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**UCW LIMITED**

**ACN 108 962 152**

**NOTICE OF EXTRAORDINARY GENERAL  
MEETING**

**EXPLANATORY STATEMENT**

**PROXY FORM**

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TIME: 10:00am (AEDT)  
DATE: 29 February 2016  
PLACE: Level 5, 137-139 Bathurst Street  
Sydney, NSW 2000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 2) 8072 1400.

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (AEDT) on 29 February 2016 at:

Level 5, 137-139 Bathurst Street  
Sydney, NSW 2000

**YOUR VOTE IS IMPORTANT**

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The business of the Extraordinary General Meeting affects your shareholding and your vote is important.

**VOTING IN PERSON**

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To vote in person, attend the Extraordinary General Meeting on the date and at the place set out above.

**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and either:

- (a) deliver the proxy form:
  - (i) by hand to Suite 115, 3 Male Street, Brighton VIC 3186; or
  - (ii) by post to UCW Limited, c/- PO Box 231, Brighton VIC 3186; or
- (b) by facsimile to (+61 2) 9283 1970,

so that it is received no later than 48 hours before the commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

# NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Shareholders of UCW Limited (ACN 108 962 152) (**Company or UCW**) will be held at 10:00am (AEDT) on 29 February 2016 at Level 5, 137-139 Bathurst Street, Sydney, NSW 2000.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Extraordinary General Meeting. The Explanatory Statement forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Extraordinary General Meeting are those who are registered Shareholders of the Company at 10:00am (AEDT) on 27 February 2016. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

## **Part A: Acquisition of Australian Learning Group Pty Limited**

### **1. RESOLUTION 1 – APPROVAL OF CHANGE TO NATURE AND SCALE OF ACTIVITIES**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 2-9 (inclusive) being passed, for the purposes of ASX Listing Rules 11.1.2 and 11.1.3 and for all other purposes, the Company be authorised to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 1 by:

- (a) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed;
- (b) the ALG Vendors;
- (c) a person who may participate in the Capital Raising;
- (d) Global UCW and Global UCW Unit Trust;
- (e) Mr Adam Davis (or his nominee);
- (f) Mr Peter Mobbs (or his nominee);
- (g) Mr Jonathan Pager (or his nominee);
- (h) Mr Gary Burg (or his nominee); and
- (i) an associate of any person described in (a) – (h) inclusive.

However, the Company need not disregard a vote if:

- (i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
- (ii) it is cast by the person chairing the meeting (**Chair**) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**2. RESOLUTION 2 – APPROVAL OF FUTURE ISSUE OF CONSIDERATION SHARES AND CONSIDERATION OPTIONS TO MR MATTHEW DAVID SMITH AND MS MARGARET ELIZABETH ARMSTRONG (OR THEIR NOMINEES)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 1 and 3 – 9 (inclusive) being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue and allotment of:*

- 1) *up to 8,333,333 Shares at a deemed issue price of 6 cents (\$0.06) per Share as part of the Consideration Shares pursuant to the ALG Acquisition; and*
- 2) *up to 2,777,777 Options to each subscribe for one (1) Share in the Company with each Option exercisable at 6 cents (\$0.06) on or before 30 June 2018 as part of the Consideration Options pursuant to the ALG Acquisition, to Mr Matthew David Smith (or his nominee), and*
- 3) *up to 8,333,333 Shares at a deemed issue price of 6 cents (\$0.06) per Share as part of the Consideration Shares pursuant to the ALG Acquisition; and*
- 4) *up to 2,777,777 Options to each subscribe for one (1) Share in the Company with each Option exercisable at 6 cents (\$0.06) on or before 30 June 2018 as part of the Consideration Options pursuant to the ALG Acquisition, to Ms Margaret Elizabeth Armstrong (or her nominee),*  
*(Mr Smith and Ms Armstrong collectively referred to as **ALG Vendors**)*

*on the terms and conditions which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 2 by:

- (a) the ALG Vendors (or their nominees);
- (b) a person who may participate in the Capital Raising;
- (c) Global UCW and Global UCW Unit Trust;
- (d) Mr Adam Davis (or his nominee);
- (e) Mr Peter Mobbs (or his nominee);
- (f) Mr Jonathan Pager (or his nominee);
- (g) Mr Gary Burg (or his nominee);
- (h) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed; and
- (i) an associate of any person described in (a) - (h) inclusive.

However, the Company need not disregard a vote if:

- (i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
- (ii) it is cast by the person chairing the meeting (**Chair**) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## ***Part B: Capital Raising to raise up to \$12 million***

### **3. RESOLUTION 3 – APPROVAL OF FUTURE ISSUE OF NEW SHARES AND NEW OPTIONS PURSUANT TO CAPITAL RAISING**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 1-2 and 4-9 (inclusive) being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue and allotment of:*

- (a) up to 200,000,000 New Shares at an issue price of 6 cents (\$0.06) per New Share to raise up to \$12,000,000; and*
- (b) up to 66,666,666 New Options, to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,*

*to investors who have been invited to subscribe for New Shares and New Options under a Prospectus to be issued by the Company, and otherwise on the terms and conditions which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 3 by:

- (a) a person who may participate in the Capital Raising;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed;
- (c) the ALG Vendors;
- (d) Global UCW and Global UCW Unit Trust;
- (e) Mr Adam Davis (or his nominee);
- (f) Mr Peter Mobbs (or his nominee);
- (g) Mr Jonathan Pager (or his nominee);
- (h) Mr Gary Burg (or his nominee); and
- (i) an associate of any person described in (a) - (h) inclusive.

However, the Company need not disregard a vote if:

- (i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
- (ii) it is cast by the person chairing the meeting (**Chair**) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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#### 4. RESOLUTION 4 – ACQUISITION OF RELEVANT INTEREST

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 1-3 (inclusive) and 5–9 (inclusive) being passed, for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, the Shareholders of the Company approve the issue and allotment of 108,333,333 New Shares and 36,111,110 New Options to International Capital Investment Limited (registration number 59158) (**ICIL**), Investec Australia Limited (ACN 140 381 184) (**IAL**), Court Super Pty Ltd ATF G&P Burg Superannuation Fund and Salamanca Group Trust S.A. ATF The Lagoon Trust in the following manner:*

- (a) 83,333,333 New Shares at an issue price of 6 cents (\$0.06) per New Share; and*
- (b) 27,777,777 New Options, to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,*  
*(collectively, the **Trust 1 Securities**),*

*(The following parties will have a deemed relevant interest in the Trust 1 Securities: ICIL, IAL, Mr Frank Boner, Mr Laurence Nestadt, Investec Plc and Investec Limited.)*

*to Global UCW Pty Ltd (ACN 609 753 559) as bare trustee for the entities set out above (**Global UCW**), and*

- (a) 25,000,000 New Shares at an issue price of 6 cents (\$0.06) per New Share; and*
- (b) 8,333,333 New Options, to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,*

*to Global UCW No 2 Pty Ltd (ACN 609 753 782) ATF Global UCW Unit Trust (**Global UCW Unit Trust**),*

*on the terms and conditions which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”*

**Voting power of Global UCW and Global UCW Unit Trust:** As set out in Table 10 in the Explanatory Statement, the proposed maximum voting power of Global UCW and Global UCW Unit Trust (assuming that the maximum of \$12,000,000 is raised under the Capital Raising at an issue price of 6 cents (\$0.06) per New Share), on a diluted basis will be 50.4%.

**Independent Expert’s Report:** Shareholders of the Company should carefully consider the Independent Expert’s Report (**IER**) that has been prepared by RSM Financial Services Australia Pty Limited (**RSMFSA**) before voting on this Resolution. The IER comments on the fairness and reasonableness of the Proposed Transaction (which includes the acquisition of the voting power and various relevant interest arrangements as a result of the investment by Global UCW and Global UCW Unit Trust as described in the Explanatory Statement) to the existing non-associated Shareholders of the Company. The IER has concluded that the acquisition of the voting power and the various relevant interest arrangements, outlined in the Explanatory Statement, are fair and reasonable to the current Shareholders of the Company.

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 4 by:

- (a) Global UCW and Global UCW Unit Trust;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed;
- (c) an associate of any person described in (a) or (b).

However, the Company need not disregard a vote if:

- (i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
- (ii) it is cast by the person chairing the meeting (**Chair**) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**5. RESOLUTION 5 – RELATED PARTY APPROVAL OF FUTURE ISSUE OF SHARES AND OPTIONS TO MR ADAM DAVIS**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 1-4 (inclusive) and 6-9 (inclusive) being passed, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of:*

- (a) up to 7,500,000 New Shares at an issue price of 6 cents (\$0.06) per New Share to raise up to \$450,000.00; and*
- (b) up to 2,500,000 New Options, to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,*

*to Mr Adam Davis (or his nominee), the Executive Chairman and Director of the Company, on the terms and conditions which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 5 by:

- (a) Mr Adam Davis (or his nominee);
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed;
- (c) the ALG Vendors;
- (d) a person who may participate in the Capital Raising;
- (e) Global UCW and Global UCW Unit Trust;
- (f) Mr Peter Mobbs (or his nominee);
- (g) Mr Jonathan Pager (or his nominee);
- (h) Mr Gary Burg (or his nominee); and
- (i) an associate of any person described in (a) - (h) inclusive.

However, the Company need not disregard a vote if:

- (i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**6. RESOLUTION 6 – RELATED PARTY APPROVAL OF FUTURE ISSUE OF SHARES AND OPTIONS TO MR PETER MOBBS**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 1-5 (inclusive) and 7-9 (inclusive) being passed, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of:*

- (a) *up to 3,333,334 New Shares at an issue price of 6 cents (\$0.06) per New Share to raise up to \$200,000.04; and*
- (b) *up to 1,111,111 New Options, to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,*

*to Mr Peter Mobbs (or his nominee), a Director of the Company, on the terms and conditions which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 6 by:

- (a) Mr Peter Mobbs (or his nominee);
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed;
- (c) the ALG Vendors;
- (d) a person who may participate in the Capital Raising;
- (e) Global UCW and Global UCW Unit Trust;
- (f) Mr Adam Davis (or his nominee);
- (g) Mr Jonathan Pager (or his nominee);
- (h) Mr Gary Burg (or his nominee); and
- (i) an associate of any person described in (a) - (h) inclusive.

However, the Company need not disregard a vote if:

- (i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**7. RESOLUTION 7 – RELATED PARTY APPROVAL OF FUTURE ISSUE OF SHARES AND OPTIONS TO MR JONATHAN PAGER**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 1-6 (inclusive) and 8-9 being passed, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of:*

- (a) up to 1,666,667 New Shares at an issue price of 6 cents (\$0.06) per New Share to raise up to \$100,000.02; and*
- (b) up to 555,555 New Options, to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,*

*to Mr Jonathan Pager (or his nominee), a Director of the Company, on the terms and conditions which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 7 by:

- (a) Mr Jonathan Pager (or his nominee);
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed;
- (c) the ALG Vendors;
- (d) a person who may participate in the Capital Raising;
- (e) Global UCW and Global UCW Unit Trust;
- (f) Mr Adam Davis (or his nominee);
- (g) Mr Peter Mobbs (or his nominee);
- (h) Mr Gary Burg (or his nominee); and
- (i) an associate of any person described in (a) - (h) inclusive.

However, the Company need not disregard a vote if:

- (i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**8. RESOLUTION 8 – RELATED PARTY APPROVAL OF FUTURE ISSUE OF SHARES AND OPTIONS TO GLOBAL UCW AND GLOBAL UCW UNIT TRUST**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 1-7 (inclusive) and 9 being passed, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of:*

- (a) 108,333,333 New Shares at an issue price of 6 cents (\$0.06) per New Share; and*
- (b) 36,111,110 New Options, to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,*

*to Global UCW and Global UCW Unit Trust, on the terms and conditions which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 8 by:

- (a) Global UCW and Global UCW Unit Trust;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed;
- (c) the ALG Vendors;
- (d) a person who may participate in the Capital Raising;
- (e) Mr Adam Davis (or his nominee);
- (f) Mr Peter Mobbs (or his nominee);
- (g) Mr Jonathan Pager (or his nominee);
- (h) Mr Gary Burg (or his nominee); and
- (i) an associate of any person described in (a) - (h) inclusive.

However, the Company need not disregard a vote if:

- (i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## ***Part C: Election of Director***

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### **9. RESOLUTION 9 – ELECTION OF MR GARY BURG AS DIRECTOR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That subject to Resolutions 1 to 8 (inclusive) being passed, for the purposes of clause 13.3 of the Company’s Constitution and for all other purposes, Mr Gary Burg, being eligible and having consented to act, be elected as a Director of the Company on and from the date of the completion of the Proposed Transaction.”*

**Dated:** 29 January 2016

**BY ORDER OF THE BOARD**

**Andrew Whitten**  
Company Secretary

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Extraordinary General Meeting to be held at 10:00am (AEDT) on 29 February 2016 at Level 5, 137-139 Bathurst Street, Sydney, NSW 2000.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional adviser.

Full details of the business to be considered at the Extraordinary General Meeting are set out below.

### ***Part A: Acquisition of Australian Learning Group Pty Limited***

#### Proposed acquisition of ALG by the Company

##### Background

On 17 June 2015, the Company announced that it had signed a binding Share Sale and Purchase Agreement (**ALG SPA**) to acquire 100% of the issued capital in Australian Learning Group Pty Ltd (ACN 112 741 723) (**ALG**), subject to a number of conditions precedent being satisfied (**ALG Acquisition**). ALG is a provider of accredited education to the international and domestic student market in the areas of Fitness, Sport and Recreation Management and Massage.

The ALG Acquisition will be referred to as the **Proposed Transaction** in this Notice of Meeting.

##### Rational for the Proposed Transaction

Since recapitalisation and reinstatement to the Official List of the ASX on 11 May 2015, the Board of UCW has continued to assess the prospects of its business of online and direct sales distribution of apparel.

It has also considered alternative opportunities and considers that the Proposed Transaction will provide the Company with a platform to develop a high-growth and positive cash-flow generating business. Accordingly, the Board proposed to pursue an alternate strategy in the education sector, subject to shareholder approval of the change.

In addition, the Board intends to continue to evaluate whether it can extract value from the Company's current assets including its large customer base. All remaining assets associated with the former business will, to the extent possible, be either utilised as part of the Company's new business, joint ventured, sold, or otherwise abandoned.

##### Extraordinary General Meeting held on 7 September 2015

A notice of extraordinary general meeting was despatched to the Shareholders of the Company on 6 August 2015 (**August NOM**). The August NOM outlined the resolutions that

were put forward to Shareholders at the Extraordinary General Meeting held on 7 September 2015 (**September EGM**).

On 7 September 2015, the Company announced that Shareholders of the Company passed all the resolutions outlined in the August NOM at the September EGM. A summary of the resolutions passed at the September EGM are outlined in Table 1:

**Table 1 – Resolutions approved at the September EGM**

<b>Resolution</b>	<b>Details</b>
<b>Resolution 1: Consolidation of Capital</b>	The resolution sought a 1 for 4 consolidation of the Company's Securities prior to reinstatement to the Official List of the ASX.
<b>Resolution 2: Approval of change to nature and scale of activities</b>	As ALG operates in the VET sector, the Company sought Shareholder approval to change its main undertaking and also change the nature and scale of its activities.
<b>Resolution 3: Approval of future issue of Consideration Shares to Mr Matthew David Smith and Ms Margaret Elizabeth Armstrong</b>	As part of the Proposed Transaction, the Company sought Shareholder approval to issue the Consideration Shares to the ALG Vendors (or their nominees), in exchange for their respective shareholdings in ALG.
<b>Resolution 4: Approval of future issue of New Shares pursuant to Capital Raising</b>	This resolution sought Shareholder approval for the issue of up to 166,666,667 New Shares in the Company at 6 cents (\$0.06) per New Share to investors invited by the Company to subscribe for New Shares under a prospectus, to raise up to \$10,000,000 before the costs of the offer.

On 15 September 2015, the Company lodged a prospectus with the Australian Securities and Investment Commission (**ASIC**) and the Australian Securities Exchange (**ASX**) (**Original Prospectus**). In addition, a supplementary prospectus was lodged with the ASIC and ASX on 29 September 2015 (**Supplementary Prospectus**). The Company noted that the Original Prospectus was to be read together with the Supplementary Prospectus.

On 17 November 2015, the Company announced that the Board had decided to withdraw the offer pursuant to the Original Prospectus (to be read together with the Supplementary Prospectus). The Company confirmed that the subscriptions received under the Original Prospectus will be refunded in accordance with the Corporations Act.

The Company also informed the market on 17 November 2015 that it had entered into a subscription agreement with Global Capital Holdings (Australia) Pty Limited (**Global Capital**) whereby Global Capital (or its nominee) would invest \$6,500,000 into the Company as part of the Proposed Transaction (**Subscription Agreement**). The Company informed the market that Global Capital (or its nominee(s)) will subscribe for:

- (a) 108,333,333 New Shares in the Company at an issue price of \$0.06 per share (total subscription price of \$6,500,000); and
- (b) 1 (one) free New Option for every 3 (three) New Shares subscribed for in the Company, at an exercise price of \$0.06 per New Option which is exercisable at any time on or prior to 30 June 2018.

Global Capital or its nominee's investment in UCW is subject to UCW shareholder approval, Global Capital board approval and Foreign Investment Review Board (**FIRB**) approval, and will be pursuant to a new prospectus.

In the event, the above conditions are not satisfied on or before 31 March 2016 (or at a later date agreed by Global Capital and the Company) and the conditions are not waived by Global Capital or any consent or approval required under any of the conditions is not granted on terms

acceptable to Global Capital, then Global Capital may terminate the Subscription Agreement at any time thereafter by notice to the Company.

Global Capital is a principal investment firm which manages various funds in Australia on behalf of institutional and select private investors. Global Capital or its nominee's investment in UCW is subject to shareholder approval and will be made pursuant to a new prospectus (**Prospectus**).

On completion of the Proposed Transaction, Mr Gary Burg will join the Board of Directors of UCW as its Non-Executive Chairman.

Concurrently with the above, Mr Adam Davis, the current Executive Chairman of UCW, will be appointed as the Chief Executive Officer and Managing Director of the Company.

The ALG Vendors are supportive of Global UCW and Global UCW Unit Trust's investment and have agreed to extend the Sunset Date for completion of the Proposed Transaction to 31 March 2016 to facilitate the revised capital raising timetable. Global UCW and Global UCW Unit Trust are both wholly owned subsidiaries of Global Capital.

The Board of UCW welcomes the opportunity to have Global UCW and Global UCW Unit Trust on the register as a strategic partner supportive of the Company's strategy to build a private education business in the vocational education and training (**VET**) sector and looks forward to Mr Gary Burg joining the Board of UCW.

#### The Vocational Education and Training Sector

The Company intends to revise its corporate strategy to focus on the education sector and in particular the VET sector. The Board has extensive experience in education and believes the timing is opportune for the Company to enter the market, which has the following characteristics:

- \$9.6 billion revenue market, growing at 2.1% per annum.
- Fragmented with approximately 5,000 providers.
- Highly regulated with a framework of legislative requirements.
- Government policies in place to support increased vocational enrolments with bipartisan support.
- Privatisation underway with private providers doubling their share of enrolments during the period 2008 to 2012.
- Domestic enrolments supported by introduction of minimum qualification requirements in many markets, existing workforce participants' up-skilling and cross-skilling to enhance employability and the acceptance of VET qualifications as a pathway to higher education courses.
- International student enrolments supported by the low A\$ and streamlined visa processing. Australia is a top 5 global destination for international students and education is Australia's largest service export.
- Competition driving up quality and together with increasing compliance costs, making it harder for niche players with limited access to investment capital to compete, creating consolidation opportunities.

The Company's strategy within the education market is to acquire campus-based businesses with international and/or domestic students enrolling into high demand or niche accredited courses, that it can add value to and grow through strategies including product expansion, geographic expansion and the addition of different delivery modes such as online.

### Experience of the UCW Board in the education sector

The UCW board has extensive experience in the education sector.

#### **Mr Adam Davis, Executive Chairman**

Adam 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 The 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.

#### **Mr Peter Mobbs, Non-Executive Director**

Peter is an experienced and respected leader in education with 13 years' experience in the sector. As founder and CEO of online vocational provider, Ivy College, Peter led the private equity backed merger of his company with the education arm of the Australian Institute of Management (AIM) – a 75 year old brand. Peter remains CEO of Ivy and AIM Colleges and is a director and shareholder of the merged group – Scentia.

