximately equal to their carrying amount.

21 Contingent liabilities

(i) Guarantees

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:

	2015 $'000	2014 $'000
Guarantees	6,758	7,672

(ii) Contractual obligations

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, refer to Note 15.

(iii) Contingent 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 contingent 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 stretch targets based on revenue, workforce utilisation, EBIT and / or employee retention 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 recorded (refer Note 16).

22 Share-based payments

(a) UXC Employee Share Plan

The Company has a shareholder-approved share plan comprising three awards to be provided to employees to acquire shares. All employees are eligible to participate in the $1,000 Tax Exempt Plan under which the shares are purchased at market value and cannot be sold for three years and the Tax Deferred Plan under which the shares are purchased at market value and are subject to forfeiture in certain circumstances. Certain employees are eligible to participate in the Employee Deferred Payment Share Acquisition Plan (Note 27(b)) allowing a limited recourse loan. No ordinary shares were issued under the employee share plans during the year (2014: nil).

(b) UXC Incentive Plan

(i) Employee Performance Rights

- A total of 4,304,391 (2014: 2,984,940) performance rights were granted on 1 October 2014 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 30 September 2017. The fair value at grant date was 64 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.
- 3,781,330 performance rights were exercised during the year, comprising 1,680,646 FY12 performance rights and 2,100,684 FY13 performance rights (2014: 1,111,831 FY11 performance rights and 1,714,458 FY12 performance rights) at an exercise price of $nil.
- 860,785 performance rights lapsed during the year (2014: 3,295,194).
- A total of 5,864,745 performance rights were on issue at 30 June 2015 (2014: 6,202,469) and are exercisable at $nil per share subject to satisfaction of remaining exercise conditions by 31 August 2015, 31 August 2016 and 30 September 2017 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 980,768 of Cris Nicolli's FY12-FY14 LTI performance rights were exercised (2014: $nil). In 2014 404,421 of Cris Nicolli's FY11 performance rights were also exercised (2015: $nil).
- During the year 750,001 of Cris Nicolli's FY11 performance rights lapsed (2014: $nil).
- 1,848,340 performance rights were granted to Cris Nicolli, Managing Director, during the year ended 30 June 2015 as a long term incentive over three years (FY15-FY17) subject to the achievement of key performance indicators. These rights are exercisable at $nil per share with an expiry date of 31 August 2017. 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.

(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 2015 was 64 cents per performance right (2014: 89 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 2015 included:

(a) grant date: 1 October 2014 (2014: 1 October 2013)
(b) exercise price: $nil (2014: nil)
(c) expiry date: 30 September 2017 (2014: 31 August 2016)
(d) share price at grant date: $0.74 (2014: $1.09)
(e) expected price volatility of the Company's shares: 36.6% (2014: 29.82%)
(f) expected dividend yield: 5.03% (2014: 5.01%)
(g) risk-free interest rate: 2.50% (2014: 2.75%).

23 Remuneration of auditors

	2015 $	2014 $
Auditor of the parent entity		
Audit and review of financial statements	297,500	431,800
Corporate finance services	–	33,336
Leadership development advisory services	134,898	404,111
Other services	750	–
	433,148	**869,247**
Network firms of the parent entity auditor		
Taxation services	223,145	114,394
Corporate finance services	–	65,157
Total auditors' remuneration	**656,293**	**1,048,798**

The auditor of the parent entity is Deloitte Touche Tohmatsu.

It is the Company's policy to engage 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 leadership development advisory services or where Deloitte Touche Tohmatsu is awarded assignments on a competitive basis.

24 Key management personnel remuneration

	2015 $	2014 $
Aggregate remuneration of the Directors and other key management personnel of the Group is set out below:		
Short-term employee benefits	2,461,775	2,412,574
Post-employment benefits	130,772	81,384
Share-based payments	540,766	279,560
	3,133,313	**2,773,518**

