

UCW LIMITED AND ITS CONTROLLED ENTITIES
ABN 85 108 962 152

UCW
LIMITED

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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CORPORATE DIRECTORY

Directors

Gary Burg – Non-Executive Chairman
Adam Davis – Chief Executive Officer and Managing Director
Peter Mobbs – Non-Executive Director
Jonathan Pager – Non-Executive Director
Michael Pollak – Non-Executive Director
Bradley Hill – Alternate Director to Gary Burg

Company Secretary

Lyndon Catzel (appointed 1 August 2016)
Andrew Whitten (resigned 23 November 2016)

Auditors

Stantons International
Level 2
1 Walker Avenue
West Perth WA 6005

Registered Office

Level 1
225 Clarence Street
Sydney NSW 2000
Phone: +61 2 9112 4540

Share Registry

Link Market Services Pty Limited
Ground Floor
178 St Georges Terrace
Perth WA 6000
Investor Enquiries: 1300 554 474

Stock Exchange Listing

Australian Securities Exchange (ASX).
ASX Code: UCW

Website

www.ucwlimited.com.au

DIRECTORS' REPORT

Your Directors present their Half-Year Report on the consolidated entity consisting of UCW Limited (**UCW** or **the Company**) and its controlled entities (**Group**) for the half-year ended 31 December 2016.

Directors

The names of the Directors during or since the end of the half-year are:

Name	Particulars
Gary Burg	Non-Executive Chairman
Adam Davis	Chief Executive Officer and Managing Director
Peter Mobbs	Non-Executive Director (Independent)
Jonathan Pager	Non-Executive Director (Independent)
Michael Pollak	Non-Executive Director (Independent)
Bradley Hill	Alternate Director to Gary Burg

Dividends

No dividends have been paid or declared during the half-year ended 31 December 2016 (Company: 2015: \$nil).

Principal activities

The principal activity of the Company during the half-year was the provision of education services.

Operating and financial review

On 24 March 2016, UCW acquired 100% of the issued capital in Australian Learning Group Pty Limited (**ALG**). The results presented in this financial report represent the Group's performance including the operations of ALG. The results for the comparative period, which pre-dates the acquisition of ALG, reflect the operations of the Company only.

A share sale agreement was executed for the acquisition of 4Life Pty Limited (**4Life**) during the reporting period but did not complete until 13 January 2017. Accordingly, 4Life did not form part of the Group during the reporting period.

UCW's focus within the education sector is the international student market. The Company's strategy is to acquire established businesses that it can add value to and grow through strategies including product expansion, geographic expansion and broadening distribution, and through integration. The Board includes Directors with extensive experience and a successful track record in building both private and listed education businesses.

DIRECTORS' REPORT (continued)

Australian Learning Group Pty Limited

The Board is pleased to report strong underlying performance of ALG for the half-year to 31 December 2016, driven by continued growth in international student enrolments. Revenue from international students represented more than 85% of ALG's course revenue during the period and is the key growth driver of the ALG business. International enrolments grew 25.8% against the previous corresponding period (**PCP**) to 1,841. Enrolment growth was recorded across all campuses and in all fields of study, as reflected in the tables below for the half-year ended 31 December 2016 (**H1, FY17**):

Enrolments by campus

Campus	H1, FY17 enrolments	Growth on PCP	Proportion of total
Sydney	954	12.6%	51.8%
Melbourne	431	38.6%	23.4%
Brisbane	109	172.5%	5.9%
Perth	347	30.5%	18.9%
Total	1,841	25.8%	100.0%

Enrolments by field of study

Field of study	H1, FY17 enrolments	Growth on PCP	Proportion of total
Fitness	1,240	9.7%	67.3%
Sports & Recreation Management	182	48.0%	9.9%
Massage Therapy	359	70.1%	19.5%
Dance Teaching	60	n/a	3.3%
Total	1,841	25.8%	100.0%

ALG generated \$654,915 EBITDA on \$4,138,178 revenue for the reported period, representing an EBITDA margin of 15.8%. Earnings and EBITDA margin growth were subdued as a result of continued investment during the period, including:

- new course development;
- rollout of existing courses across campuses (resulting in commencing cohort sizes that are not profitable);
- the operation of the Brisbane campus (opened 2015), which recorded another period of strong enrolment growth (up 172.5%) but has not yet attained profitability; and
- implementation of a new student management system.

