

UCW LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2015
ABN: 85 108 962 152

This half year financial report is to be read in conjunction with the financial report for the year ended
30 June 2015

UCW LIMITED

APPENDIX 4D

1. Reporting period

Report for the half year ended 31 December 2015

Previous corresponding periods:

Financial year ended 30 June 2015

Half year ended 31 December 2014

Results for announcement to the market

Key Information		Change %	Half-year Ended	Half-year Ended
			31 December 2015	31 December 2014
			\$	\$
Revenue	Down	9%	5,454	5,989
(Loss) from continuing operations after tax attributable to members	Up	521%	(339,613)	(54,661)
Total comprehensive (loss) attributable to members	Up	521%	(339,613)	(54,661)

Dividends paid and proposed

No dividend was paid or proposed during the period.

2. Net tangible assets (deficiency) per share

Net tangible assets (deficiency) per ordinary share 0.73 cents (31 December 2014: (78.37 cents))

3. Control gained or lost over entities in the half year

Control gained over entities during the period Nil
Loss of control of entities during the period Nil

4. Investments in associates and joint venture entities

Equity accounted associates and joint venture entities Nil
Aggregate share of Profit / (Losses) of associates and joint venture entities Nil

5. Audit opinion

Emphasis of Matter Regarding Going Concern

As referred to in 1(d) to the financial statements, the financial statements have been prepared on a going concern basis. At 31 December 2015 the entity had experienced total cash outflows from operating activities of \$605,704, had a net current assets of \$619,564 and had incurred a net loss for the period amounting to \$339,613. The ability of the entity to continue as a going concern is subject to the Company's existing cash resources and on the ability to modify expenditure outlays if required, and to source additional funds. In the event that the Board is not successful in maintaining existing cash resources modifying expenditure outlays, and in raising further funds, the Company may not be able to meet its liabilities as they fall due

UCW LIMITED

TABLE OF CONTENTS

CONTENTS	Page
Directors' Report	4
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Condensed Notes to the Consolidated Financial Statements	11
Directors' Declaration	14
Independent Auditor's Review Report	15

UCW LIMITED

DIRECTORS' REPORT

Review of operations

The principal activities of Company during the half year were the distribution of apparel.

On 17 June 2015, the Company announced that it had entered into a binding Share Sale and Purchase Agreement to acquire 100% of the issued capital in Australian Learning Group Pty Ltd (ALG) for minimum purchase price of \$8.5m and a maximum purchase price of \$11m (based on 5 times normalised FY16 EBITDA) with the consideration payable in cash and UCW shares.

ALG (www.alg.edu.au) was founded in 2005 and is a national provider of accredited education to the international student market in the areas of Fitness, Sport and Recreation Management and Massage. ALG is a Registered Training Organisation (RTO) and is a national Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) provider. It operates through three colleges, the Australian College of Sport & Fitness, the NSW School of Massage and the Australian College of Dance, and offers Certificate III, Certificate IV and Diploma level courses. ALG has campuses in Sydney, Melbourne, Brisbane and Perth.

On 17 November 2015, the Company entered into a subscription agreement with Global Capital Holdings (Australia) Pty Limited (Global Capital) whereby Global Capital or its nominee(s) will invest \$6.5m into the Company.

Completion of the proposed acquisition is subject to a number of condition precedents being satisfied or waived. These conditions include the receipt of Shareholder approval for all the resolutions being sought at the upcoming Extraordinary General Meeting (EGM), which will be held on 29 February 2016.

Thereafter, an offer under a prospectus will seek to raise up to \$12m (including Global Capital's \$6.5m) via the issue of shares at 6 cents per share with one free attaching option for every three new shares subscribed. The options will be unquoted, have an exercise price of 6 cents and will expire on 30 June 2018.

The loss after income tax for the six months ended 31 December 2015 was \$339,613 (31 December 2014: loss of \$54,661).

Significant changes in the state of affairs

In the event that Shareholders of the Company approve the proposed acquisition of ALG (and all other condition precedents being satisfied or waived including the proposed capital raising), this will result in the Company changing the nature and scale of its activities.

Auditor independence and non-audit services

The auditor's independence declaration is included on page 6 of the financial report.

Signed in accordance with a resolution of the directors.



Adam Davis
Executive Chairman
Sydney
23 February 2016

23 February 2016

Board of Directors
UCW Limited
Level 5, 137-139 Bathurst Street
NSW, 2000

Dear Sirs

RE: UCW 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 UCW Limited.

