UXC LIMITED
ABN 65 067 682 928

DETERMINATION KNOWS NO LIMITS

• PURPOSE • RESOLVE • STRENGTH • FORTITUDE

PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

Highlights

- **Revenue** from Continuing Operations up 8% to $686 million
  Total Revenue up 5% to $748 million

- **EBITDAC** from Continuing Operations up 24% to $50.6 million
  Total EBITDAC down 60% to $20.2 million

- **NPAT** from Continuing Operations up 153% to $18.6 million
  Total NPAT down >100% to ($2.9) million

- **EPS** from Continuing Operations up 102% to 7 cents per share
  Total EPS down >100% to (1.08) cps

- **Cash** up 28% to $37.8 million

- **Cash Flow from Operations** up 78% to $28 million

- **Net Debt** down 32% to $39 million – the lowest balance at a reporting date since December 2006

- **Record Performance** from UXC IT businesses – revenue up 4% to $474 million; EBITDAC up 31% to $43 million

- Results attributable to members have been adversely affected by **Discontinued Operations** – several lines of business are now closed due to major issues in the environmental area of the Field Solutions Group, including the collapse of the market price for Renewable Energy Certificates, the cancellation and/or abrupt revision of several government programs in the environmental sector, and the consequent down-sizing of supporting facilities and infrastructure. No further exposure to these discontinued business activities exists going forward.

- The conduct of a formal process of **Strategic Review** to examine alternatives to unlock greater shareholder value for the Company. This process is continuing. Shareholders will be advised of progress as and when:
  - The board considers potential transactions to be in the best interest of shareholders and stakeholders;
  - Such potential transactions progress to binding offers.

Contents

Our Vision

To be the premier independent solutions and services group servicing medium to large entities in the public and private sectors across Australia and New Zealand.

To be the investment of choice in the ASX IT Sector.

Our Focus

BUSINESS AND PROFESSIONAL SOLUTIONS GROUP

Providing ICT solutions in management and IT consulting, software and systems integration, business applications, infrastructure and technical services to industry and governments.

FIELD SOLUTIONS GROUP

Providing outsourced infrastructure and environmental solutions to utilities and government.

Melbourne, Victoria
31 August 2010

Letter from the Executive Chairman

Dear Fellow Shareholders,

For the financial year ending 30 June 2010, UXC has reported the results of its activities in two segments in accordance with the accounting standards – continuing operations and discontinued operations. Discontinued operations relate to business activities primarily in the environmental sector that have now been terminated. Continuing operations relate to the business activities that will continue to be carried out during the 2011 financial year, and include all of the Business and Professional Solutions Groups and the remaining activities in the Field Solutions Group.

Continuing Operations

We have reported an improvement in consolidated earnings and earnings per share from continuing operations over the previous year, and we have succeeded in realizing our plans in the majority of our businesses. The UXC headline numbers are positive: revenue up 8% to $686 million, NPAT up 153% to $20.5 million (before net of tax impairments to goodwill and capitalized development costs of $1.9 million relating to the development of electronic shelf labels [$0.7m FY09]), and EPS up 102% to 7 cents per share.

Within continuing operations, the Business and Professional Solutions Groups have reported record earnings on record revenue. Together, as the Information Technology businesses of UXC, they have posted impressive EBITDA earnings improvements of 31% from the prior year, on revenue growth of 4%.

Field Solutions Group revenue of $212m increased by 19% over the previous corresponding period, though EBITDA decreased by 9%. The year closed on a significant order book of some $255 million.

In addition to closing the loss making activities in the Field Solutions Group, we have won new contracts and established new activities to act as growth drivers, including important contracts with Energy Australia, Integral Energy, Ergon Energy, Country Energy and the NSW Department of Environment, Climate Change and Water.

We now have a significant role to play in two of the three advanced metering infrastructure (AMI) smart meter contracts awarded to date. We are pleased to have become the market leader in this area in such a short time, and believe it will position us strongly for such work in other states when undertaken.

Discontinued Operations

Despite these achievements, discontinued operations have contributed substantial losses in the Field Solutions Group, primarily in relation to federal government programs previously carried out in the environmental sector. These losses and charges are sufficiently large during this year to have offset our profits from continuing operations. Such programs have now been discontinued and present us with no further exposure.

The underlying causes of such losses are complex and varied. They include rapidly changing market conditions and declining commodity prices in the Renewable Energy markets; unilateral and abrupt changes to government policy and the funding of programs in the environmental space; and changes to the cost base resulting from rapidly expanding then diminishing business activities.

