

UCW LIMITED**ASX - APPENDIX - 4E - RESULTS SUMMARY****RESULTS FOR ANNOUNCEMENT TO THE MARKET**

Details of reporting periods

Current

1 July 2014 - 30 June 2015

Comparative

1 July 2013 - 30 June 2014

	30 Jun 2015	30 Jun 2014	% Variance
Revenue from continuing operations	7,927	3,288,311	-99.8%
(Loss)/profit from continuing operations	-446,948	-2,288,545	80.5%
Profit from discontinued operations	2,654,688	-	n/a
(loss)/Profit attributable to members of UCW Limited	2,207,740	-2,288,545	196.5%

Net tangible assets:

	30 Jun 2015	30 Jun 2014
Current assets	1,169,704	113,886
Non-current assets	-	-
Less: Liabilities	216,026	3,444,824
Net Tangible Assets	953,678	-3,330,938
Number of shares (pre consolidation)	-	86,400,000
Number of shares (post consolidation)	337,280,024	17,280,024
Net tangible assets per ordinary shares (cents)	0.28	-19.28

The profit after income tax for UCW Limited for the financial year of \$2,207,740 (2014: loss of \$2,288,546) was primarily due to a gain arising from the settlement of all liabilities and obligations of the Company as a result of the effectuation of the Deed of Company Arrangement and the creation of the Creditors' Trust Deed.

Additional Appendix 4E disclosure can be found in the Directors' report and the 30 June 2015 financial statements and accompanying notes. This report is based on the 30 June 2015 Annual Financial Report and has been audited by Stantons International Audit and Consulting Pty Ltd.

**UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)
ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015
ABN: 85 108 962 152**

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

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UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

CORPORATE DIRECTORY

Directors

Adam Davis – Executive Chairman
Peter Mobbs - Non Executive Director
Jonathan Pagar – Non Executive Director
Michael Pollak - Non Executive Director

Company Secretary

Andrew Whitten

Auditors

Stantons International
Level 2
1 Walker Avenue
West Perth WA 6005

Solicitors

Whittens Lawyers and Consultants
Level 5
137 – 139 Bathurst Street
Sydney NSW 2000

Bankers

Westpac Banking Corporation
94 Church Street
Middle Brighton
VIC 3186

Registered Office

Level 5
137 – 139 Bathurst Street,
Sydney NSW 2000

Share Registry

Link Market Services Pty Limited
Ground Floor,
178 St Georges Terrace
PERTH WA 6000
Investor Enquiries: 1300 554 474
Facsimile: +61 2 9287 0303

Stock Exchange Listing

Securities of UCW Limited (formerly Undercoverwear Limited) are listed on the Australian Securities Exchange (ASX).
ASX Code: UCW

Website: UCWlimited.com.au

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

DIRECTORS' REPORT

Your directors present their financial report on UCW Limited (formerly Undercoverwear Limited) for the year ended 30 June 2015.

Directors

The names and particulars of the Directors during or since the end of the financial year are:

Name	Particulars
Tracie-Lee Symons	Non-Executive Director (Appointed 4 December 2013, resigned 16 February 2015)
Christine Pamela Kennedy	Non-Executive Director (Appointed 4 December 2013, resigned 16 February 2015)
Montgomery Grant	Executive Director (Appointed 13 September 2013 and resigned 16 February 2015)
Adam Davis	Executive Chairman (Appointed 16 February 2015)
Peter Mobbs	Non-Executive Director (Appointed 16 February 2015)
Jonathan Pager	Non-Executive Director (Appointed 16 February 2015)
Michael Pollak	Non-Executive Director (Appointed 16 February 2015)

The above named Directors held office during and since the financial year, except as otherwise indicated.

Information on Directors

ADAM DAVIS

Experience and Expertise

Adam Davis has extensive experience in the education sector, having founded and then acted as Chief Executive Officer and Managing Director of ASX-listed Tribeca Learning Limited. The company was acquired in 2006 by Kaplan, Inc., a division of NYSE-listed Graham Holdings Company (formerly The Washington Post Company), to form the foundation of its Australian operations.

Under Adam's stewardship, Tribeca Learning acquired and integrated numerous education businesses servicing the Australian financial services sector, consolidating a fragmented market and creating the leading national provider. Tribeca Learning offered a broad range of accredited courses and continuing education programs and its customers included most of the major financial institutions in Australia. Adam holds a Bachelor of Applied Finance degree from Macquarie University.

Other Current Directorships

None

Former Directorships in the Last Three Years

None

Special Responsibilities

Chairperson

Interests in Shares and Options

As at the date of this report, Adam Davis has the following direct or indirect interest in the Company.

- 71,666,666 fully paid ordinary shares; and
- 28,333,334 unlisted options exercisable at \$0.01 per option on or before 30 June 2018.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

DIRECTORS' REPORT

Information on Directors (Continued)

PETER MOBBS

Experience and Expertise

Peter Mobbs is an experienced and respected leader in education with 13 years' experience in the sector. He is currently CEO of online vocational provider, Ivy College. In previous roles, he was the Director of Operations, Career Education with Study Group – a global education provider- and held the role of Managing Director, Martin Collage, also a Study Group business. In earlier years, he established Australia's leading private real estate education business, Agency Training Australia, which in 2006 was acquired by Kaplan Inc., a division of NYSE listed The Washington Post Company. He became Kaplan's General Manager, Product Development and Delivery for the stock broking, insurance, accounting, real estate and financial services industries. As a member of Kaplan's senior executive team he was involved in business acquisition, integration and new product development.

Prior to entering the education sector, he worked as a lawyer in both the UK and Australia in the areas of commercial litigation and tax and gained extensive experience in training and compliance. He holds degrees in both commerce and law, a Graduate Diploma in Legal Practice, Certificate IV in Workplace Training and Assessment and is admitted to practise in the Supreme Court of NSW. He is a member of the Law Society of NSW and the Australian Institute of Company Directors.

Other Current Directorships

None

Former Directorships in the Last Three Years

None

Special Responsibilities

None

Interests in Shares and Options

As at the date of this report, Peter Mobbs has the following direct or indirect interest in the Company.

- 22,500,000 fully paid ordinary shares; and
- 7,500,000 unlisted options exercisable at \$0.01 per option on or before 30 June 2018.

JONATHAN PAGER

Experience and Expertise

Jonathan has over 20 years' experience as a management consultant across a wide range of industries in Australia and overseas, and is currently Managing Director of Pager Partners Corporate Advisory. He has a Masters of Economics and qualified as a chartered accountant with Deloitte, where he commenced his career. He has restructured a range of public companies and been a director of publicly listed companies involved in the resources and industrial sectors.

Other Current Directorships

Montech Holdings Limited (Non-executive director)

Former Directorships in the Last Three Years

AHAHoldings Limited (Finance director)
Rhip Limited (Non-executive director)
PLD Corporation Limited (Non-executive director)
Prospect Resources Limited (Non-executive director)

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

DIRECTORS' REPORT

Information on Directors (Continued)

Special Responsibilities

None

Interests in Shares and Options

As at the date of this report, Jonathan Pager has the following direct or indirect interest in the Company.

- 11,166,667 fully paid ordinary shares; and
- 4,833,333 unlisted options exercisable at \$0.01 per option on or before 30 June 2018.

MICHAEL POLLAK

Experience and Expertise

Michael holds a bachelor of Commerce, is a chartered accountant and has an MBA in strategy from the Australian Graduate School of Management. Michael commenced his career at PricewaterhouseCoopers over 15 years ago. Michael has gained valuable experience in both Sydney and London in general management, audit, insolvency, corporate advisory and strategy across a wide range of industries, including financial services, professional services, retail, mining and manufacturing. Michael has been involved in the restructuring, recapitalisation and relisting of a number of ASX listed entities.

Other Current Directorships

Montech Holdings Limited (Non-executive director)
HJB Corporation Limited (Non-executive director)

Former Directorships in the Last Three Years

Disruptive Investment Group Limited (Non-executive director)
Rhipe Limited (Non-executive director)
Prospect Resources Limited (Non-executive director)
PLD Corporation Limited (Non-executive director)

Special Responsibilities

None

Interests in Shares and Options

As at the date of this report, Michael Pollak has the following direct or indirect interest in the Company.

- 25,000,000 fully paid ordinary shares; and
- 12,000,000 unlisted options exercisable at \$0.01 per option on or before 30 June 2018.

Information on Secretaries

Company Secretary

Richard Rodgers	Resigned 16 February 2015
Andrew Whitten	Appointed 16 February 2015

Environmental regulation and performance

There are no applicable environmental regulations that would have an effect on the Company.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

DIRECTORS' REPORT

Dividends

No dividends have been paid or declared since the beginning of the financial year and none are recommended.

Principal activities

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

Operating and financial review

The Company was suspended from trading on ASX on 3 March 2014 at its request. On 6 March 2014, Ginette Muller and Lachlan McIntosh of FTI Consulting were appointed as joint and several Administrators of the Company and assumed control of the Company and its business, property and affairs. On 10 March 2014, similarly they were appointed as joint and several Administrators of all its subsidiaries.