As Audit Director for the review of the financial statements of UCW Limited for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

UCW LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR
ENDED 31 DECEMBER 2015**

	Note	Company 2015 \$	Consolidated 2014 \$
Revenue	2	5,454	5,989
Expenses			
Change in inventories and work in progress	2	(5,000)	(5,985)
Distribution costs		-	(2,400)
Commission paid		-	(858)
Insurance expense		-	(853)
Employee benefits expense		(110,195)	(22,246)
Rental expense		-	(4,926)
Professional fees		(150,974)	-
Other expenses		(78,898)	(23,382)
Total expenses		<u>(345,067)</u>	<u>(60,650)</u>
(Loss) before finance costs		(339,613)	(54,661)
(Loss) before income tax expense		(339,613)	(54,661)
Income tax expense		-	-
(Loss) from continuing operations		<u>(339,613)</u>	<u>(54,661)</u>
Other comprehensive income for the half year			
Other comprehensive income		-	-
Total comprehensive (loss)		<u>(339,613)</u>	<u>(54,661)</u>
(Loss) is attributable to:			
UCW Limited		<u>(339,613)</u>	<u>(54,661)</u>
		<u>(339,613)</u>	<u>(54,661)</u>
Total comprehensive (loss) is attributable to			
UCW Limited		<u>(339,613)</u>	<u>(54,661)</u>
		<u>(339,613)</u>	<u>(54,661)</u>
(Loss) per share from continuing operations attributable to equity holders of the parent entity			
Basic (loss) per share (cents per share)		(0.40)	(1.27)
Diluted (loss) per share (cents per share)		(0.40)	(1.27)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying condensed notes.

UCW LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Company	Company
	31 December	30 June 2015
	2015	2015
	\$	\$
Current Assets		
Cash and cash equivalents	1,113,469	1,147,632
Trade and other receivables	69,383	17,072
Inventories	-	5,000
Prepayments	71,059	-
Intangible assets	5,500	5,500
	1,259,411	1,175,204
Total assets	1,259,411	1,175,204
Current Liabilities		
Trade and other payables	68,306	216,027
Financial liabilities	-	-
Short-term provisions	-	-
Equity to be issued	8 571,541	-
	639,847	216,027
Total Liabilities	639,847	216,027
Net Assets	619,564	959,177
Equity		
Issued capital	4 2,075,000	2,075,000
Reserves	1,875	1,875
Accumulated losses	(1,457,311)	(1,117,698)
	619,564	959,177

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

UCW LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Issued Capital	Share Based Payment Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Company				
Balance as at 1 July 2015	2,075,000	1,875	(1,117,698)	959,177
Net (loss) for the half year	-	-	(339,613)	(339,613)
Other comprehensive income for the half year	-	-	-	-
Total comprehensive (loss) for the half year	-	-	(339,613)	(339,613)
Transactions with owners in their capacity as owners				
Share issue	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-
Balance as at 31 December 2015	<u>2,075,000</u>	<u>1,875</u>	<u>(1,457,311)</u>	<u>619,564</u>
Consolidated				
Balance as at 1 July 2014	23,241,146	-	(26,566,584)	(3,325,438)
Net (loss) for the half year	-	-	(54,661)	(54,661)
Other comprehensive income for the half year	-	-	-	-
Total comprehensive (loss) for the half year	<u>23,241,146</u>	<u>-</u>	<u>(26,621,245)</u>	<u>(3,380,099)</u>
Transactions with owners in their capacity as owners				
Share issue	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-
Balance as at 31 December 2014	<u>23,241,146</u>	<u>-</u>	<u>(26,621,245)</u>	<u>(3,380,099)</u>

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

UCW LIMITED

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Company	Consolidated
	2015	2014
	\$	\$
Cash flow from operating activities		
Receipts from customers	326	4,715
Payments to suppliers and employees	(611,158)	(52,838)
Interest received	5,128	4
Net cash (used in) operating activities	(605,704)	(48,119)
Cash flow from investing activities		
Proceeds from sale of plant and equipment	-	14,545
Net cash generated by investing activities	-	14,545
Cash flow from financing activities		
Funds held in trust for equity to be issued	571,541	-
Net cash generated by financing activities	571,541	-
Net (decrease) in cash and cash equivalents	(34,163)	(33,574)
Cash and cash equivalents at beginning of the period	1,147,632	51,721
Cash and cash equivalents at end of half year	1,113,469	18,147

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

UCW LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This interim financial report of the Company for the half-year ended 31 December 2015 was authorised for issue at the date of the directors report.

(a) Basis of preparation of the interim financial report

Statement of compliance

The interim financial report is a general purpose financial report which was prepared in accordance with the Corporations Act 2001 and Accounting Standards AASB 134, Interim Financial Reporting where possible (refer to basis of preparation below). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The interim financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(b) Incomplete records – comparative balances

The management and affairs of the Company were not under the control of the Directors of the Company from the time it entered into voluntary administration on 6 March 2014 until the date the Deed of Company Arrangement (**DOCA**) effectuated on 16 February 2015.

The Directors who prepared this financial report were appointed on 16 February 2015.

To prepare the financial report, the Directors have reconstructed the financial records of the Group using data extracted from the Group's accounting systems, the record of receipts and payments made available by the Administrator of the Company and its subsidiaries for the period of their appointment. However, it has not been possible for the Directors to obtain all the books and records of the Group for the period prior to the appointment of the Administrators.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, for the comparative periods in the financial report, being for the half year ended 31 December 2014 and year ended 30 June 2015.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(c) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The company has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

UCW LIMITED

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER
2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(d) Going concern

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary courses of business.