25 Subsidiaries

(a) Composition of the Group	Country of incorporation	% Shares / Units Held 2015	% Shares / Units Held 2014
Parent entity			
UXC Limited (1)(3)	Australia	100	100
Subsidiaries of UXC Limited			
UXC BSG Holdings Pty Ltd (1)(2)(3)	Australia	100	100
UXC FSG Holdings Pty Ltd (1)	Australia	100	100
ACN 060 674 580 Pty Ltd (1)	Australia	100	100
Subsidiaries of BSG Holdings Pty Ltd			
UXC Eclipse Pty Ltd (formerly Eclipse Computing (Australia) Pty Ltd) (1)(2)(3)	Australia	100	100
Oxygen Business Solutions Pty Ltd (1)(2)(3)	Australia	100	100
Red Rock Consulting Pty Ltd (1)(2)(3)	Australia	100	100
UXC Cloud Solutions Pty Ltd (1)(2)(3)	Australia	100	100
UXC Consulting Pty Ltd (1)(2)(3)	Australia	100	100
UXC Solutions Pty Ltd (1)(2)(3)	Australia	100	100
Integ Group Pty Ltd (1)(2)(3)	Australia	100	100
UXC Connect Pty Ltd (1)(2)(3)	Australia	100	100
UXC Professional Solutions Holdings Pty Ltd (1)(2)(3)	Australia	100	100
UXC Professional Solutions Pty Ltd (1)(2)(3)	Australia	100	100
UXC Keystone Pty Ltd (formerly Keystone Management Solutions Pty Ltd) (1)(2)(3)(12)	Australia	100	100
UXC Holdings Pty Ltd (1)(2)(3)	Australia	100	100
UXC ITF CG Pty Ltd (1)(3)(10)	Australia	100	–
Subsidiaries of UXC FSG Holdings Pty Ltd			
ACN 101 125 820 Pty Ltd (1)	Australia	100	100
Morgan Facilities Management Pty Ltd (1)	Australia	100	100
UXC Infrastructure Constructions Pty Ltd (1)	Australia	100	100
UXC Engineering Solutions Pty Ltd (1)	Australia	100	100
ACN 145 504 301 Pty Ltd (1)	Australia	100	100

	Country of incorporation	% Shares / Units Held 2015	% Shares / Units Held 2014
Subsidiary of ACN 101 125 820 Pty Ltd			
BSG CG ITF Pty Ltd (formerly Shelfmade Pty Limited) [1][2][11]	Australia	100	100
Subsidiaries of UXC Engineering Solutions Pty Ltd			
Datec (Qld) Pty Ltd [1]	Australia	100	100
SLCI Pty Ltd [1]	Australia	100	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
Australian Information Technology Pty Limited is a trustee for			
AIT Unit Trust [1]	Australia	100	100
ACN 007 443 165 Pty Ltd [1]	Australia	100	100
ACN 007 443 165 Pty Ltd 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	Canada	100	100
Eclipse Intelligent Solutions (USA) Inc	USA	100	100

	Country of incorporation	% Shares / Units Held 2015	% Shares / Units Held 2014
Subsidiary of UXC Eclipse Solutions (Canada) Ltd			
UXC Eclipse Solutions (Canada East) Ltd (formerly 3456 Holdings Ltd) [18]	Canada	100	100
Subsidiary of Eclipse Intelligent Solutions (USA) Inc			
UXC Eclipse (USA), Inc Co	USA	100	100
Subsidiaries of UXC Eclipse (USA), Inc Co			
UXC Eclipse (USA) LLC (formerly Contribution Sub 1, LLC) [14]	USA	100	100
UXC Eclipse (AES) LLC (formerly Contribution Sub 2, LLC) [15]	USA	100	100
Subsidiaries of Oxygen Business Solutions Pty Ltd			
Oxygen Express Pty Ltd [1]	Australia	100	100
Stream Holdings Australia Pty Ltd [1]	Australia	100	100
White Labelled Pty Ltd [1][13]	Australia	100	100
Subsidiary of Stream Holdings Australia Pty Ltd			
Stream Consulting Services Pty Ltd [1]	Australia	100	100
Subsidiary of Stream Consulting Services Pty Ltd			
Stream Technologies Pty Ltd [1]	Australia	100	100
Subsidiaries of White Labelled Pty Ltd			
UXC India IT Services Private Ltd [16]	India	100	100
Code Shop Software Private Ltd [19]	India	100	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 [1]	Australia	100	100
MEAC Group Pty Ltd [1]	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