In previous roles, Peter was the Director of Operations, Career Education within Study Group - a global education provider - and held the role of Managing Director, Martin College, also a Study Group business.

In earlier years Peter 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 Graham Holdings Company (formerly The Washington Post Company). Peter 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 Peter was involved in acquisitions, integrations and new product development.

Prior to entering the education sector Peter worked as a lawyer in both the U.K. and Australia in the areas of commercial litigation and tax. While working as a lawyer Peter also 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.

### Australian Learning Group Pty Ltd (ALG) Background

Founded in 2005, ALG is a provider of accredited education to the international and domestic student market in the areas of Fitness, Sport and Recreation Management and Massage.

ALG is a Registered Training Organisation (**RTO**) and a national Commonwealth Register of Institutions and Courses for Overseas Students (**CRICOS**) provider. It operates through three colleges, the Australian College of Sport & Fitness, the NSW School of Massage and the Australian College of Dance, and offers Certificate III, Certificate IV and Diploma level courses. It has campuses in Sydney, Melbourne, Brisbane and Perth.

ALG principally services the international student market with an approved international student capacity of 1,375 students across its four campuses. Students are sourced through a wide network of 400 agents, the majority from low-risk assessment countries making it easier for students to obtain their visas. ALG also services the domestic student market with the same course set delivered via distance education and on-campus.

Revenue is derived from student fees and there are no government funding or VET-FEE HELP arrangements currently in place. ALG has a strong compliance history and consequently a low-risk rating from the Australian Skills Quality Authority (**ASQA**), the national regulator of the VET sector.

The business has historically achieved circa 20% per annum (CAGR) revenue growth over the past 3 years. The Board believes that further growth can be achieved through fulfilment of its recently approved increases of approximately 38% of its international student capacity, ongoing campus expansion, the introduction of new courses and an increased focus on the domestic market. ALG's international enrolments for the first half of FY16 are up circa 30% on the prior corresponding period.

### ALG Executive Team

ALG is led by an experienced executive team that will remain with the company post completion of the Proposed Transaction:

#### **Matthew David Smith, Chief Executive Officer**

Matthew is the co-founder and sole director of ALG. Since ALG's inception, Matthew's primary responsibilities have concerned ALG's strategic direction and business development, which has included new business modelling, product development and key partnership development. Matthew has 10 years' experience in international marketing and business consulting across Europe, US and Australia, and has developed core strengths in marketing, customer acquisition and strategic business development.

Matthew holds a Bachelor of Commerce degree from the University of New South Wales and has attained several qualifications within the VET industry which include: TAA, Certificate IV in Fitness, and Certificate IV in Massage.

Following the completion of the Proposed Transaction, the Company and ALG will enter into a new employment contract with Matthew on similar terms as his current engagement. However, Matthew has expressed an intention to remain employed for a period of 2 years following the date of completion under the employment agreement.

#### **Margaret Elizabeth Armstrong, Director of Studies**

Margaret is the co-founder and Director of Studies of ALG. Since ALG's inception Margaret's primary responsibilities have concerned course development, compliance and teacher performance management. Margaret has 10 years' experience in international marketing and corporate communications across Europe and Australia. Margaret has worked with companies including IBM, AAPT and Cable & Wireless Communications. In addition, Margaret has worked as a secondary teacher for 4 years, teaching Economics and Business Studies, where she notably was responsible for introducing Business Studies in the high school's program and delivered various VET programs.

Margaret holds a Bachelor of Economic degree from the University of New South Wales and has also attained a Graduate Diploma in Secondary Education from Macquarie University.

Following the completion of the Proposed Transaction, the Company and ALG will enter into a new employment contract with Margaret on similar terms as her current engagement. However, Margaret has expressed an intention to remain employed for a period of 2 years following the date of completion under the employment agreement.

### **Andreas Lippa, General Manager and Director of Sales**

Andreas is the General Manager and the Director of International Sales of ALG. Andreas has been an employee of ALG since 2009 and his primary responsibilities have concerned the management of international student sales via education agent networks, and also providing support to the CEO with respect to general management and daily business operations. Andreas has 15 years' experience in the hospitality industry, in various sales and marketing related roles for high-end hospitality groups including the Marriott Group.

In addition, following the completion of the Proposed Transaction, the Company and ALG will enter into a new employment contract with Andreas on the similar terms as his current engagement.

### Material Terms of the ALG SPA

On 17 June 2015, the Company announced that it had entered into a SPA with the ALG Vendors, to acquire 100% of ALG, which includes all the intellectual property, employees, customer contracts and business operations of ALG.

The ALG Vendors consist of the following shareholders:

### **Table 2 – ALG Vendors**

<b>ALG Vendor</b>	<b>Description</b>
<b>Mr Matthew David Smith</b>	Mr Matthew David Smith, Director of ALG ( <b>owns 1 B-Class Share</b> ) It is proposed that Mr Smith will remain as the Chief Executive Officer of ALG and he has expressed an intention to remain employed for a period of 2 years following the date of completion under the employment agreement. Mr Smith will not join the Board of UCW.
<b>Ms Margaret Elizabeth Armstrong</b>	Ms Margaret Elizabeth Armstrong ( <b>owns 1 A-Class Share</b> ) It is proposed that Ms Armstrong will remain as Director of Studies of ALG and she has expressed an intention to remain employed for a period of 2 years following the date of completion under the employment agreement. Ms Armstrong will not join the Board of UCW.

In consideration for acquiring 100% of the issued capital of ALG, the Company has agreed to pay 5 times ALG's normalised FY16 EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), subject to a minimum purchase price of \$8.5m and a maximum purchase price of \$11m (**Purchase Price**).

The Purchase Price is broken down into two components, being the upfront completion payment of \$5m (**Completion Payment**) and the deferred earn out amount of up to \$6m (**Earn Out Amount**).

The Completion Payment is payable to the ALG Vendors at the completion of the acquisition as follows:

- \$1 million (i.e. 20% of the Completion Payment) via the issue of ordinary shares in UCW (**Consideration Shares**) at the Capital Raising price; and

- \$4 million in cash (**Initial Cash Payment**) funded from the Capital Raising.

In addition, given the Capital Raising price includes the New Options, the Completion Payment to the Vendors will also include up to 5,555,554 New Options for nil cash consideration, on the basis of one (1) Option for every three (3) Consideration Shares granted to the ALG Vendors (**Consideration Options**).

The Earn Out Amount, up to a maximum of \$6m, is payable to the ALG Vendors following release of the Company's FY16 audited accounts on the following terms:

- a minimum of \$3.5 million is payable in cash (**Deferred Cash Payment**); and
- the ALG Vendors and UCW may each, at their discretion, elect for up to 50% of the remaining Earn Out Amount (after paying the first \$3.5 million in cash) to be paid either in cash or by the issue of shares in UCW (**Deferred Shares**). The Deferred Shares elected by the ALG Vendors will be issued, subject to Shareholder approval, at a 5% discount to the 30-day VWAP as calculated over the VWAP Period and the Deferred Shares elected by UCW will be issued at a 15% discount to the 30-day VWAP as calculated over the VWAP Period. As such, up to 41.6% of the Earn Out Amount may be payable in shares in UCW.

FY16 Normalised EBITDA for the purpose of determining the Earn-Out Amount will be determined by historical ALG accounting principles which include, but are not limited to, historical revenue recognition principles, whereby all revenues are recognised on a cash received basis.

The Company is currently seeking in-principle advice from ASX with respect to the mandatory escrow requirements concerning the Consideration Shares and Consideration Options. However, the Consideration Shares will be voluntarily escrowed for 24 months from issue and the Deferred Shares will be voluntarily escrowed for 12 months from issue.

The Earn Out Amount must be determined by the Company within 20 Business Days after the Company releases its audited financial results for the 12 month period ending 30 June 2016.

In the event that the Company defaults on the payment of the Earn Out Amount after 110 Business Days after the Company and the ALG Vendors agree the Earn Out Amount, the Company will be required to return the shares in ALG or the business of ALG to the ALG Vendors for a nominal amount.

In certain limited circumstances, such as UCW having an insolvency event, UCW may be required to pay the maximum Earn Out Amount of \$6m to the ALG Vendors in cash within 5 Business Days.

If Actual Working Capital based on the completion balance sheet is equal to or greater than \$360,000, then the difference will be treated as an increase in the Purchase Price, or if actual working capital is less than \$360,000, then the difference will be treated as a decrease in the Purchase Price.

Other material terms of the ALG SPA are as follows:

#### *Conditions precedent*

Completion under the ALG SPA is subject to a number of conditions precedent being satisfied (or waived, as applicable), as follows:

- (a) The ALG Vendors and/or the Company (as appropriate) obtaining any approvals required by ASQA or CRICOS and any approvals required from the Company's Shareholders, ASIC or the ASX. It is noted that the relevant ASQA and CRICOS approvals have already been obtained.
- (b) The Company completing a Capital Raising of at least \$4,000,000.
- (c) The ALG Vendors confirming that there is no actual or threatened revocation, termination or suspension of any authorisation issued by ASQA, or in relation to CRICOS, including any likely material restriction (including any material reduction in ALG's capacity to offer its courses to students) or likely adverse variation.

#### *Conduct prior to completion*

There are standard restrictions on the conduct of the Company and ALG between execution of the ALG SPA and completion of the ALG Acquisition, including but not limited to managing and conducting its business in an ordinary course and not entering into any material contracts without the Company's consent in writing.

#### *Warranties and indemnities*

The ALG SPA is subject to a broad range of warranties and indemnities, provided by the ALG Vendors. These are standard and normal for a transaction of this nature.

The Company has agreed to provide standard commercial warranties to the ALG Vendors, limited to title, capacity and authority, solvency, its constitution and material claims.

#### *Termination*

The following are termination events prior to completion:

- (a) the ALG Vendors breach a material term of the ALG SPA; or
- (b) any of the ALG Vendors' warranties is or becomes false, misleading or incorrect in any material respect when made or regarded.

#### *Break Fee*

The ALG Vendors will be entitled to a break fee of \$100,000 if by the Sunset Date:

- (a) the Company fails to attain the relevant approvals from its shareholders, ASIC or ASX; or
- (b) the condition in the ALG SPA, that the Company completes a capital raising of at least \$4,000,000 to fund the Proposed Transaction, is not satisfied or waived.

The Company will have to pay the Break Fee (plus any applicable GST) to the ALG Vendors within 10 Business Days of receiving a written demand.

#### *Restraint*

There are standard restraints on the conduct of each of the ALG Vendors for a period of up to 3 years from completion.

#### Effect of the Completion Payment

Under the terms of the ALG SPA, the Completion Payment will be allocated amongst the ALG Vendors as follows:

**Table 3 – Completion Payment (i.e. excluding Earn Out Amount)**

Proposed new Shareholder	Initial Cash Payment <sup>(a)</sup>	Maximum Consideration Shares <sup>(b)</sup>	Maximum Consideration Options <sup>(c)</sup>	Maximum Deferred Shares <sup>(d)</sup>	% of UCW (No Capital Raising and undiluted) <sup>(e)</sup>	% of UCW undiluted <sup>(f)</sup> 12M	% of UCW fully diluted <sup>(g)</sup> 12M
Mrs Margaret Elizabeth Armstrong (or her nominee)	\$2m	8,333,333	2,777,777	20,833,333	8.3%	2.8%	7.35%
Mr Matthew David Smith (or his nominee)	\$2m	8,333,333	2,777,777	20,833,333	8.3%	2.8%	7.35%
<b>Total</b>	<b>\$4m</b>	<b>16,666,666</b>	<b>5,555,554</b>	<b>41,666,666</b>	<b>16.6%</b>	<b>5.6%</b>	<b>14.7%</b>

**Notes:**

(a) Initial Cash Payment at completion of \$4,000,000 to be funded from the Capital Raising.

(b) All Consideration Shares will be subject to voluntary escrow for 2 years. Based on \$1m of UCW shares at completion, assuming a Capital Raising price of 6 cents. The Company has applied for in principle advice regarding the mandatory escrow restrictions applicable to these Shares.

(c) The Consideration Options are issued on the basis of one (1) Option for every three (3) Consideration Shares granted to the ALG Vendors and will not be voluntarily escrowed. The Company has applied for in principle advice regarding the mandatory escrow restrictions applicable to these Options.

(d) The Deferred Shares may constitute up to 41.6% of the Earn Out Amount payable in Shares in UCW. The Deferred Shares will be voluntarily escrowed for 12 months from issue.

(e) Following completion of the Proposed Transaction, but prior to completion of Capital Raising and undiluted. These percentages are based on a total sum of 100,986,722 fully paid ordinary shares of the Company, which has been calculated as follows: 84,320,056 (current share capital) + 16,666,666 (Consideration Shares).

(f) Following completion of the Proposed Transaction, Capital Raising (\$12M raised at 6 cents per Share) and undiluted. These percentages are based on a total sum of 300,986,722 fully paid ordinary shares of the Company, which has been calculated as follows: 84,320,056 (current share capital) + 16,666,666 (Consideration Shares) + 200,000,000 (full subscription of New Shares).

(g) Following completion of the Proposed Transaction, Capital Raising (\$12M raised at 6 cents per Share) and fully diluted. These percentages are based on a total sum of 433,625,608 fully paid ordinary shares of the Company, which has been calculated as follows: 84,320,056 (current share capital) + 16,666,666 (Consideration Shares) + 200,000,000 (full subscription of New Shares) + 41,666,666 Deferred Shares + 5,555,554 (exercise of Consideration Options) + 66,666,666 (exercise of New Options) + 18,750,000 (exercise of all existing options).

Neither Mr Smith nor Ms Armstrong are to join the Board of the Company following completion, therefore, the issue of Consideration Shares and the Consideration Options is not a related party share issue.

## ***Part B: Capital Raising to raise up to \$12 million***

### **Capital raising to fund the Proposed Transaction**

As part of the Proposed Transaction, the Company will seek to raise up to \$12,000,000 via a prospectus (**Prospectus**) to fund the cash components of the ALG Acquisition. The raising of funds under the Prospectus will be referred to herein as the **Capital Raising**.

Any remaining funds under the Capital Raising, following the payment of the cash components of the ALG Acquisition, will be applied by the Company towards expenses related to the Capital Raising, other professional fees and disbursements incurred as part of the Proposed Transaction, for general working capital, to fund part/all of the Earn Out Amount to the Vendors or for further potential acquisitions in the education sector.

Shareholder approval for the issue of the New Shares and New Options pursuant to the Capital Raising is being sought under Resolution 3 of this Notice of Meeting. Further details of the Capital Raising is set out in the Explanatory Statement for Resolution 3 (Part B).

### **Global UCW and Global UCW Unit Trust**

Global UCW and Global UCW Unit Trust will subscribe for New Shares and New Options for the following amounts:

- (a) 108,333,333 New Shares in the Company at an issue price of 6 cents (\$0.06) per New Share; and
- (b) 36,111,110 New Options to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018.

Shareholder approval under item 7 of section 611 of the Corporations Act will be considered under Resolution 4 of this Notice of Meeting.

Mr Gary Burg controls Global Capital, Global UCW and Global UCW Unit Trust. Accordingly, related-party shareholder approval for the issue of New Shares and New Options to entities controlled by Mr Gary Burg will be considered under Resolution 8 of this Notice of Meeting.

### **Capital Raising from Directors**

Messrs Adam Davis, Peter Mobbs and Jonathan Pager, being Directors of the Company, wish to subscribe for New Shares and New Options in the Company pursuant to the Prospectus on the same basis as all of the parties participating in the Capital Raising.

Collectively, the aforementioned Directors wish to subscribe for up to approximately \$750,000.06 worth of Shares in the Company.

**Table 4 – Subscription by Directors**

Director	Maximum Number of New Shares	Maximum Number of New Options	Maximum Subscription Value	Existing Shareholding	Existing Options <sup>1</sup>	Maximum Projected Shareholding (undiluted) <sup>2</sup>	Maximum Projected Shareholding (fully diluted) <sup>3</sup>
Adam Davis	7,500,000	2,500,000	\$450,000.00	17,916,666	7,083,333	8.4%	8.9%
Peter Mobbs	3,333,334	1,111,111	\$200,000.04	5,625,000	1,875,000	3.0%	3.1%
Jonathan Pager	1,666,667	555,555	\$100,000.02	2,791,667	1,208,333	1.5%	1.6%
<b>Total</b>	<b>12,500,001</b>	<b>4,166,666</b>	<b>\$750,000.06</b>				

**Notes:**

1. The Directors hold unlisted options, which are exercisable at \$0.04 per option on or before 30 June 2018.
2. Following completion of the Proposed Transaction, Capital Raising (\$12M raised at 6 cents per Share) and undiluted. These percentages are based on a total sum of 300,986,722 fully paid ordinary shares of the Company, which has been calculated as follows: 84,320,056 (current share capital) + 16,666,666 (Consideration Shares) + 200,000,000 (full subscription of New Shares).
3. Following completion of the Proposed Transaction, Capital Raising (\$12M raised at 6 cents per Share) and fully diluted. These percentages are based on a total sum of 391,958,942 fully paid ordinary shares of the Company, which has been calculated as follows: 84,320,056 (current share capital) + 16,666,666 (Consideration Shares) + 200,000,000 (full subscription of New Shares) + 5,555,554 (exercise of Consideration Options) + 66,666,666 (exercise of New Options) + 18,750,000 (exercise of all existing options).

Related-party shareholder approval for the issue of the New Shares and New Options to Messrs Davis, Mobbs and Pager will be considered under Resolutions 5, 6 and 7 of this Notice of Meeting.

**Parts C: Election of Director**

Following completion of the Proposed Transaction, Mr Gary Burg will be appointed to the Board of the Company.

Gary has been involved with the broader Global Capital Group since 1995 in South Africa and in Australia since 2001. In Australia, Gary has been involved in a number of businesses across a range of sectors including life insurance, financial services and education. Gary is currently a director of Clearview Limited and Global Capital Holdings (Australia) Pty Limited, which is the investment manager of the recently established Global Capital Principal Investments business in Australia. He is a former director of (and investor in) 3Q Holdings Limited and South African listed Capital Alliance Holdings Limited (which owned Capital Alliance Life Limited and Capital Alliance Bank Limited). Gary is also a former director and investor in Prefsure Life Limited and Insurance Line.

## Indicative Timetable

If all Resolutions under this Notice of Meeting are passed, the Company anticipates that the Company will undertake the Capital Raising and the application for re-instatement to ASX as follows:

Action	Date
Company suspended**	7 September 2015
Notice of meeting dispatched to shareholders	29 January 2016
Prospectus lodged with ASIC	15 February 2016
Opening of capital raising offer	22 February 2016
Extraordinary general meeting of shareholders	29 February 2016
Close of capital raising offer	7 March 2016
Reinstatement application approved by ASX	9 March 2016
Issue and allotment of shares	14 March 2016
Completion of the transaction	14 March 2016
Resumption of trading on ASX	16 March 2016

\*\* The Company's Securities will continue to remain suspended from official quotation on the ASX until such time as the Proposed Transaction has been completed and the Company has complied with all pre-reinstatement requirements of ASX. Accordingly, there will be no trading in the Company's Securities until they have been reinstated to official quotation.