The Company incurred a net loss of \$339,613 (2014 loss: \$54,661) and experienced total cash outflows from operating activities of \$605,704 (2014: \$48,119) for the half year ended 31 December 2015 and, as at that date, had a net current assets of \$619,564 (30 June 2015: \$959,177).

Based upon the Company's existing cash resources and on the ability to modify expenditure outlays if required, and to source additional funds, the Directors consider there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the 31 December 2015 half year financial report.

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

The following revenue and expenses are relevant in explaining the financial performance for the interim year:

	2015	2014
	\$	\$
Revenue:		
Sale of goods	326	5,985
Interest and dividend received	5,128	4
	5,454	5,989
	2015	2014
	\$	\$
Expenses:		
Cost of sales	(5,000)	(5,985)

NOTE 3: DIVIDENDS

There were no dividends provided or paid during the half year.

NOTE 4: SHARE CAPITAL

	Ordinary shares			
	31 Dec 2015		30 June 2015	
	Number	\$	Number	\$
Opening balance	337,280,024	2,075,000	86,400,000	23,241,146
Share Consolidation (1:4) 21 Sept 2015	(252,959,968)	-	(69,119,976)	-
Share Issue	-	-	320,000,000	2,075,000
Write back of accumulated losses*	-	-	-	(23,241,146)
At reporting date	84,320,056	2,075,000	337,280,024	2,075,000

*The Directors of the Company elected to apply for relief under section 258F of the Corporations Act 2001, as the paid up share capital is considered cost or is not represented by available assets.

UCW LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

NOTE 4: SHARE CAPITAL (CONTINUED)

Issuance of ordinary shares

On 21 September 2015, the shareholders approved the consolidation of the issued capital of the Company on that basis every five (4) Shares have been consolidated into one (1) Share. Ordinary shares cancelled as part of the consolidation included 252,959,968 ordinary shares.

NOTE 5: EVENTS AFTER BALANCE DATE

No events have occurred after balance date that impacts the financial statements.

NOTE 6: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no current contingent liabilities or contingent assets other than a break fee of \$100,000 payable to the ALG vendors should the acquisition of ALG not complete in specific circumstances.

NOTE 7: SEGMENT INFORMATION

The Company has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company only operates in one business and geographical segment being the distribution of apparel in Australia.

NOTE 8: EQUITY TO BE ISSUED

In accordance with section 724 of the Corporations Act 2001, the Company will allow applicants who have lodged applications under the Original Prospectus dated 15 September 2015 to obtain a refund of their Application Monies if they do not wish to proceed with their application.

UCW LIMITED

DIRECTORS' DECLARATION

- 1) Subject to the uncertainty over the completeness of source documentation and its impact on comparatives disclosure, as disclosed in Note 1(b), in the opinion of the Directors of UCW Limited (the 'Company'):
 - a) the condensed financial statements, notes and the additional disclosures as set out on pages 7 to 13 are in accordance with the Corporations Act 2001 including:
 - i) giving a true and fair view of the company's financial position as at 31 December 2015 as represented by the results of its operations, changes in equity and its cash flows for the period from 1 July 2015 to 31 December 2015; and
 - ii) complying with the Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;
 - b) At the date of this statement, and, as set out in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

This statement is made in accordance with a resolution of the Board of Directors made pursuant to S.303(5) of the Corporations Act 2001.

On behalf of the Directors



Executive Chairman
Sydney
23 February 2016

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
UCW LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of UCW Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for UCW Limited (the Company).

Directors' Responsibility for the Half-Year Financial Report

The directors of UCW Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of UCW Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, has been provided to the directors of UCW Limited on 23 February 2016.

Basis for Qualified Auditor's Review Conclusion

The Company was placed into administration on 6 March 2014 until the date the Deed of Company Arrangement was effectuated, being 16 February 2015. Consequently, the financial information relating to the half-year ended 31 December 2014 and the year ended 30 June 2015 was not subject to the same accounting and internal control processes, which included the implementation and maintenance of internal controls that are relevant to the preparation and fair presentation of the financial report. Whilst the books and records of the company have been reconstructed to the maximum extent possible, we were unable to satisfy ourselves as to the completeness of the general ledger and financial records as well as the relevant disclosures in the financial report for the half-year ended 31 December 2014 and the year ended 30 June 2015.

Emphasis of Matter Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 1 (d) to the financial statements, the financial statements have been prepared on the going concern basis. At 31 December 2015, the entity had working capital of \$619,564, cash and cash equivalents of \$1,113,469 (of which \$571,541 is held on trust for equity to be issued) and had incurred a loss for the year amounting to \$339,613. The ability of the entity to continue as a going concern is subject to successful recapitalisation of the entity. In the event that the Board is not successful in recapitalising the entity and in raising further funds, the Company may not be able to meet its liabilities as they fall due.

Qualified Auditor's Review Conclusion

Based on our review, which is not an audit, and because of the existence of the limitation on the scope of our work for the half-year ended 31 December 2014 and the year ended 30 June 2015 as described in the Basis for Qualified Auditor's Review Conclusion paragraph noted above, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation of scope not existed, the half-year financial report of UCW Limited is in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
23 February 2016