The Administrator subsequently advertised, sought and negotiated proposals to reconstruct the Company with interested parties. Pager Partners put forward a recapitalisation proposal which was accepted at a meeting of the Company's creditors on 18 June 2014. The Deed of Company Arrangement (DoCA) was signed on 9 July 2014 with the following terms:

- The syndicate led by Pager Partners loaned the Company \$715,000.
- The Company would pay \$715,000 to the Deed Administrator for distribution under the DoCA to a Creditors' Trust in return for secured and unsecured creditors releasing all claims against the Company and their charge over the Company.
- Certain unencumbered assets were retained by the Company and the Company's subsidiaries were transferred to the Creditors' Trust.
- A Creditors' Trust Deed was to be used in order to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts.

With the satisfaction of all conditions and obligations of the parties, the DoCA was effectuated on 16 February 2015 and the Company was released from being subject to the DoCA.

At a general meeting held on 23 December 2014, the shareholders of the Company resolved to:

- consolidate the capital on a 1:5 basis;
- adopt a new Constitution;
- elect Adam Davis, Peter Mobbs, Jonathan Pager and Michael Pollak as directors;
- authorise the placement of up to 150,000,000 shares at \$0.0025 per share (First Placement Shares);
- authorise the placement of up to 170,000,000 shares at \$0.01 per share (Second Placement Shares);
- authorise an offer of up to 75,000,000 options at \$0.000025 per option (First Placement Options);
- authorise allotments and issues to the Syndicate and the directors from the placements and issues; and
- change the Company's auditors.

The First Placement Shares, Second Placement Shares and First Placement Options were offered in the Prospectus dated 25 March 2015. On 24 April 2015, the Company issued 320,000,000 fully paid ordinary shares and 75,000,000 options raising \$2,076,875 in capital. The funds were used to repay the syndicate loan, to pay the restructure costs and to recapitalize the Company.

Following the recapitalisation, the Company was reinstated to the ASX Official List on 11 May 2015. Post reinstatement the Company has investigated leveraging its existing assets including assessing alternatives to market to its customer base including via online marketing. In order to initially operate with low fixed overheads, the Board is considering strategic partnerships with other operators in the fashion and retail industry to provide the Company fulfilment capability, utilising direct sourcing and drop shipping wherever possible. The Company is also investigating introducing complementary products and services to provide a broader offering, including accessories, beauty products and education and training services focusing on well-being (e.g. personal training and massage).

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

DIRECTORS' REPORT

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. 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 7 September 2015.

In the event that shareholders of the Company approve the proposed acquisition (and all other condition precedents being satisfied or waived), this will result in the Company changing the nature and scale of its activities. Therefore, in accordance with the Listing Rules, the Company's securities will become suspended and remain so, until it has recomplied with Chapters 1 and 2 of the Listing Rules.

A prospectus will be issued by the Company to:

- raise funds to complete the cash components of the proposed acquisition. The Company proposes to raise a minimum of \$5,000,000 and a maximum of \$10,000,000 at 1.5 cents per share (pre-consolidation); and
- issue \$1,000,000 consideration securities for which Shareholder approval is being sought at the EGM.

ALG (www.alg.edu.au) was founded in 2005 and is a leading 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 two colleges, the Australian College of Sport & Fitness and the NSW School of Massage, and offers Certificate III, Certificate IV and Diploma level courses. ALG has campuses in Sydney, Melbourne, Brisbane and Perth.

The profit after income tax for UCW Limited for the financial year was \$2,207,740 (2014: loss of \$2,288,546) due to primarily a gain arising from the settlement of all liabilities and obligations of the Company as a result of the effectuation of the DoCA and the creation of the Creditors' Trust Deed.

Significant changes in the state of affairs

As detailed in the Operating and financial review above the Company went through significant changes in the state of affairs during the financial year including:

- The execution of a Deed of Company Arrangement (DoCA) on 9 July 2014 (on the terms outlined above).
- The DoCA was effectuated on 16 February 2015 and the Company was released from being subject to the DoCA.
- The recapitalisation and restructure of the Company on the terms approved at a general meeting of shareholders held on 23 December 2014 (as outlined above).
- The reinstatement of the Company to the ASX Official List on 11 May 2015.
- The Company entered into a binding Share Sale and Purchase Agreement to acquire 100% of the issued capital in Australian Learning Group Pty Ltd (ALG) on 17 June 2015 (on the terms outlined above), subject to a number of condition precedents being satisfied or waived.

Significant events after balance date

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). 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 EGM.

The EGM will be held on 7 September 2015 to consider resolutions to approve a change of nature and scale of the Company's activities, the acquisition of 100% of the issued capital in ALG, the consolidation of the Company's shares on a 4:1 basis and the issue of up to 166,666,667 New Shares at 6.0 cents per share (post consolidation) to raise up to \$10,000,000, part of which will be used to fund the cash component of the proposed acquisition. Further information on the proposed acquisition can be found in the Notice of Meeting lodged with ASX on 6 August 2015.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

DIRECTORS' REPORT

Likely developments and expected results

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. Therefore, in accordance with the Listing Rules, the Company's securities will become suspended post the EGM and will remain so, until it has recomplied with Chapters 1 and 2 of the Listing Rules.

Indemnification and insurance of directors and officers

Upon the Company entering administration on the 6 March 2014, the Directors and Officers (D&O) insurance premium was consequently not renewed.

On the 11 May 2015 the current directors of the Company obtained D & O insurance for an adequate premium in respect of insuring the Directors of the Company, the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company.

The Company has entered into agreements with the directors to provide access to Company records and to indemnify them. The indemnity relates to any liability as a result of being, or acting in their capacity as, an officer of the Company to the maximum extent permitted by law; and for legal costs incurred in successfully defending civil or criminal proceedings.

No liability has arisen under these indemnities as at the date of this report.

Directors' Meetings

The Company was in Administration and DoCA from 6 March 2014 to 16 February 2015. Information on the attendance at Directors' meetings is not available during this period. Subsequent to 16 February 2015, there were no directors meetings, with business conducted via circular resolution.

Options

There are 75,000,000 (2014: Nil) unlisted options over issued shares, exercisable at \$0.01 and expiring on 30 June 2018. Refer to Note 21 and the remuneration report for further details of the options outstanding. Option holders do not have any right, by virtue of the option, to participate in any share issue of the company.

Auditor

Stantons International Audit and Consulting Pty Limited are the appointed auditors of the Company.

The auditor has not been indemnified under any circumstance.

During the financial year \$20,000 (excluding GST) was paid or is payable for audit services provided by Stantons International Audit and Consulting Pty Ltd 2014: \$10,000 excluding GST)

The auditor's independence declaration is included on page 52 of the financial report.

Non-audit services

No non-audit services were provided by the Company's auditor, Stantons International Audit and Consulting Pty Ltd.

Prior to Stantons International Audit and Consulting Pty Ltd being appointed auditor, an entity associated with Stantons International Audit and Consulting Pty Ltd prepared the Independent Expert Report accompanying the notice to the shareholders of the general meeting held on 23 December 2014 and received a fee of \$7,500 excluding GST.

Stantons International Audit and Consulting Pty Ltd have been engaged to audit the accounts of ALG. The Company has agreed to meet this cost and has accrued \$30,129 in this regard.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

DIRECTORS' REPORT

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence has not been compromised.

Stantons International Audit and Consulting Pty Ltd did not receive and are not due to receive any fees for the provision of non-audit services in 2014.

Incomplete records

The management and affairs of the Company and all its controlled entities have not been under the control of the Directors since it entered into voluntary administration on 6 March 2014 and 10 March 2014 respectively until the date the Deed of Company Arrangement ("DoCA") effectuated, being 16 February 2015.

The financial report was prepared by Directors who were not in office at the time the Group entered voluntary administration or for the full periods presented in this report. The Directors who prepared this financial report were appointed on 16 February 2015 as part of the recapitalisation proposal approved by the Company's creditors and shareholders.

To prepare the financial report, the Directors have reconstructed the financial records of the Company using data extracted from the Company's accounting systems and the record of receipts and payments made available by the Administrator of the Company and its subsidiaries for the period from their appointment. However, it has not been possible for the Directors to obtain all the books and records of the Company and its subsidiary 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, because of the possible effect of the incomplete records on the current year's and the corresponding prior years disclosure.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

DIRECTORS' REPORT

REMUNERATION REPORT (Audited)

The remuneration report below reflects the remuneration policies that were adopted by the directors of the Company who were in office at the date of this report. These policies apply since the date of their appointment on 16 February 2015.

Thus, the directors had no involvement in adopting, implementing, or complying with the previous remuneration policies.

The Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration;
2. Details of remuneration;
3. Service agreements;
4. Share-based compensation; and
5. Shareholding and option holding of directors and other key management personnel (audited)

The information provided under headings 1 to 4 below in the Remuneration Report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

1 Principles used to determine the nature and amount of remuneration (audited)

The Company's Constitution specifies that subject to the initial fixed annual aggregate sum of \$500,000, the aggregate remuneration of non-executive directors shall not exceed the sum determined by the shareholders of the Company in general meeting.

Fees and payments to directors:

- (i) are to reflect the demands which are made on, and the responsibilities of, the directors; and
- (ii) are reviewed annually by the board to ensure that directors' fees and payments are appropriate and in line with the market.

Retirement allowances and benefits for directors

There are no retirement allowances or other benefits paid to directors.