	Country of incorporation	% Shares / Units Held 2015	% Shares / Units Held 2014
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
Saltbush Assurance Pty Ltd [1,4]	Australia	100	–
Saltbush Consulting Pty Ltd [1,5]	Australia	100	–
Saltbush Development Pty Ltd [1,6]	Australia	100	–
Saltbush Group Pty Ltd [1,7]	Australia	100	–
Saltbush Solutions Pty Ltd [1,8]	Australia	100	–
Saltbush Training Pty Ltd [1,9]	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			
Lucid IT Unit Trust [1]	Australia	100	100
Lucid IT Unit Trust is a trustee for			
UXC Consulting Pte Ltd (formerly Lucid IT Pte Ltd) [17]	Singapore	100	100
UXC Consulting SDN BHD	Malaysia	100	100
Subsidiaries of Integ Group Pty Ltd			
UXC Connect C4 Pty Ltd [1]	Australia	100	100
UXC Connect Integ Pty Ltd [1,2,3]	Australia	100	100
Integ Queensland Pty Ltd [1]	Australia	100	100
Pacific Consulting (Qld) Pty Ltd [1]	Australia	100	100

	Country of incorporation	% Shares / Units Held 2015	% Shares / Units Held 2014
Subsidiaries of UXC Professional Solutions Holdings Pty Ltd			
UXC Connect XSI Pty Ltd [1,2,3]	Australia	100	100
Subsidiaries of UXC Professional Solutions Pty Ltd			
Optimise IT Pty Ltd [1]	Australia	100	100
Optimise Unit Trust [1]	Australia	100	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	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. The deed of cross guarantee was dissolved on the 18 June 2015.

(3) These wholly-owned subsidiaries entered into a deed of cross guarantee on 18 June 2015 with UXC Limited pursuant to ASIC Class Order 98/1418 and were relieved from the requirement to prepare and lodge an audited financial report.

(4) Saltbush Assurance Pty Ltd was acquired by UXC Consulting Pty Ltd on 1 October 2014.

(5) Saltbush Consulting Pty Ltd was acquired by UXC Consulting Pty Ltd on 1 October 2014.

(6) Saltbush Development Pty Ltd was acquired by UXC Consulting Pty Ltd on 1 October 2014.

(7) Saltbush Group Pty Ltd was acquired by UXC Consulting Pty Ltd on 1 October 2014.

(8) Saltbush Solutions Pty Ltd was acquired by UXC Consulting Pty Ltd on 1 October 2014.

(9) Saltbush Training Pty Ltd was acquired by UXC Consulting Pty Ltd on 1 October 2014.

(10) UXC ITF CG Pty Ltd was registered by BSG Holdings Pty Ltd on 8 March 2015.

(11) Shelfmade Pty Ltd changed its name to BSG CG ITF Pty Ltd on 14 July 2014.

(12) 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.

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

(14) 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.

(15) 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.

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

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

(18) 3456 Holdings Ltd was acquired by UXC Eclipse Solutions (Canada) Ltd on 20 December 2013. 3456 Holdings Ltd changed its name to UXC Eclipse Solutions (Canada East) Ltd on 24 December 2013.

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

(b) Deed of cross guarantee

(i) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings

Set out below is a Statement of profit or loss, a Statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2015 of the entities party to the deed of cross guarantee.

	2015 $'000
Statement of profit or loss	
Revenue from continuing operations	560,983
Other income and gains	4,055
Employee benefits expenses	(272,388)
Services and products used	(107,510)
Contractor and sub-contractor expenses	(82,288)
Licence fee expenses	(33,147)
Travel expenses	(9,108)
Vehicle and equipment running costs	(3,263)
Depreciation and amortisation expense	(7,128)
Occupancy expenses	(10,151)
Finance charges	(1,267)
Communication expenses	(5,949)
Recruitment and staff training costs	(4,320)
Advertising and marketing costs	(1,395)
Bad and doubtful debts expense	(115)
Other expenses	(9,560)
Profit before income tax	**17,449**
Income tax expense	(6,599)
Profit for the year	**10,850**
Statement of comprehensive income	
Profit for the year	10,850
Total comprehensive income for the year	**10,850**
Summary of movements in consolidated retained earnings	
Retained earnings at the beginning of the financial year	**29,019**
Profit for the year	10,850
Dividends paid	(15,530)
Retained earnings at the end of the financial year	**24,339**

(ii) Statement of financial position

Set out below is a Statement of financial position as at 30 June 2015 of the entities party to the deed of cross guarantee.