- *Market conditions, renewable energy* - The market price for renewable energy certificates (REC) dropped significantly during the first half, from highs in the mid $50s to lows in the high $20s per REC. Sales of RECs subsidised our solar hot water installation activities. As such, within our solar hot water business this impacted both volumes (as lower REC prices equated to higher consumer prices thereby reducing demand) and margins (as customer quotes were underpriced relative to the realisability of REC sales). This was exacerbated by the government's continual reduction of solar subsidies. Ultimately, this business activity has been discontinued, which has further added costs of closure.

- *Government Policy* - Large start-up costs were incurred on the government's Green Loans program in the first half, and then difficulties surrounding the administration of the program by the federal government resulted in changes being made to the program that rendered it uneconomic. Additionally, rebates available on the government's home insulation and solar programs were abruptly cut, and the quoting mechanism on the insulation program was also changed after commencement of the program. As a result, UXC's insulation activities became economically unsustainable, and were closed in the first half after the incurrence of start up costs not recovered.

- *Cost Base* – The cancellation of these and other programs resulted in challenges to reduce fixed overheads now unable to be absorbed through loss of volume. Investments were made in infrastructure to support a much larger business, and this was wound back during the second half.

The combined effect is that aggregate losses and charges of $21.5 million after tax have been reported as discontinued operations within the Field Solutions Group. As well as continuing reductions in the cost base, we have taken action to eliminate any further exposure through cessation of such activities. We have a new management team running the business unit and its remaining environmental activities, and we have invested in new systems for our continuing businesses.

Cash

Closing cash of $37.8 million is up 28%, and cash flow from operations was up 78% above the prior year to $28 million. Net debt is down 32% to $39 million, being the lowest balance at a reporting date since December 2006. Net debt is now less than one times budgeted EBITDA for FY11, and our interest cover will be in excess of 6 times in FY11 based on budgeted figures.

Outlook

Our outlook for FY11 is much improved. We have set budgets indicating growth and strong improvement in all of our business units. Our start to the year has broadly been in line with budget. We have experienced a strong order intake, and we anticipate further contract win announcements soon. We are changing the cost base and our approach to activities in the environmental sector, and the anticipated cessation of losses from discontinued operations in itself will contribute greatly to an improved performance.

Strategic Review

We have pursued the strategic review announced in February with great energy and dedication. We have taken a strong stance in our view of the value of our business. Despite the problems encountered with our discontinued operations, the underlying business is sound. If this value can be recognized without a transaction, that remains an option for us. The approach we have taken to the strategic review has not lent itself to a quick result, but we are determined to provide the best result for our shareholders. Discussions continue with three parties, and shareholders will be advised of further progress as and when:

- The board considers potential transactions to be in the best interest of shareholders and stakeholders;
- Such potential transactions progress to binding offers.

Geoff Lord
Executive Chairman

Review of Operations

UXC operates through individually branded Business Units, providing a diversified portfolio of specialised businesses, products and services. The businesses are organised into two separate operating divisions – the Business and Professional Solutions Group and the Field Solutions Group. Business Units use their proven management capability, in conjunction with the financial strength, commercial backing and centralised control framework of UXC, to achieve goals of delivering strong growth, improved operational performance, brand recognition and quality customer solutions, whilst contributing to UXC's overall success.

The Group EBITDA contribution by segment, and other detail, is as follows:

	30 June 2010		30 June 2009	
$000s	**Earnings**	**Revenue**	**Earnings**	**Revenue**
ICT ACTIVITIES (BSG & PSG)	**$43,037**	**$473,727**	**$32,941**	**$455,816**
FIELD SOLUTIONS GROUP	**$7,604**	**$212,478**	**$8,388**	**$179,300**
Eliminations / Unallocated		-$705	-$519	$2,814
Revenue from Continuing Operations		**$685,500**		**$637,930**
Revenue from Discontinued Operations		**$62,793**		**$77,157**
		$748,293		**$715,087**
EBITDAC from Continuing Operations	**$50,641**		**$40,810**	
Corporate	-$7,490		-$6,718	
EBITDA	**$43,151**		**$34,092**	
Depreciation & Amortisation	-$11,953		-$10,572	
Net Borrowing Costs	-$7,982		-$7,977	
PBT	**$23,216**		**$15,543**	
Impairments net of tax	-$1,905		-$4,973	
Income Tax Expense	-$2,712		-$3,205	
NPAT from Continuing Operations	**$18,599**		**$7,365**	
Net Profit / (Loss) from Discontinued Operations	-$21,471		**$6,512**	
NPAT attributable to members	**-$2,872**		**$13,877**	

Business and Professional Solutions Groups

The Business and Professional Solutions Groups (BPSG) of UXC provides market-leading Information, Communication and Technology (ICT) solutions and services to medium and large corporates and governments across Australia and New Zealand. The group goes to market focusing on key customer requirements and specialised capabilities such as management and IT consulting, technical services, software and systems integration, ERP and other core applications, infrastructure and support services.