Directors' fees

The amount of remuneration of the directors of the Company (as defined in AASB 124 *Related Party Disclosures*) is set out in the following table. During the financial year ended 30 June 2015 there were no executives other than the directors. There was no remuneration of any type paid to the directors, other than as reported below for the provision of director and professional services.

2 Details of remuneration (audited)

30 June 2015	Salary, fees & commissions	Superannuation contribution	Cash bonus	Non-monetary benefits	Termination Payment	Total
	\$	\$	\$	\$	\$	\$
P Mobbs	13,590	1,291	-	-	-	14,881
M Pollak	16,987	1,614	-	-	-	18,601
J Pager	18,601	-	-	-	-	18,601
A Davis	29,762	-	-	-	-	29,762
T Symons	-	-	-	-	-	-
C Kennedy	-	-	-	-	-	-
M Grant	-	-	-	-	-	-
Total	78,940	2,905	-	-	-	81,845

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (Continued)

The previous directors' contracts ended upon entering administration. The Company was under external administration from 6 March 2014 and the Company's operations were suspended by the Administrator. The Company does not have sufficient information to allow this level of disclosure for the year ended 30 June 2014.

3 Service agreements (audited)

The directors serve until they resign, are removed, cease to be a director or are prohibited from being a director under the provisions of the *Corporations Act 2001*, or are not re-elected to office

The directors entered into service agreements on the following terms:

- Mr Adam Davis (Executive Chairman) - Base fee (including director's fees) of \$80,000 excluding GST.
- Mr Michael Pollak (Non-executive Director) - Base salary (including director's fees) of \$50,000 (including superannuation or similar contributions).
- Mr Jonathan Pager (Non-executive Director) - Base fee (including director's fees) of \$50,000 excluding GST.
- Mr Peter Mobbs (Non-executive Director) - Base salary (including director's fees) of \$40,000 (including superannuation or similar contributions).
- If the Company terminates the agreement with reason (such as gross misconduct, conviction of a major criminal offence or misuse of price sensitive information), the Company will provide the Director with no notice and will be summarily dismissed. If the Company terminates the agreement without reason (notwithstanding any other provision of the agreement), the Company will provide the Director with 3 months' written notice or make a payment of 3 months' salary in lieu of the notice period.
- The Director may terminate the agreement at his sole discretion and at any time, and in doing so is entitled to payment of a fee equivalent to 3 months of their base fees/salary.

As at the date of this report there are no key management personnel engaged by the Company other than the directors.

4 Share-based compensation (audited)

There are no share based payments for the year ended 30 June 2015 or 30 June 2014.

5 Shareholding and option holding of directors and other key management personnel (audited)

(a) Options

The number of options over ordinary shares in the Company held during the financial year by each director and other key management personnel (of which there were not any), including their personal related parties, are set out below:

2015 Notes	Balance at start of the year	Granted during the year as remuneration	Received during the year on the exercise options	Other changes during the year (a)	Balance at end of the year	Exercisable
Adam Davis	-	-	-	28,333,334	28,333,334	28,333,334
Peter Mobbs	-	-	-	7,500,000	7,500,000	7,500,000
Jonathan Pager	-	-	-	4,833,333	4,833,333	4,833,333
Michael Pollak	-	-	-	12,000,000	12,000,000	12,000,000
Montgomery Grant	-	-	-	-	-	-
Tracie-Lee Symons	-	-	-	-	-	-
Christine Kennedy	-	-	-	-	-	-
	-	-	-	52,666,667	52,666,667	52,666,667

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (Continued)

Notes

- (a) Options acquired for \$0.000025 under the DoCA recapitalisation being unlisted options exercisable at \$0.01 per option on or before 30 June 2018.

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

No option holder has any right under the options to participate in any other share issue of the Company.

There were no options on issue at any time during the year end 30 June 2014.

(b) Shareholding

The number of ordinary shares in the Company held during the financial year by each director and other key management personnel (of which there were not any), including their personal related parties, are set out below:

2015	Balance at start of the year	Granted during the year as remuneration	Received during the year on the exercise options	Other changes during the year (b)	Balance at end of the year
Notes					
Adam Davis	-	-	-	71,666,666	71,666,666
Peter Mobbs	-	-	-	22,500,000	22,500,000
Jonathan Pager	-	-	-	11,166,667	11,166,667
Michael Pollak	-	-	-	25,000,000	25,000,000
Montgomery Grant	43,200,000	-	-	(34,560,000)	8,640,000
Tracie-Lee Symons	-	-	-	-	-
Christine Pamela Kennedy	-	-	-	-	-
	43,200,000	-	-	95,773,333	138,973,333

Notes

- (b) For Mr Grant the movement represents the impact of the 5:1 consolidation that occurred on 8 January 2015. For the other directors the movement represents shares acquired under the DoCA recapitalisation and issued on 24 April 2015.

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (Continued)

	Balance at start of the year	Granted during the year as remuneration	Received during the year on the exercise options	Other changes during the year	Balance at end of the year
2014					
Stuart Richardson	1,678,476	-	-	-	1,678,476
John Everett	19,923,219	-	-	-	19,923,219
Richard Lowry	-	-	-	-	-
Montgomery Grant	-	-	-	43,200,000	43,200,000
Tracie-Lee Symons	-	-	-	-	-
Christine Kennedy	-	-	-	-	-
Laurie Fitzgerald (KMP Sales)	6,000	-	-	-	6,000
Angela Catford (KMP Finance)	1,000	-	-	-	1,000
	<u>21,608,695</u>	<u>-</u>	<u>-</u>	<u>43,200,000</u>	<u>64,808,695</u>

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS

There have been no other transactions other than those described in the tables above.

USE OF REMUNERATION CONSULTANTS

No remuneration consultants were used during the year.

Signed in accordance with a resolution of the directors.



Adam Davis
Executive Chairman
31 August 2015

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

STATEMENT OF CORPORATE GOVERNANCE

The corporate governance statement below reflects the corporate governance policies that were adopted by the directors of the Company who were in office at the date of this report.

This Corporate Governance Statement sets out UCW Limited's (**the Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**the ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the ASX Principles and Recommendations.

STATEMENT OF CORPORATE GOVERNANCE		
ASX Principles and Recommendations	Comply (Yes/No)	Explanation
1. Lay solid foundations for management and oversight		
<p>1.1. A listed entity should:</p> <ul style="list-style-type: none"> (a) disclose the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. 	Yes	<p>The Company's board of directors (the Board) is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:</p> <ul style="list-style-type: none"> (a) maintain and increase Shareholder value; (b) ensure a prudential and ethical basis for the Company's conduct and activities; and (c) ensure compliance with the Company's legal and regulatory objectives. <p>Consistent with these goals, the Board assumes the following responsibilities:</p> <ul style="list-style-type: none"> (a) developing initiatives for profit and asset growth; (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis; (c) acting on behalf of, and being accountable to, the Shareholders; and (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality. <p>The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully-informed basis.</p> <p>It is expected that the division of responsibility of the Board and senior executives (once appointed) will vary with the evolution of the Company. The Company intends to regularly review the balance of responsibilities to ensure that the division of functions remains appropriate to the needs of the Company.</p>
<p>1.2. A listed entity should:</p> <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director; and (b) provide security holders with all material information in its possession relevant to a 	Yes	<p>The Company undertakes background checks with regards to the person's character, experience, education, criminal record and bankruptcy history prior to nomination for election as a director. Any material adverse information revealed by these checks is</p>

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

STATEMENT OF CORPORATE GOVERNANCE		
ASX Principles and Recommendations	Comply (Yes/No)	Explanation
decision on whether or not to elect or re-elect a director.		<p>released to securityholders prior to the General Meeting at which they are able to be elected.</p> <p>When an individual is nominated to be a director, their curriculum vitae with their relevant professional history and qualifications is circulated to the securityholders in the Company.</p>
1.3. A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Directors are provided with indemnity insurance and access deeds, and service agreements, and senior executives are given employment contracts setting out the terms of their appointment. These are set out in the relevant terms by which they will be involved in the Company.
1.4. The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The company secretary position is directly accountable to the Board on all matters to do with the proper functioning of the Board.
1.5. A listed entity should: <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: <ul style="list-style-type: none"> (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. 	No	<p>The Company has not found it necessary to create a diversity policy or to annually report on measurable objectives with respect to achieving gender diversity. It will remain committed to ideals of gender diversity.</p> <p>As the Company develops, the Board intends to review its practices, and if deemed necessary in the future, the Board may consider adopting a policy.</p>
1.6. A listed entity should: <ul style="list-style-type: none"> (a) have and disclose the process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	No	<p>Due to the fact that the Company is only in the early stages of its restructure, there is currently no separately constituted remuneration committee in the Company.</p> <p>The remuneration of the executive chairman and the non-executive directors will be decided by the Board, without the affected directors participating in that decision-making process. There are currently three non-executive directors and one executive chairman on the Board.</p>