## Summary of Reasons for Resolutions under this Notice of Meeting

**Table 5 – Resolutions under this Notice of Meeting**

<b>Consequences from Completion of Proposed Transaction</b>	<b>Details</b>	<b>Resolution under this Notice of Meeting</b>
<b>Approval of change to nature and scale of activities</b>	ALG operates in the VET sector. In the event that the Proposed Transaction completes, the Company will change its main undertaking and also change the scale of its activities.	Resolution 1
<b>Approval of future issue of Consideration Shares and Consideration Options to Mr Matthew David Smith (or his nominees) and Ms Margaret Elizabeth Armstrong (or her nominee)</b>	As part of the Proposed Transaction, Consideration Shares and Consideration Options will be issued to the ALG Vendors (or their nominees), in exchange for their respective shareholdings in ALG. This Resolution seeks Shareholder approval for the issue of Consideration Shares and Consideration Options to the ALG Vendors (or their nominees), who are not related parties of the Company.	Resolution 2
<b>Approval of future issue of New Shares and New Options pursuant to Capital Raising</b>	Issue of up to 200,000,000 New Shares in the Company at 6 cents (\$0.06) per New Share and up to 66,666,666 New Options to investors invited by the Company to subscribe for New Shares and New Options under a Prospectus, to raise up to \$12,000,000 before the costs of the offer.	Resolution 3
<b>Acquisition of Relevant Interest</b>	For the purposes of Chapter 6 of the Corporations Act, Global UCW and Global UCW Unit Trust will hold more than 20% of the issued capital in the Company, therefore specific s 611(item 7) Shareholder approval is required.	Resolution 4
<b>Related Party Approval of Future Issue of Shares and Options to Mr Adam Davis</b>	Mr Adam Davis is the Executive Chairman of the Company. Therefore, this resolution seeks Shareholder approval for the issue of New Shares and New Options to Mr Davis (or his nominee), a Related Party.	Resolution 5
<b>Related Party Approval of Future Issue of Shares and Options to Peter Mobbs</b>	Mr Peter Mobbs is a Non-Executive Director of the Company. Therefore, this resolution seeks Shareholder approval for the issue of New Shares and New Options to Mr Mobbs (or his nominee), a Related Party.	Resolution 6
<b>Related Party Approval of Future Issue of Shares and Options to Jonathan Pager</b>	Mr Jonathan Pager is a Non-Executive Director of the Company. Therefore, this resolution seeks Shareholder approval for the issue of New Shares and New Options to Mr Pager (or his nominee), a Related Party.	Resolution 7
<b>Related Party Approval of Future Issue of Shares and Options to Global UCW and Global UCW Unit Trust</b>	This resolution seeks Shareholder approval for the issue of New Shares and New Options to Global UCW and Global UCW Unit Trust.	Resolution 8
<b>Election of Mr Gary Burg as a Director of the Company</b>	On completion of the Proposed Transaction, it is proposed that Mr Gary Burg be elected to the Board of the Company.	Resolution 9

## ***Part A: Acquisition of Australian Learning Group Pty Limited***

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### **RESOLUTION 1 – APPROVAL OF CHANGE TO NATURE AND SCALE OF ACTIVITIES**

#### **Information Required by ASX Listing Rule 11.1.2**

##### Overview and Information of Proposed Transaction

Pursuant to the Proposed Transaction, the Company seeks to acquire 100% of the issued capital of ALG, a provider of accredited education to the international and domestic student market in the areas of Fitness, Sport and Recreation Management and Massage.

Further details of the ALG businesses are set out in Part A of the Explanatory Statement in this Notice of Meeting.

In the event that the Proposed Transaction completes, there will be a significant change:

- to the nature of the Company's main undertaking, from distribution of apparel to that of the provision of education; and
- to the Company's consolidated total assets, equity interests, revenue and profit and hence the scale of the Company's activities.

Therefore, the practical effect of completing the Proposed Transaction is that a significant change will take place with respect to the nature and scale of the Company's activities.

In the event that the Proposed Transaction does not complete, the Company will continue to consider how best to leverage its existing assets, and also continue to consider the possible acquisition and development of other investments.

##### Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

On the basis that approval pursuant to Resolutions 2-9 (inclusive) is obtained, the Company will seek to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules. Compliance with the admission requirements involves, amongst other things, the following:

- (a) having a structure and operations that are appropriate for a listed entity;
- (b) issuing a prospectus or information memorandum;
- (c) complying with the minimum spread requirements;
- (d) complying with the ASX's profit test or assets test;
- (e) complying with Chapter 9 of the ASX Listing Rules in relation to any "restricted securities" as determined by the ASX;
- (f) having the entity's quoted securities (except options) issued or sold for at least 20 cents in cash;
- (g) having any options the entity has issued exercisable for at least 20 cents in cash; and
- (h) satisfying ASX that each director or proposed director, at the date of admission, is of good fame and character.

The Company notes that with respect to the re-compliance conditions in paragraphs (f) and (g) above, the Company will be seeking a waiver from ASX. This will allow the Company to re-list without having to issue Shares at a minimum price of 20 cents and Options with a minimum exercise price of \$0.20.

Shareholders should be aware that the Company's Securities are currently suspended by the ASX and will remain suspended until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules. It is the Company's intention to meet these requirements as soon as practicable after the Meeting pursuant to this Notice of Meeting is held, and following the completion of the Capital Raising.

### Advantages of Change to Nature and Scale of Activities of the Company

The Proposed Transaction presents a number of advantages for the Company, including:

- (a) *Entry into VET sector by acquisition of established business:* Completion of the Proposed Transaction will constitute the Company's entry into the VET sector and provide a base from which to potentially build and grow a private education business both organically and through further acquisitions.

ALG was founded in 2005. Since then, it has grown to become a provider of Fitness, Sport and Recreation Management and Massage education to the international student market.

- (b) *Employment of experienced ALG executives with interests aligned with Shareholders:* The ALG Vendors, Mr Matthew Smith and Mrs Margaret Armstrong are also the founders of ALG. The ALG Vendors have been instrumental in ALG's growth, intend to remain with ALG as senior executives for a minimum of 2 years post completion and continue to be involved in the day-to-day management of ALG. The ALG Vendors will receive Consideration Shares and Consideration Options, and potentially Deferred Shares as part of the Proposed Transaction, hence they will become large shareholders of the Company. The Consideration Shares and, if issued, the Deferred Shares will be subject to an escrow arrangement which the Board believes will assist in aligning their interests with the remaining Shareholders of the Company.

As previously disclosed, current UCW Directors Mr Adam Davis and Mr Peter Mobbs have extensive experience in the education sector. The UCW Board also has a broad cross section of corporate experience, which will allow the Company to pursue further acquisition opportunities to achieve greater scale in its operations.

- (c) *Increased scale of operations and growth opportunity:* ALG's business has active operations which will provide meaningful operational and financial contribution to the Company.

In recent times ALG has invested in capability to scale up its operations. This includes opening a Brisbane campus, investing in more support staff and recently obtaining approvals for an increase of approximately 38% of its international student capacity. This provides potential to continue to grow the business organically. It is the Board's current strategy to use ALG as the base upon which it can build a private education business in the VET sector, both organically and through further acquisitions.

- (d) *Greater market capitalisation and trading liquidity in the Company's shares:* By virtue of the proposed issue of equity capital associated with the Proposed Transaction and Offer there will be substantially more shares on issue in the Company and a larger market capitalisation for the Company. This provides potential for increased liquidity in the Company's shares alongside potential for greater interest by the investment community and improved access to equity capital markets. Subject to any ASX imposed escrow requirements, the Consideration Shares pursuant to the Proposed Transaction will be voluntarily escrowed for 24 months from issue and the Deferred Shares will be voluntarily escrowed for 12 months from issue. There are no restrictions on the New Shares under the Offer.

- (e) *Profitability:* ALG is a profitable and cash flow positive business. It has recorded revenue growth of circa 20% per annum (CAGR) over the past 3 years. There is potential to

achieve further revenue and profit growth through filling its recently increased international student capacity, ongoing campus expansion, the introduction of new courses and an increased focus on the domestic market.

### Disadvantages of Change to Nature and Scale of Activities of the Company

The Board believes that the Proposed Transaction offers a number of disadvantages to Shareholders of the Company, which can be described as follows:

- (a) *Change to Nature and Scale of Activities of the Company:* The manner in which the change to the nature and scale of the Company's activities is being achieved may not be consistent with the objective of all Shareholders of the Company.
- (b) *Dilution of existing Shareholdings in the Company:* If the Proposed Transaction completes and Shareholder approval is obtained by the Company under this Notice of Meeting for all the Resolutions, the issue of the Consideration Shares to the ALG Vendors (or their nominees) and the proposed Capital Raising, will have a significant dilutionary effect on existing shareholdings of the current Shareholders of the Company.
- (c) *Possibility of unrealised potential for future growth:* Whilst the ALG business has demonstrated strong growth since its inception, there is no guarantee that the potential for future growth in the education and training sector will ever be realised by ALG under ownership of the Company. Therefore, the potential of the Proposed Transaction to add significant value to the Company may never be realised by its Shareholders.
- (d) *Re-compliance with Chapters 1 and 2 of the ASX Listing Rules:* As noted previously, the Company is currently suspended from official quotation and will remain suspended until the Company has re-complied with the requirements of Chapters 1 and 2 of the ASX Listing Rules. There is no guarantee that the Company will successfully re-comply with the requirements (including successfully completing the Capital Raising) or that the ASX will re-admit to quotation the Securities of the Company upon passing of all the Resolutions.
- (e) *Increased exposure to wider array of risks:* There are many risks associated with the proposed change to nature and scale of activities of the Company. Some of these are explored in greater detail below.

### Risks of the Ongoing Business

The following are key and unique risks of an investment in the Company:

Key and Unique Risks	Description
Re-commencement of quotation of Shares on ASX	There is no guarantee that the Company will be able to successfully re-comply with Chapters 1 and 2 of the Listing Rules. However, in the event that the ASX does not approve the Company's re-compliance with Chapters 1 and 2 of the Listing Rules, no Securities under this Prospectus will be issued and allotted, and all Application Monies will be refunded in accordance with the Corporations Act.
Contractual risk	There are a number of conditions that need to be satisfied or waived prior to the completion of the Proposed Transaction, as outlined in the ALG SPA. However, in the event that all the conditions precedent to the Proposed Transaction are not satisfied and/or waived, all Application monies will be refunded in accordance with the Corporations Act.
Risks associated with commercial contracts	Key material commercial contracts may impact ALG when they expire or are terminated. Consequently, this may affect ALG's financial position and prospects as they may not have appropriate mechanisms in place following the expiration of such contracts.

Risks associated with Earn Out Amount	<p>ALG Vendors may achieve the maximum Purchase Price without producing sustainable growth in profitability of the ALG business.</p> <p>In addition, there is a risk that the Company may not have sufficient financial resources to service the Earn Out Amount when it is due. Similarly, the Company may not be able to access an appropriate form of debt or equity financing to service the Earn Out Amount when it is due.</p>
Future acquisitions	<p>Following completion of the Proposed Transaction, the Company intends to explore additional acquisition opportunities within the education sector. There is a risk that identifying and completing other acquisitions, and their possible integration, will not be successful or may prove costly for the Company.</p>
Independent contractors and agents	<p>ALG employs a significant number of independent contractors and may have difficulty engaging appropriately skilled contractors to deliver its services. ALG also largely sources its international students via a broad range of agents in return for a commission. The ongoing support of those agents on attractive terms cannot be guaranteed.</p>
Premises	<p>ALG leases and has arrangements with a range of gyms, universities and other commercial premises to use as campuses. There is a risk that these leases and arrangements may be terminated or will not be renewed.</p>
Capital raising	<p>There is a conditional obligation under the Subscription Agreement for Global Capital to subscribe for 108,333,333 New Shares and 36,111,110 New Options, a total subscription amount of \$6,500,000. If the conditions of the Subscription Agreement are not satisfied, the Board has determined that a minimum amount of \$7.25M will need to be raised pursuant to the Prospectus. If the minimum subscription amount under the Prospectus is not raised, the Proposed Transaction will not complete.</p>
Future capital needs	<p>Further funding may be required to advance the business, pay the Earn Out Amount and meet the objectives of the ALG business in the future. There can be no assurance that funding will be available on satisfactory terms or at all. If the Company fails to pay the cash portion of the Earn Out Amount within 110 Business Days after this amount is agreed, the Company will be required to return the shares in ALG or the business of ALG to the ALG Vendors for a nominal amount. In addition, if the Company fails to pay the cash portion of the Earn Out Amount within 110 Business Days after this amount is agreed, the Company will lose the initial cash payment of \$4,000,000.</p>
Retention of ALG Vendors	<p>The ALG Vendors, who have been instrumental in ALG's growth, intend to remain with ALG as senior executives for a minimum of 2 years post completion of the ALG Acquisition and continue to be involved in the day-to-day management of ALG. However, the ALG Vendors may not remain with ALG for the long term. Consequently, there is a risk that ALG may not manage a suitable handover of responsibilities to new management.</p>
New Initiatives	<p>The Australian College of Dance and the Brisbane campus are relatively new initiatives. There is a risk that these two initiatives may/may not succeed in the future.</p>

The following risks are general risks associated with the Company (including ALG) and entities that operate in the VET sector:

Specific Risks	Description
Economic and government risks	General, economic and political conditions may change to become adverse for the VET sector.
Industry risk and changes in law and government policy	The regulation effecting the VET sector and any changes made to regulations may adversely affect the Company's operations.
Slowdown in VET	There is no guarantee that VET sector enrolments will continue at their current levels.

sector enrolments	Enrolments are impacted by many factors outside of ALG's control.
Reliance on key technology systems	The dependency on core technology such as student management systems is required to manage student data. Failure of core systems and inadequate disaster recovery may lead to enrolment cancellations, revenue loss and compliance breaches which may lead to the loss of ALG's accreditation.
Changes to government subsidies and assistance	Changes to government subsidies and/or assistance in the VET sector may negatively affect the Company's future operations. The Company may not be able to obtain VET FEE-HELP accreditation. There is a risk that not obtaining VET FEE-HELP accreditation could impact the competitiveness of ALG's offering to the domestic student market.
Changes to international student visa requirements	Any adverse changes to the requirements concerning student visas for international students may be detrimental to the Company's operations.
Currency fluctuations and exchange rates	The Company may be exposed to rapid and material movements in currency fluctuations and exchange rates, which could affect the attractiveness of ALG's offering to international students.
Compliance	The Company operates in a highly regulated industry and is subject to regular compliance audits. Unsatisfactory compliance may adversely impact ALG's RTO registration with ASQA or at worst result in its revocation.

The following risks are general risks associated with the Company:

General Risks	Description
Increased competition	As the VET sector continues to mature, the Company may be adversely affected by current and future competition in the education market place.
Exchange rates	The Company may be exposed to rapid and material movements in exchange rates, which could affect the attractiveness of ALG's offering to international students.
Protection of intellectual property	The Company will have to remain diligent to protect its intellectual property interests.
Future capital needs	Further funding may be required to advance the business objectives of the Company post-completion of the Proposed Transaction.
Loss of key personnel	There is a risk that the Company may lose key management personnel including, but not limited to, the ALG Vendors.
Liquidity and realisation risks	There can be no guarantee that an active market in the Company's Shares upon reinstatement to ASX will develop or that the price of the Shares will increase.
Insurance risk	The Company may not have an adequate level or type of insurance in place.
Share market conditions	Shares in the Company may fall in value.
Other acquisitions and investments	The Company may make further acquisitions and investments in the future, which in themselves, will carry risk for the Company and its Shareholders.
Investment speculative	The risk factors referred to in this Notice of Meeting, and others not specifically referred to in this Notice of Meeting, may in the future materially affect the financial performance of the Company and the value of the Securities offered under the Prospectus. <b>Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares and New Options pursuant to the Prospectus.</b>

### ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that if an entity proposes to make a significant change, either directly or indirectly, to the nature and/or scale of its activities, it must obtain the approval of its Shareholders and it must set out in detail the terms of the Proposed Transaction.

**If you have any doubt or do not understand this Resolution, it is strongly recommended that you seek advice from an accountant, solicitor or other professional advisor.**

### Directors' recommendation

The Board considers that it is in the best interests of the Company that it completes the Proposed Transaction, and accordingly recommends that Shareholders vote in favour of Resolution 1.

### Forward looking statements

The forward looking statements in this Notice of Meeting are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Board of Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Notice of Meeting. These risks include but are not limited to, the risks referred to above. Forward looking statements include those containing words such as "anticipate", "estimates", "should", "will", "expects", "plans" or similar expressions.

**RESOLUTION 2 – APPROVAL OF FUTURE ISSUE OF CONSIDERATION SHARES AND CONSIDERATION OPTIONS TO MR MATTHEW DAVID SMITH AND MS MAGARET ELIZABETH ARMSTRONG (OR THEIR NOMINEES)**

The Company seeks approval for the issue and allotment, of up to 16,666,666 fully paid ordinary shares in the Company, as part of the Consideration Shares pursuant to the ALG Acquisition, to Mr Matthew David Smith & Ms Margaret Elizabeth Armstrong (or their nominees) (**ALG Vendors**).

In addition, Resolution 2 seeks Shareholder approval for the issue of up to 5,555,554 Consideration Options to the ALG Vendors for nil cash consideration, on the basis of 1 Consideration Option for every 3 Consideration Shares granted to the ALG Vendors.

Neither Mr Smith nor Ms Armstrong are considered to be a related party for the purposes of the Corporations Act and ASX Listing Rules, as they will not be joining the UCW Board post completion of the Proposed Transaction. The projected shareholding of Mr Smith and Ms Armstrong (or their nominees) and the dilutionary effect it will have on existing Shareholders is set out in Table 6 and the Table below.

**Table 6 – Potential Shareholding in the Company post Completion (i.e. excluding Earn Out Amount)**

Proposed new Shareholder	Maximum No. of UCW Consideration Shares <sup>(a)</sup>	Maximum No. of UCW Consideration Options <sup>(b)</sup>	% of UCW (No Capital Raising and undiluted) <sup>(c)</sup>	% of UCW (\$12 Million Capital Raising complete and undiluted) <sup>(d)</sup>	% of UCW (\$12 Million Capital Raising complete and fully diluted) <sup>(e)</sup>
Mr Mathew David Smith and Ms Margaret Elizabeth Armstrong (or their nominees)	16,666,666	5,555,554	16.5%	5.5%	5.7%

**Notes:**

<sup>(a)</sup> All Consideration Shares will be subject to voluntary escrow. The Company is currently seeking in-principle advice from ASX with respect to the mandatory escrow requirements concerning the Consideration Shares.

<sup>(b)</sup> The Consideration Options are issued on the basis of one (1) Consideration Option for every three (3) Consideration Shares granted to the ALG Vendors and will not be voluntarily escrowed. The Company is currently seeking in-principle advice from ASX with respect to the mandatory escrow requirements concerning the Consideration Options.

<sup>(c)</sup> Following completion of the Proposed Transaction, but prior to completion of the Capital Raising and undiluted. This percentage is based on a total sum of 100,986,722 fully paid ordinary shares of the Company, which have been calculated as follows: 84,320,056 (current share capital) + 16,666,666 (Consideration Shares).

<sup>(d)</sup> Following completion of the Proposed Transaction, Capital Raising (\$12M raised at 6 cents per Share) and undiluted. This percentage is based on a total sum of 300,986,722 fully paid ordinary shares of the Company, which have been calculated as follows: 84,320,056 (current share capital) + 16,666,666 (Consideration Shares) + 200,000,000 (full subscription of New Shares).

<sup>(e)</sup> Following completion of the Proposed Transaction, Capital Raising (\$12M raised at 6 cents per Share) and fully diluted. This percentage is based on a total sum of 391,958,942 fully paid ordinary shares of the Company, which has been calculated as follows: 84,320,056 (current share capital) + 16,666,666 (Consideration Shares)

+ 200,000,000 (full subscription of New Shares) + 5,555,554 (exercise of Consideration Options) + 66,666,666 (exercise of New Options) +18,750,000 (exercise of all existing Options).

As outlined in Part A of the Explanatory Statement, in addition to the Consideration Shares and Consideration Options noted above, Mr Mathew David Smith (or his nominee) and Ms Margaret Elizabeth Armstrong (or her nominee) will receive:

- the Initial Cash Payment of \$4 million funded from the Capital Raising;
- a Deferred Cash Payment of not less than \$3.5 million; and
- subject to the quantum of the Earn Out Amount, cash or shares of up to \$2.5 million. The ALG Vendors and the Company may each, at their discretion, elect for up to 50% of the remaining Earn Out Amount (after paying the first \$3.5 million in cash) to be paid either in cash or by the issue of shares in UCW (**Deferred Shares**). The Deferred Shares elected by the ALG Vendors will be issued at a 5% discount to the 30-day VWAP and the Deferred Shares elected by UCW will be issued at a 15% discount to the 30-day VWAP. Any issue of Deferred Shares will be subject to UCW shareholder approval at that time.

The effect of this Resolution is for Shareholders to approve the issue of the Consideration Shares and Consideration Options to Mr Matthew David Smith (or his nominee) and Ms Margaret Elizabeth Armstrong (or her nominee) and for the issue of these Consideration Shares and Consideration Options, which will allow the Directors to issue these Consideration Shares and Consideration Options without using the Company's annual 15% placement capacity.