BPSG revenue of $474m for the year represents 4% growth over the prior year, though EBITDA grew by 31% to $43m (or by an underlying 16% to $38.3m when excluding the gain on sale of a business activity realised in the first half). Underlying EBITDA margin of 8% is a 13% improvement from the prior year.

These results and improvements continue to be based on the strong customer service ethic, the management of core costs and the winning of new and exciting customer contracts such as with Fosters, PSN, the Department of Defence, Queensland Health, MediBank Private, Melbourne Water, Tomago, Canadian firms Thompson River, Tech and others. The pipeline continues to be strong, with some very big opportunities being discussed.

As customers experience the UXC service capability, especially in our vertical solutions, we have been encouraged to expand into North America and we have opened an office in Canada primarily servicing the Resources sector. This has provided us with new opportunities and to date progress has exceeded expectations.

BPSG has grown over the past 5 years from a niche IT business with narrow capabilities to now being recognised as the largest of the "locally" owned IT services business in Australia and New Zealand and one of the top 3 IT consulting based organisations in Australia. This has been achieved by a focus on growing the portfolio of services offered by the group and establishing a breadth and depth of capability in key segments of the IT market. This in turn has enabled the achievement of market leading positions in such offerings as Microsoft Business Solutions, Oracle, SAP, and CPM. Coupled with a flexible, customer-centric approach, the group has now built a formidable revenue stream and an outstanding customer base. The group has improved its attractiveness as a service supplier to medium to large corporate and government organisations in Australia and New Zealand, which is being recognized through the increasing number and size of customer engagements.

Field Solutions Group

The Field Solutions Group (FSG) is an 'asset partner' to water, gas and electricity utilities, providing a broad range of services in asset and data management, capital works and maintenance. FSG is the market leader in metering and meter reading, data management, asset inspection and consumer-based environmental programs. FSG conducts business through long-term annuity contracts with major utilities, providing a significant element of diversity and certainty to UXC's overall earnings.

FSG revenue from continuing operations of $212m increased by 19% over the previous corresponding period, though EBITDA from continuing operations decreased by 9%. This was due to loss contracts in the fixed project area that do not qualify for treatment as discontinued operations. Nonetheless, this area of the business is being wound down.

FSG reported a loss from discontinued operations of $21.5m as discussed in the Letter from the Executive Chairman.

In order to rebuild the business after withdrawing from many environmental solutions activities and businesses, FSG will focus on five pillars for strategic growth:

- Retaining and securing long-term annuity contracts with blue chip clients in the utility sector;
- Continued focus on improved safety performance to achieve best practice;
- Strengthen business unit management, reduce staff attrition and implement employer of choice initiatives;
- Better utilisation of assets, growth in return on assets and less reliance on asset intensive business;
- Implementation of more robust business processes to further reduce the cost base and support business growth.

FSG's leading position in the AMI Smart Meter sector will provide continuing growth prospects. Some $84m of contract wins by FSG have been announced since April, bringing orders on hand to just over $255m at 30 June 2010.

Corporate

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	2010	2009	2008	2007	2006
Revenue ($'000)	$748,293	$715,087	$611,571	$456,943	$300,704
Normalised NPAT ($'000)*	$20,504	$18,850	$26,481	$24,524	$16,595
Reported NPAT ($'000)	($2,872)	$13,877	$24,650	$24,524	$16,595
Operating Cash Flow ($'000)	$27,956	$15,712	$32,644	$22,696	$12,708
Closing Cash ($'000)	$37,758	$29,511	$48,219	$29,598	$19,733
Total Assets ($'000)	$447,351	$453,238	$430,089	$343,403	$236,444
Shareholders' Equity ($'000)	$193,275	$191,268	$161,170	$148,795	$112,642
Available Franking Credits ($'000)	$8,600	$14,900	$16,700	$17,900	$18,000
Basic EPS (Cents per share)*	7.00	8.88	13.84	13.73	10.03
Dividend (Cents per share)#	-	7.65	9.75	9.00	6.50
Dividend Payout Ratio (%)*	-	86%	70%	66%	65%
Return on Assets (%)*	4.7%	4.2%	6.2%	7.1%	7.1%
Return on Equity (%)*	10.8%	9.9%	16.4%	16.5%	14.7%
Gearing Ratio (%)	20.2%	30.2%	35.3%	27.4%	12.7%

* FY08 & FY09: before impairment of investments, redundancy, restructuring costs and other non-recurring costs; FY10: From Continuing Operations, before impairments

\# Includes notional value of Bonus Options interim distribution FY09

UXC's net debt stands at $39m at 30 June 2010, a reduction of 32% from the prior year. Interest cover from Continuing Operations remains strong at over 5 times, and the gearing ratio (measured as net debt divided by equity) has reduced to 20.2%. Gross debt reduced by $31.3 million since December 2009. This was assisted by the exercise of bonus options during the second half that contributed some $9.7m.