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

STATEMENT OF CORPORATE GOVERNANCE		
ASX Principles and Recommendations	Comply (Yes/No)	Explanation
		<p>In accordance with clause 13.8 of the Company's Constitution, the total maximum remuneration of the non-executive Directors is currently set at \$500,000. This may be varied by an ordinary resolution of the shareholders in a general meeting. The determination of non-executive directors' remuneration within that maximum amount will be made by the Board, having regard to the inputs and value to the Company of the respective contributions by each non-executive director.</p> <p>Such information is available in several publicly available forums such as ASX announcements.</p> <p>As the Company develops, the Board intends to review its practices, and if deemed necessary in the future, the Board may consider putting in a process for evaluating the performance of the Board, its committees and individual Directors.</p>
<p>1.7. A listed entity should:</p> <p>(a) have and disclose the process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	No	<p>The Board and senior management team will regularly review the performance of its senior executives and address any issues that may emerge. However, given the current size of the Company, the Board does not consider that disclosure of the process of evaluating the performance of senior executives is necessary.</p> <p>As the Company develops, the Board intends to review its practices, and if deemed necessary in the future, the Board may consider disclosing the process for evaluating the performance of senior management.</p>
2. Structure the board to add value		
<p>2.1. The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meeting; or</p> <p>(b) if it does not have a nomination committee, it should disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	No	<p>No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisers (if required), has been committed to by the Board.</p>
<p>2.2. A listed entity should have and disclose a board skills matrix setting out the mix of skills and</p>	No	<p>The Board strives to ensure that it is comprised of directors with a blend of skills, experience and</p>

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

STATEMENT OF CORPORATE GOVERNANCE		
ASX Principles and Recommendations	Comply (Yes/No)	Explanation
diversity that the Board currently has or is looking to achieve its membership		attributes appropriate to the Company and its business. The principle criterion for the appointment of new Directors is their ability to add value to the Company and its business. In light of this, it has not been deemed necessary to create a formal document outlining the particular skills of the existing Board.
2.3. A listed entity should disclose: (a) the names of the directors considered to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	No	The Board ensures that each Director is not able to be significantly adversely influenced by the operations of the Company by ensuring a diverse range of backgrounds and ongoing involvement in companies which are not the Company. Information with respect to potential issues of independence may be disclosed to the market but no formal policy exists to ensure such disclosure.
2.4. A majority of the board of a listed entity should be independent directors.	No	<p>The Board has reviewed the position and associations of each of the four Directors in office and has determined that none of the directors are currently independent. This is due to the fact that the Company is only in the early stages of its recapitalisation and restructure. Each of the Directors are essential to the success of the Company at this stage of its restructure.</p> <p>In making this determination the Board has had regard to the independence criteria in ASX Corporate Governance Principles and Recommendations, and other facts, information and circumstances that the Board considers relevant. The Board will assess the independence of new Directors upon appointment and will review their independence, and the independence of the other Directors, as appropriate.</p> <p>As the Company develops, the Board intends to review the composition of the Board.</p>
2.5. The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	<p>The Company's current Executive Chairman, Mr Adam Davis, does not satisfy the ASX Corporate Governance Principles and Recommendations definition of an independent director. However, the Board considers Mr Davis's role as Executive Chairman as essential to the success of the Company at this stage of its restructure.</p> <p>Mr Davis currently oversees the executive management of the Company. Upon attainment of new project(s), it is anticipated that an appropriately experienced chief executive officer may be appointed.</p>
2.6. A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	No	The Company does not have a formal program for inducting new Directors, however the Company takes care in ensuring that Directors will be able to effectively manage and govern the Company before their nomination as potential Directors.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

STATEMENT OF CORPORATE GOVERNANCE		
ASX Principles and Recommendations	Comply (Yes/No)	Explanation
3. Promote ethical and responsible decision-making		
3.1. A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of the code.	No	The Board is committed to the establishment and maintenance of appropriate ethical standards. Given the fact that the Company is only in the early stages of its restructure there is currently no official code of conduct in place. As the Company develops the Board intends to review its practices, and if deemed necessary, establish an appropriate code of conduct.
4. Safeguard integrity in financial reporting		
4.1. The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	No	The Company does not have a separately constituted audit committee due to the fact that the Company is only in the early stages of its restructure. As the Company develops, the Board intends to review its practices, and if deemed necessary, establish an audit committee. The Company in general meeting is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.
4.2. The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	N/A	The Company currently does not have a CEO or CFO.
4.3. A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	An external auditor will be present at the AGM and will be available to answer questions from security holders relevant to the audit.
5. Make timely and balanced disclosure		
5.1. A listed entity should:	No	The Company will develop written policies and procedures on information disclosure that focus on

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

STATEMENT OF CORPORATE GOVERNANCE		
ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>		<p>continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures will also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures will be included in the board charter and will be available at the Company's registered office and website http://www.ucwlimited.com.au.</p> <p>The company secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.</p> <p>Shareholders that have made an election, receive a copy of the Company's Annual report by mail. Otherwise, the Annual Report is available on the Company's website.</p> <p><u>Trading in the Company's shares</u></p> <p>A director must not trade in any securities of the Company at any time when they are in possession of unpublished price sensitive information in relation to those securities.</p> <p>As required by the ASX Listing Rules, the Company is to notify the ASX of any transaction conducted by any director in the listed securities of the Company. The Company has established procedures and protocols to be complied with if a director, officer or employee wishes to trade in the Company's securities. This is outlined in the Company's Securities Trading Policy. Any trading which occurs must be in accordance with the Company's Securities Trading Policy.</p>
6. Respect the rights of shareholders		
6.1. A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Company has recently launched its website http://www.ucwlimited.com.au which contains all relevant information about the Company. The Company will regularly update the website and contents therein as deemed necessary.
6.2. A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	No	The Company has no investor relations program in place, but ensures that all material information is conveyed to its investors so as to facilitate communication.
6.3. A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	No	The Company does not have a formal shareholder privacy policy in place. The Company aims to produce a shareholder's communication policy to enable all

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

STATEMENT OF CORPORATE GOVERNANCE		
ASX Principles and Recommendations	Comply (Yes/No)	Explanation
		material matters to be disclosed to the market in accordance with the ASX Listing Rules.
6.4. A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company encourages shareholders to register for receipt of announcements and updates electronically.
7. Recognise and manage risk		
7.1. The Board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. 	No	<p>The Company does not have a separately constituted risk committee due to the fact that the Company is only in the early stages of its restructure. As the Company develops the Board intends to review its practices, and if deemed necessary, establish a risk committee.</p> <p>Presently, the Board is responsible for the oversight and management of all material business risks. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.</p> <p>The risk profile can be expected to change and procedures adapted as the Company develops and it grows in size and complexity.</p> <p>The Board intends to continue to regularly review and approve the risk management and oversight policies of the Company.</p>
7.2. The board or a committee of the board should: <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose in relation to each reporting period whether such a review has taken place. 	No	Although the Company does not have a separately constituted risk committee, the Board intends to continue to regularly review and approve the risk management and oversight policies of the Company.
7.3. A listed entity should disclose: <ul style="list-style-type: none"> (a) if they have an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	No	The Company does not have an internal audit function, and does not disclose the processes it uses to improve risk management. Nonetheless, it remains committed to effective management and control of these factors.
7.4. A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if they do, how it manages or intends to manage those risks.	Yes	All material risks are announced to the market, in accordance with the requirements of the ASX listing rules and otherwise.
8. Remunerate fairly and responsibly		
8.1. The Board of a listed entity should: <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: 	No	As noted in Section 1.6 above, the Company does not have in place a separately constituted remuneration committee due to the size and current operations of the Company.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

STATEMENT OF CORPORATE GOVERNANCE		
ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<p>(3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>		
<p>8.2. A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives</p>	No	The Company has not deemed it necessary to separately disclose its remuneration policies.
<p>8.3. A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	No	Although the Company does not have a formal policy, the Company has a securities trading policy that restricts the trading of the Company's securities by those who have interests in equity based remuneration.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$	2014 \$
Revenue	3	7,926	3,288,311
Expenses			
Changes in inventories of finished goods and work in progress	4	-	(1,847,594)
Distribution costs		-	(171,683)
Commission paid		-	(279,001)
Promotion and advertising expense		-	(97,672)
Depreciation and amortisation expense	4	-	(33,066)
Insurance expense		(12,660)	(54,342)
Employee benefits expense		(81,845)	(1,328,647)
Rental expense	4	-	(261,196)
Administrators fee		-	(258,625)
Legal Expense		(119,906)	-
Professional fees		(185,786)	(10,000)
Other expenses		(20,927)	(411,054)
Total expenses		(421,124)	(4,752,880)
(Loss) before finance costs and impairment		(413,198)	(1,464,569)
Finance costs	4	-	(38,759)
Provision for bad debts due to administration	11	-	(112,283)
Impairment of other assets due to administration	13	-	(42,066)
Profit on sale of plant & equipment	15	-	4,498
Impairment of inventory	12	(33,750)	-
Creditors' Claims under administration	17	-	(355,683)
Employee entitlements due to administration	19	-	(279,684)
Loss before income tax expense	5	(446,948)	(2,288,546)
Income tax expense		-	-
Loss from continuing operations		(446,948)	(2,288,546)
Discontinued operations			
Profit from discontinued operations after tax	31	2,654,688	-
Net profit / (loss) attributable to members of the Company		2,207,740	(2,288,546)
Other comprehensive income for the year			
Items that may be reclassified to the profit or loss		-	-
Items that will not be reclassified subsequently to the profit or loss		-	-
Total comprehensive profit/ (loss)		2,207,740	(2,288,546)
Profit/ (Loss) is attributable to:			
UCW Limited		2,207,740	(2,288,546)
		2,207,740	(2,288,546)