These items are discussed below.

During the period, work continued on implementation of a new student management system, which went live in February 2017 and is being implemented on a progressive basis. The system is expected to improve operational efficiency and provide enhanced functionality to students, agents and staff. The new student management system is considered a key piece of infrastructure that will enable the Company to extract efficiencies as it adds scale by acquisition, such as the add-on acquisition of 4Life, discussed below.

In terms of course rollout and development, ALG's current courses are progressively being introduced across all campuses (Sydney, Melbourne, Brisbane and Perth). The national rollout of ALG's Massage Therapy course offering was a significant driver of enrolment growth during the period. ALG is also currently investing in developing a number of complementary new courses to broaden its product offering.

DIRECTORS' REPORT (continued)

4Life Pty Limited

The acquisition of 4Life Pty Limited (**4Life**) was announced during the reporting period but did not complete until 13 January 2017. Accordingly, 4Life did not form part of the Group during the reporting period.

Established in Adelaide in 2005, 4Life is a Registered Training Organisation (**RTO**) and Commonwealth Register of Institutions and Courses for Overseas Students (**CRICOS**) provider that offers certificate and diploma level courses in the field of Community Services to international and domestic students.

4Life is a complementary add-on acquisition for ALG, bringing a suite of courses which ALG can deliver through its national campus footprint and agent network. Its courses include: Early Childhood Education & Care, Individual Support, Disability, Ageing Support, Mental Health, Counselling and Community Services. Similarly, 4Life expands ALG's geographical reach with the addition of a CRICOS-approved Adelaide campus to deliver its Fitness, Massage Therapy, Sports & Recreation Management and Dance Teaching courses.

4Life adds approximately 100 international students to ALG's international student base and brings a new competence in work-integrated learning.

4Life's FY16 revenue was approximately \$1.5m¹. Management intend to fully integrate the operations of 4Life into ALG.

¹ Based on management accounts provided by 4Life to UCW, which have not been independently audited by UCW. 4Life's revenue recognition policies differ from UCW's.

Corporate focus

As noted above, UCW's strategy is to undertake further acquisitions with a focus on the international student market. A number of acquisition opportunities were assessed during the period. UCW management are also playing an active role in the operations of ALG.

The Board acknowledges that notwithstanding that UCW corporate costs are considered low by listed company standards, they are high relative to the scale of the Group's current operations. The Board anticipates that this impact will reduce as additional scale is attained through a combination of further acquisitions and organic growth.

Results summary

The table below outlines the underlying EBITDA of ALG and the Group for the half-year ended 31 December 2016, reconciled to the consolidated loss reported for the period.

	31 December 2016	31 December 2015
	\$	\$
ALG		
Revenue	4,138,178	
Cost of goods sold (COGS)	(1,906,513)	
Gross profit	2,231,665	
%	53.9%	
Operating expenditure	(1,576,750)	
EBITDA	654,915	
%	15.8%	
UCW		
Underlying corporate costs ¹	(390,925)	
GROUP		
Underlying EBITDA	263,990	
Transaction costs ²	(106,367)	
Non-recurring items relating to the acquisition of ALG ³	(246,272)	
Interest, tax, depreciation and amortisation ⁴	(11,996)	
Consolidated net loss attributable to members of the Company	(100,645)	(339,613)

DIRECTORS' REPORT (continued)

- ¹ Costs related to the UCW corporate function and operation of the listed entity, including ASX listing fees, share registry fees, the remuneration of the Board and UCW executives.
- ² External due diligence and documentation costs relating to the ALG and 4Life transactions and review of other potential acquisition opportunities.
- ³ The final earn-out amount for the acquisition of ALG was \$3,729,149. This exceeded the amount accrued at 30 June 2016 by \$229,149 and as goodwill was written off at the time of acquisition, this amount was recognised as an expense in the current period. A further goodwill write off of \$17,123 also occurred during the period. This amount resulted from finalisation of a number of items on ALG's balance sheet at the time of acquisition, allowable under AASB 3.
- ⁴ Interest was earned on excess cash held in the Group. Depreciation relates largely to campus plant & equipment and amortisation represents external consultant costs in relation to the student management system (amortised over the life of the software licence) and course development costs amortised over four years.