	2015 $'000
Current assets	
Cash and cash equivalents	10,695
Trade and other receivables	92,396
Accrued income	24,728
Inventories	4,395
Other financial assets	144
Other current assets	11,976
Total current assets	**144,334**
Non-current assets	
Plant and equipment	15,613
Goodwill	143,764
Other intangible assets	9,632
Deferred tax assets	9,436
Other non-current assets	783
Investments in subsidiaries	169,929
Total non-current assets	**349,157**
Total assets	**493,491**

	2015 $'000
Current liabilities	
Trade and other payables	177,556
Unearned income	35,571
Borrowings	2,614
Current tax liabilities	2,874
Provisions	24,504
Other financial liabilities	1,663
Other current liabilities	5,673
Total current liabilities	**250,455**
Non-current liabilities	
Unearned income	744
Borrowings	19,321
Provisions	4,841
Other non-current liabilities	1,484
Total non-current liabilities	**26,390**
Total liabilities	**276,845**
Net assets	**216,646**
Equity	
Issued capital	188,291
Reserves	4,016
Retained earnings	24,339
Total equity	**216,646**

26 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
Saltbush Group Ptd Ltd, Saltbush Consulting Pty Ltd, Saltbush Training Pty Ltd, Saltbush Development Pty Ltd, Saltbush Assurance Pty Ltd and Saltbush Solutions Pty Ltd	IT Consulting	1 October 2014	100%
contiigo Pty Ltd	IT Consulting	4 May 2015	N/A – Business and assets

Acquisitions for the previous corresponding period were:

White Labelled Pty Ltd	IT Consulting	24 October 2013	100%
Keystone Management Solutions Pty Ltd	IT Consulting	29 November 2013	100%
Contribution Sub 1 LLC & Contribution Sub 2 LLC (USA), 3456 Holdings Ltd (Canada) – formerly part of Tectura Corporation	IT Consulting	20 December 2013	100%
Convergence Team Pty Ltd (Australia)	IT Consulting	1 June 2014	N/A – Business and assets
Convergence Team Pte Ltd (Singapore)	IT Consulting	1 June 2014	N/A – Business and assets
Clarity Consulting Group Australia Pty Ltd	IT Consulting	2 June 2014	N/A – Business and assets

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

	30 June 2015	30 June 2014			
	Total(1) $'000	Tectura $'000	Keystone $'000	Others(2) $'000	Total $'000
Consideration					
Cash	4,736	18,770	19,125	1,786	39,681
Share capital	1,710	–	4,781	1,385	6,166
Deferred consideration	237	–	–	–	–
Contingent consideration	6,807	–	1,416	2,821	4,237
	13,490	**18,770**	**25,322**	**5,992**	**50,084**
Fair value of net assets acquired					
Current assets					
Cash and cash equivalents	1,342	–	2,027	(279)	1,748
Trade and other receivables	2,337	5,010	2,898	1,641	9,549
Other	108	2,460	106	111	2,677
Total current assets	**3,787**	**7,470**	**5,031**	**1,473**	**13,974**
Non-current assets					
Plant and equipment	33	340	90	155	585
Other intangible assets	–	1,871	2,084	–	3,955
Deferred tax assets	187	6,529	–	112	6,641
Total non-current assets	**220**	**8,740**	**2,174**	**267**	**11,181**
Total assets	**4,007**	**16,210**	**7,205**	**1,740**	**25,155**
Current liabilities					
Trade and other payables	2,148	4,726	2,598	779	8,103
Unearned income	170	3,121	214	425	3,760
Borrowings	–	182	–	18	200
Current tax liabilities	428	–	1,038	190	1,228
Provisions	557	5,721	454	276	6,451
Total current liabilities	**3,303**	**13,750**	**4,304**	**1,688**	**19,742**
Non-current liabilities					
Provisions	102	–	100	22	122
Borrowings	–	167	–	–	167
Deferred tax liabilities	–	–	350	–	350
Total non-current liabilities	**102**	**167**	**450**	**22**	**639**
Total liabilities	**3,405**	**13,917**	**4,754**	**1,710**	**20,381**
Net assets acquired	**602**	**2,293**	**2,451**	**30**	**4,774**
Goodwill on acquisition	**12,888**	**16,477**	**22,871**	**5,962**	**45,310**

(1) Total includes Saltbush Group Ptd Ltd, Saltbush Consulting Pty Ltd, Saltbush Training Pty Ltd, Saltbush Development Pty Ltd, Saltbush Assurance Pty Ltd, Saltbush Solutions Pty Ltd and contiigo Pty Ltd.

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

The comparatives for the year ended 30 June 2014 in the table above have been adjusted to reflect the finalisation of the accounting for acquisition date fair values (refer note 1(y) and note 26(b)).