Cash flow was strong despite the substantial loss from discontinued operations, with second half cash flow of $36.1m again much stronger than the first half.

The development and commercialization of electronic shelf labels within the ILID business unit continues to be behind expectation. As a result, an assessment has been made regarding the recoverability of capitalised development costs and goodwill and an impairment write-off of $2.3m was made in the second half.

UXC operated within its banking covenants for the year.

Dividend policy will be to continue to pay fully franked dividends in line with performance, without committing to a target dividend payout ratio.

UXC LIMITED **ABN 65 067 682 928**

Preliminary Final Report for the financial year ended 30 June 2010

Current Reporting Period:	Year ended 30 June 2010
Previous Corresponding Period:	Year ended 30 June 2009

Results For Announcement To The Market		**Change %**		**Amount $000**
Revenue from continuing operations	**up**	**+7%**	**to**	**680,071**
Profit/(loss) after tax attributable to members from continuing operations	**up**	**+153%**	**to**	**18,599**
Profit/(loss) after tax attributable to members from discontinued operations	**down**	**>100%**	**to**	**(21,471)**
Net profit/(loss) attributable to members	**down**	**>100%**	**to**	**(2,872)**

A dividend has not been declared for the year ended 30 June 2010.

Refer Letter from the Executive Chairman and Review of Operations for explanation of revenue, net profit and dividends.

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A and Appendix 4E.

UXC Limited

Condensed Consolidated Income Statement
For the Financial Year ended 30 June 2010

	Note	2010 $000	2009 $000
Continuing Operations			
Revenue		**680,071**	637,124
Other income	3	**5,429**	806
		685,500	637,930
Employee benefits expense		**(301,010)**	(291,307)
Services and products used		**(117,901)**	(119,729)
Contractor and sub-contractor expense		**(114,480)**	(85,510)
Licence fee expense		**(19,499)**	(27,361)
Vehicle & equipment running costs		**(18,118)**	(17,671)
Travel expenses		**(11,173)**	(12,907)
Depreciation and amortisation expense		**(11,953)**	(10,572)
Occupancy expenses		**(13,297)**	(12,665)
Professional services expense		**(11,368)**	(11,331)
Finance charges		**(8,647)**	(9,029)
Communication expenses		**(6,839)**	(6,473)
Recruitment and staff training costs		**(3,277)**	(3,766)
Operating lease costs		**(3,103)**	(2,571)
Advertising and marketing costs		**(2,757)**	(2,030)
Insurance costs		**(2,508)**	(2,389)
Share of profit of associates accounted for using the equity method	13	**252**	626
Loss on disposal of property, plant and equipment		**(1,171)**	-
Provision for stock obsolescence		**(448)**	(345)
Bad and doubtful debts expense		**(2,429)**	(648)
Redundancy and restructuring costs		**-**	(2,062)
Impairment of investment in listed corporations		**-**	(317)
Impairment of non-current assets		**(2,335)**	(590)
Other expenses		**(12,558)**	(10,709)
Profit from Continuing Operations Before Income Tax		**20,881**	8,574
Income tax expense		**(2,282)**	(1,209)
Net Profit from Continuing Operations		**18,599**	7,365
Net Profit/(Loss) from Discontinued Operations		**(21,471)**	6,512
Profit/(Loss) Attributable to Members of the Parent Entity		**(2,872)**	13,877
Earnings per share Attributable to Members of the Parent Entity from Continuing and Discontinued Operations	9		
Basic earnings/(loss) per share		**(1.08)**	6.54
Diluted earnings/(loss) per share		**(1.08)**	6.37
From continuing operations			
Basic earnings per share		**7.00**	3.47
Diluted earnings per share		**6.98**	3.38

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

UXC Limited

Condensed Consolidated Statement of Comprehensive Income
For the Financial Year ended 30 June 2010

	2010 $'000	2009 $'000
Profit/(loss) for the year	**(2,872)**	13,877
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**(983)**	315
Gain/(loss) on interest rate cash flow hedges taken to equity	**1,233**	(2,173)
Other comprehensive income for the year	**250**	(1,858)
Total comprehensive income/(loss) for the year	**(2,622)**	12,019