Outlook

As advised in the December 2016 Quarter Update released to ASX on 31 January 2017, growth in ALG's international student enrolments has continued into Q3, FY17, with enrolments up circa 27.9% on the PCP, to 1,101 enrolments.

Net assets

The net assets of the Group as at reporting date was \$3,760,351 (30 June 2016: \$3,860,996).

Subsequent events

As announced to the ASX on 12 December 2016, UCW entered into a share sale agreement to acquire 100% of the issued capital of 4Life Pty Limited (**4Life**). 4Life was established in Adelaide in 2005 and is a RTO and CRICOS provider that offers certificate and diploma level courses in the field of Community Services to international and domestic students.

4Life is a complementary add-on acquisition for ALG, bringing a suite of courses which ALG can deliver through its national campus footprint and agent network. The transaction, which was subject to the satisfaction of a number of conditions precedent, was completed on 13 January 2017.

The total purchase price is \$1.2m. An amount of \$0.9m (being the \$1.0m cash component of the purchase price less a \$0.1m deposit paid during the half-year ended 31 December 2016) was paid in cash. \$0.2m of the consideration will be satisfied through an issue of shares in UCW at a price of 6 cents per share, at the end of a 2 year warranty period.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s.307C of the Corporations Act 2001 is set out on page 18.

Signed in accordance with a resolution of the Directors.



Gary Burg
Non-Executive Chairman
27 February 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	Consolidated 31 December 2016 \$	Company 31 December 2015 \$
Revenue	3	4,233,301	5,454
Cost of sales		(1,906,513)	-
Expenses			
Depreciation and amortisation expense		(34,661)	-
Employee benefits expense		(1,187,308)	(110,195)
Legal expense		(28,140)	(13,002)
Professional fees		(205,723)	(150,974)
Other expenses		(652,870)	(65,896)
Total expenses		(2,108,702)	(340,067)
Profit/(loss) before finance costs and impairment		218,086	(334,613)
Impairment of goodwill	5	(17,123)	-
Fair value adjustment to contingent consideration	5	(229,149)	-
Impairment of inventories		-	(5,000)
Loss before income tax expense		(28,186)	(339,613)
Income tax expense		(72,459)	-
Loss from continuing operations		(100,645)	(339,613)
Other comprehensive loss for the half-year		-	-
Total comprehensive loss		(100,645)	(339,613)
Loss is attributable to			
UCW Limited		(100,645)	(339,613)
		(100,645)	(339,613)
Total comprehensive loss is attributable to			
UCW Limited		(100,645)	(339,613)
		(100,645)	(339,613)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated 31 December 2016 \$	Company 31 December 2015 \$
Loss per share from continuing operations attributable to equity holders of the parent entity		
Basic loss per share (cents per share)		
- Continuing operations	(0.03)	(0.40)
- Discontinued operations	-	-
Diluted loss per share (cents per share)		
- Continuing operations	(0.03)	(0.40)
- Discontinued operations	-	-

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	Consolidated 31 December 2016 \$	Consolidated 30 June 2016 \$
Current assets			
Cash and cash equivalents		4,853,451	8,817,554
Trade and other receivables		402,187	473,069
Inventories		6,961	6,961
Income tax receivable		414,912	324,811
Other assets		183,389	158,758
Total current assets		5,860,900	9,781,153
Non-current assets			
Trade and other receivables		320,221	124,363
Deferred tax asset		246,169	221,105
Plant & equipment		155,858	133,402
Goodwill on consolidation		-	-
Intangible assets		71,317	18,514
Total non-current assets		793,565	497,384
Total assets		6,654,465	10,278,537
Current liabilities			
Trade and other payables		647,841	762,198
Deferred revenue		2,127,518	2,049,016
Deferred settlement		-	3,500,000
Provisions		101,687	91,264
Total current liabilities		2,877,046	6,402,478
Non-current liabilities			
Provisions		17,068	15,063
Total non-current liabilities		17,068	15,063
Total liabilities		2,894,114	6,417,541
Net assets		3,760,351	3,860,996
Equity			
Issued capital	6	14,172,195	14,172,195
Reserves		149,715	149,715
Accumulated losses		(10,561,559)	(10,460,914)
		3,760,351	3,860,996