### **Information Required by ASX Listing Rule 7.3**

The following information in relation to the issue of the Consideration Shares and Consideration Options to the ALG Vendors (or their nominees) is provided to Shareholders for the purposes of ASX Listing Rule 7.3:

- (a) The maximum number of Consideration Shares to be issued is 16,666,666 and the maximum number of Consideration Options to be issued is 5,555,554.
- (b) The Consideration Shares and the Consideration Options will be issued within three months of shareholder approval (or otherwise, as determined by the ASX in the exercise of their discretion).
- (c) These Consideration Shares and Consideration Options will have a deemed issue price and exercise price respectively, of the same price at which the Capital Raising is undertaken, that is 6 cents (\$0.06) (which is conditional on ASX granting a waiver from Listing Rule 1.1 condition 11 in relation to the Consideration Options).
- (d) The allottees are Mr Matthew David Smith (or his nominee) and Ms Margaret Elizabeth Armstrong (or her nominee), who are receiving the Consideration Shares and Consideration Options as part of the ALG Acquisition. Neither Mr Smith nor Ms Armstrong are related parties of the Company for the purposes of the Corporations Act and the ASX Listing Rules.
- (e) The Consideration Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
  - a. The Consideration Options will have the following terms (the full terms of the Consideration Options are located in Annexure A of this Notice of Meeting): Exercise price: 6 cents (\$0.06)(which is conditional on ASX granting a waiver from Listing Rule 1.1 condition 11).

- b. Vesting conditions: The Consideration Options will automatically vest.
- c. Expiry date: The Consideration Options will expire on 30 June 2018;
- d. General rules:
  - i. if at any time the issued capital of the Company is reconstructed, all rights of the options holders are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstructions; and
  - ii. there are no participating rights or entitlements inherent in the Consideration Options and the option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced in order to give options holders the opportunity to exercise the Options prior to the date for determining entitlements to participants in any such issue.
- (f) The Consideration Shares and Consideration Options are being issued to enable the Company to acquire 100% of the issued share capital of ALG pursuant to the ALG Acquisition.

The Consideration Shares will be voluntarily escrowed for the period from the Completion Date until the expiry of 2 years from the Completion Date.

## **Part B: Capital Raising to raise up to \$12 Million**

### Background

As part of the Company's strategy to develop a high-growth and positive cash-flow generating business, the Company proposes to acquire 100% of the issued capital in ALG.

As part of the Proposed Transaction, in the event that Shareholder approval is obtained for all the Resolutions under this Notice of Meeting, the Company will seek to raise up to \$12,000,000 via a Prospectus to fund, amongst other things, the cash components of the ALG Acquisition.

Any remaining funds under the Capital Raising will be applied by the Company towards expenses related to the Capital Raising, other professional fees and disbursements incurred as part of the Proposed Transaction, for general working capital, to fund part/all of the Earn Out Amount to the Vendors, or for further potential acquisitions in the education and training sector.

### Table 7 – Details of Offer

Type of Offer	Terms of Offer
<b>New Shares Offer and New Options Offer</b>	For the offer of up to 200,000,000 Shares ( <b>New Shares</b> ) at an issue price of 6 cents (\$0.06) per New Share, to investors who are invited to subscribe for New Shares under the Prospectus pursuant to the Capital Raising, to raise a maximum of \$12,000,000. In addition, the offer will consist of up to 66,666,666 Options ( <b>New Options</b> ), to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018. The New Options are being issued for nil consideration and each participant which subscribes for New Shares pursuant to the Prospectus will receive one (1) New Option for every three (3) New Shares subscribed for pursuant to the Prospectus.

Shareholder approval for the issue of New Shares and New Options is considered in Resolution 3 under this Notice of Meeting.

The pro-forma capital structure of the Company will depend on the level of subscription achieved by the Company under a Prospectus. In the event that the Prospectus is fully subscribed, the projected share capital of the Company will be as follows:

### Table 8 – Pro-forma capital structure

Capital Structure	Shares (\$12M Raised)
Total number of Shares upon completion of Proposed Transaction <sup>(a)</sup>	100,986,722
New Shares Offer (up to \$12 million raised at an issue price of 6 cents per New Share)	200,000,000
<b>Total number of Shares on issue<sup>(b)</sup></b>	<b>300,986,722</b>

#### Notes:

- Following completion of the Proposed Transaction and undiluted. This figure has been calculated as follows: 84,320,056 (current share capital) + 16,666,666 (Consideration Shares).
- This excludes the current 18,750,000 options on issue and the 5,555,554 Consideration Options and the 66,666,666 New Options to be issued.

Post the Capital Raising and completion of the acquisition of ALG, the Company will have cash reserves of approximately \$8m after the costs of the offer. Cash reserves will be used to fund the deferred cash consideration for the acquisition of ALG, for working capital and investment in growth initiatives (including potential further acquisitions).

### Use of Funds

The breakdown of the intended use of funds by the Board is given in the table below. As with any budget information, intervening events and new circumstances have the potential to affect the manner in which funds are ultimately used by the Company. As such, the Board reserves the right to alter the way funds are applied on this basis.

**Table 9 – Use of Funds Table (\$7.25 Million and \$12 Million)**

<b>Description</b>	<b>Total (\$7.25M)</b>	<b>Total (\$12M)</b>
Initial Cash Payment to ALG Vendors	4,000,000	4,000,000
Transaction expenses and costs of the Capital Raising	500,000	750,000
General working capital, and/or future acquisition funding	500,000	2,500,000
Partial/full balance of Earn Out Amount due to the ALG Vendors	2,250,000	4,750,000
<b><u>Total</u></b>	<b><u>7,250,000</u></b>	<b><u>12,000,000</u></b>

In addition, UCW has approximately \$0.6 million in cash on hand which will be applied to general working capital.

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## **RESOLUTION 3 – APPROVAL FOR FUTURE ISSUE OF NEW SHARES AND NEW OPTIONS PURSUANT TO CAPITAL RAISING**

This Resolution seeks Shareholder approval to issue and allot:

- (a) up to 200,000,000 New Shares to investors who are invited to subscribe for New Shares in the Company, at an issue price of 6 cents (\$0.06) per New Share, to raise up to \$12,000,000 under the Prospectus pursuant to the Capital Raising; and
- (b) up to 66,666,666 New Options, to each subscribe for one (1) Share in the Company with each Option exercisable at 6 cents (\$0.06) on or before 30 June 2018.

The effect of this Resolution is for Shareholders to approve the issue of these New Shares and New Options, which will allow the Directors to issue these New Shares and New Options without using the Company's annual 15% placement capacity.

### **Information Required by ASX Listing Rule 7.3**

The following information in relation to these New Shares and New Options is provided to Shareholders for the purposes of ASX Listing Rule 7.3:

- (a) The maximum number of New Shares to be issued is 200,000,000 and New Options is 66,666,666.
- (b) All the New Shares and New Options (excluding the New Shares and New Options issued to Global UCW, Global UCW Unit Trust and Messrs Adam Davis, Peter Mobbs and Jonathan Pager) will be issued within 3 months of receiving shareholder approval (or otherwise, as determined by the ASX in the exercise of their discretion).
- (c) The New Shares and New Options will have an issue price and exercise price respectively, of the same price, that is 6 cents (\$0.06) (which is conditional on ASX granting a waiver from Listing Rule 2.1 condition 2 and Listing Rule 1.1 condition 11). The New Options will be issued for nil consideration.
- (d) The allottees are investors invited to subscribe for New Shares under the Prospectus pursuant to the Capital Raising, and includes Global UCW, Global UCW Unit Trust and Messrs Adam Davis, Peter Mobbs and Jonathan Pager.
- (e) These New Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.

The New Options will have the following terms (the full terms of the New Options are located in Annexure B of this Notice of Meeting):

- a. Exercise price: 6 cents (\$0.06) (which is conditional on ASX granting a waiver from Listing Rule 1.1 condition 11).
- b. Vesting conditions: The New Options will automatically vest.
- c. Expiry dates: The New Options will expire on 30 June 2018;
- d. General rules:
  - i. if at any time the issued capital of the Company is reconstructed, all rights of the options holders are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstructions; and
  - ii. there are no participating rights or entitlements inherent in the New Options and the option holders will not be entitled to participate in new issues of

capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced in order to give options holders the opportunity to exercise the New Options prior to the date for determining entitlements to participants in any such issue.

- (f) Funds raised pursuant to this Resolution will primarily be used by the Company towards the cash components of the ALG Acquisition. Any remaining funds under the Capital Raising will be applied by the Company towards expenses related to the Capital Raising, other professional fees and disbursements incurred as part of the Proposed Transaction, for general working capital, or for further potential acquisitions in the education and training sector.

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## RESOLUTION 4 – ACQUISITION OF RELEVANT INTEREST

As set out in Part A of the Explanatory Statement to this Notice of Meeting, the Company proposes to acquire 100% of the diluted capital of ALG.

Global UCW will subscribe for New Shares and New Options pursuant to the Subscription Agreement in the following manner:

- (a) 83,333,333 New Shares at an issue price of 6 cents (\$0.06) per New Share; and
- (b) 27,777,777 New Options, to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,

to be issued to Global UCW, and

Global UCW Unit Trust will subscribe for New Shares and New Options pursuant to the Subscription Agreement in the following manner:

- (a) 25,000,000 New Shares at an issue price of 6 cents (\$0.06) per New Share; and
- (b) 8,333,333 New Options, to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,

to be issued to Global UCW Unit Trust.

On completion of the New Share Offer, Global UCW and Global UCW Unit Trust are collectively expected to hold significantly more than 20% of the Shares in the Company, for the purpose of Chapter 6 of the Corporations Act. Accordingly, Shareholder approval for this relevant interest and the other relevant interests discussed below is being sought under this Resolution 4.

### Information Required pursuant to Chapter 6 of the Corporations Act

Section 606(1) of the Corporations Act states that a person must not acquire a relevant interest in the issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the Company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a Company involves determining the voting shares in the Company in which the person and the person's associates have a relevant interest.

For the purposes of determining voting power under the Corporations Act, a person (**Second Person**) will be an 'associate' of the other person (**First Person**) if one or more of the following paragraph applies:

- (a) the First Person is a body corporate and the Second Person is:
  - (i) a body corporate the First Person controls;
  - (ii) a body corporate that controls the First Person; or

- (iii) a body corporate that is controlled by an entity that controls the First Person;
- (b) the Second Person has entered or proposes to enter into a relevant agreement with the First Person for the purpose of controlling or influencing the composition of the Company's board or the conduct of the Company's affairs;
- (c) the Second Person is a person with whom the First Person is acting or proposed to act, in concert in relation to the Company's affairs.

Associates are, therefore determined as a matter of fact. For example, where a person controls or influences the Board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

A person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Section 608(4) of the Corporations Act, provides that for the purpose of s 608(3)(b), a person controls a body corporate, if they have the capacity to determine the outcome of decisions about the financial and operating policies of that body corporate or scheme.

Under this test, a person will generally control a body corporate or scheme if they are in a position to command more than 50% of the votes that may be cast at a general meeting. However, the capacity to determine the outcome of decisions about the financial and operating policies of a body corporate may also arise when a person holds less than 50% of the votes that may be cast at a general meeting but otherwise has practical or effective control.

Section 608(5) provides that, in determining whether a person has control of a body corporate:

- (a) the practical influence a person can exert (rather than the rights they can enforce) is the issue to be addressed; and
- (b) any practical or pattern of behaviour affecting the body corporate's financial or operating policies is to be taken into account (even if it involves a breach of an agreement or a breach of trust).

However, pursuant to s 608(6) and s 608(7) of the Corporations Act respectively, a person is not taken to control a body corporate merely because:

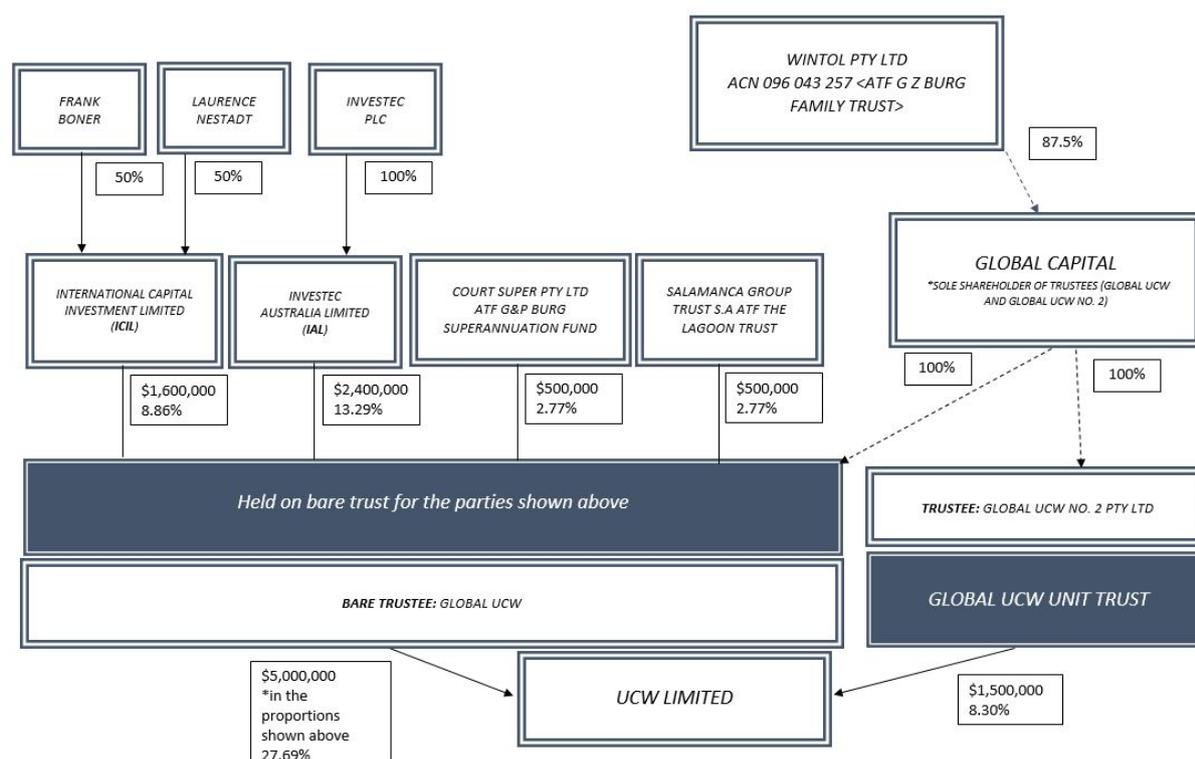
- (a) that person, together with an entity that is not an associate, jointly has the capacity to determine the outcome of decisions about the body corporate's financial and operating policies; or
- (b) the person has a capacity that they are under a legal obligation to exercise for the benefit of someone else (or, if the person is a body corporate, for the benefit of someone other than the body corporate's members).

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition, whereby a person may make an otherwise prohibited acquisition of a relevant interest in a company's voting shares with Shareholder approval.

The following information is required to be provided to Shareholders pursuant to the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining Shareholder approval under the exception for the passing of this Resolution. Shareholders are also referred to Independent Expert's Report (**IER**) contained in Annexure C of this Notice of Meeting.

Why is approval under the exception in item 7 of section 611 of the Corporations Act needed?

The New Shares will be held through two entities: Global UCW and Global UCW Unit Trust. The diagram below outlines the structure of this investment.



Global UCW and Global UCW Unit Trust each have a relevant interest under s 608(1)(a) of the Corporations Act as they will be the holders of the New Shares and New Options. Pursuant to s 608(1)(b), Global UCW and Global UCW Unit Trust, have the power to exercise or control the exercise of, a right to vote attached to the New Shares and New Options. Lastly, Global UCW and Global UCW Unit Trust also satisfy s 608(1)(c) as they have the power to dispose of, or control the exercise of a power to dispose of the New Shares and New Options. Shareholder approval under item 7 of section 611 of the Corporations Act is required because the relevant interest in Global UCW and Global UCW Unit Trust will collectively exceed 20% of the issued capital of the Company.

Mr Gary Burg is a director of Global Capital, the trustee of Global UCW and the trustee of Global UCW Unit Trust. Pursuant to s 12(2)(a)(iii) of the Corporations Act, as Mr Gary Burg also controls each of Global UCW and Global UCW Unit Trust, the two entities are deemed to be associates. Accordingly, Shareholder approval under item 7 of section 611 of the Corporations Act is required because the relevant interest in Global UCW and Global UCW Unit Trust held by Mr Gary Burg will collectively exceed 20% of the issued capital of the Company.

Further, as outlined in the diagram above, both ICIL and IAL have the same relevant interest in the New Shares held by Global UCW pursuant to s 608(3)(a) of the Corporations Act. This is because ICIL and IAL's voting power in Global UCW will exceed 20%.

In addition, Investec Plc and each interposed subsidiary between Investec Plc and IAL (**Interposed Sub**) have a relevant interest in the New Shares held by Global UCW under s 608(3)(b) of the Corporations Act. This is because Investec Plc controls IAL and each of its subsidiaries.

Each Investec Plc subsidiary (excluding the Interposed Subs) has a deemed relevant interest in the New Shares held by Global UCW under s608(3)(a) of the Corporations Act. This is because it has voting power above 20% in IAL (and each of its subsidiaries) (because each Investec Plc subsidiary is a controlled entity of, and therefore an associate of, Investec Plc).

In addition, Investec Limited has a deemed relevant interest in the New Shares held by Global UCW under s608(3)(a) of the Corporations Act. This is because it has voting power above 20% in Investec Plc and/or IAL (and each of its subsidiaries) through the Investec dual listed company arrangements. This similarly applies to Mr Frank Boner and Mr Laurence Nestadt, who have a relevant interest in the New Shares held by Global UCW under s 608(3)(b) of the Corporations Act. This is because Mr Frank Boner and Mr Laurence Nestadt control ICIL.

Accordingly, for the purpose of Chapter 6 of the Corporations Act, Shareholder approval is also being sought for the relevant interests held by ICIL, IAL, Mr Frank Boner, Mr Laurence Nestadt, Investec Plc and Investec Limited under this Resolution 4.

#### Relevant interests, voting power and proposed capital structure of the Company

As of the date of this Notice of Meeting, the Company is not aware of Global Capital (or its nominees) holding any Shareholdings in the Company.

The following Table 10 outlines the dilutive effect and the maximum number of Shares and Options that Global UCW and Global UCW Unit Trust will collectively be entitled to under the above arrangement.

For the purposes of this Resolution, it is important to note that the completion of the Capital Raising of at least \$4,000,000, is a condition precedent to the completion of the Proposed Transaction. As part of the Proposed Transaction, the Company will seek to raise up to \$12,000,000 via a Prospectus. Therefore, the calculations of the projected relevant interest for the purposes of section 610 of the Corporations Act in the below Table 10 have assumed that the Capital Raising has been completed and the maximum amount of \$12,000,000 has been raised.

**Table 10 – Maximum Voting Power in UCW**

Proposed new Shareholder	Consideration Securities	Assuming \$12M is raised, % of UCW (undiluted) <sup>(a)</sup>	Assuming \$12M is raised, % of UCW (fully diluted) <sup>(b)</sup>	Assuming \$6.5M is raised (plus Director subscriptions) % of UCW (fully diluted) <sup>(c)</sup>
<b>Global UCW and Global UCW Unit Trust</b>	<ul style="list-style-type: none"> <li>• 108,333,333 New Shares</li> <li>• 36,111,110 New Options</li> </ul>	36.0%	36.8%	50.4%
<b>Current UCW Shareholders</b>	<ul style="list-style-type: none"> <li>• 84,320,056 Shares</li> <li>• 18,750,000 Options</li> </ul>	28.0%	26.3%	36.0%
<b>New UCW Shareholders (includes ALG Vendors)</b>	<ul style="list-style-type: none"> <li>• 108,333,333 New Shares</li> <li>• 36,111,110 New Options</li> </ul>	36.0%	36.9%	13.6%
<b>Total</b>		100%	100%	100%

**Notes:**

<sup>(a)</sup> Following completion of the Proposed Transaction, assuming that \$12M is raised under the Capital Raising. These percentages are based on a total sum of 300,986,722 fully paid ordinary shares of the Company, which have been calculated as follows: 84,320,056 (existing number of Shares on issue) + 16,666,666 (Consideration Shares pursuant to the Proposed Transaction) + 200,000,000 (New Shares pursuant to the Capital Raising to raise \$12M assuming an issue price of 6 cents per New Share).

<sup>(b)</sup> Following completion of the Proposed Transaction, assuming that \$12M is raised under the Capital Raising and fully diluted. These percentages are based on a total sum of 391,958,942 fully paid ordinary shares of the Company, which have been calculated as follows: 84,320,056 (current share capital) + 16,666,666 (Consideration Shares) + 200,000,000 (full subscription of New Shares) + 5,555,554 (exercise of Consideration Options) + 66,666,666 (exercise of New Options) + 18,750,000 (exercise of all existing options).