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

**STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015 (Continued)**

	Notes	2015 \$	2014 \$
Total comprehensive profit/ (loss) is attributable to UCW Limited		<u>2,207,740</u>	<u>(2,288,546)</u>
		<u>2,207,740</u>	<u>(2,288,546)</u>
Profit/ (Loss) per share from continuing operations attributable to equity holders of the parent entity			Restated
Basic (loss) per share (cents per share)	9		
- Continuing operations		(0.59)	(16.84)
- Discontinued operations		3.49	-
Diluted (loss) per share (cents per share)	9		
- Continuing operations		(0.59)	(16.84)
- Discontinued operations		2.63	-

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

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	2015 \$	2014 \$
Current Assets			
Cash and cash equivalents	10	1,147,632	51,721
Trade and other receivables	11	17,072	8,870
Inventories	12	5,000	38,750
Plant and equipment	15	-	14,545
Intangible assets	16	5,500	5,500
Total Current Assets		<u>1,175,204</u>	<u>119,386</u>
Total Assets		<u>1,175,204</u>	<u>119,386</u>
Current Liabilities			
Trade and other payables	17	216,027	2,338,047
Financial liabilities	18	-	559,130
Short-term provision	19	-	547,647
Total Current Liabilities		<u>216,027</u>	<u>3,444,824</u>
Total Liabilities		<u>216,027</u>	<u>3,444,824</u>
Net Assets / (Net Asset Deficiency)		<u><u>959,177</u></u>	<u><u>(3,325,438)</u></u>
Equity			
Issued capital	20	2,075,000	23,241,146
Reserves	21	1,875	-
Accumulated losses	22	(1,117,698)	(26,566,584)
		<u><u>959,177</u></u>	<u><u>(3,325,438)</u></u>

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

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Issued Capital	Accumulated Losses	Option Premium Reserve	Total Equity
Balance as at 1 July 2014	23,241,146	(26,566,584)	-	(3,325,438)
Net profit for the year	-	2,207,740	-	2,207,740
Other comprehensive income for the year	-	-	-	-
Total comprehensive profit for the year	-	2,207,740	-	2,207,740
Transactions with owners in their capacity as owners				
Shares issue	2,075,000	-	-	2,075,000
Option Premium Reserve	-	-	1,875	1,875
Write back of accumulated losses	(23,241,146)	23,241,146	-	-
Total transactions with owners in their capacity as owners	(21,166,146)	23,241,146	1,875	2,076,875
Balance as at 30 June 2015	2,075,000	(1,117,698)	1,875	959,177
Balance as at 1 July 2013	22,809,146	(24,278,038)	-	(1,468,892)
Net loss for the year	-	(2,288,546)	-	(2,288,546)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	(2,288,546)	-	(2,288,546)
Transactions with owners in their capacity as owners				
Shares issue	432,000	-	-	432,000
Total transactions with owners in their capacity as owners	432,000	-	-	432,000
Balance as at 30 June 2014	23,241,146	(26,566,584)	-	(3,325,438)

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

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Cash flow from operating activities			
Receipts from customers		2,875	3,290,364
Payments to suppliers and employees		(222,170)	(3,826,634)
DOCA Settlement		(766,721)	-
Interest received		5,052	66
Dividends and trust distributions received		-	16
Finance costs		-	(38,759)
Net cash used in operating activities	26a	(980,964)	(574,947)
Cash flow from investing activities			
Acquisition of intangible assets		-	(5,500)
Proceeds from sale of property, plant and equipment		-	202,284
Payment for property plant and equipment		-	-
Net cash generated by investing activities		-	196,784
Cash flow from financing activities			
Proceeds from share issue		1,595,951	432,000
Proceeds from Syndicate loan		715,000	-
Repayment of borrowings		(234,076)	(11,298)
Net cash generated by financing activities		2,076,875	420,702
Net increase in cash and cash equivalents		1,095,911	42,539
Cash and cash equivalents at beginning of year		51,721	9,182
Cash and cash equivalents at end of year	10	1,147,632	51,721

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

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover UCW Limited (formerly Undercoverwear Limited) (also referred to as “the Company”). UCW Limited is a listed public company, incorporated and domiciled in Australia. UCW Limited is for-profit company for the purposes of preparing these annual financial statements.

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

(a) Basis of preparation of the financial report

Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law where possible (refer to note 1(b) below).

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (‘IFRS’).

The consolidated financial statements were authorised for issue by the Board of Directors on 31 August 2015.

(b) Incomplete records

The management and affairs of the Company and all its controlled entities have not been under the control of the Directors since it entered into voluntary administration on 6 March 2014 and 10 March 2014 respectively until the date the Deed of Company Arrangement (“DoCA”) effectuated, being 16 February 2015.

The financial report was prepared by Directors who were not in office at the time the Group entered voluntary administration or for the full periods presented in this report. The Directors who prepared this financial report were appointed on 16 February 2015 as part of the recapitalisation proposal approved by the Company’s creditors and shareholders.

To prepare the financial report, the Directors have reconstructed the financial records of the Company using data extracted from the Company’s accounting systems and the record of receipts and payments made available by the Administrator of the Company and its subsidiaries for the period from their appointment. However, it has not been possible for the Directors to obtain all the books and records of the Company and its subsidiary 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, because of the possible effect of the incomplete records on the current year and the corresponding prior years disclosure.

(c) Basis of preparation

The financial report has been prepared on the historical cost basis.

(d) Going concern

The company incurred a profit of \$2,207,740 (2014: loss \$2,288,546) and experienced total cash outflows from operating activities of \$980,964 (2014: cash outflow \$574,947) for the year ended 30 June 2015 and, as at that date, had net current assets of \$959,177 (2014: Deficiency: \$3,325,438).

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(d) Going concern (Continued)

The cash flow forecast indicates that the Company has sufficient cash flows to meet all commitments and working capital requirements for a period of at least 12 months from the date of signing the financial report. Accordingly, the directors are satisfied that the going concern basis of preparation is appropriate.

The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

(e) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by UCW Limited as at the end of the reporting period.

A controlled entity is any entity UCW Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. All controlled entities have a June financial year end.

All intercompany balances and transactions (if any) between entities in the Group, including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies adopted by the parent entity.

Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(f) Income tax

The income tax expense for the year comprises current tax expense and deferred tax expense. The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date. Current tax liabilities are measured at the amounts expected to be paid to the relevant tax authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax is accounted for using the balance liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statements of Profit or Loss and Other Comprehensive Income, except where it relates to items that may be credited directly to equity, in which case the deferred tax asset is adjusted directly against equity.

Deferred income tax assets are recognised only to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(g) Inventories

Inventories are measured at lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. The cost of purchased goods includes purchase price, import and other taxes, transport and handling costs directly attributable to the acquisition of the inventories.

(h) Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses.

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rate used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate
Plant and equipment	17% - 27%
Motor vehicle	15% - 33%
Furniture, fittings and equipment	27% - 40%
Computer software	40%

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(h) Plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its' estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statements of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(i) Leases

Lease of fixed assets where substantially all the risks and rewards incidental to the ownership of the asset, but not the legal ownership, are transferred to the entities in the Company, are classified as finance leases. Finance lease are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Lease assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Lease payments for operating leases where substantially all the risks and benefits remain with the lessor are recognised on a straight line basis over the lease term, unless another systematic basis is more representative of the true pattern of the user's benefits.

(j) Financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Interests in controlled entities are brought to account at cost and dividend distributions are recognised in the Statements of Profit or Loss and Other Comprehensive Income of the Company when receivable.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised costs using the effective interest rate method.

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payment and amortisation.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(k) Impairments of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that individual assets are impaired. Where impairment indicators exist, the recoverable amount of the asset, being the higher of the assets' fair value less costs to sell and value in use, is compared to the assets' carrying value. Any excess of the assets' carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(l) Intangible assets

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition.

(m) Foreign currency transactions and balances

Foreign currency transactions during the year are translated to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at the balance date are converted at the rates of exchange ruling at the date. The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit or loss.

(n) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled with 12 months have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(o) Cash and cash equivalents

Cash and cash equivalents includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- investments in money market instruments with less than three months to maturity.

(p) Revenue

Revenue from the sale of goods is recognised upon the despatch of goods to the customers, which is the date of significant transfer of risks. Despatch only occurs after payment has been received. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

(q) Goods and service tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. The GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivable and payables are showed inclusive of GST. Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(r) Fair Value of Assets and Liabilities (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets.

Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(r) Fair Value of Assets and Liabilities (continued)

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Company would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Company recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(s) New accounting standards and interpretations

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Company's disclosures.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2017)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes relating to financial liabilities.

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(s) New accounting standards and interpretations (Continued)

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impractical at this stage to provide a reasonable estimate of such impact.