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

UXC Limited

Condensed Consolidated Statement of Financial Position
As at 30 June 2010

	Note	2010 $000	2009 $000
Current Assets			
Cash assets		**37,758**	29,511
Receivables		**110,580**	106,266
Accrued income		**28,610**	54,716
Inventories		**15,602**	18,218
Other financial assets		**348**	176
Current tax assets		**5,376**	1,908
Other		**16,500**	17,109
Total Current Assets		**214,774**	227,904
Non-Current Assets			
Receivables		**11,915**	5,794
Investments accounted for using the equity method		**4,259**	4,217
Other financial assets		**6**	4
Property, plant and equipment		**25,942**	29,978
Goodwill		**175,280**	174,922
Other intangible assets		**7,728**	8,637
Deferred tax assets		**7,206**	1,133
Other		**241**	649
Total Non-Current Assets		**232,577**	225,334
Total Assets		**447,351**	453,238
Current Liabilities			
Payables		**115,049**	112,801
Unearned income		**32,835**	31,292
Borrowings		**26,971**	19,191
Provisions		**21,644**	19,621
Other financial liabilities		**683**	1,918
Other	**4**	**1,168**	3,414
Total Current Liabilities		**198,350**	188,237
Non-Current Liabilities			
Unearned income		**860**	317
Borrowings		**49,794**	68,027
Provisions		**4,718**	4,491
Other	**4**	**354**	898
Total Non-Current Liabilities		**55,726**	73,733
Total Liabilities		**254,076**	261,970
Net Assets		**193,275**	191,268
Equity			
Issued capital	**5**	**169,528**	152,494
Reserves		**125**	3,396
Retained earnings		**23,622**	35,378
Total Equity		**193,275**	191,268

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

UXC Limited

Condensed Consolidated Statement of Changes in Equity
For the Year ended 30 June 2010

	Issued capital $000	Foreign currency translation reserve $000	Share based payments reserve $000	Cash flow hedge reserve $000	Employee equity settled benefit reserve $000	Deferred shares recognised directly in equity $000	Retained earnings $000	Total and Attributable to members of the parent $000
Balance at 1 July 2008	127,853	(2,193)	579	257	2,455	-	32,219	161,170
Profit for the year	-	-	-	-	-	-	13,877	13,877
Other comprehensive income	-	315	-	(2,173)	-	-	-	(1,858)
Total comprehensive income and expense for the year	-	315	-	(2,173)	-	-	13,877	12,019
Shares issued	25,041	-	-	-	-	-	-	25,041
Share buy back	(364)	-	-	-	-	-	-	(364)
Share issue costs	(436)	-	-	-	-	-	-	(436)
Dividend paid	-	-	-	-	-	-	(10,718)	(10,718)
Deferred consideration recognised directly in equity	-	-	-	-	-	3,750	-	3,750
Share based payments	400	-	-	-	406	-	-	806
Balance at 30 June 2009	152,494	(1,878)	579	(1,916)	2,861	3,750	35,378	191,268
Balance at 1 July 2009	152,494	(1,878)	579	(1,916)	2,861	3,750	35,378	191,268
Profit/(loss) for the year	-	-	-	-	-	-	(2,872)	(2,872)
Other comprehensive income	-	(983)	-	1,233	-	-	-	250
Total comprehensive income and expense for the year	-	(983)	-	1,233	-	-	(2,872)	(2,622)
Shares issued	17,104	-	-	-	-	-	-	17,104
Share issue costs	(70)	-	-	-	-	-	-	(70)
Dividend paid	-	-	-	-	-	-	(8,884)	(8,884)
Deferred consideration in equity issued as shares	-	-	-	-	-	(3,750)	-	(3,750)
Share based payments	-	-	-	-	229	-	-	229
Balance at 30 June 2010	169,528	(2,861)	579	(683)	3,090	-	23,622	193,275

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

UXC Limited

Condensed Consolidated Cash Flow Statement
For the Financial Year ended 30 June 2010

	2010 $000	2009 $000
Cash Flows From Operating Activities		
Receipts from customers	**842,369**	774,852
Payments to suppliers and employees	**(803,901)**	(744,419)
Interest received	**869**	1,052
Interest and other costs of finance paid	**(9,065)**	(8,398)
Income taxes paid	**(2,316)**	(7,375)
Net cash provided by operating activities	**27,956**	15,712
Cash Flows From Investing Activities		
Proceeds from sale of investments	**-**	892
Proceeds from business sold	**2,466**	-
Payments for investments	**(98)**	(55)
Payments for businesses acquired in current year	**(1,080)**	(1,321)
Payments for businesses acquired in prior years	**(1,178)**	(1,091)
Cash acquired from acquisitions	**259**	2,922
Payment for property, plant and equipment	**(6,955)**	(10,542)
Proceeds from sale of property, plant and equipment	**534**	1,159
Dividends received from investments	**210**	-
Payment for other intangible assets	**(4,830)**	(5,615)
Net cash used in investing activities	**(10,672)**	(13,651)
Cash Flows From Financing Activities		
Proceeds from issues of equity securities	**9,707**	6,977
Payment for share buyback	**-**	(364)
Payment for share buyback cost	**-**	(9)
Payment for share issue costs	**(70)**	(427)
Proceeds from borrowings	**58,275**	21,983
Repayment of borrowings	**(68,727)**	(39,893)
Dividends paid	**(8,129)**	(9,112)
Net cash used in financing activities	**(8,944)**	(20,845)
Net Increase / (Decrease) In Cash Held	**8,340**	(18,784)
Cash At The Beginning Of The Financial Year	**29,511**	48,219
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(93)**	76
Cash At The End Of The Financial Year	**37,758**	29,511