<sup>(c)</sup> Following completion of the Proposed Transaction, assuming that \$6.5M is raised pursuant to the Subscription Agreement and \$750,000.06 is raised pursuant to the subscriptions from Messrs Davis, Mobbs and Pager and are fully diluted. These percentages are based on a total sum of 286,403,386 fully paid ordinary shares of the Company, which have been calculated as follows: 84,320,056 (current share capital) + 16,666,666 (Consideration Shares) + 108,333,333 (New Shares issued to Global UCW and Global UCW Unit Trust) + 12,500,001 (New Shares issued to Messrs Davis, Mobbs and Pager) + 5,555,554 (exercise of Consideration Options) + 36,111,110 (exercise of New Options to Global UCW and Global UCW Unit Trust) + 4,166,666 (exercise of New Options to Messrs Davis, Mobbs and Pager) + 18,750,000 (exercise of all existing options).

Following completion of the Proposed Transaction and the Capital Raising, the proposed maximum voting power of Global UCW and Global UCW Unit Trust (assuming that the maximum of \$12,000,000 is raised under the Capital Raising at an issue price of 6 cents (\$0.06) per New Share), on an undiluted basis will be 36%. This should be taken as a representation that Global UCW and Global UCW Unit Trust will collectively be associates post-completion of the Proposed Transaction.

**Intentions of Global UCW and Global UCW Unit Trust**

The Company understands that, in the event that all the Resolutions required to complete the Proposed Transaction under this Notice of Meeting are passed by Shareholders, it is the Global UCW and the Global UCW Unit Trust's intention for the UCW business to continue to operate under the existing management and key personnel.

Importantly, Mr Gary Burg, a current director of Global Capital, will be appointed as Director and Non-Executive Chairman of the Company at the completion of the Proposed Transaction.

In addition, Global UCW and Global UCW Unit Trust has provided the following confirmations to the Company in respect of their intentions regarding the future of the Company:

- Global UCW and Global UCW Unit Trust do not have any current intention to change the business of the Company;
- Global UCW and Global UCW Unit Trust do not have any current intention to inject further capital into the Company, but alternate opportunities and acquisitions will be considered and referred to the Board in the future;
- Global UCW and Global UCW Unit Trust do not have any current intention to change the future employment of present employees of the Company;
- Global UCW and Global UCW Unit Trust do not have any current intention to enter into a proposal where assets will be transferred between the Company and Global UCW or Global UCW Unit Trust or their associates;
- Global UCW and Global UCW Unit Trust do not have any current intention to otherwise redeploy the fixed assets of the Company; and
- Global UCW and Global UCW Unit Trust do not have any current intention to significantly change the financial or dividend distribution policies of the Company.

#### Advantages, disadvantages and risks of the Proposed Transaction

The Directors consider that the Proposed Transaction poses a number of advantages, disadvantages and risks for the Company.

The advantages, disadvantages and risks have been set out earlier in the Explanatory Statement under Resolution 1.

#### Independent Expert's Report

The Corporations Act provides that an IER on the Proposed Transaction (which includes the proposed acquisition of the relevant interest by Global UCW and Global UCW Unit Trust) must be provided to Shareholders of the Company, which provides an opinion on the fairness and reasonableness of the Proposed Transaction to the existing non-associated Shareholders of the Company. A copy of the IER, prepared by RSMFSA is contained in Annexure C of this Notice of Meeting.

The advantages and disadvantages of the Proposed Transaction are set out in Resolution 1, and are also outlined in the IER.

The IER has concluded that the Proposed Transaction (which includes the proposed acquisition of the relevant interest outlined above) is fair and reasonable to the existing non-associated Shareholders of the Company.

**Shareholders are urged to carefully read the IER before deciding how to vote on Resolution 4.**

**If you have any doubt or do not understand this Resolution, it is strongly recommended that you seek advice from an accountant, solicitor or other professional advisor.**

### Directors' recommendation

The Board considers that it is in the best interests of the Company that it completes the Proposed Transaction (which includes the proposed acquisition of the relevant interests outlined above), and accordingly recommends that Shareholders vote in favour of Resolution 4.

The Directors consider that it is in the best interests of the Shareholders that the Proposed Transaction completes. The Directors consider the Proposed Transaction to have the following potential advantages:

- (a) an entry by the Company into the VET sector via the acquisition of an established business already operating in this sector;
- (b) the employment of experienced executives to operate the business. Each executive has interests aligned with Shareholders;
- (c) an increased scale of operations and potential growth opportunity;
- (d) greater market capitalisation which is anticipated to result in increased trading liquidity in the Company's shares; and
- (e) further potential revenue and profit growth.

The Board considers that such advantages outweigh the potential disadvantages associated with the Proposed Transaction as set out in Resolution 1. This is due to the fact that the Company is closely monitoring potential risks which may arise and is of the view that such risks are outweighed by the advantages, and are unlikely to create any immediate or long-term impediments to the Company.

It is noted that in considering whether to recommend the Proposed Transaction, the Directors also considered alternative opportunities for the Company, but ultimately concluded that the Proposed Transaction will provide the Company with the most compelling opportunity. The Directors believe that the Proposed Transaction will provide the Company with a platform to potentially develop a high-growth and positive cash-flow generating business.

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## RESOLUTIONS 5, 6 & 7 – RELATED PARTY APPROVALS

### **Background and Biographies**

Mr Adam Davis is the Executive Chairman and Director of the Company. Messrs Peter Mobbs and Jonathan Pager also serve on the Board as Non-Executive Directors of the Company.

#### *Adam Davis, Executive Chairman*

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 The 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.

#### *Peter Mobbs, Non-Executive Director*

Peter is an experienced and respected leader in education with 13 years' experience in the sector. As founder and CEO of online vocational provider, Ivy College, Peter led the private equity backed merger of his company with the education arm of the Australian Institute of Management (AIM) – a 75 year old brand. Peter remains CEO of Ivy and AIM Colleges and is a director and shareholder of the merged group – Scentia.

In previous roles, Peter was the Director of Operations, Career Education within Study Group - a global education provider - and held the role of Managing Director, Martin College, also a Study Group business.

In earlier years Peter 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 Graham Holdings Company (formerly The Washington Post Company). Peter 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 Peter was involved in acquisitions, integrations and new product development.

Prior to entering the education sector Peter worked as a lawyer in both the U.K. and Australia in the areas of commercial litigation and tax. While working as a lawyer Peter also 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.

Jonathan Pager, Non-Executive Director

Jonathan has over 20 years' experience as an adviser across a wide range of industries in Australia and overseas and is currently Managing Director of Pager Partners Business Consultants and Pager Partners Corporate Advisory. He has a Masters of Economics and qualified as a chartered accountant with Deloitte, where he commenced his career. Jonathan has recapitalised several ASX-listed companies across both the resources and industrial sectors. He is currently a director of Montech Holdings Limited (ASX:MOQ) and was more recently a director of AHAlife Holdings Limited (ASX:AHL), rhipe Limited (ASX:RHP), Metalicity Limited (ASX:MCT) and Prospect Resources Limited (ASX:PSC).

**ASX Listing Rule Related Party Approvals**

Listing Rule 10.11 provides that the Company, as an ASX listed entity, must not issue equity securities to a related party without Shareholder approval.

A "related party" for the purposes of the Listing Rules is widely defined and includes a director of a public company or a spouse of a director of a public company. Given that Messrs Davis, Mobbs and Pager are existing Directors of the Company, they are all "related parties" of the Company.

Under **Resolution 5**, the Company seeks Shareholder approval for the issue and allotment of:

- (a) up to 7,500,000 New Shares at an issue price of 6 cents (\$0.06) per Share to raise up to \$450,000.00; and
- (b) up to 2,500,000 New Options, to each subscribe for one (1) Share in the Company with each Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,

to Mr Adam Davis (or his nominee).

Under **Resolution 6**, the Company seeks Shareholder approval for the issue and allotment of:

- (a) up to 3,333,334 New Shares at an issue price of 6 cents (\$0.06) per Share to raise up to \$200,000.04; and
- (b) up to 1,111,111 New Options, to each subscribe for one (1) Share in the Company with each Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,

to Mr Peter Mobbs (or his nominee).

Under **Resolution 7**, the Company seeks Shareholder approval for the issue and allotment of:

- (a) up to 1,666,667 New Shares at an issue price of 6 cents (\$0.06) per Share to raise up to \$100,000.02; and
- (b) up to 555,555 New Options, to each subscribe for one (1) Share in the Company with each Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,

to Mr Jonathan Pager (or his nominee).

For the purposes of Chapter 2E of the Corporations Act, Messrs Davis, Mobbs and Pager are all "related parties" and the issue of Shares to each of them, constitutes the giving of a financial benefit.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior Shareholder approval is obtained prior to the giving of the financial benefit.

The Board (with each affected Director being removed from discussions) carefully considered the issue of these New Shares and New Options to each of the intended recipients, and formed the view that the giving of this financial benefit would be reasonable in the circumstances as they were on arm's length terms.

In reaching this view, the following consideration was taken into account:

- (a) the New Shares are proposed to be issued at 6 cents (\$0.06) per Share, which is the same issue price at which the Company will conduct a capital raising via the Prospectus; and
- (b) the New Options are proposed to have an exercise price of 6 cents (\$0.06) per Share, which is the same issue price at which the Company will conduct a capital raising via the Prospectus.

Accordingly, the Board (with each affected Director being removed from discussions) believes that the issue of these New Shares and New Options to Messrs Davis, Mobbs and Pager fall within the "arm's length terms" exception as set out in section 210 of the Corporations Act, and relies on this exception for the purposes of Resolutions 5, 6 and 7.

Furthermore, as Shareholder approval is being sought under Listing Rule 10.11, the Company relies on Listing Rule 7.2 (exception 14). Accordingly, Shareholder approval for the issue of Shares under Listing Rule 7.1 is not required for Resolutions 5, 6 and 7. Table 4 illustrates the maximum projected shareholding on both an undiluted and diluted basis for the related parties, Messrs Davis, Mobbs and Pager.

### **Information Required by Listing Rule 10.13**

The following information in relation to the issue of the New Shares and New Options to Messrs Davis, Mobbs and Pager (or their nominees) is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) The related parties are Messrs Adam Davis (Executive Chairman and Director), Peter Mobbs (Non-Executive Director) and Jonathan Pager (Non-Executive Director).
- (b) The maximum number of New Shares and New Options to be issued to Mr Davis (or his nominee) is 7,500,000 New Shares and 2,500,000 New Options respectively.
- (c) The maximum number of New Shares and New Options to be issued to Mr Mobbs (or his nominee) is 3,333,334 New Shares and 1,111,111 New Options respectively.
- (d) The maximum number of New Shares and New Options to be issued to Mr Pager (or his nominee) is 1,666,667 New Shares and 555,555 New Options respectively.
- (e) The New Shares and New Options will be issued within 1 month of Shareholder approval being obtained by the Company (or otherwise, as determined by the ASX in the exercise of their discretion).
- (f) The New Shares will have an issue price of 6 cents (\$0.06) per New Share (which is conditional on ASX granting a waiver from Listing Rule 2.1 condition 2). The New Options will have an exercise price of 6 cents (\$0.06) per New Option (which is conditional on ASX granting a waiver from Listing Rule 1.1 condition 11) and will be issued for nil consideration.

- (g) The New Shares will be fully paid on issue and rank equally in all aspects with all existing ordinary shares previously issued by the Company.

The New Options will have the following terms (the full terms of the New Options are located in Annexure B of this Notice of Meeting):

- a. Exercise price: 6 cents (\$0.06) (which is conditional on ASX granting a waiver from Listing Rule 1.1 condition 11).
  - b. Vesting conditions: The New Options will automatically vest.
  - c. Expiry dates: The New Options will expire on 30 June 2018;
  - d. General rules:
    - i. if at any time the issued capital of the Company is reconstructed, all rights of the options holders are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstructions; and
    - ii. there are no participating rights or entitlements inherent in the Options and the option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced in order to give options holders the opportunity to exercise the New Options prior to the date for determining entitlements to participants in any such issue.
- (h) Funds raised pursuant to this Resolution will primarily be used by the Company towards the cash components of the ALG Acquisition. Any remaining funds under the Capital Raising will be applied by the Company towards expenses related to the Capital Raising, other professional fees and disbursements incurred as part of the Proposed Transaction, for general working capital, or for further potential acquisitions in the education and training sector.

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## **RESOLUTION 8 – RELATED PARTY APPROVAL OF FUTURE ISSUE OF SHARES AND OPTIONS TO GLOBAL UCW AND GLOBAL UCW UNIT TRUST**

### **Background and Biographies**

Global UCW and Global UCW Unit Trust are entities controlled by Mr Gary Burg.

On completion of the Proposed Transaction, Mr Gary Burg will be appointed to the Board of Directors of the Company as Non-Executive Chairman, therefore he is a proposed related party of the Company.

### **ASX Listing Rule Related Party Approvals**

Listing Rule 10.11 provides that the Company, as an ASX listed entity, must not issue equity securities to a related party without Shareholder approval.

A “related party” for the purposes of the Listing Rules is widely defined and includes a director of a public company or a spouse of a director of a public company. The definition of “related party” also includes a person whom there is reasonable grounds to believe will become a “related party” of a company.

Given that Mr Gary Burg is a proposed to join the Board of the Company, there are reasonable grounds to believe that he will become a “related party” of the Company. Mr Burg is also the controller of Global UCW and Global UCW Unit Trust. Therefore, for the purposes of Chapter 2E of the Corporations Act, Mr Burg is a related party and the issue of securities to Global UCW and Global UCW Unit Trust constitutes the giving of a financial benefit.

Under **Resolution 8**, the Company seeks Shareholder approval for the issue and allotment of:

- (a) 83,333,333 New Shares at an issue price of 6 cents (\$0.06) per New Share; and
- (b) 27,777,777 New Options, to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,

to Global UCW, and

- (a) 25,000,000 New Shares at an issue price of 6 cents (\$0.06) per New Share; and
- (b) 8,333,333 New Options, to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018,

to Global UCW Unit Trust .

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior Shareholder approval is obtained prior to the giving of the financial benefit.

The Board carefully considered the issue of these New Shares and New Options to Global UCW and Global UCW Unit Trust, and formed the view that the giving of this financial benefit would be reasonable in the circumstances as they were on arm’s length terms.

In reaching this view, the following consideration was taken into account:

- (a) the New Shares are proposed to be issued at 6 cents (\$0.06) per Share, which is the same issue price at which the Company will conduct the Capital Raising via the Prospectus; and
- (b) the New Options are proposed to have an exercise price of 6 cents (\$0.06) per Share, which is the same exercise price at which the Company will conduct a capital raising via the Prospectus.

Accordingly, the Board believes that the issue of these Shares and Options to Global UCW and Global UCW Unit Trust falls within the “arm’s length terms” exception as set out in section 210 of the Corporations Act, and relies on this exception for the purposes of this Resolution 8.

Furthermore, as Shareholder approval is being sought under Listing Rule 10.11, the Company relies on Listing Rule 7.2 (exception 14). Accordingly, Shareholder approval for the issue of Shares under Listing Rule 7.1 is not required for Resolution 8.

### **Information Required by Listing Rule 10.13**

The following information in relation to the issue of the Shares and Options to Global UCW and Global UCW Unit Trust is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) The related party is Mr Gary Burg (or his nominee). Mr Gary Burg controls Global UCW and Global UCW Unit Trust.
- (b) The maximum number of New Shares and New Options to be issued to Global UCW and Global UCW Unit Trust, collectively is 108,333,333 Shares and 36,111,110 Options respectively.
- (c) The New Shares and New Options will be issued within 1 month of Shareholder approval being obtained by the Company (or otherwise, as determined by the ASX in the exercise of their discretion).
- (d) The New Shares will have an issue price of 6 cents (\$0.06) per Share (which is conditional on ASX granting a waiver from Listing Rule 2.1 condition 2). The New Options will have an exercise price of 6 cents (\$0.06) per New Option (which is conditional on ASX granting a waiver from Listing Rule 1.1 condition 11) and the New Options will be issued for nil consideration.
- (e) The New Shares will be fully paid on issue and rank equally in all aspects with all existing ordinary shares previously issued by the Company.

The New Options will have the following terms (the full terms of the New Options are located in Annexure B of this Notice of Meeting):

- a. Exercise price: 6 cents (\$0.06) (which is conditional on ASX granting a waiver from Listing Rule 1.1 condition 11).
- b. Vesting conditions: The New Options will automatically vest.
- c. Expiry dates: The New Options will expire on 30 June 2018;
- d. General rules:
  - i. if at any time the issued capital of the Company is reconstructed, all rights of the options holders are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstructions; and

- ii. there are no participating rights or entitlements inherent in the New Options and the option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced in order to give options holders the opportunity to exercise the New Options prior to the date for determining entitlements to participants in any such issue.
- (f) Funds raised pursuant to this Resolution will primarily be used by the Company towards the cash components of the ALG Acquisition. Any remaining funds under the Capital Raising will be applied by the Company towards expenses related to the Capital Raising, other professional fees and disbursements incurred as part of the Proposed Transaction, for general working capital, or for further potential acquisitions in the education and training sector.

## ***Part C: Election of Director***

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### **RESOLUTION 9 – ELECTION OF MR GARY BURG AS DIRECTOR**

On completion of the Proposed Transaction, Mr Gary Burg will be appointed to the Board of Directors of UCW as Non-Executive Chairman.

Gary has been involved with the broader Global Capital Group since 1995 in South Africa and in Australia since 2001. In Australia, Gary has been involved in a number of businesses across a range of sectors including life insurance, financial services and education. Gary is currently a director of Clearview Limited and Global Capital Holdings (Australia) Pty Limited, which is the investment manager of the recently established Global Capital Principal Investments business in Australia. He is a former director of (and investor in) 3Q Holdings Limited and South African listed Capital Alliance Holdings Limited (which owned Capital Alliance Life Limited and Capital Alliance Bank Limited). Gary is also a former director and investor in Prefsure Life Limited and Insurance Line.

Concurrently with the above, Mr Adam Davis, the current Executive Chairman of UCW, will be appointed Chief Executive Office and Managing Director. Adam 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 (Tribeca). Under Adam's stewardship, Tribeca acquired and integrated numerous education businesses servicing the Australian financial services sector, consolidating a fragmented market and creating the leading national provider. The company was acquired by Kaplan, Inc. in 2006. Tribeca offered a broad range of accredited courses and continuing education programs and its customers included most of the major financial institutions in Australia. Now trading under the Kaplan brand, the business remains the dominant education provider to the sector.

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### **ENQUIRIES**

Shareholders are asked to contact the Company Secretary, on (+61 2) 8072 1400 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**Actual Working Capital** means the working capital of the Company as at 5:00 pm on the date of completion.

**AEDT** means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

**ALG** means Australian Learning Group Pty Limited (ACN 112 741 723) of Level 1, 225 Clarence Street, Sydney NSW 2000.

**ALG Acquisition** means the proposed acquisition of 100% of the issued capital in ALG, as announced by the Company on 17 June 2015.

**ALG SPA** means the Share Sale and Purchase Agreement between the Company and the ALG Vendors, the execution of which was announced by the Company on 17 June 2015 and includes the Deed of Variation between the Company and the ALG Vendors dated 16 November 2015.

**ALG Vendors** means Mr Matthew David Smith and Ms Margaret Elizabeth Armstrong, the shareholders of ALG, as identified in the ALG SPA.

**ASIC** means Australian Securities and Investment Commission.

**ASQA** means Australian Skills Quality Authority.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

**ASX Listing Rules** or **Listing Rules** means the official listing rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

**August NoM** means the notice of extraordinary general meeting dated 6 August 2015, including the accompanying explanatory statement.

**Board** means the current board of Directors of the Company.

**Business Day** means a day on which trading takes place on the stock market of ASX.

**Capital Raising** means the New Shares Offer and the New Options Offer, which will be conducted via the Prospectus, under which the Company will raise up to \$12,000,000.

**Company** or **UCW** means UCW Limited (ACN 108 962 152) of Level 5, 137-139 Bathurst Street, Sydney NSW 2000.

**Completion Payment** means the Consideration Shares and the cash payment of \$4,000,000 to the ALG Vendors, pursuant to the terms of the ALG SPA, to acquire 100% of the issued capital in ALG.

**Consideration Shares** means \$1,000,000 of shares in the Company, with the shares being issued at the same price as the Capital Raising, thereby being up to 16,666,666 fully paid ordinary shares in the Company, which will form part of the ALG consideration, to acquire 100% of the issued capital in ALG.