(a) Summary of acquisitions during the year-ended 30 June 2015

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.

The initial accounting for the acquisitions of Saltbush and contiigo occurring in the current year has only been provisionally determined at the end of the year. None of the goodwill arising on the acquisition of these businesses is expected to be deductible for tax purposes.

(i) Acquisition-related costs

Acquisition-related costs amounting to $290,000 have been excluded from the consideration transferred and have been recognised as an expense in the Statement of profit or loss in the current year.

(ii) Revenue and profit contribution

Included in the result for the year ended 30 June 2015 is revenue of $13,182,000 and profit before tax for the period of $2,360,000 attributable to the Saltbush and contiigo acquisitions. Had these business combinations been effected at 1 July 2014, the revenue of the consolidated Group would have been approximately $694,408,000 and the profit before tax would have been approximately $28,714,000 for the year ended 30 June 2015.

(iii) Contingent consideration

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 the acquisitions of Saltbush and contiigo are disclosed below.

Under the arrangements for the acquisitions of Saltbush and contiigo, the Group is required to pay the vendors in cash and shares a maximum contingent consideration of $8.082 million. The contingent consideration is based on achieving certain profitability and employee retention stretch targets between 31 December 2014 and 30 June 2017. $6.808 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 decrease in the fair value of contingent consideration of approximately $3.25 million would result if the estimates for profitability decreased by 10% and employee retention decreased by 5%.

(b) Prior period acquisitions during the year-ended 30 June 2014

The fair value of identifiable assets and liabilities acquired on acquisition of White Labelled, Keystone, Tectura, Clarity, Convergence Team (Australia) and Convergence Team (Singapore) that were previously disclosed in the comparative period for the year ended 30 June 2014 were based on provisional values. These valuations are now complete.

The acquisition date fair values of net assets in the comparative period for the year ended 30 June 2014 have been adjusted to reflect information that has come to light about conditions that existed at the time of each acquisition. The acquisition date adjustments results in a decrease of $1.16 million in goodwill, mainly attributable to an increase in the fair value of net assets acquired by $1.12 million. The key fair value adjustments were:

- $1.87 million increase in other intangibles after finalisation of the independent valuation of customer relationships and contracts
- $3.51 million increase in provisions due to assessment of employee related liabilities, provision for onerous projects and provision for warranties and claims
- $1.32 million increase in trade and other receivables
- $1.43 million decrease in trade and other payables

27 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 25. 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

In the year ended 30 June 2007, loans were provided to key management personnel under the Employee Deferred Payment Share Acquisition Plan (Note 22). At 30 June 2014 the balance of these loans was $1,906,250 comprising limited recourse loans to Cris Nicolli $875,000, Mark Hubbard $687,500 and Ralph Pickering $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.

On 31 July 2014, Mark Hubbard extinguished his loan in full through forfeiture of his shares. During the year ended 30 June 2015 these limited recourse loans were derecognised on the basis that it is expected that in a future period the remaining loans (2015 Cris Nicolli $875,000 and Ralph Pickering $343,750) will also be extinguished in full through forfeiture of the related restricted shares.

(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.

	2015 $	2014 $
Revenue from rendering of services to external customers	104,601	46,700
Purchases of services and products	673	673

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

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

Current receivables (sales of goods and services)		
Entities controlled by key management personnel	10,074	38,600

28 Notes to the statement of cash flows

	Notes	2015 $'000	2014 $'000
(a) Reconciliation of profit for the year to net cash flows from operating activities			
Profit after tax for the year		**22,549**	**15,732**
Depreciation and amortisation		9,519	8,152
Loss on disposal of plant and equipment		52	441
Equity settled share-based payment		2,033	1,735
Unrealised foreign exchange gains		(93)	268
Gain from derecognition of contingent consideration		(1,212)	(209)
Fair value adjustments to deferred and contingent consideration		179	307
Change in operating assets and liabilities:			
Increase in trade and other receivables		(4,665)	(6,267)
(Increase) / decrease in accrued income		(1,372)	10,439
(Increase) / decrease in inventories		(1,483)	2,866
Decrease in other assets		3,489	1,376
(Increase) / decrease in deferred tax assets		(3,457)	183
Increase in trade and other payables		10,061	2,969
Increase / (decrease) in unearned income		4,184	(3,641)
Decrease in current tax liabilities		(2,241)	(3,938)
Decrease in provisions		(1,921)	(135)
Increase in provision for employee benefits		1,990	755
Net cash inflow from operating activities		**37,612**	**31,033**
(b) Acquisition of businesses			
Outflow of cash for acquisition of businesses in the current year, net of cash acquired			
Initial cash consideration paid	26	4,736	39,681
Contingent cash consideration paid		957	–
Less: Cash balances acquired	26	(1,342)	(1,748)
		4,351	**37,933**