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements
For the Financial Year ended 30 June 2010

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Notes to the Condensed Consolidated Financial Statements
For the Financial Year ended 30 June 2010

1 Significant accounting policies

Statement of Compliance

The Appendix 4E preliminary final report has been prepared in accordance with Australian Stock Exchange listing rules and the recognition and measurement criteria of Accounting Standards and interpretations. Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS").

Basis of Preparation

The Appendix 4E has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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 Appendix 4E are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the Appendix 4E are consistent with those adopted and disclosed in the company's 2009 annual financial report for the financial year ended 30 June 2009.

2 Information on Audit

This full year report is based on accounts which are in the process of being audited.

3 Other income

	2010 $000	2009 $000
Gain on disposal of investments	**-**	56
Gain on disposal of business	**4,758**	-
Other income	**671**	750
	5,429	806

4 Other liabilities

Deferred consideration

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

This Deferred Consideration arises in connection with acquisition agreements and includes “earn-out” obligations in favour of the vendors of the acquired entity upon their attainment of certain earnings targets within certain timeframes.

The amount of deferred consideration and earn-outs due and payable is $981,000. The amount of earn-outs which can be reliably estimated is $541,000.

	2010	2009
Deferred consideration - Cash	**816**	2,644
Deferred consideration - Equity	**706**	1,668
	1,522	4,312
Current	**1,168**	3,414
Non Current	**354**	898
Total other liabilities	**1,522**	4,312

5 Issued capital

	2010 No. 000	2010 $000
Ordinary UXC shares		
Balance at the beginning of the year	**216,492**	137,533
Shares issued during the year:		
Consideration for acquisitions	**9,698**	6,312
Exercise of options	**87**	-
Exercise of bonus options	**22,705**	9,707
UXC IPS shares reclassified as UXC shares	**17,336**	9,448
Distribution in lieu of an interim cash distribution	**27,679**	-
Equity based compensation	**704**	330
Dividend reinvestment plan	**899**	755
	79,108	26,552
Less transaction costs	**-**	(70)
Balance at the end of the year	**295,600**	164,015
UXC IPS shares (note 1)		
Balance at the beginning of the year	**27,526**	14,961
Shares issued during the year:		
UXC IPS shares reclassified as UXC shares	**(17,337)**	(9,448)
Balance at the end of the year	**10,189**	5,513
Total share capital	**305,789**	169,528

1. UXC IPS shares are unquoted shares in UXC ranking equally in all respects with ordinary UXC shares, except that UXC IPS shares were entitled to additional UXC shares if Ingena achieved certain profit targets at June 2009 and June 2010 as set out in UXC's Bidder's Statement for the acquisition of Ingena Group Limited dated 12 November 2008. All remaining UXC IPS shares will be reclassified as UXC shares on 30 September 2010.

6 Reconciliation of profit/(loss) for the year to net cash flows from operating activities	2010 $000	2009 $000
Profit/(Loss) after tax for the year	(2,872)	13,877
Depreciation and amortisation	12,155	10,765
(Profit)/loss on disposal of plant and equipment	1,171	131
(Profit)/loss on disposal of Investments	-	(56)
(Profit)/loss on disposal of business	(4,758)	-
Unrealised foreign exchange (gains)/Losses	(957)	65
Equity settled share based payment	229	406
Impairment of investment in listed corporations	-	317
Impairment of non-current assets	2,335	590
Share of associates' profit	(252)	(626)
(Increase)/decrease in current tax asset	(3,483)	(7,416)
(Increase)/decrease in deferred tax asset	(6,074)	2,860
Changes in operating assets and liabilities net of the effects of purchases and disposals of businesses		
(Increase)/decrease in receivables	(5,713)	658
(Increase)/decrease in accrued income	25,508	(14,496)
(Increase)/decrease in inventories	2,616	1,323
(Increase)/decrease in other assets	455	(2,049)
Increase/(decrease) in payables	2,263	6,262
Increase/(decrease) in unearned income	2,939	3,575
Increase/(decrease) in provision for employee benefits	2,298	185
Increase/(decrease) in other provisions	96	(659)
Net cash inflow from operating activities	27,956	15,712