**Consideration Options** means up to 5,555,554 Options to the ALG Vendors to each subscribe for one (1) Share in the Company with each Option exercisable at 6 cents (\$0.06) on or before 30 June 2018.

**Corporations Act** means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

**CRICOS** means the Commonwealth Register of Institutions and Courses for Overseas Students.

**Deferred Shares** means the portion of the Earn Out Amount, payable to the ALG Vendors following the release of the Company's FY16 audited accounts which may be paid by the issue of shares in UCW.

**Director** means a current director of the Company.

**Dollar** or "\$" means Australian dollars.

**Earn Out Amount** means the amount determined in accordance with clause 10 and Schedule 11 of the SPA.

**Earn Out Period** means the 12 month period ending 30 June 2016.

**EBITDA** means Earnings Before Interest, Tax, Depreciation and Amortisation.

**Explanatory Statement** means the explanatory statement accompanying this Notice of Meeting.

**Extraordinary General Meeting** or **Meeting** means the meeting of the Company's members convened by this Notice of Meeting.

**Global Capital** means Global Capital Holdings (Australia) Pty Ltd (ACN 083 101 053) of Tower 2, Level 14, 101 Grafton Street, Bondi Junction NSW 2022.

**Global UCW** means Global UCW Pty Ltd (ACN 609 753 559) as bare trustee for ICIL, IAL, Court Super Pty Ltd ATF G&P Burg Superannuation Fund and Salamanca Group Trust S.A. ATF The Lagoon Trust.

**Global UCW Unit Trust** means Global UCW No 2 Pty Ltd (ACN 609 753 782) ATF Global UCW Unit Trust.

**IAL** means Investec Australia Limited (ACN 140 381 184).

**ICIL** means International Capital Investment Limited (registration number 59158).

**M** means million.

**Minimum Escrow Restrictions** means the minimum escrow periods by which the ALG Vendors have agreed to be bound by, subject to any further restrictions imposed by ASX.

**New Options** means up to 66,666,666 Options to each subscribe for one (1) Share in the Company with each New Option exercisable at 6 cents (\$0.06) on or before 30 June 2018.

**New Options Offer** means the offer of New Options to investors who are invited to subscribe for New Shares under the Prospectus pursuant to the Capital Raising, to raise up to \$12,000,000.

**New Shares** means up to 200,000,000 Shares at an issue price of 6 cents (\$0.06) per Share that will be offered as part of the New Shares Offer, which will be conducted under the Prospectus.

**New Shares Offer** means the offer of New Shares to investors who are invited to subscribe for New Shares under the Prospectus pursuant to the Capital Raising, to raise up to \$12,000,000.

**Notice of Meeting** or **Notice of Extraordinary General Meeting** means this notice of extraordinary general meeting dated 29 January 2016 including the Explanatory Statement.

**Option** means an option in the capital of the Company.

**Original Prospectus** means the prospectus lodged by the Company with ASIC and ASX on 15 September 2015.

**Proposed Transaction** means the ALG Acquisition.

**Prospectus** means the prospectus that will be issued by the Company to conduct the Capital Raising.

**Proxy Form** means the proxy form attached to this Notice of Meeting.

**Purchase Price** means a minimum purchase price of \$8.5m and a maximum a maximum purchase price of \$11m which the Company has agreed to pay in consideration for acquiring 100% of the issued capital of ALG, based on 5 times ALG's normalised FY16 EBITDA.

**Resolutions** means the resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

**RSMFSA** means RSM Financial Services Australia Pty Ltd ABN 22 009 176 354 Australian Financial Services Licence No. 238282 of Level 12, 60 Castlereagh Street, Sydney NSW 2000.

**RTO** means Registered Training Organisation.

**SPA** means the ALG SPA.

**Securities** mean Shares and/or Options (as the context requires).

**Securityholder** means a holder of a Share or Option.

**September EGM** means the extraordinary general meeting held on 7 September 2015.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Subscription Agreement** means the agreement dated 17 November 2015, entered into by the Company and Global Capital whereby Global Capital or its nominees will invest \$6.5 million into the Company as part of the Proposed Transaction.

**Sunset Date** means 31 March 2016.

**Supplementary Prospectus** means by the supplementary prospectus lodged by the Company with ASIC and ASX on 29 September 2015.

**Trust 1 Securities** means 83,333,333 New Shares and 27,777,777 New Options issued to Global UCW.

**VET** means vocational education and training sector.

**VWAP** means volume weighted average price.

**VWAP Period** means the period of 30 calendar days ending on the date on which the calculations of the Earn Out Amount and the Company's EBITDA have been finally agreed or determined in accordance with clause 10 of the ALG SPA.

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## ANNEXURE A – TERMS OF CONSIDERATION OPTIONS

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- (a) Each Consideration Option (**Option**) gives the holder of the Option (**Optionholder**) the right to subscribe for 1 Share for every Option. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.
  - (b) The Options will automatically vest.
  - (c) The Options will expire at 5:00pm (AEST) on 30 June 2018 (**Expiry Date**).
  - (d) Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (e) The amount payable upon the exercise of each Option will be \$0.06 (**Exercise Price**).
  - (f) The Options may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
  - (g) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.
- (Exercise Notice).**
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (i) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
  - (j) The Options may only be transferred with the consent of the Company.
  - (k) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
  - (l) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX immediately after the allotment of those Shares.
  - (m) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
  - (n) There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder

the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.

- (o) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (p) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

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## ANNEXURE B – TERMS OF NEW OPTIONS

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- (a) Each New Option (**Option**) gives the holder of the Option (**Optionholder**) the right to subscribe for 1 Share for every Option. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.
  - (b) The Options will automatically vest.
  - (c) The Options will expire at 5:00pm (AEST) on 30 June 2018 (**Expiry Date**).
  - (d) Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (e) The amount payable upon the exercise of each Option will be \$0.06 (**Exercise Price**).
  - (f) The Options may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
  - (g) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.
- (Exercise Notice).**
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (i) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
  - (j) The Options are freely transferable.
  - (k) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
  - (l) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX immediately after the allotment of those Shares.
  - (m) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
  - (n) There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder

the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.

- (o) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (p) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

## **Annexure C – Independent Expert’s Report**



## UCW LIMITED

Financial Services Guide and Independent Expert's Report

21 January 2016



## Financial services guide (FSG)

RSM Financial Services Australia Pty Ltd - ABN 22 009 176 354 & AFSL 238 282 (RSM or we or us or ours as appropriate) - has been engaged to provide general financial product advice in the form of an independent experts report (the report) to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a FSG. This FSG is designed to help retail clients make a decision as to their use of our services and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing to you under our Australian Financial Services Licence (AFSL) - No 238282;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- Our complaints handling procedures and how you may access them.

### Financial services we will provide

For the purpose of our report and this FSG, the financial service which we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

### General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because our advice has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

### Benefits that we may receive

We charge various fees for providing various different financial services. However in respect of the financial services being provided to you by us, fees will be agreed with, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis.. You will not pay to us any fees for our services; the Company will pay our fees. These fees are up to \$30,000.

Of the fee we receive RSM will retain 5% for the provision of licensing services and transfer 95% to RSM Australia Pty Limited (RSM Australia). For example if RSM were to be paid \$10,000, we would retain \$500 and pay \$9,500 to RSM Australia.

Except for the fees referred to above, neither RSM, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.



## Remuneration or other benefits received by our employees

All of our employees who provide or provided services in relation to the financial services being provided to you receive a salary. However, other employees of RSM and related entities may be remunerated in other ways, such as salaries with the entitlement to earn a bonus, depending on meeting revenue, compliance and marketing targets throughout any given financial year. Such other remuneration structures are not relevant to the financial services being provided to you.

## Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

## Associations and relationships

RSM is wholly owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners (RSMAP).

From time to time, RSM, RSMAP, RSM Australia and / or RSM related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

## Complaints resolution

### *Internal complaints resolution process*

As the holder of an AFSL, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM, PO Box R1253, Perth, WA, 6844, +61 (0) 8 9261 9100

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

### *Referral to external dispute resolution scheme*

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details below.

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Toll Free: 1300 78 08 08  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

## Contact details

You may contact us using the details set out in our letterhead on the first page of the report to which this FSG is attached.

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21 January 2016

The Directors  
UCW Limited  
Level 5  
137-139 Bathurst Street  
SYDNEY NSW 2000

Dear Directors

## Independent Expert's Report (IER or the Report)

### 1. Introduction

- 1.1 On 17 June 2015, UCW Limited (UCW or the Company) announced that it had entered into a binding Share Sale and Purchase Agreement with the shareholders of Australian Learning Group Pty Ltd (ALG) (the ALG Vendors), to acquire 100% of the issued capital in ALG (ALG SPA) (the ALG Acquisition). ALG was founded in 2005 and is a provider of accredited education to the international and domestic student market in the areas of fitness, sport and recreation management and massage.
- 1.2 Under the ALG SPA, UCW's directors (the Board) agreed to pay the ALG Vendors a minimum purchase price of \$8.5 million and a maximum purchase price of \$11.0 million for 100% of the issued capital of ALG based on certain earnings targets. The consideration is to be a combination of cash and shares in UCW and paid by way of an initial amount of \$5.0 million (cash and shares) with the balance due after an earn out period (cash and / or shares) with a minimum deferred payment of \$3.5 million.
- 1.3 The terms of the ALG Acquisition were disclosed to the shareholders in a Notice of Meeting and Explanatory Statement dispatched to shareholders on 6 August 2015 (the August NoM).
- 1.4 On 7 September 2015, UCW held an Extraordinary General Meeting (September EGM) at which the shareholders approved (amongst other things) a change to the nature and scale of UCW's activities, the acquisition of ALG and a proposed capital raising.
- 1.5 UCW intended to fund the acquisition through the proposed issue of new shares in UCW to raise up to \$12.0 million (the Capital Raising) pursuant to a Prospectus issued on 15 September 2015 and the Supplementary Prospectus dated 29 September 2015 (the Prospectus).
- 1.6 We are advised that during the capital raising process, UCW received an offer to invest \$6.5 million from Global Capital Holdings (Australia) Pty Limited (Global Capital) which, if accepted, would result in Global Capital having a shareholding greater than greater than 20% of the Company.

### THE POWER OF BEING UNDERSTOOD

#### AUDIT | TAX | CONSULTING

RSM Financial Services Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

- 1.7 After consideration of the offer from Global Capital and subsequent negotiations, on 17 November 2015 the Board announced that they had entered into a subscription agreement with Global Capital whereby Global Capital (or its nominees) will subscribe for \$6.5 million in the Capital Raising and restructured certain terms of the ALG Acquisition and the Capital Raising (together the Proposed Transactions) as follows:
- One free option (exercise price \$0.06 and expiring on 30 June 2018) will attach to every three new shares issued to the ALG vendors;
  - One free option (exercise price \$0.06 and expiring on 30 June 2018) will attach to every three new shares offered in the Capital Raising; and
  - The Capital Raising will be for up to \$12.0 million inclusive of Global Capital's \$6.5 million participation.
- 1.8 In all other material respects, the Proposed Transactions remain the same as the proposal put to, and approved by, UCW Shareholders at the September EGM and as detailed in the Prospectus.
- 1.9 This IER is included in the Notice of Meeting and Explanatory Statement to be sent to UCW shareholders in relation to the Proposed Transactions (the revised NoM). The IER is required as UCW Shareholders are being asked to consider whether, amongst other matters, the issue of shares to Global Capital should be approved.
- 1.10 As the relevant Resolutions set out in the revised NoM which, if approved, give rise to the Proposed Transactions are interdependent, we have formed our opinion on the Proposed Transactions as a whole rather than considered each resolution separately.
- 1.11 The ultimate decision whether to approve the Proposed Transactions should be based on an individual shareholders assessment of their own circumstances including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If a shareholder is in doubt as to the action they should take in relation to the Proposed Transactions or the matters dealt with in this Report, they should consult an independent advisor.**

## 2. Summary and conclusion

### Opinion

2.1 In the absence of any other relevant information RSM considers the Proposed Transactions, including the issue of shares to Global Capital, to be **fair and reasonable** to the UCW Shareholders. A summary of our reasons and the approach we have taken in assessing the Proposed Transactions are set out in this section of this IER.

### Approach

2.2 In determining whether the Proposed Transactions are ‘fair’ and ‘reasonable’ to the UCW Shareholders we have had regard to the views expressed by the Australian Securities and Investment Commission (ASIC) in Regulatory Guide 111 – Content of Experts Reports (RG 111). According to RG 111, and in the context of the Proposed Transactions, in forming an opinion as to whether the Proposed Transactions are fair and reasonable, the expert should:

- consider the Proposed Transactions fair if the value of a UCW share prior to the Proposed Transactions being completed is less than or equal to the value of a UCW share should the Proposed Transactions be approved and completed; and
- assess the Proposed Transactions as reasonable if they are fair or, despite it not being fair, assess them as reasonable if the advantages to UCW Shareholders accruing from completing the Proposed Transactions outweigh the disadvantages.

2.3 As discussed above, in forming our opinion we have considered the impact of the Proposed Transactions as a whole. In doing so, we have incorporated the impact of the Capital Raising (including the issue of shares and options to Global Capital) and approval of the other resolutions in the revised NoM in our analysis. We have done so as the resolutions are interdependent and a successful Capital Raising is a condition precedent to the ALG Acquisition and related transactions.

2.4 The basis of evaluation is discussed further at Section 3 of this report.

### Are the Proposed Transactions fair to the UCW shareholders?

2.5 To assess whether the Proposed Transactions are fair to the UCW Shareholders, we have valued a UCW share (control basis) prior to the Proposed Transactions and compared it to our assessed value of a UCW share (minority basis) assuming the Proposed Transactions are approved and completed.

2.6 Our assessment of the respective values of a UCW share under both scenarios are set out in the table below.

	Assessed value		
	Low	High	Midpoint
Assessed value of a UCW share prior to the Proposed Transactions (control)	\$0.017	\$0.019	\$0.018
Assessed value of a UCW share post the Proposed Transactions (minority)	\$0.040	\$0.042	\$0.041

Table 1: Valuation summary (RSM analysis)

2.7 The comparison is depicted graphically in the table below.

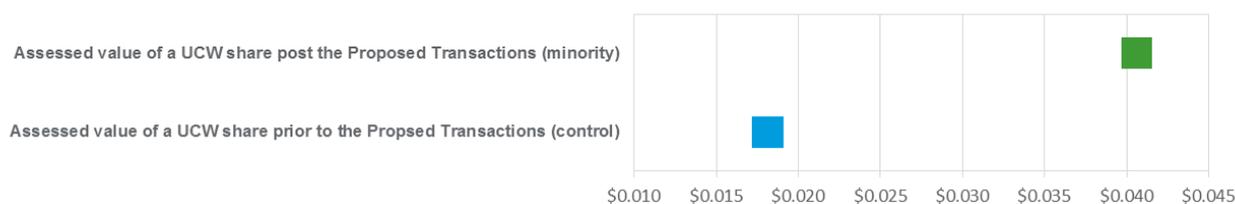


Figure 1: Valuation summary (Source: RSM analysis)

2.8 As our assessed value of a UCW share assuming the Proposed Transactions complete is greater than our assessed value of a UCW share prior to the Proposed Transactions, and in the absence of other relevant information, we are of the opinion that the Proposed Transactions are **fair** to the UCW Shareholders.

2.9 As discussed above, due to the interdependence of the resolutions relating to the ALG Acquisition and the proposed Capital Raising, our fairness analysis has been undertaken assuming all resolutions relating to the

Proposed Transactions, including Resolution 4 which seeks approval for the issue (in the Capital Raising) of greater 20% of the post Proposed Transactions UCW shares to Global Capital, are approved.

- 2.10 As the resolutions are interdependent, it is not possible to assess the effect of the approval of Resolution 4 in isolation from the other resolutions associated with the Proposed Transactions. Further, there is no commercial outcome under the proposals put to shareholders in the NoM whereby UCW shareholders could vote against Resolution 4 but approve the balance of resolutions and cause the ALG Acquisition and the balance of the Capital Raising (i.e. excluding Global Capital participating for \$6.5 million) to proceed.
- 2.11 We note, however, assuming the Capital Raising is completed at the maximum (i.e. \$12.0 million) that our assessed value of a post Proposed Transactions UCW share would not vary under a scenario where the \$6.5 million was raised from either Global Capital or from a wider spread of new shareholders.

### **Consideration of other factors relating to Proposed Transactions**

- 2.12 RG 111 establishes that a 'fair' offer must be 'reasonable'. An offer may also be reasonable if, despite not being fair, there are sufficient qualitative reasons to accept in the absence of a higher offer.
- 2.13 Accordingly, as we consider the Proposed Transactions to be fair, they are reasonable.
- 2.14 Notwithstanding this, Section 13 of this Report sets out a range of factors relating to the Proposed Transactions which the directors consider are relevant to the UCW Shareholders in their consideration of the resolutions set out in the revised NoM. We have summarised these factors below.

### **Reasons for accepting the Proposed Transactions**

- 2.15 The Board have recommended that the UCW Shareholders vote in favour of the Proposed Transactions for the following reasons:
- a transaction on substantially similar terms has previously been approved by the UCW shareholders;
  - the opportunity to acquire a profitable Vocational Education and Training (VET) business;
  - the interests of the Board and ALG executives are aligned with UCW Shareholders;
  - the ALG business has active operations which to which the Board proposes to add scale organically and via acquisition;
  - successful completion of the Proposed Transactions may lead to greater market capitalisation and trading liquidity in the UCW's shares;
  - completion of the ALG acquisition will introduce a profitable business into the UCW ASX listed entity; and
  - no alternative proposal has emerged as at the date of the NoM.

### **Disadvantages of the Proposed Transactions**

- 2.16 The Board has also noted certain disadvantages to UCW Shareholders from approving the Proposed Transactions, as follows:
- change to the nature and scale of activities of the Company;
  - dilution of existing shareholdings in the Company;
  - possibility that ALG will not realise future growth;
  - Global Capital may, by virtue of holding in excess of 20% of the issued capital of UCW, have the ability to exert influence over the operations of the Company. Under one Capital Raising scenario, Global Capital will hold over 50% of the issued capital of UCW and have the ability to pass ordinary resolutions in its own right;
  - Global Capital will have the ability to block special resolutions of the Company; and
  - increased exposure to wider array of risks.
- 2.17 Further detail on the directors' advantages and disadvantages can be found at Section 13 of this IER and in the revised NoM.

### **Future prospects of UCW if the Proposed Transactions are not approved**

- 2.18 The Directors of UCW have advised that prior to the announcement of the Proposed Transactions, the Company actively sought and considered a range of opportunities, however, none were progressed to the point of executing a formal agreement.
- 2.19 Should the Proposed Transactions not proceed (for any reason), we understand the directors will continue to consider, assess and pursue other opportunities.

2.20 Further, if the Proposed Transactions do not proceed, we understand UCW will remain with no significant operations in the near term and continue to incur compliance and administrative costs. Depending on the time required to find another transaction such delays may lead to the requirement to raise additional capital to fund working capital.

#### **The extent to which a control premium is being paid**

- 2.21 Our assessment of the value of a UCW share immediately after the Proposed Transactions is \$0.041 at the midpoint. This value represents a premium of over 200% above our assessment of the midpoint value of a UCW share of \$0.018 prior to the Proposed Transactions.
- 2.22 As the business, capital structure and funding of UCW will be significantly different post the proposed transactions, the premium is likely to comprise a number of factors, of which one may be the control premium.

#### **The price of UCW's shares after the announcement of the Proposed Transactions**

- 2.23 The transactions contemplated under the August NoM were announced to the market on 17 June 2015. The closing price of UCW shares on the day prior to the announcement was \$0.06 and the UCW share price had been stable at that price, on minimal volume, since 3 June 2015.
- 2.24 The shares were suspended on 7 September 2015 after the resolutions put to shareholders in the August NoM were passed at the September EGM. UCW shares were suspended from the opening of trading on 7 September 2015 and have remained suspended to the date of this Report pending the successful completion of the transactions contemplated in the revised NoM and ASX readmitting the securities to the Official List.
- 2.25 UCW is not a liquid stock and traded on 24 days in the 80 day period following the 17 June 2015 announcement up to the date of re-suspension of the shares.

#### **Liquidity**

- 2.26 Historically, the liquidity of UCW's shares has been relatively low. The Proposed Transactions will introduce a profitable trading business into the UCW ASX listed entity, together with the introduction of a significant number of new shareholders. The liquidity in UCW shares may improve as a result of the activity.