	Notes	2015 $'000	2014 $'000
(c) Non–cash financing and investing activities			
Acquisition of businesses by means of share issues	26	1,710	6,166
Contingent consideration by means of share issues		1,183	1,372
		2,893	**7,538**

29 Financial instruments

(a) Categories of Financial Instruments

Cash and cash equivalents	25,197	19,724
Loans and receivables	139,682	133,416
Derivative instruments at fair value through profit and loss	–	755
	164,879	**153,895**
Financial liabilities at amortised cost	148,331	136,107
Derivative instruments at fair value through profit and loss	1,663	–
	149,994	**136,107**

(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, New Zealand and Canadian 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 2015			30 June 2014		
	USD $'000	NZD $'000	CAD $'000	USD $'000	NZD $'000	CAD $'000
Assets (AUD)	64,157	28,899	6,183	51,481	30,475	7,031
Liabilities (AUD)	(53,996)	(5,018)	(12,375)	(36,142)	(11,942)	(3,716)

Foreign currency sensitivity

The Group is mainly exposed to US Dollars, New Zealand Dollars and Canadian Dollars. The following table details the Group's sensitivity to a 10% increase and decrease in the Australian Dollar against the US Dollar, New Zealand Dollar and Canadian Dollar. The sensitivity analysis only includes outstanding foreign currency denominated items and adjusts their translation at 30 June for a 10% change in foreign currency rates. A positive number indicates an increase where the Australian Dollar weakens against the US Dollar, New Zealand Dollar and/or Canadian Dollar.

	2015 $'000	2014 $'000
Account		
Profit or loss	2,765	3,888
Equity	(2,010)	271

UXC

Foreign exchange contracts

The Group has entered into a cross currency swap contract to cover specific borrowings which will be repaid with foreign currency earnings of subsidiaries within the Group.

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	
	2015 $	2014 $	2015 $000	2014 $000	2015 $000	2014 $000
Cross currency swaps						
Sell US Dollars						
More than 12 months	.8830	.8830	10,656	13,321	(1,663)	755

The above foreign exchange contract was not designated as a hedge and consequently, gains or losses are recognised in the Statement of 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 88% of the variable loan principal outstanding. The fixed interest rate is 1.26% and the variable rates are at the three month AUD-BBR-BBSY (BID) rate which at the end of the reporting period was 2.19%.

	Average contracted fixed interest rate		Notional principal value		Fair value	
	2015 %	2014 %	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Outstanding contracts:						
Receive floating – pay fixed						
2 to 5 years	1.26%	1.26%	10,656	13,321	(1,663)	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 $53,000 (2014: (decrease)/ increase by $95,000).

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 average borrowings over the year.

(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 (2014: 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.

(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 below 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. 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 (2014: nil).

Liquidity Table – Financial Liabilities	Average Interest Rate %	Within 1 year $'000	Between 1 and 5 years $'000	Total $'000
At 30 June 2015				
Non-derivatives:				
Non-interest bearing liabilities	–%	114,410	–	114,410
Finance lease liabilities	5.2%	2,673	7,948	10,621
Variable interest rate instruments	3.2%	–	12,320	12,320
Fixed interest rate instruments	2.4%	5,252	1,453	6,705
		122,335	**21,721**	**144,056**
Derivatives:				
Gross settled – Cross currency interest rate swap		–	1,663	1,663
At 30 June 2014				
Non-derivatives:				
Non-interest bearing liabilities	–%	100,586	1,928	102,514
Finance lease liabilities	5.7%	1,341	4,019	5,360
Variable interest rate instruments	2.7%	10,515	9,472	19,987
Fixed interest rate instruments	2.6%	2,417	1,866	4,283
		114,859	**17,285**	**132,144**

Financing facilities	2015 $'000	2014 $'000
Total facilities available (secured)		
Bank overdraft	6,000	6,000
Commercial bills	66,000	76,000
Finance leases	12,569	6,700
Other loans	532	–
Bank guarantee facility	15,015	15,015
	100,116	**103,715**
Facilities utilised at balance date		
Bank overdraft	–	–
Commercial bills	12,156	19,125
Finance leases	9,551	4,763
Other loans	532	–
Bank guarantee facility	6,758	7,672
	28,997	**31,560**
Facilities not utilised at balance date		
Bank overdraft	6,000	6,000
Commercial bills	53,844	56,875
Finance leases	3,018	1,937
Other loans	–	–
Bank guarantee facility	8,257	7,343
	71,119	**72,155**

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.