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital \$	Share Based Payments Reserve \$	Options Premium Reserve \$	Accumulated Losses \$	Total Equity \$
Consolidated					
Balance as at 1 July 2016	14,172,195	147,840	1,875	(10,460,914)	3,860,996
Net loss for the financial half-year	-	-	-	(100,645)	(100,645)
Other comprehensive income for the financial half-year	-	-	-	-	-
Total comprehensive loss for the financial half-year	-	-	-	(100,645)	(100,645)
Transactions with owners in their capacity as owners					
Shares issued at net cost	-	-	-	-	-
Options issued at fair value	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance as at 31 December 2016	14,172,195	147,840	1,875	(10,561,559)	3,760,351
Company					
Balance as at 1 July 2015	2,075,000	-	1,875	(1,117,698)	959,177
Net loss for the financial half-year	-	-	-	(339,613)	(339,613)
Other comprehensive income for the financial half-year	-	-	-	-	-
Total comprehensive loss for the financial half-year	-	-	-	(339,613)	(339,613)
Transactions with owners in their capacity as owners					
Shares issued at net cost	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance as at 31 December 2015	2,075,000	-	1,875	(1,457,311)	619,564

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated 31 December 2016 \$	Company 31 December 2015 \$
Cash flow from operating activities		
Receipts from customers	3,798,174	326
Payments to suppliers and employees	(3,866,158)	(611,158)
Interest received	93,806	5,128
Net cash provided by/(used in) operating activities	25,822	(605,704)
Cash flow from investing activities		
Final payment for subsidiary – ALG	(3,784,269)	-
Deposit payments	(100,000)	-
Payments for property plant and equipment	(20,650)	-
Payments for intangibles	(85,006)	-
Net cash used in investing activities	(3,989,925)	-
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	(3,964,103)	(34,163)
Cash and cash equivalents at beginning of the financial half-year	8,817,554	1,147,632
Cash and cash equivalents at the end of the financial half-year	4,853,451	1,113,469

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Half-Year Report covers UCW and its controlled entities. UCW is a listed public company, incorporated and domiciled in Australia. UCW is a for-profit company for the purposes of preparing this Half-Year Report.

The following is a summary of the material accounting policies adopted by the Company in the preparation and presentation of the Half-Year Report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Statement of Compliance

The Half-Year Report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The Half-Year 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 Report.

(b) Basis of preparation

The Half-Year Report has been prepared on the historical cost and accruals basis except where stated otherwise.

The Half-Year Report is intended to provide users with an update on the latest half-year for the consolidated entity. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year with the consolidated entity. It is therefore recommended that this Half-Year Report be read in conjunction with the Annual Report for the consolidated entity for the year ended 30 June 2016, together with any public announcements made during the following half-year.

(c) Accounting policies

The accounting policies and methods of computation adopted in the preparation of the Half-Year Report are consistent with those adopted and disclosed in the Company's 30 June 2016 Annual Report.

(d) Critical accounting estimates and judgments

The critical estimates and judgements are consistent with those applied and disclosed in the Company's 30 June 2016 Annual Report.

(e) New and revised accounting requirements applicable to the current half-year reporting period

The consolidated entity has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 2: SEGMENT REPORTING

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 Group operates in two industry segments being international student education and domestic student education, and one geographical segment, being Australia.

For the half-year ended 31 December 2016	International student income \$	Domestic student income \$	Unallocated \$	Total \$
Revenue from external customers	3,411,730	587,369	234,202	4,233,301
Other income	-	-	-	-
Total reportable segment results (before impairment)	-	-	(83,522)	(83,522)
Total segment assets as at 31 December 2016	-	-	6,654,465	6,654,465
Total segment liabilities as at 31 December 2016	-	-	(2,894,114)	(2,894,114)
For the half-year ended 31 December 2015	International student income \$	Domestic student income \$	Unallocated \$	Total \$
Revenue from external customers	-	-	5,454	5,454
Other income	-	-	-	-
Total reportable segment results (before impairment)	-	-	(334,613)	(334,613)
Total segment assets as at 30 June 2016	-	-	10,278,537	10,278,537
Total segment liabilities as at 30 June 2016	-	-	(6,417,541)	(6,417,541)