#### **Conclusion**

- 2.27 In the absence of any other relevant information and/or a superior proposal, RSM considers the Proposed Transactions to be **fair and reasonable** to the UCW Shareholders.

### 3. Scope of this Report

#### Purpose of this Report

- 3.1 The Board has requested RSM, being independent and qualified for the purpose, to express an opinion as to whether the Proposed Transactions are fair and reasonable to the UCW Shareholders.

#### The Act

- 3.2 Section 606(1) of the Act provides that, subject to limited specified exemptions, a person must not acquire a 'relevant interest' in issued voting shares in a public company, if as a result of the acquisition any person's voting power in the company would increase from 19.99% or below to 20% or greater. In broad terms, a person has a "relevant interest" in shares if that person holds shares or has the power to control the right to vote or dispose of shares. A person's voting power in a company is the number of voting shares in which the person (and its associates) has a relevant interest compared with the total number of voting shares in a company.
- 3.3 Should the Proposed Transactions be approved, and subsequently complete, Global Capital will hold over 20% of the UCW shares on issue.
- 3.4 Section 611(7) provides an exemption to the rule whereby a party is allowed to acquire a relevant interest in shares that would otherwise be prohibited under section 606(1) of the Act if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the company, and:
- no votes are cast in favour of the resolution by the proposed acquirer or respective associates; and
  - there was full disclosure to shareholders of all information that was known to the proposed acquirer or its associates or known to the company that was material to a decision on how to vote on the resolution.
- 3.5 Further, section 611 states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC advises the commissioning of an IER in such circumstances and provides guidance on the content of such a report.
- 3.6 The Directors of UCW have engaged RSM to prepare this IER in which we express our opinion as to whether the Proposed Transactions as set out in the revised NoM are fair and reasonable to the UCW's shareholders eligible to vote on the Proposed Transactions.
- 3.7 The revised NoM includes nine Resolutions in relation to the ALG acquisition, the Capital Raising and associated transactions. Resolution 4 – Acquisition of Relevant Interest addresses the issue of new UCW shares and options to Global Capital which, without approval, would cause the breach of Section 606(1) of the Act described above.
- 3.8 Due to the conditionality and interdependence of the Resolutions associated with the ALG Acquisition, the Capital Raising and associated transactions, for the purposes of assessing whether the issue of shares to Global Capital is fair and reasonable (in the context of section 611(7)), we have considered the Proposed Transactions as a whole.
- 3.9 Accordingly, our opinion in relation to Resolution 4 – Acquisition of a Relevant Interest has been determined after considering the impact of approval of all Resolutions which relate to the Proposed Transactions.

#### Basis of evaluation

- 3.10 In determining whether the Proposed Transactions are 'fair' and 'reasonable' to the existing shareholders we have given regard to the views expressed by ASIC in RG 111.

#### RG 111

- 3.11 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically it gives guidance to experts on how to evaluate whether or not a proposed transaction is 'fair' and 'reasonable'.
- 3.12 RG 111 states that the expert report should focus on:
- The issues facing the security holders for whom the report is being prepared; and
  - The substance of the transaction rather than the legal mechanism used to achieve it.
- 3.13 Furthermore RG111 states that in relation to control transaction the expert's assessment of fair and reasonable should not be applied as a composite test - that is there should be a separate assessment of whether the transaction under consideration is 'fair' and 'reasonable'.

- 3.14 RG 111 stipulates that if a proposal / offer is ‘fair’, it must also be ‘reasonable’, and that a proposal / offer may also be “not fair’ but ‘reasonable’ if, in the expert’s opinion, the advantages of the proposal / offer outweigh the disadvantages to the relevant shareholders. The expert may also find the proposal / offer ‘not fair’ and ‘not reasonable’.
- 3.15 Consistent with the guidelines in RG 111, in analysing whether a proposal / offer put to shareholders eligible to vote is ‘fair’ and reasonable’, the analysis undertaken is as follows:
- quantitative analysis - a comparison of the fair value of an ordinary share prior to and immediately following the proposal / offer – fairness; and
  - qualitative analysis - a review of other significant factors which shareholders might consider prior to approving or voting against the proposed transaction / offer – reasonableness.
- 3.16 In our assessment, we have first considered the fairness of the Proposed Transactions through our valuation analysis contained in later sections of this Report.
- 3.17 In relation to the reasonableness assessment, we have considered the advantages and disadvantages of the Proposed Transactions in the event that they proceed or do not proceed, including:
- the future prospects of the company if the Proposed Transactions do not proceed; and
  - any other commercial advantages and disadvantages to the UCW shareholders as a consequence of the Proposed Transactions proceeding. Other factors we may consider include:
    - the extent to which a control premium is being paid;
    - the likely price of UCW’s share post the announcement of the Proposed Transactions;
    - the likelihood of an alternative and superior transaction emerging;
    - the future prospects of UCW, if the Proposed Transactions is not implemented; and
    - the potential for the liquidity the Proposed Transactions provides.
- 3.18 Our assessment of the Proposed Transactions is based on economic, market and other conditions prevailing at the date of this Report.

## 4. Summary of the Proposed Transactions

### Overview

- 4.1 On 17 June 2015, UCW announced that it had entered into the ALG SPA with the ALG Vendors to acquire 100% of the issued capital in ALG.
- 4.2 Under the ALG SPA, the directors agreed to pay the ALG Vendors:
- a minimum purchase price of \$8.5 million; and
  - a maximum purchase price of \$11.0 million
- for 100% of the ALG issued capital, based on 5 times ALG's normalised FY2016 earnings before interest, tax, depreciation and amortisation (EBITDA).
- 4.3 The terms of the ALG Acquisition were announced to the ASX on 17 June 2015 and further detail was disclosed to UCW Shareholders in the August NoM.
- 4.4 UCW held the September EGM at which Shareholders approved (among other things) a change to the nature and scale of UCW's activities, the ALG Acquisition and the Capital Raising.
- 4.5 UCW was intending to partially fund the acquisition through the issue of new shares to raise to up to \$10.0 million pursuant to the Prospectus.
- 4.6 During the fund raising process, UCW received an offer to invest \$6.5 million from Global Capital which, if accepted, would result in Global Capital holding greater than 20% of the Company.
- 4.7 After consideration of Global Capital offer and subsequent negotiations, on 17 November 2015 the Board announced that they had entered into a subscription agreement with Global Capital whereby Global Capital (or its nominees) will subscribe for \$6.5 million in the Capital Raising and the ALG Acquisition and the Capital Raising were to be restructured as follows:
- one free option with an exercise price of \$0.06 and expiring on 30 June 2018 (consideration option) will attach to every three new consideration shares issued to the ALG vendors;
  - one free option with an exercise price of \$0.06 and expiring on 30 June 2018 will attach to every three new shares offered in the Capital Raising; and
  - the Capital Raising will be for up to \$12.0 million.
- 4.8 In all other material respects, the Proposed Transactions remain the same as the proposal included in the August NoM which was put to, and approved by, UCW shareholders at the September EGM.
- 4.9 In light of the above the Board and the ALG vendors have agreed to extend the sunset date in the SPA to 31 March 2016 and the Board intend to issue a new Prospectus (the revised Prospectus) to reflect the revised terms.
- 4.10 To seek approval for the revised terms, the Board has prepared the NoM and has arranged a second EGM to allow the UCW Shareholders to consider the revised terms and seek their approval to proceed.
- 4.11 Of particular importance, in the context of this IER, is the proposed issue of new shares and options to Global Capital. In the absence of shareholder approval, a single investor moving to a holding of greater than 20% in the Company breaches of Section 606(1) of the Act. Accordingly, the directors are seeking shareholder approval for the investment by Global Capital pursuant to the exception in Section 611(7) of the Act.

### Key conditions of the ALG Acquisition

- 4.12 Some of the key terms of the ALG Acquisition are set out below.

#### Cash consideration and issue of UCW shares

- 4.13 In consideration for acquiring 100% of the issued capital of ALG, the Company has agreed to pay 5 times ALG's FY2016 normalised EBITDA, subject to a minimum purchase price of \$8.5 million and a maximum purchase price of \$11 million.
- 4.14 The purchase price is broken down into two components, being the upfront completion payment of \$5.0 million (completion payment) and the deferred earn out amount of up to \$6.0 million (earn out amount).

- 4.15 The completion payment is payable to the ALG Vendors at the completion of the acquisition as follows:
- \$1.0 million (i.e. 20% of the completion payment) via the issue of new ordinary shares in UCW (consideration shares) at the Capital Raising price of \$0.06, together with the attached consideration options; and
  - \$4.0 million in cash (initial cash payment) funded from the Capital Raising.
- 4.16 The earn out amount, up to a maximum of \$6.0 million, is payable to the ALG Vendors following release of the Company's FY2016 audited accounts on the following terms:
- a minimum of \$3.5 million is payable in cash (deferred cash payment); and
  - the ALG Vendors and UCW may each, at their discretion, elect for up to 50% of the remaining earn out amount (after paying the first \$3.5 million in cash) to be paid either in cash or by the issue of shares in UCW (deferred shares). No options will attach to the deferred shares.

The deferred shares elected by the ALG Vendors will be issued at a 5% discount to the 30-day VWAP and the deferred shares elected by UCW will be issued at a 15% discount to the 30-day VWAP. As such, up to 41.6% of the earn out amount may be payable in new shares in UCW.

### **FY2016 normalised EBITDA**

- 4.17 EBITDA will also be adjusted to reflect rent and royalty arrangements that will be in place (or cease to be in place) from the time the Proposed Transactions complete.
- 4.18 Specifically, rent for the Clarence Street premises will be \$175,000 p.a. based on an agreed lease (which is \$96,957 below the rent expense in FY2015) and royalties that have in the past been paid to an associated entity (\$75,646 in FY2015) will no longer be due or payable, resulting in a maintainable saving of approximately \$172,603 based on FY2015 financials.

### **Conditions precedent**

- 4.19 The implementation of the ALG Acquisition is subject to a number of conditions precedent. The conditions precedent which must be satisfied or waived include:
- ALG Vendors and/or the Company (as appropriate) obtaining any approvals required by the Australian Skills Quality Association (ASQA) or the Commonwealth Register for Institutions and Courses to Overseas Students (CRICOS) and any approvals required from the Company's shareholders, ASIC or the ASX;
  - UCW completing a capital raising of at least \$4.0 million; and
  - ALG Vendors confirming that there is no actual or threatened revocation, termination or suspension of any authorisation issued by ASQA, or in relation to CRICOS, including any likely material restriction (including any material reduction in ALG's capacity to offer its courses to students) or likely adverse variation.

### **Conduct prior to completion**

- 4.20 There are standard restrictions on the conduct of ALG between execution of the ALG SPA and completion of the ALG Acquisition, including but not limited to managing and conducting its business in an ordinary course and not entering into any material contracts without the Company's consent in writing.

### **Warranties and indemnities**

- 4.21 The ALG SPA is subject to a broad range of warranties and indemnities, provided by the ALG Vendors. These are standard and normal for a transaction of this nature.
- 4.22 The Company has agreed to provide standard commercial warranties to the ALG Vendors, limited to title, capacity and authority, solvency, its constitution and material claims.

### **Escrow**

- 4.23 Subject to any ASX imposed escrow requirements, the consideration shares will be voluntarily escrowed for 24 months from issue and the deferred shares will be voluntarily escrowed for 12 months from issue (minimum escrow restrictions).
- 4.24 These agreed minimum escrow restrictions will be set out in an escrow deed, which will be executed by each of the ALG Vendors prior to completion of the ALG Acquisition.

4.25 The ALG Vendors have acknowledged that in the event the ASX imposes further mandatory escrow restrictions on any of the consideration shares that these further escrow restrictions will apply to the consideration shares in addition to the agreed minimum escrow restrictions.

### Termination

4.26 The Company can terminate the ALG SPA prior to completion if:

- the ALG Vendors breach a material term of the ALG SPA; or;
- any of the ALG Vendors' warranties is or becomes false, misleading or incorrect in any material respect when made or regarded.

### Break fee

4.27 The ALG Vendors will be entitled to a break fee of \$100,000 if by the sunset date:

- the Company fails to attain the relevant approvals from its shareholders, ASIC or ASX; or
- the condition in the ALG SPA, that the Company completes a capital raising of at least \$4.0 million to fund the Proposed Transactions, is not satisfied or waived.

### Sunset date

4.28 The parties have agreed, via a Deed of Variation, to amend the sunset date in the ALG SPA from 30 November 2015 to 31 March 2016.

### Restraint

4.29 There are standard restraints on the conduct of each of the ALG Vendors for a period of up to 3 years from completion.

## Impact of the Proposed Transactions on UCW's capital structure

4.30 If the ALG Acquisition and capital raising is completed in a manner consistent with the terms set out in the revised NoM, the UCW Shareholders holding in the Company will be significantly diluted and incoming shareholders will, initially, control around 72% (undiluted) of the issued capital. Further, Global Capital will hold around 36% (undiluted) of the issued capital and may be in a position to exert significant control over the operations and strategy of UCW.

4.31 The table below sets out the relative shareholdings in UCW on the following bases:

- prior to the Proposed Transactions;
- assuming the Proposed Transactions complete and the minimum consideration is paid;
- assuming the Proposed Transactions complete, the maximum consideration is paid and part of the deferred consideration is paid in shares;
- assuming the Proposed Transactions complete, the maximum consideration is paid, part of the deferred consideration is paid in shares and on a fully diluted basis.

	Pre transactions		Post transactions (Min consideration)		Post transactions (Max consideration/shares)		Post transactions (fully diluted)	
<b>Existing UCW shareholders</b>	<b>84,320,056</b>	<b>100%</b>	<b>84,320,056</b>	<b>28%</b>	<b>84,320,056</b>	<b>24%</b>	<b>103,070,056</b>	<b>24%</b>
Issued to ALG vendors (consideration shares)	-	-	16,666,666	6%	16,666,666	5%	22,222,221	5%
Issued to ALG vendors (deferred shares)	-	-	-	-	46,439,628	13%	46,439,628	11%
<b>Issued under the capital raising (Global Capital)</b>	<b>-</b>	<b>-</b>	<b>108,333,333</b>	<b>36%</b>	<b>108,333,333</b>	<b>31%</b>	<b>144,444,443</b>	<b>33%</b>
Issued under the capital raising (new shareholders)	-	-	91,666,667	30%	91,666,667	26%	122,222,222	28%
<b>Total share on issue (post consolidation)</b>	<b>84,320,056</b>	<b>100%</b>	<b>300,986,722</b>	<b>100%</b>	<b>347,426,350</b>	<b>100%</b>	<b>438,398,571</b>	<b>100%</b>
Options on issue (post consolidation)	18,750,000		90,972,221		90,972,221		-	

**Table 2: UCW shareholdings – pre and post Proposed Transactions (Source: RSM analysis)**

4.32 We note the existing UCW Shareholders are further diluted to around 24% should the maximum consideration be payable and the maximum shares option be taken by both ALG and UCW. In the same scenario, but on a fully diluted basis, the existing UCW Shareholders remain at around 24% of the issued capital and Global Capital will hold approximately 33%.

4.33 Further to the above, we are advised that certain directors intend to subscribe for shares in the Capital Raising in the sum of \$750,000. Should the ultimate funds raised comprise the Global Capital and directors subscriptions only, Global Capital will hold 48.8% (undiluted) and 50.4% (fully diluted) of the issued capital (prior to any deferred share issue).

## 5. Profile of UCW

### Overview

- 5.1 The Company (then known as UnderCoverWear Limited) was admitted to the ASX on 23 June 2004 and was, at the time of admission, a business of direct sales of women's apparel.
- 5.2 After experiencing a sustained period of losses, on 6 March 2014, Voluntary Administrators were appointed to the Company and on 9 July 2014 a Deed of Company Arrangement (DOCA) was executed.
- 5.3 Following shareholder approval of the recapitalisation of the Company (on 23 December 2014), the Company changed its name to UCW Limited and the share capital was consolidated.
- 5.4 On 16 February 2015, the DOCA was effectuated such that all pre-administration creditors of UCW were transferred to a creditor's trust. At the same time, and as part of the Company's recapitalisation, Adam Davis, Peter Mobbs, Jonathan Pager and Michael Pollak were appointed as Directors of the UCW.
- 5.5 On 24 April 2015, the Company raised approximately \$2.1 million in new capital and the funds were used to settle the restructure costs and to recapitalise the Company. Following the recapitalisation, the Company was reinstated to the ASX Official List on 11 May 2015.
- 5.6 Post reinstatement, the directors have investigated leveraging UCW's existing assets including assessing alternatives to market to its customer base via online marketing. In order to initially operate with low fixed overheads, the Board considered strategic partnerships with other operators in the fashion and retail industry to provide the Company fulfilment capability, utilising direct sourcing and drop shipping where possible.
- 5.7 The directors have also actively investigated introducing complementary products and services to provide a broader offering to potential UCW customers, including accessories, beauty products and education and training services focusing on well-being (e.g. personal training and massage).
- 5.8 The Board has sought to ensure all remaining assets associated with the former business are, to the extent possible, either utilised as part of the Company's new business, joint ventured, sold, or otherwise abandoned.
- 5.9 As noted above, in recent months, the Company has entered into the ALG SPA and issued the Prospectus. In addition, the ALG SPA to acquire 100% of the issued capital in ALG has been agreed and is, together with other related proposals, being put to UCW Shareholders for their consideration.

### Legal structure

- 5.10 UCW is a public company limited by shares which is registered and domiciled in Australia. Its ordinary shares have been traded on the ASX's Official List since 2004. Trading in UCW shares on the ASX was suspended on 7 September 2015 and the shares have not been readmitted for trading as at the date of this Report.
- 5.11 The Company has no subsidiaries.

## Directors and key management

5.12 The directors and key management of UCW are presented in the table below. Further information in relation to the individuals can be found on the UCW website, the ASX announcements and in the recent documentation sent to Shareholders in relation to the Proposed Transactions.

Name	Title	Experience
Adam Davis	Executive Chairman	Appointed Executive Chairman in February 2015. Mr Davis has extensive experience in the education sector and prior to UCW was founder and CEO of Tribeca Learning Limited
Peter Mobbs	Non-Executive Director	Appointed non-executive director in February 2015. Mr Mobbs has significant education sector experience and is CEO of on-line voactional provider, Ivy College.
Jonathan Pager	Non-Executive Director	Appointed non-executive director in February 2015. Mr Pager has acted as an adviser across an range of industries in Australia and internationally.
Michael Pollak	Non-Executive Director	Appointed non-executive director in February 2015. Mr Pollak has advised a numerous companies in Australia and London in realtion to management, strategy and operations.

Table 3: UCW directors and management (Source: UCW)

## Financial performance

5.13 The following table sets out a summary of the audited financial performance of UCW for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 together with management accounts for the three months to 30 September 2015.

UCW financial performance (\$)	Year ended 30-Jun-13 <i>Audited</i>	Year ended 30-Jun-14 <i>Audited</i>	Year ended 30-Jun-15 <i>Audited</i>	Period ended 30-Sep-15 <i>Management</i>
Revenue	8,016,760	3,288,311	7,926	3,418
<b>Operating income</b>	<b>8,016,760</b>	<b>3,288,311</b>	<b>7,926</b>	<b>3,418</b>
<b>Expenses:</b>				
Changes in inventories	3,470,520	1,847,594	-	-
Distribution	572,006	171,683	-	-
Commissions	702,818	279,001	-	-
Promotion and advertising	642,999	97,672	-	-
Depreciation & amortisation	62,132	33,066	-	-
Insurance	99,820	54,342	12,660	-
Employee benefits	2,308,720	1,328,647	81,845	55,045
Rental	769,021	261,196	-	-
Administrators fee	-	258,625	-	-
Legal	-	-	119,906	52,791
Professional fees	68,981	10,000	185,786	75,389
Other	577,666	411,054	20,927	28,779
<b>Total expenses</b>	<b>9,274,683</b>	<b>4,752,880</b>	<b>421,124</b>	<b>212,004</b>
<b>Profit/ (Loss) before finance &amp; impairment</b>	<b>(1,257,923)</b>	<b>(1,464,569)</b>	<b>(413,198)</b>	<b>(208,586)</b>
Finance costs	107,481	38,759	-	-
Provision for bad debts due to administration	-	112,283	-	-
Impairment of other assets due to administration	-	42,066	-	-
Profit on sale of plant & equipment	-	(4,498)	-	-
Impairment of inventory	-	-	33,750	-
Creditors claims	-	355,683	-	-
Employee entitlement due to administration	-	279,684	-	-
<b>Total finance &amp; impairment</b>	<b>107,481</b>	<b>823,977</b>	<b>33,750</b>	<b>-</b>
<b>Loss from operations</b>	<b>(1,365,404)</b>	<b>(2,288,546)</b>	<b>(446,948)</b>	<b>(208,586)</b>
Income tax expense	-	-	-	-
<b>Loss from continuing operations</b>	<b>(1,365,404)</b>	<b>(2,288,546)</b>	<b>(446,948)</b>	<b>(208,586)</b>
Profit from discontinuing operations	-	-	2,654,688	-
<b>Total comprehensive profit / (loss)</b>	<b>(1,365,404)</b>	<b>(2,288,546)</b>	<b>2,207,740</b>	<b>(208,586)</b>

Table 4: UCW financial performance (Source: UCW financial statements)

5.14 We note the following in relation to UCW's financial performance over the above periods:

- UCW financial performance in the FY2013 year and the FY2014 year up to 6 March 2014 reflected its loss making activities in the on line apparel market;
- in FY2015, the company was restructured and went through a DOCA. The impact of these transactions resulted in a one off accounting profit from discontinued operations;
- since that time, revenue has been minimal and expenses have continued to be incurred as the directors pursue the Proposed Transaction; and
- as at 30 September 2015, UCW had limited ongoing operations and will continue to incur costs, such as the costs associated with the Proposed Transactions together with general expenses.