7 Acquisitions of Entities and Businesses

The following acquisitions were made during the current financial year

Name of entity / business	Principal Activity	Date control gained	Proportion of shares acquired
Glue AP Pty Ltd	IT Consulting	10 September 2009	100%
MXL	IT Consulting	14 May 2010	Business and assets

Acquisitions for the previous corresponding period:

Datec Queensland

Ingena Group Limited

Included in the result for the year is a profit for the period of $604,000 attributable to the above acquisitions. Had these business combinations been effected at 1 July 2009, the revenue of the consolidated entity would have been approximately $680,521,000 and the net loss would have been approximately $2,751,000.

7 Acquisitions of Entities and Businesses (continued)

Details of the acquisitions are as follows:

	2010 $000	2009 $000
Consideration		
Cash	**1,080**	**1,321**
Share capital and options	**1,591**	**16,047**
Deferred consideration	**806**	**688**
Deferred consideration recognised directly in equity	**-**	**3,750**
	3,477	**21,806**

Fair Value of Net Assets Acquired	Book value	Fair value adjustment	Fair value on Acquisition	
	$000	$000	$000	$000
Current assets:				
Cash assets	259	-	**259**	2,922
Receivables	364	-	**364**	4,592
Other	57	-	**57**	16
Total current assets	680	-	**680**	7,530
Non-current assets:				
Property, plant and equipment	30	-	**30**	90
Other intangible assets	1,000	-	**1,000**	-
Deferred tax assets	-	-	**-**	456
Total non-current assets	1,030	-	**1,030**	546
Total assets	1,710	-	**1,710**	8,076
Current liabilities:				
Payables	191	-	**191**	2,297
Deferred consideration	-	-	**-**	2,284
Unearned income	-	-	**-**	4
Current tax liabilities	15	-	**15**	1,322
Provisions	45	-	**45**	305
Total current liabilities	251	-	**251**	6,212
Non-current liabilities:				
Provisions	-	-	**-**	16
Total non-current liabilities	-	-	**-**	16
Total liabilities	251	-	**251**	6,228
Net assets acquired	1,459	-	**1,459**	1,848
Goodwill on acquisition			**2,018**	19,958
			3,477	21,806

There were no adjustments between book and fair value upon acquisition.

Goodwill on acquisition represents the future benefits of acquiring suitably qualified workforces typically found with services businesses specialising in particular technologies and systems. The initial accounting for the above acquisitions has only been provisionally determined at the reporting date.

8 Dividends

Recognised Amounts

Fully Paid Ordinary Shares	Date dividend paid/payable	Dividend paid in respect of financial year ending	**2010** Cents per Share	**2010** Total $000	**2009** Cents per Share	**2009** Total $000
Final dividend: (Fully Franked)	20 November 2009	30 June 2009	**3.50**	**8,884**		
Interim dividend : (Fully Franked)	Note 1	Note 1			-	-
Final dividend: (Fully Franked)	21 November 2008	30 June 2008			5.50	10,718
				8,884		10,718

Note 1. In March 2009, in place of an interim dividend, a 1 for 10 Bonus Option was issued with an exercise price of $0.45, exercised in March 2010.

	2010 $000	2009 $000
Franking account balance (tax paid basis)	**8,627**	14,863
Impact on franking account balance of dividends not recognised	**-**	(3,763)
	8,627	**11,100**

Notes to the Condensed Consolidated Financial Statements
For the Financial Year ended 30 June 2010

9 Earnings Per Share

	2010	**2009**
	¢ per share	**¢ per share**
Basic EPS		
From continuing operations	**7.00**	3.47
From discontinued operations	**(8.08)**	3.07
Total basic earnings/(loss) per share	**(1.08)**	6.54
Diluted EPS		
From continuing operations	**6.98**	3.38
From discontinued operations	**(8.06)**	2.99
Total diluted earnings/(loss) per share	**(1.08)**	6.37

Earnings	**$000**	**$000**
The earnings used in the calculation of basic and diluted earnings per share are:		
From continuing operations	**18,599**	7,365
From discontinued operations	**(21,471)**	6,512
Total attributable to members	**(2,872)**	13,877

Basic Earnings per Share	**No. 000**	**No. 000**
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Weighted average number of ordinary shares	**265,782**	212,142

Diluted Earnings per Share

The weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

Weighted average number of ordinary shares and potential ordinary shares (a), (b), (c)	**266,553**	217,687

(a) Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in the calculation of basic EPS	**265,782**	212,142
Shares deemed to be issued in respect of business purchase agreements (deferred consideration): Ordinary Shares	**715**	5,468
Shares deemed to be issued for no consideration in respect of: Ordinary Options	**56**	77
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	**266,553**	217,687