- *AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).*

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- ***Other standards not yet applicable***

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assumed a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates – Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTE 3: REVENUE

	2015	2014
	\$	\$
Operating activities:		
Sale of goods	2,874	3,160,869
Distribution charges	-	88,494
Rental revenue	-	35,113
Other revenue	-	3,753
Interest received	5,052	66
Dividend received	-	16
Total revenue	7,926	3,288,311

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4: LOSS BEFORE INCOME TAX EXPENSE

	2015 \$	2014 \$
Loss continuing operations before income tax has been determined after:		
Cost of sales	-	(1,847,594)
Finance costs	-	(38,759)
Foreign currency translation gains / losses	-	(25,717)
<i>Depreciation of plant and equipment</i>		
- plant and equipment	-	(11,776)
- motor vehicles	-	(21,290)
Bad and doubtful debts	-	(7,690)
<i>Rental expense on operating leases</i>		
- staff motor vehicles	-	(4,177)
- premises	-	(257,019)
Write down on inventories to net realisable value	33,750	(79,313)

NOTE 5: INCOME TAX EXPENSE

(a) The components of tax benefit comprises

	2015 \$	2014 \$
Current tax	-	-
Deferred tax	-	-
	-	-
	-	-

(b) Tax expense/benefit on profit/loss from ordinary activities before income tax at 30%

Loss before tax from continuing operations	(446,948)	(2,288,546)
Profit before tax from discontinued operations	2,654,688	-
	2,207,740	(2,288,546)
Tax at 30%	662,322	(686,564)
Add tax effect of		
Other (non-assessable) / non allowable items	(796,406)	-
	(134,084)	(686,564)
Benefit of tax loss not brought to account	134,084	686,564
Income tax attributable to profit	-	-

Tax losses related to the entity prior to the reconstruction that were not used and have been lost. Current tax losses have not been recognised as a deferred tax asset as recoupment is dependent on, amongst other matters, sufficient future assessable income being earned. That is not considered certain in the foreseeable future and accordingly there is uncertainty that the losses can be utilised. There are no deferred tax liabilities.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

	2015	2014
	\$	\$
Short term employee benefits	81,845	*

Further information is contained in the remuneration report.

* On 6 March 2014 the Company was placed into voluntary administration and the Company operations were suspended under the Administrators. The Company does not have sufficient information to allow this level of disclosure for the year ended 30 June 2014.

Shareholding and option holding of directors and other key management personnel

(a) Options

The number of options over ordinary shares in the Company held during the financial year by each director and other key management personnel, including their personal related parties, are set out below:

	Balance 30 June 2015*	Balance 30 June 2014
Adam Davis	28,333,334	-
Peter Mobbs	7,500,000	-
Jonathan Pager	4,833,333	-
Michael Pollak	12,000,000	-
Stuart Richardson	-	-
John Everett	-	-
Richard Lowry	-	-
Laurie Fitzgerald	-	-
Angela Catford	-	-
Montgomery Grant	-	-
Total	52,666,667	-

* Post 5:1 consolidation on 8 January 2015

Unlisted options having an issue price of \$0.000025 per option were issued and allotted by the Company following the completion of capital raising on 24 April 2015. Each option is exercisable at \$0.01 per option, expires on 30 June 2018.

(b) Shareholding

The number of ordinary shares in the Company held during the financial year by each director of UCW Limited and other key management personnel of the consolidated entity, including their personal related parties, are set out below:

	Balance 30 June 2015 *	Balance 30 June 2014
Adam Davis	71,666,666	-
Peter Mobbs	22,500,000	-
Jonathan Pager	11,166,667	-
Michael Pollak	25,000,000	-
Stuart Richardson	335,695	1,678,476
John Everett	3,984,646	19,923,219
Richard Lowry	-	-
Laurie Fitzgerald	1,200	6,000
Angela Catford	200	1,000
Montgomery Grant	8,640,000	43,200,000
Total	143,295,074	64,808,695

*Post 5:1 consolidation on 8 January 2015

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 7: AUDITOR'S REMUNERATION

	2015 \$	2014 \$
Amounts paid / payable to Stantons International for audit and review work undertaken under Corporation Act 2001		
Auditing or reviewing the financial report	20,000	10,000
Other services	37,706	-
	57,706	10,000

NOTE 8: FRANKING CREDITS

	2015 \$	2014 \$
Balance of franking credits at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years	2,070,474	2,070,474

NOTE 9: EARNING PER SHARE

	2015 \$	2014 \$ Restated*
(a) Basic earnings / (loss) per share (cents per share)		
From continuing operations	(0.59)	(16.84)
From discontinued operations	3.49	-
(b) Diluted earnings / (loss) per share (cents per share)		
From continuing operations	(0.59)	(16.84)
From discontinued operations	2.63	-
(c) Reconciliation of profit / (loss) in calculating earnings per share		
Basic and diluted loss per share		
Loss from continuing operations attributable to ordinary equity holders of the Company	(446,948)	(2,288,546)
Profit from discontinued operations	2,654,688	-
(d) Total shares		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings / (loss) per share	76,019,750	13,563,616
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share for discontinued operations	101,019,750	13,563,616

*The prior year earnings/ (loss) per share have been adjusted to reflect the 1:5 share consolidation.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10: CASH AND CASH EQUIVALENTS

	2015	2014
	\$	\$
Cash at bank and on hand	<u>1,147,632</u>	<u>51,721</u>
Cash and cash equivalents	1,147,632	51,721
Bank overdraft	-	(206,678)
	<u>1,147,632</u>	<u>(154,957)</u>

On 6 March 2014 the Company was placed into voluntary administration. A Creditors' Trust Deed has been established pursuant to the DoCA which was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts due and payable at the time it entered voluntary administration. All cash on hand in the Deed Administrators account was transferred into the Creditors Trust at the time of effectuating the DOCA, being 16 February 2015.

NOTE 11: TRADE AND OTHER RECEIVABLES

	2015	2014
	\$	\$
Current		
Other receivables	-	171,979
GST receivable	17,072	8,870
Less: Provision for impairment of other receivables	-	(59,696)
Less: Provision for bad debts due to administration	-	(112,283)
	<u>17,072</u>	<u>8,870</u>

On 6 March 2014 the Company was placed into voluntary administration. A Creditors' Trust Deed has been established pursuant to the DoCA which was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts due and payable at the time it entered voluntary administration. All trade and other receivables were transferred into the Creditors Trust at the time of effectuating the DOCA, being 16 February 2015.

The debtors as at 30 June 2015 are not considered past due and are fully recoverable.

NOTE 12: INVENTORIES

	2015	2014
	\$	\$
Current		
<i>At cost:</i>		
Finished goods	38,750	118,063
<i>At net realisable value:</i>		
Impairment	(33,750)	(79,313)
	<u>5,000</u>	<u>38,750</u>

NOTE 13: OTHER ASSETS

	2015	2014
	\$	\$
Current		
Prepayments	-	42,066
Less: Impairment due to administration	-	(42,066)
	<u>-</u>	<u>-</u>

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 14: CONTROLLED ENTITIES

Entity	Country of incorporation	% owned	
		2015	2014
Undercoverwear Unit Trust	Australia	-	100%

On 10 March 2014, the subsidiary was placed into voluntary administration. On 6 March 2014 the Company was placed into voluntary administration. A Creditors' Trust Deed has been established pursuant to the DoCA which was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts due and payable at the time it entered voluntary administration. The Undercoverwear Unit Trust was transferred into the Creditors Trust at the time of effectuating the DOCA, being 16 February 2015.

NOTE 15: PLANT AND EQUIPMENT

	Plant and equipment \$	Motor vehicles \$	Furniture, fittings and equipment \$	Total \$
At 30 June 2015				
Cost	-	14,545	-	14,545
Disposals	-	(14,545)	-	(14,545)
Profit on sale of plant & equipment	-	-	-	-
	-	-	-	-
At 30 June 2014				
Cost	391,693	94,866	625,489	1,112,048
Accumulated depreciation	(375,179)	(22,706)	(616,001)	(1,013,886)
Disposals	(21,012)	(57,615)	(9,488)	(88,115)
Profit on sale of plant & equipment	4,498	-	-	4,498
	-	14,545	-	14,545

(a) Reconciliations

Movement in the carrying amounts of each class of plant and equipment at the beginning and end of the year:

At 1 July 2014	-	14,545	-	14,545
Disposals	-	(14,545)	-	(14,545)
Profit on sale of plant & equipment	-	-	-	-
At 30 June 2015	-	-	-	-
At 1 July 2013	29,133	206,359	9,905	245,397
Disposals	(21,855)	(170,524)	(9,905)	(202,284)
Profit on sale of plant & equipment	4,498	-	-	4,498
Depreciation	(11,776)	(21,290)	-	(33,066)
At 30 June 2014	-	14,545	-	14,545

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15: PLANT AND EQUIPMENT (Continued)

On 6 March 2014 the Company was placed into voluntary administration. A Creditors' Trust Deed has been established pursuant to the DoCA which was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts due and payable at the time it entered voluntary administration. All plant and equipment were transferred into the Creditors Trust at the time of effectuating the DOCA, being 16 February 2015.

NOTE 16: INTANGIBLE ASSETS

	2015 \$	2014 \$
Acquisition of intangible assets	5,500	5,500

On 6 March 2014 the Company was placed into voluntary administration. A Creditors' Trust Deed has been established pursuant to the DoCA which was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts due and payable at the time it entered voluntary administration. The intellectual property of the Undercoverwear Unit Trust was transferred to the Company at the time of effectuating the DOCA, being 16 February 2015.