Per AASB 134.16A(g)(iv), segment results, assets and liabilities have been categorised as unallocated as such segment amounts are not regularly reported to the chief operating decision maker (the Board).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 3: REVENUE

	Consolidated	Company
	31 December	31 December
	2016	2015
	\$	\$
Operating activities:		
Sale of goods	-	326
Student fee income	3,999,099	-
Other revenue	139,079	-
Interest revenue	95,123	5,128
Total revenue	4,233,301	5,454

NOTE 4: DIVIDENDS

There were no dividends paid or declared during the current or previous financial half-year.

NOTE 5: ACQUISITION OF SUBSIDIARIES

Additional goodwill

AASB 3 Business Combinations allows a measurement period after a business combination to provide the acquirer a reasonable time to obtain the information necessary to identify and measure all of the various components of the business combinations as of the acquisition date. This period cannot exceed one year from the acquisition date.

The acquisition of ALG was completed on 24 March 2016, therefore the acquisition accounting remained provisional as at 30 June 2016. During the half-year ended 31 December 2016, the acquisition accounting was finalised and the provisional goodwill was increased by \$17,123. In accordance with the Company's accounting policy, the additional goodwill for the acquisition of ALG was written off in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Fair value adjustment to contingent consideration

The consideration payable to the ALG vendors included an earn-out amount, up to a maximum of \$6 million, on the following terms:

- A minimum of \$3.5 million; plus
- 5 times the excess of Normalised FY16 EBITDA (as defined in the share sale agreement) above \$1.7 million

As at the date of the Annual Report, the Company did not anticipate having to pay an amount which was in excess of the \$3.5 million minimum and as such raised an accrual in the 30 June 2016 accounts for this amount. The final earn-out amount was subsequently determined in the amount of \$3,729,149. The surplus over the \$3.5 million accrued at 30 June 2016, being an amount of \$229,149, provisionally increased goodwill. In accordance with the Company's accounting policy, the additional goodwill was written off in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 6: SHARE CAPITAL

Issued capital as at 31 December 2016 amounted to \$14,172,195 (296,642,396 ordinary shares).

Ordinary shares

	Consolidated 31 December 2016		Consolidated 30 June 2016	
	Number	\$	Number	\$
Opening balance	296,642,396	14,172,195	337,280,024	2,075,000
Share Consolidation (1:4) 21 September 2015	-	-	(252,959,968)	-
Share issue 24 March 2016	-	-	212,322,340	12,591,502
Capital raising costs			-	(494,307)
At reporting date	296,642,396	14,172,195	296,642,396	14,172,195

Other than as noted above, there were no movements in the issued capital of the Company.

NOTE 7: SUBSEQUENT EVENTS

As announced to the ASX on 12 December 2016, UCW entered into a share sale agreement to acquire 100% of the issued capital of 4Life. 4Life was established in Adelaide in 2005 and is a RTO and CRICOS provider that offers certificate and diploma level courses in the field of Community Services to international and domestic students.

4Life is a complementary add-on acquisition for ALG, bringing a suite of courses which ALG can deliver through its national campus footprint and agent network. The transaction, which was subject to the satisfaction of a number of conditions precedent, was completed on 13 January 2017.

The total purchase price is \$1.2m. An amount of \$0.9m (being the \$1.0m cash component of the purchase price less a \$0.1m deposit paid during the half-year ended 31 December 2016) was paid in cash. \$0.2m of the consideration will be satisfied through an issue of shares in UCW at a price of 6 cents per share, at the end of a 2 year warranty period.

DIRECTORS' DECLARATION

FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2016

The Directors of the Company 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; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standard AASB 134 Interim Financial Reporting and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Gary Burg
Non-Executive Chairman
27 February 2017

27 February 2017

Board of Directors
UCW Limited
Level 1
225 Clarence Street
Sydney 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 2016, 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

**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 consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and consolidated 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 consolidated entity). The consolidated entity comprises both UCW Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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 27 February 2017.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of UCW Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards 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
27 February 2017



UCW
LIMITED