(b) The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

Options over ordinary shares	**1,742**	7,384

(c) Weighted average number of converted, lapsed, or cancelled potential ordinary shares used in the calculation of diluted earnings per share:

Options over ordinary shares	**5,103**	2,347

10 Net Tangible Assets Per Security	2010 ¢ per share	2009 ¢ per share
Net tangible assets per security at balance date	**3.4**	3.2
Net tangible assets per security adjusted for the equity component of deferred consideration	**3.6**	3.8

Net tangible assets per security will improve as the equity component of deferred consideration is issued over the respective acquisition agreement periods.

Net assets per security	**63.2**	78.4

11 Contingent Liabilities	$000	$000
Guarantees for performance of various contracts and security for leased premises	**15,461**	17,158

Contractual obligations

Certain controlled entities have given guarantees pursuant to performance of various projects and security for leased premises to third parties in the normal course of business. Certain controlled entities 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, a provision has been raised elsewhere in the financial report.

Deferred Consideration for acquisitions

There are a number of agreements which have been entered into by UXC and its subsidiaries with third parties which confer on those third parties rights to be issued UXC Shares or UXC Options, or receive cash payments at a future date. These Deferred Consideration arises in connection with acquisition agreements and mainly comprise “earn-out” obligations in favour of the vendors of the acquired entity upon their attainment of certain earnings targets within certain timeframes. In addition to the Deferred Equity Right entitlements thereby conferred, some of the earn-outs also contemplate cash payments on the same or similar basis. Where there is a likelihood of earn-outs being met and a reliable estimate of the obligations can be made, a liability has been raised in the financial report

12 Segment Information

The Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance for which discrete information is available.

	2010 $000	2009 $000
Segment Revenues		
Continuing operations		
Business Solutions	**441,650**	440,284
Professional Solutions	**32,077**	15,532
Field Solutions	**212,478**	179,300
Total of all segments	**686,205**	635,116
Unallocated and Eliminations	**(705)**	2,814
Discontinued operations	**62,793**	77,157
Consolidated	**748,293**	715,087
Segment Results (Profit Before Tax)		
Business Solutions (1)	**32,920**	16,915
Professional Solutions	**5,172**	4,289
Field Solutions	**(57)**	2,798
Total of all segments	**38,035**	24,002
Unallocated	**(14,819)**	(14,521)
Profit before income tax expense	**23,216**	9,481
Income tax expense	**(2,712)**	(1,209)
Profit for the financial year	**20,504**	8,272
Impairment of investment in listed corporations	**-**	(317)
Impairment of non-current assets after tax	**(1,905)**	(590)
Net profit from continuing operations	**18,599**	7,365
Net profit/(loss) from discontinued operations	**(21,471)**	6,512
Net profit attributable to members of the parent entity	**(2,872)**	13,877

Segment Assets and Liabilities	Assets		Liabilities	
	2010 $000	2009 $000	2010 $000	2009 $000
Business Solutions (1)	**252,724**	242,574	**135,298**	123,121
Professional Solutions	**23,409**	24,080	**2,932**	6,469
Field Solutions	**109,947**	129,147	**48,791**	55,600
Total of all segments	**386,080**	395,801	**187,021**	185,190
Unallocated	**61,271**	57,437	**67,055**	76,780
Discontinued operations	**-**	-	**-**	-
Consolidated	**447,351**	453,238	**254,076**	261,970

Other Segment Information	Business Solutions		Professional Solutions		Field Solutions	
	2010 $000	2009 $000	2010 $000	2009 $000	2010 $000	2009 $000
Acquisition of segment assets	**5,123**	9,165	**56**	76	**5,728**	7,465
Depreciation and amortisation of segment assets						
From continuing operations	**5,063**	5,543	**43**	17	**6,825**	4,655
From discontinued operations	**-**	-	**-**	-	**201**	193

(1) Includes associate entities

12 Segment Information (continued)

Products and Services within each Business Segment

Business Solutions Group
Provides market-leading Information, Communication and Technology (ICT) solutions and services to medium and large corporates and governments. The Group has three service and solution focus areas: Consulting, Applications and Infrastructure.

Professional Solutions Group
Providing Management Consulting, Software and Systems Integration, and Technical Services to industry and government.

Field Solutions Group
Engaged in asset and data management for utilities, including asset inspection, management and maintenance services; water conservation, energy saving, and other environmental services; the provision of utility meter installation and reading services; and related data management and GIS services.

13 Associate Entities

	% of Shares Held	
Name of Entity / Business	**2010**	**2009**
NCSS Maintenance Services Pty Ltd	50%	50%