NOTE 17: TRADE AND OTHER PAYABLES

	2015 \$	2014 \$
Current		
Trade creditors	207,257	1,547,883
Other payables and accrued expenses	8,770	433,639
Commission payable	-	842
Creditors' claims under administration	-	355,683
	216,027	2,338,047

On 6 March 2014 the Company was placed into voluntary administration. A Creditors' Trust Deed has been established pursuant to the DoCA which was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts due and payable at the time it entered voluntary administration. All trade and other payables were transferred into the Creditors Trust at the time of effectuating the DOCA, being 16 February 2015. The trade creditors as at 30 June 2015 relate to expenses incurred post effectuation of the DOCA.

NOTE 18: FINANCIAL LIABILITIES

	2015 \$	2014 \$
Current		
Finance lease liabilities	-	2,452
Bank overdraft	-	206,678
Shareholder loan	-	350,000
	-	559,130

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 18: FINANCIAL LIABILITIES (Continued)

In 2014 the Company had an overdraft facility of \$200,000. The Company borrowed funds via an equipment finance facility to assist with upgrading the fleet of motor vehicles. The facility balance in relation to this was \$2,452. UCW Limited is guarantor for the amount borrowed, and the vehicles purchased are provided as security for borrowings.

On 6 March 2014 the Company was placed into voluntary administration. A Creditors' Trust Deed has been established pursuant to the DoCA which was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts due and payable at the time it entered voluntary administration. All financial liabilities were transferred into the Creditors Trust at the time of effectuating the DOCA, being 16 February 2015.

NOTE 19: PROVISIONS

	2015 \$	2014 \$
Current		
Promotions	-	22,393
Employee benefits	-	245,570
Employee entitlements due to administration	-	279,684
	-	547,647

On 6 March 2014 the Company was placed into voluntary administration. A Creditors' Trust Deed has been established pursuant to the DoCA which was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts due and payable at the time it entered voluntary administration. All provisions were transferred into the Creditors Trust at the time of effectuating the DOCA, being 16 February 2015.

NOTE 20: SHARE CAPITAL

(a) Ordinary shares

	2015		2014	
	Number	\$	Number	\$
Opening balance	86,400,000	23,241,146	43,200,000	22,809,146
Share Consolidation (1:5) 8 January 2015	(69,119,976)	-	-	-
Issue 24 April 2015	320,000,000	2,075,000	43,200,000	432,000
Write back of accumulated losses*	-	(23,241,146)	-	-
At reporting date	337,280,024	2,075,000	86,400,000	23,241,146

*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.

(b) Issuance of ordinary shares

On 23 December 2014, the shareholders approved the consolidation of the issued capital of the Company on that basis every five (5) Shares have been consolidated into one (1) Share. Ordinary shares cancelled as part of the consolidation included 69,119,976 ordinary shares.

The following shares were issued and allotted by the Company following the completion of capital raising on 24 April 2015:

- 150,000,000 fully paid ordinary shares at an issue price of \$0.0025 per share;
- 170,000,000 fully paid ordinary shares at an issue price of \$0.01 per share

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 20: SHARE CAPITAL (Continued)

(c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 21: RESERVES

	Number	2015 \$
Opening balance	-	-
Options Issued 24 April 2015	75,000,000	1,875
At reporting date	75,000,000	1,875

75,000,000 unlisted options having an issue price of \$0.000025 per option were issued and allotted by the Company following the completion of capital raising on 24 April 2015. Each option is exercisable at \$0.01 per option, expires on 30 June 2018.

There were no options issued and no options reserve in the prior year.

NOTE 22: ACCUMULATED LOSSES

	2015 \$	2014 \$
Balance at beginning of the financial year	(26,566,584)	(24,278,038)
Net profit/ (loss) for the year	2,207,740	(2,288,546)
Write back of accumulated losses to share capital*	23,241,146	-
Balance at the end of the financial year	(1,117,698)	(26,566,584)

The Directors resolved to write back accumulated losses against share capital such that share capital reflects the \$2,075,000 capital injected into the Company in the recapitalisation that occurred on 24 April 2015.

*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 (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

On 6 March 2014 the Company was placed into voluntary administration and the Company operations were suspended under the Administrators. The Company did not have sufficient information to allow for the disclosure of operating lease commitments at 30 June 2014. There are no operating lease commitments for the year ended 30 June 2015.

A Creditors' Trust Deed has been established pursuant to the DoCA which was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts due and payable at the time it entered voluntary administration.

Property Lease

For the year ended 30 June 2014 there was a non – cancellable property lease with 4 year term, with rent payable monthly in advance.

On 6 March 2014 the Company was placed into voluntary administration and the Company operations were suspended under the Administrators. A Creditors' Trust Deed has been established pursuant to the DoCA which was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts due and payable at the time it entered voluntary administration.

Motor vehicles

For the year ended 30 June 2014 Interest bearing loans had been entered into for 3 year term to finance the motor vehicle fleet.

On 6 March 2014 the Company was placed into voluntary administration and the Company operations were suspended under the Administrators. A Creditors' Trust Deed has been established pursuant to the DoCA which was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts due and payable at the time it entered voluntary administration.

Interest bearing liabilities

	2015 \$	2014 \$
Included in the Statement of Financial Position as:		
Current financial liabilities	-	2,452
Non-current financial liabilities	-	-
	<u>-</u>	<u>2,452</u>

On 6 March 2014 the Company was placed into voluntary administration and the Company operations were suspended under the Administrators. The Company did not have sufficient information to allow for the disclosure of interest bearing liabilities. There are no interest bearing liabilities for the year ended 30 June 2015.

NOTE 24: 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 25: 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 Company only operates in one business and geographical segment being the distribution of apparel in Australia.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with loss after income tax

Loss from ordinary activities after income tax	2,207,740	(2,288,546)
<u>Adjustments for non-cash items</u>		
Depreciation and amortisation expense	-	33,066
Net (profit) / loss on disposal of property, plant and equipment	-	(4,498)
Provision for bad debts due to administration	-	112,283
Impairment of other assets due to administration	48,295	42,066
Creditors' Claims under administration	-	355,683
Employee entitlements due to administration	-	279,684
<u>Changes in assets and liabilities</u>		
Trade and other receivables	(8,202)	2,135
Other assets	-	45,415
Inventories	-	730,443
Trade and other payables	(2,122,020)	180,499
Provisions	(547,647)	(63,177)
Financial liabilities	(559,130)	-
Cash flow from operating activities	<u>(980,964)</u>	<u>(574,947)</u>

NOTE 27: EVENTS AFTER BALANCE DATE

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. 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 7 September 2015.

In the event that shareholders of the Company approve the proposed acquisition (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. Therefore, in accordance with the Listing Rules, the Company's securities will become suspended post the EGM and remain so, until it has re-complied with Chapters 1 and 2 of the Listing Rules.

A prospectus will be issued by the Company to:

- raise sufficient funds to complete the cash components of the proposed acquisition. The Company proposes to raise a minimum of \$5,000,000 and a maximum of \$10,000,000 at 1.5 cents per share (pre-consolidation); and
- issue \$1,000,000 consideration securities for which Shareholder approval is being sought at the EGM.

ALG (www.alg.edu.au) was founded in 2005 and is a leading 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 two colleges, the Australian College of Sport & Fitness and the NSW School of Massage, and offers Certificate III, Certificate IV and Diploma level courses. ALG has campuses in Sydney, Melbourne, Brisbane and Perth.

NOTE 28: RELATED PARTY TRANSACTIONS

Disclosures relating to key management personnel are set out in Note 6 and the detailed remuneration disclosures in the Directors' Report.

Prior to becoming directors, the Directors formed a syndicate that agreed to pay \$715,000 (on behalf of the Company) to the Deed Administrator for the purposes of satisfying all creditor claims, liabilities and obligations of the Company being compromised under the DoCA. The Company repaid the syndicate upon the completion of the capital raising.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 29: FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT POLICIES

The financial instruments of the Company consist of cash, receivables and payables. The Company did not use derivative financial instruments during the year.

Specific financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk.

Interest rate risk

The Company's main exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rate. The Company's policy is to ensure that the best interest rate is received for the short-term deposits.

Credit risk

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial statements entered into by the Company.

Foreign currency risk

The Company is currently not exposed to fluctuations in foreign currencies arising from the purchase of goods in currencies other than the Company's measurement currency.

Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flow, matching maturity profiles of financial assets and liabilities. The Company is currently invested in cash of short term deposits.

The material liquidity risk for the Company is the ability to raise equity in the future.

Sensitivity analysis

The Company has not performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date as the effect on profit or loss is not considered material.

Net fair values

The net fair value of cash, non-interest bearing monetary assets and financial liabilities approximate their carrying value.

Financial instruments composition and maturity analysis

The Company held an interest bearing at call deposit of \$1,147,632 with Westpac Bank Corporation at the year ended 30 June 2015 which has been disclosed as current in the Statement of Financial Position.

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statements of Financial Position.