Subsequent to 30 June 2015, UXC Limited successfully negotiated the refinancing of its existing loan facility that was due to mature in November 2016. The new loan facility totals $97.5m comprising a $75m revolving cash facility and $22.5m of facilities to support general working capital and bank guarantee requirements. The new facility has the following features:

- improved margins
- a three year tenor
- the facility can be drawn in A$, NZ$ or US$ which will:
  - better support UXC's offshore operations
  - create a natural hedge between offshore earnings and offshore debt, and
  - provide a debt structure to support UXC's expansion intentions in North America
- moving from a sole bank to a two-bank syndicated facility, and
- additional funding capacity through an accordion feature to support organic growth and to facilitate acquisition opportunities as they arise.

(i) Fair value measurements

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. Refer to note 1(t)(iv) for the valuation techniques adopted.

Description	Fair value at 30 June 2015 $'000	Fair value at 30 June 2014 $'000	Fair value hierarchy	Unobservable inputs*	Relationship of unobservable inputs to fair value
Cross Currency Swap	(1,663)	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	7,537	5,689	Level 3	Stretch targets mainly based on revenue, workforce utilisation, EBIT and employee retention.	Refer to Note 26(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.

30 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 2014.

The capital structure of the Group consists of:

- Cash
- Debt, comprising the borrowings disclosed in note 14 and
- Equity, comprising issued capital (as disclosed in note 17), reserves and retained profits.

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.

The Group's capital management measures include:

- Gearing (net debt as a % of equity)
- Interest cover (EBITDA continuing operations / net interest expense)

	2015	2014
Net cash/(debt) ($'000)	2,958	(4,164)
Equity ($'000)	232,068	214,992
Gearing (%)	Nil%	1.9%
Interest cover (times)	16 times	13 times

The Group has complied with the financial covenants of its borrowing facilities during the 2015 and 2014 reporting periods.

31 Parent entity financial information

Summary financial information	2015 $'000	2014 $'000
Balance sheet		
Current assets	352,148	348,206
Non-current assets	65,001	60,342
Total assets	**417,149**	**408,548**
Current liabilities	250,968	225,989
Non-current liabilities	21,340	13,716
Total liabilities	**272,308**	**239,705**
Net assets	**144,841**	**168,843**
Shareholders' equity		
Issued capital	188,291	180,423
Reserves		
Employee equity-settled benefits reserve	198	2,126
Retained earnings	(43,648)	(13,706)
	144,841	**168,843**
Profit or loss for the year	**(23,825)**	**2,609**
Total comprehensive income	**(23,825)**	**2,609**
Contingent liabilities of the parent entity	6,758	7,672

32 Discontinued operation

UXC completed the sale of the Field Solutions Group to Utility Services Group Limited (USG) on 8 September 2011. The sale included all the business and/or assets of Utility Asset Management, Skilltech Consulting Services, Infrastructure Constructions, UXC Metering and Fieldforce Services. 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.

The combined results of the discontinued operation included in the Statement of profit or loss are set out below. There were no profit or cash flows from that discontinued operation in the prior comparative period.

	Notes	2015 $'000	2014 $'000
Expenses		(539)	–
Loss before income tax		(539)	–
Income tax benefit	6(b)	14	–
Loss from discontinued operation		**(525)**	**–**
Cash flows from discontinued operations			
Net cash outflow from operating activities		(525)	–

33 Subsequent events

(a) Refinancing of borrowings

Subsequent to 30 June 2015, UXC Limited successfully negotiated the refinancing of its existing loan facility, refer to note 29(h).

(b) Final dividend declared

On 20 August 2015, the Directors declared a final dividend of 3.60 cents fully franked per ordinary share for shareholders of record on 11 September 2015 and payable on 6 October 2015. This dividend has not been provided for in this financial report.

Directors' Declaration

30 June 2015

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.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee. In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 25 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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
20 August 2015

Independent auditor's report to the members
30 June 2015

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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 2015, 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 41 to 81.