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 29: FINANCIAL RISK MANAGEMENT (Continued)

	Weighted average effective interest rate		Fixed interest rate maturing				Total	
	2015 %	2014 %	Within 1 year		Non-interest bearing		2015 \$	2014 \$
			2015 \$	2014 \$	2015 \$	2014 \$		
Financial assets								
Cash & cash equivalents	1%		-	-	1,147,632	51,721	1,147,632	51,721
Receivables	-	*	-	-	17,072	8,870	17,072	8,870
Total financial assets			-	-	1,164,704	60,591	1,164,704	60,591
Financial liabilities								
Bank overdraft	-	*	-	206,678	-	-	-	206,678
Trade & other payables			-	-	216,027	2,338,047	216,027	2,338,047
Interest bearing liabilities	-	*	-	2,452	-	-	-	2,452
Total financial liabilities			-	209,130	216,027	2,338,047	216,027	2,547,177

* On 6 March 2014 the Company was placed into voluntary administration and the Company operations were suspended under the Administrators. The Company does not have sufficient information to allow this level of disclosure.

NOTE 30: UCW LIMITED PARENT COMPANY INFORMATION

	2015 \$	2014 \$
(a) Summarised statement of financial position		
Assets		
Total assets	1,175,204	-
Liabilities		
Total liabilities	216,027	70,911
Net assets	<u>959,177</u>	<u>(70,911)</u>
Equity		
Share Capital	2,076,875	23,241,146
Accumulated losses	(1,117,698)	(23,312,057)
Total equity	<u>959,177</u>	<u>(70,911)</u>
(b) Summarised statement of profit or loss and other comprehensive income		
Loss for the year	(446,948)	(478,523)
Other comprehensive income for the year	2,654,688	-
Total comprehensive (loss) for the year	<u>2,207,740</u>	<u>(478,523)</u>

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

NOTE 31: DISCONTINUED OPERATIONS

(a) Details of operations disposed

On 6 March 2014 the Company was placed into voluntary administration and the Company operations were suspended under the Administrators. The Administrators sought expressions of interest from third parties in either acquiring the assets of the Company or reconstructing and recapitalising the Company.

The Company's creditors subsequently agreed with a proposal presented by a syndicate headed by Pager Partners for the restructure and recapitalisation of the Company. This proposal was approved by Shareholders on 23 December 2014 and the DoCA was successfully completed on 16 February 2015 with the following effect:

- 1) The syndicate headed by Pager Partners loaned \$715,000 to the Deed Administrator (on behalf of the Company);
- 2) The Deed Administrator satisfied creditors' claims under the Creditors Trust Deed, with all other liabilities and obligations of the Company being comprised under the DoCA. The Creditors' Trust Deed established pursuant to the DoCA was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts due and payable at the time it entered voluntary administration;
- 3) The Company confirmed the retention of certain of the Company's existing business assets (unencumbered) however the termination of the DoCA is treated as the discontinuation of operations.

(b) Financial performance of operations disposed

	2015	2014
	\$	\$
Carrying value of Net Liabilities	3,369,688	-
Payment to UCW Creditors Trust	(715,000)	-
Net result for the year	-	-
Net gain on disposal of operations	2,654,688	-

(c) Assets and liabilities of discontinued operations

Cash and cash equivalents	51,721	-
Trade and other receivables	8,870	-
Other Assets	14,545	-
Trade and other payables	(2,338,047)	-
Provisions	(547,647)	-
Other liabilities	(559,130)	-
Net liabilities attributable to discontinued operations	3,369,688	-

(d) Cash flows used in discontinued operations

Net cash used in operating activities	(51,721)	-
Net cash from investing activities	-	-
Net cash used in financing activities	-	-
Net cash outflows for the year	(51,721)	-

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

DIRECTORS' DECLARATION

- 1) Subject to the uncertainty over the completeness of source documentation and its impact on current year and comparative disclosure, as disclosed in Note 1(b), in the opinion of the Directors of UCW Limited (the 'Company'):
 - a) the accompanying financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year then ended; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
 - c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
 - d) the audited remuneration disclosures set out on pages 11 to 14 of the Directors' Report comply with accounting standard AASB 124 Related Party Disclosures and the Corporations Regulations 2001.
- 2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

On behalf of the Directors



Adam Davis
Executive Chairman
31 August 2015

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

Report on the Financial Report

We have audited the accompanying financial report of UCW Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1(a) and 1(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements do not comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Because of the matter discussed in the basis of Disclaimer of Auditor's Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*

Basis for Disclaimer of Auditor's Opinion

The company was placed into administration on 6 March 2014 and the Deed of Company Arrangement was effectuated on 16 February 2015. Consequently, the financial information relating to the year under audit was not subject to the same accounting and internal controls processes, which includes 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.

As stated in Note 1(b), the current Directors are unable to state that the financial report is in accordance with all the requirements of the *Corporations Act 2001* and the Australian Accounting Standards.

Disclaimer of Auditor's Opinion

In our opinion:

- (a) because of the existence of the limitation on the scope of our work, as described in the Basis for Disclaimer of Auditor's Opinion paragraph noted above, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion as to whether the financial report of UCW Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of their performance for the year ended on that date;
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (iii) complying with all the requirements of the International Financial Reporting Standards.

Report on the Remuneration Report

We have audited the remuneration report included on pages 11 to 14 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Disclaimer of opinion

Because of the existence of the limitation on scope of our work, as described in the Basis of Disclaimer of Auditor's Opinion, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion on the remuneration report of UCW Limited for the year ended 30 June 2015 and whether it complies with Section 300A of the *Corporations Act 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
31 August 2015

31 August 2015

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

Dear Directors

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 audit of the financial statements of UCW Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

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



Martin Michalik
Director

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

ASX ADDITIONAL INFORMATION

NUMBER OF HOLDERS OF EQUITY SECURITIES AS AT 25 AUGUST 2015

ORDINARY SHARES:

337,280,024 fully paid pre consolidation ordinary shares held by 808 individual shareholders

All ordinary shares carry one vote per share

UNQUOTED SECURITIES:

There are 9 holders of 75,000,000 unquoted options exercisable at \$0.01 per option on or before 30 June 2018.

ABD HOLDINGS PTY LTD <ABD FAMILY holds 28,333,334 options or 37.78% of the options on issue.

DISTRIBUTION OF HOLDERS IN EACH CLASS OF EQUITY SECURITIES:

TOTAL HOLDERS FULLY PAID ORDINARY SHARES

Range	Ordinary Shares	%	No. of holders	%
100,001 and Over	333,820,455	98.97	262	32.43
10,001 to 100,000	2,900,889	0.86	58	7.18
5,001 to 10,000	192,064	0.06	27	3.34
1,001 to 5,000	244,980	0.07	86	10.64
1 to 1,000	121,636	0.04	375	46.41
Total	337,280,024	100.00	808	100.00

There are 518 holders of unmarketable parcels.

SUBSTANTIAL SHAREHOLDERS:

The names of substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act are:

Name	Ordinary Shares	%
ABD HOLDINGS PTY LTD	71,666,666	21.25
TRANSFUND PTY LTD	25,000,000	7.41
UNITED EQUITY PARTNERS PTY LTD	25,000,000	7.41
PETER MOBBS, YVETTE MOBBS, MOBBS CORPORATION	22,500,000	6.67
HOLLOWAY COVE PTY LTD	22,000,000	6.52

UCW LIMITED (FORMERLY UNDERCOVERWEAR LIMITED)

ASX ADDITIONAL INFORMATION

TOP 20 HOLDERS OF EQUITY SECURITIES AS AT 25 AUGUST 2015:

Rank	Name	25-Aug-15	%IC
1	ABD HOLDINGS PTY LTD	71,666,666	21.25
2	TRANSFUND PTY LTD	25,000,000	7.41
2	UNITED EQUITY PARTNERS PTY LTD	25,000,000	7.41
3	HOLLOWAY COVE PTY LTD	22,000,000	6.52
4	JACOBSON FAMILY HOLDINGS PTY LTD	15,500,000	4.60
5	MOBBS CORPORATION PTY LTD	15,000,000	4.45
6	THE CLOTHING GROUP LIMITED	8,640,000	2.56
7	OCEANVIEW SUPER FUND PTY LTD	7,666,667	2.27
8	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	7,500,000	2.22
9	CITY ELECTRICAL SERVICES PTY LTD	7,000,000	2.08
10	POLFAM PTY LTD	6,666,667	1.98
11	1215 CAPITAL PTY LTD	4,562,693	1.35
12	CITICORP NOMINEES PTY LIMITED	4,400,000	1.30
13	MR PETER MOBBS	3,750,000	1.11
13	MRS YVETTE MOBBS	3,750,000	1.11
14	MR JOHN EVERETT & MS SONYA EVERETT	3,426,565	1.02
15	MITFORD HOLDINGS PTY LIMITED	3,000,000	0.89
16	JOJO ENTERPRISES PTY LTD	2,197,890	0.65
17	PAGER PARTNERS CORPORATE ADVISORY PTY LTD	2,000,000	0.59
17	AUST EXECUTOR TRUSTEES LTD	2,000,000	0.59
18	MR JEREMY TOBIAS	1,650,000	0.49
19	MRS EMMA VICTORIA LARSEN	1,500,000	0.44
19	FASTRAK PTY LTD	1,500,000	0.44
19	MATTHEW P BUSBY & JOANNE BUSBY	1,500,000	0.44
19	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED	1,500,000	0.44
20	MR RICHARD ALEXANDER LIPTON	1,350,000	0.40