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 2015 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 19 to 30 of the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 20 August 2015

Shareholder information

30 June 2015

The Shareholder information set out below was applicable as at 24 July 2015.

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

Distribution of Shareholders	**UXC Ordinary shares**
Number of Shares Held	**Number of shareholders**
1 - 1000	2,988
1,001 - 5,000	2,892
5,001 - 10,000	1,278
10,001 - 100,000	2,359
100,001 and over	263
	9,780
Number of shareholders holding less than a marketable parcel	**2,426**

Twenty Largest Shareholders – UXC Ordinary Shares	**Number held**	**Percentage of issued shares**
NATIONAL NOMINEES LIMITED	31,501,840	9.55
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,415,984	9.22
J P MORGAN NOMINEES AUSTRALIA LIMITED	24,801,691	7.52
CITICORP NOMINEES PTY LIMITED	23,976,281	7.27
BELGRAVIA STRATEGIC EQUITIES PTY LTD	15,853,105	4.81
PACIFIC CUSTODIANS PTY LIMITED (Employee Share Plan Trust Account)	7,082,459	2.15
BLOTT PTY LTD	4,523,044	1.37
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED (PI SELECT)	3,391,815	1.03
INFOCOS PTY LIMITED	3,278,788	0.99
EONE INTEGRATED BUSINESS SOLUTIONS PTY LTD	2,943,242	0.89
MRS DIANNE KATHLEEN MIOTLA	2,090,611	0.63
ZAMTEK PTY LTD	2,082,896	0.63
BNP PARIBAS NOMS PTY LTD	1,983,739	0.60
MR CRISTIANO NICOLLI & MR JOHN DU BOIS	1,980,000	0.60
PACIFIC CUSTODIANS PTY LIMITED	1,947,405	0.59
MIRLEX PTY LTD	1,887,600	0.57
PACIFIC CUSTODIANS PTY LIMITED (Employee Share Plan Trust)	1,875,984	0.57
CAMARGARDENS PTY LTD	1,871,108	0.57
MR MARTIN A REID & MS ALISON L GRAHAM & MR IAN L BRITTEN	1,751,629	0.53
WARBONT NOMINEES PTY LTD	1,574,337	0.48
	166,813,558	**50.57**

Substantial holders	**Number held**
NATIONAL NOMINEES LIMITED	31,501,840
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,415,984
J P MORGAN NOMINEES AUSTRALIA LIMITED	24,801,691
CITICORP NOMINEES PTY LIMITED	23,976,281

Unquoted Equity Securities

There are unquoted performance rights outstanding for 8,910,909 ordinary shares.

Class of Equity Securities and Voting Rights

There are 9,780 shareholders of ordinary shares in the Company.

There are 112 holders of performance rights over ordinary shares.

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

(a) on a show of hands, every member present has one vote; and

(b) on a poll, every member present has one vote for each share held at the record time by the member entitling the member to vote, except for partly paid shares, each of which confers on a poll only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable (excluding amounts credited) on the share. An amount paid in advance of a call is disregarded for this purpose.

There are no voting rights for performance rights holders.

Note Index

Glossary

AASB	Australian Accounting Standards Board
ACN	Australian Company Number
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BBSY	Bank Bill Swap Yield
COD	Cash On Delivery
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CIO	Chief Information Officer
CMO	Chief Marketing Officer
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EPS	Earnings Per Share
ERP	Enterprise Resource Plan
FVTPL	Fair value through profit or loss
FY	Financial Year
GST	Goods and Services Tax
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

UXC Corporate Directory

Directors

Chairman
Geoffrey Cosgriff

Managing Director
Cris Nicolli

Non-executive Directors
Geoffrey Lord
Brian Mitchell
Gail Pemberton
Jean-Marie Simart
Doug Snedden

Management Executive

Iona MacPherson
Chief Financial Officer & Company Secretary

Paul Timmins
Chief Operating Officer

Ralph Pickering
Director - Divestments and Acquisitions

Mark Grodzicky
General Counsel & Company Secretary

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). www.asx.com.au

LISTED ON ASX

www.uxc.com.au

Head Office

Level 19
360 Collins Street
Melbourne, Victoria 3000
Australia
Phone +61 9224 5777

Offices in:

Sydney
Melbourne
Brisbane
Canberra
Hobart
Adelaide
Perth
Darwin
Auckland
Wellington
USA
Canada
Fiji
India
Malaysia
Singapore