## Financial position

5.15 The table below sets out a summary of the audited financial position of UCW as at 30 June 2013, 30 June 2014, 30 June 2015 and the unaudited position as at 30 September 2015 extracted from the UCW management accounts.

UCW financial position (\$)	As at 30-Jun-13 <i>Audited</i>	As at 30-Jun-14 <i>Audited</i>	As at 30-Jun-15 <i>Audited</i>	As at 30-Sep-15 <i>Management</i>
<b>Current assets</b>				
Cash and cash equivalents	9,182	51,721	1,147,632	906,810
Trade & other receivables	123,287	8,870	17,072	47,724
Inventories	769,193	38,750	5,000	5,000
Plant & equipment	-	14,545	-	0
Intangible assets	-	5,500	5,500	5,500
Other assets	87,481	-	-	-
	<b>989,143</b>	<b>119,386</b>	<b>1,175,204</b>	<b>965,034</b>
<b>Non current assets</b>				
Plant & equipment	<b>245,397</b>	-	-	-
	<b>245,397</b>	-	-	-
<b>Total assets</b>	<b>1,234,540</b>	<b>119,386</b>	<b>1,175,204</b>	<b>965,034</b>
<b>Current liabilities</b>				
Trade & other payables	1,801,865	2,338,047	216,027	106,903
Financial liabilities	288,857	559,130	-	-
Short term provision	299,506	547,647	-	-
	<b>2,390,228</b>	<b>3,444,824</b>	<b>216,027</b>	<b>106,903</b>
<b>Non current liabilities</b>				
Financial liabilities	<b>281,570</b>	-	-	-
Long term provision	<b>31,634</b>	-	-	-
	<b>313,204</b>	-	-	-
<b>Total liabilities</b>	<b>2,703,432</b>	<b>3,444,824</b>	<b>216,027</b>	<b>106,903</b>
<b>Net assets</b>	<b>(1,468,892)</b>	<b>(3,325,438)</b>	<b>959,177</b>	<b>858,131</b>
<b>Shareholders funds</b>				
Share capital	22,809,146	23,241,146	2,075,000	2,182,540
Reserves	-	-	1,875	1,875
Accumulated losses	(24,278,038)	(26,566,584)	(1,117,698)	(1,326,284)
<b>Total shareholders funds</b>	<b>(1,468,892)</b>	<b>(3,325,438)</b>	<b>959,177</b>	<b>858,131</b>

Table 6: Financial position of UCW (Source: UCW financial statements)

5.16 We note the following in relation to UCW's financial position at the above dates:

- The financial position as at 30 June 2013 and 30 June 2014 reflects the position of UCW prior to the appointment of the Voluntary Administrator and the DOCA and shows negative net assets on both dates;
- As at 30 June 2015, the company had over \$1.1 million cash on hand as a result of the post DOCA recapitalisation and net assets were around \$960,000;
- As at 30 September, the UCW had accrued or paid approximately \$200,000 in relation to costs of the Proposed Transaction; and
- As at 30 September 2015, the net assets of UCW have reduced to around \$860,000, primarily as a result of the diminution of cash on hand arising from the costs of the Proposed Transaction borne to date.

## Capital structure

- 5.17 At the date of this Report, UCW has 84,320,056 fully paid ordinary (post consolidation) shares on issue.
- 5.18 The top 20 shareholders of UCW hold 71.1% of the issued share capital of the Company, as summarised in the table below.

UCW shareholders	Number of shares	Percentage of total
ABD Holdings Pty Limited	17,916,667	21.2%
Transfund Pty Limited	6,250,000	7.4%
United Equity Partners Pty Limited	6,250,000	7.4%
Holloway Cove Pty Limited	5,500,000	6.5%
Jacobsen Family Holdings Pty Limited	3,875,000	4.6%
Mobbs Coporatation Pty Limited	3,750,000	4.4%
The Clothing Group Pty Limited	2,160,000	2.6%
Oceanview Super Fund Pty Limited	1,916,667	2.3%
HSBC Custody Nominees (Australia) Limited - A/C 2	1,875,000	2.2%
City Electrical Services Pty Limited	1,750,000	2.1%
Polfam Pty Limited	1,666,667	2.0%
1215 Capital Pty Limited	1,140,673	1.4%
Mrs Yvette Mobbs	937,500	1.1%
Mr Peter Mobbs	937,500	1.1%
Mr John Everett & Ms Sonya Everett	856,641	1.0%
Mitford Holdings Pty Limited	750,000	0.9%
Mr Jamie Joseph Gonzalez	687,500	0.8%
Jojo Enterprises Pty Limited	649,473	0.8%
Citicorp Nominees Pty Limited	587,500	0.7%
Sacco Development Australia Pty Limited	503,000	0.6%
<b>Top 20</b>	<b>59,959,788</b>	<b>71.1%</b>
Remaining shareholders	24,360,268	28.9%
<b>Total shares on issue</b>	<b>84,320,056</b>	<b>100.0%</b>

Table 7: UCW top 20 shareholders (Source: UCW)

- 5.19 We note a number of the Top 20 shareholders are director related entities.
- 5.20 In addition, UCW had 18,750,000 (post consolidation) options on issue (the UCW options). The UCW options are exercisable at \$0.04 per option on or before 30 June 2018 and are held by nine option holders.

## Share price performance

5.21 A summary of UCW's recent share price movement is set out in the figure below.

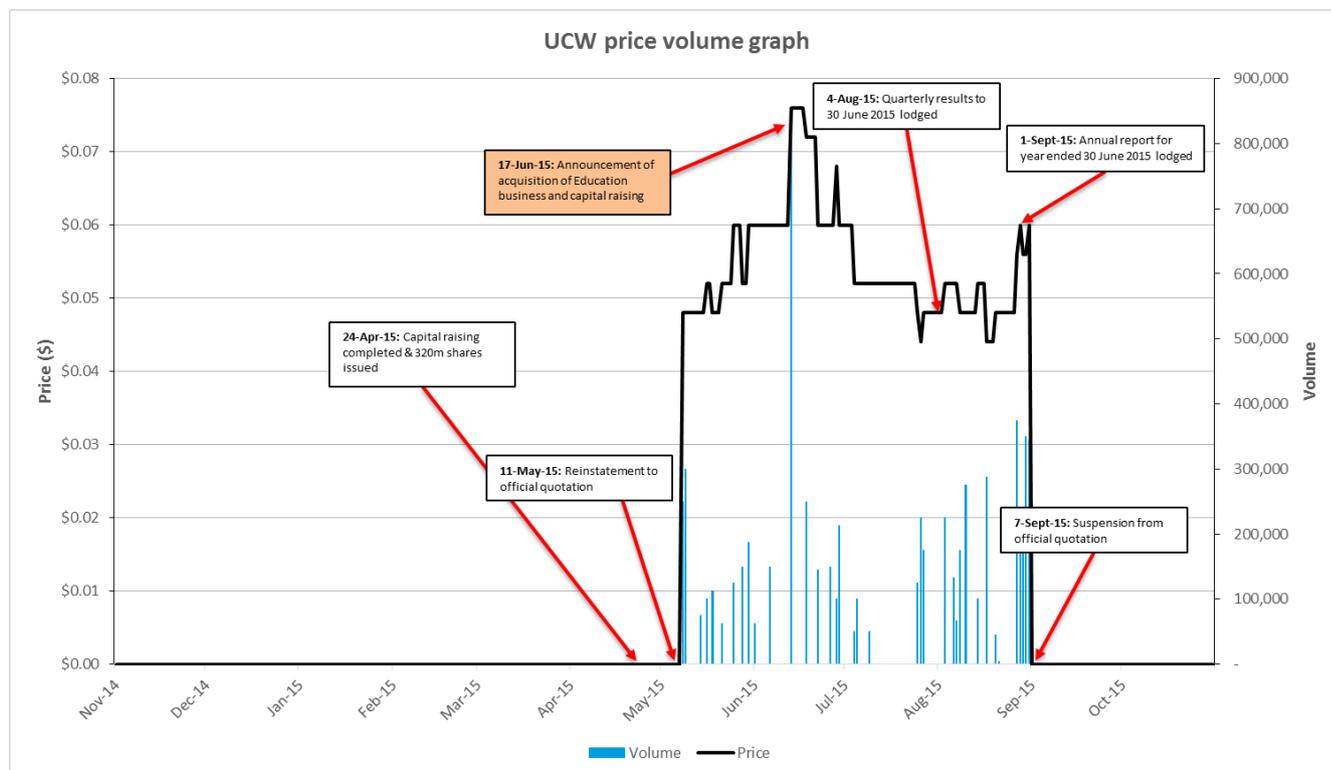


Figure 2: UCW recent share trading history (Source: S&P Capital IQ)

5.22 We make the following comments with regard to UCW's recent share price performance:

- UCW shares were suspended from trading due to the appointment of the VA and entering into the DOCA on 9 July 2014 and not reinstated until 11 May 2015;
- during the four months the shares were traded on the ASX (up until the trading suspension on 7 September 2015), the shares (post consolidation) were trading in the range \$0.046 to \$0.076 with the highest price achieved on the date of the announcement of the Proposed Transactions;
- the Board requested the trading halt as a result of the proposed significant change to the scale and nature of UCW's activities. On the same date, the ASX announced that the shares would remain suspended until the Company satisfies the requirements of Chapters 1 and 2 of the ASX Listing Rules; and
- in our opinion, given the lack of trading history, the relatively thin trading and the proposed change in the scale and nature of activities in UCW post the Proposed Transactions, the traded price of a UCW share as illustrated above is of limited use in our assessment.

## 6. Education sector analysis

- 6.1 UCW shareholders have been provided with an analysis of the education sector, and in particular the VET sector, in the August NoM and the Prospectus. Accordingly, we have provided a high level summary only in this report.
- 6.2 VET enables students to gain qualifications for all types of employment, and specific skills to help them in the workplace.
- 6.3 VET qualifications are delivered by registered training organisations (RTOs) that must be registered to be able to provide government accredited qualifications. Nationally recognised VET qualifications can range from Certificate I to Advanced Diploma and also include Graduate Diplomas and Certificates that have been accredited by a VET accrediting authority.
- 6.4 The sector is regulated with a framework of governing legislation and enforceable national standards, including:
- The establishing legislation for the national regulator, the ASQA;
  - The VET Quality Framework, which aims to achieve national consistency in the way RTOs are registered and monitored and in how standards in the VET sector are enforced; and
  - The education for overseas student's legislation, which relates to the provision of courses to overseas students.
- 6.5 The Federal Government has recently increased grants to the industry under the National Partnership Agreement on Skills Reform and pushed for state governments to reform their VET markets.
- 6.6 A government shift from funding only state-run TAFEs to offering funding for providers based on student demand in some jurisdictions has led to an increase in the number of private providers in the industry.
- 6.7 According to IBISWorld, industry revenue is projected to grow at approximately 3% per annum through to FY2016, reaching an estimated \$8.9 billion.
- 6.8 Revenue is forecast to continue to grow at an annual growth rate of 2.2% over the following 5 years through to 2021, reaching an estimated \$9.9 billion.
- 6.9 Growth in revenue is largely going to be driven by an increase in international student numbers, supported by the depreciating Australian dollar and streamlined student visa processing. Australia is currently a top 5 destination for international students and consequently education is the country's largest service export.
- 6.10 Domestic enrolments are also forecast to grow, with the introduction of minimum qualification requirements in various industries, including preschool education and childcare. The unemployment rate is forecast to remain stable, allowing for the increased desire for upskilling and minimum requirements to drive domestic demand.
- 6.11 Although industry revenue is expected to grow, the industry is highly fragmented, with over 5,000 providers in operation providing significant, and increasing competition.

## 7. Profile of ALG

### Overview

- 7.1 ALG was founded by Matthew Smith and Margaret Armstrong in February 2005 to acquire the business of the NSW School of Massage. The NSW School of Massage had been operating since 1985 as a respected provider of non-accredited education in the field of massage to the domestic student market.
- 7.2 ALG attained registration as a RTO in August 2005, enabling it to issue nationally recognised qualifications in accordance with the Australian Qualifications Framework (AQF).
- 7.3 In 2008, ALG established the Australian College of Sport and Fitness to broaden its course offering into the field of sport and fitness. Shortly afterwards, ALG attained registration on the CRICOS enabling it to commence offering its courses to the international student market.
- 7.4 More recently, ALG has established the Australian College of Dance to further broaden its course offering into the field of dance teaching.
- 7.5 ALG is a provider of education to the international student market in its areas of focus, with approved CRICOS capacity of 1,375 students across its four campuses in Sydney, Melbourne, Brisbane and Perth. Students are sourced through a network of approximately 400 agents, the majority from low-risk assessment countries, which streamlines the process for obtaining a student visa. ALG also services the domestic student market with the same course set delivered by way of distance education and on-campus.
- 7.6 Revenue is derived from domestic and international student fees and there are no government funding or VET-FEE HELP arrangements currently in place. ALG has a strong compliance history and consequently a low-risk rating from the ASQA, the national regulator of the VET sector.
- 7.7 ALG has around 24 full time equivalent employees and is led by an experienced executive team that intend to remain with the business post-completion of the Proposed Transactions.

### Legal structure

- 7.8 ALG is an Australian private company which is 100% owned by the ALG vendors

### Directors and management

- 7.9 The directors and key management of ALG are summarised in the table below.

Name	Title	Experience
Matthew Smith	Director / Chief Executive Officer	Mr Smith is a co-founder and sole Director of ALG. His roles include strategic direction, business development, modelling and key partnership development.
Margaret Armstrong	Director of Studies	Ms Armstrong is a co-founder of ALG and has responsibility for course development, compliance and teacher performance management. She also has 10 years experience in corporate communications and international marketing across Europe and Australia.
Andreas Lippa	General Manger / Director of Sales	Mr Lippa joined ALG in 2009 and is primarily responsible for management of international student sales and supporting the CEO in daily operations of ALG. He has over 15 years experience in the hospitality industry in sales and marketing related roles.

**Table 8: ALG directors and management (Source: August NoM)**

## Financial performance

7.10 The following table sets out a summary of the audited financial performance of ALG for the years ended 30 June 2014 and 30 June 2015, together with the unaudited financial performance for the three months ended 30 September 2015 extracted from the ALG management accounts.

ALG financial performance (\$)	Year ended 30-Jun-14 <i>Audited</i>	Year ended 30-Jun-15 <i>Audited</i>	Period ended 30-Sep-15 <i>Management</i>
<b>Revenue</b>			
Sales	5,086,054	6,187,732	1,706,737
Other income	271,729	292,813	2,967
<b>Total revenue</b>	<b>5,357,783</b>	<b>6,480,545</b>	<b>1,709,704</b>
COGS	1,930,678	2,388,130	681,630
<b>Gross profit</b>	<b>3,427,105</b>	<b>4,092,415</b>	<b>1,028,074</b>
<b>Expenses</b>			
Occupancy costs	348,975	339,985	91,572
General and administration	356,137	390,414	132,295
Sales and marketing	72,987	186,792	60,057
Professional fees	19,444	50,550	35,923
Employee benefits	1,406,438	1,859,588	432,442
<b>Total expenses</b>	<b>2,203,981</b>	<b>2,827,329</b>	<b>752,290</b>
<b>EBITDA</b>	<b>1,223,124</b>	<b>1,265,086</b>	<b>275,784</b>
Depreciation and amortisation	45,789	52,229	17,000
Finance costs	14,315	13,292	(2,967)
<b>EBT</b>	<b>1,163,020</b>	<b>1,199,565</b>	<b>289,818</b>
Income tax expense	381,585	360,381	-
<b>Total comprehensive income</b>	<b>781,435</b>	<b>839,184</b>	<b>-</b>

Table 9: ALG financial performance (Source: ALG financial statements and management accounts)

7.11 We note the following in relation to ALG's financial performance in FY2014 and FY2015:

- ALG been operating profitably in each of the two years and three months in the review period;
- Financial performance in the FY2013 year was profitable, however as the accounts were prepared on a different basis to those presented above and were unaudited, we have not presented them in this report;
- Revenue (and sales) have grown by around 20% in FY2015, reflecting the increased number of students enrolled in ALG's courses;
- Gross profit remained stable at around 63% on FY2014 (\$3.4 million) and FY2015 (\$4.1 million);
- EBITDA grew by around 3.4% in FY2015 to \$1.27 million.
- EBITDA margin fell from 22.8% in FY2014 to around 20% in FY2015. We are advised the reduction in margin was due to increased sales and marketing and staff costs in FY2015;
- ALG was tax paying in both years presented; and
- Profit after tax increased from \$781,435 in FY2014 to \$839,184 in FY2015, an increase of around 7%.

7.12 We have discussed ALG's financial performance for the three months to 30 September 2015 with ALG and UCW management and comment as follows:

- Growth in international student numbers is evident in the growth in revenue and deferred income. This has been partially offset by a contraction in domestic revenue due to strong competition from VET-FEE-HELP providers;
- Gross margin has been impacted by higher commission rates primarily due to a lower proportion of student enrolling direct without an agent;
- Operating expenditure in the first quarter is has been impacted by some one-off costs, including transaction related costs as well as fixed costs associated with the new Brisbane campus and the College of

Dance. There have also been higher on-line marketing costs in the domestic market to stabilize domestic revenue; and

- Growth in international student numbers in the September quarter is on track with budget and as illustrated by growth in deferred revenue (see below), which will substantially be released in the following quarter.

## Financial position

7.13 The table below sets out a summary of the audited financial position of ALG as at 30 June 2014 and 30 June 2015 together with the unaudited financial position as at 30 September 2015.

ALG financial position (\$)	As at 30-Jun-14 <i>Audited</i>	As at 30-Jun-15 <i>Audited</i>	As at 30-Sep-15 <i>Management</i>
<b>Current assets</b>			
Cash & cash equivalents	1,151,570	1,360,137	1,508,556
Trade and other receivables	300,966	404,196	306,168
Inventory	7,540	8,578	8,578
Other assets	212,360	109,399	115,947
	<b>1,672,436</b>	<b>1,882,310</b>	<b>1,939,249</b>
<b>Non current assets</b>			
Trade and other receivables	92,057	95,912	503
Property, plant & equipment	143,539	136,164	137,814
Intangible assets	3,447	23,539	23,539
Deferred tax asset	441,786	474,243	474,243
	<b>680,829</b>	<b>729,858</b>	<b>636,098</b>
<b>Total assets</b>	<b>2,353,265</b>	<b>2,612,168</b>	<b>2,575,347</b>
<b>Current liabilities</b>			
Trade and other payables	149,919	307,131	59,697
Financial liabilities	10,683	-	(176,595)
Deferred income	1,150,277	1,222,931	1,334,547
Current tax liability	176,608	84,152	61,287
Provisions	75,216	98,978	104,651
	<b>1,562,703</b>	<b>1,713,192</b>	<b>1,383,587</b>
<b>Total liabilities</b>	<b>1,562,703</b>	<b>1,713,192</b>	<b>1,383,587</b>
<b>Net assets</b>	<b>790,562</b>	<b>898,976</b>	<b>1,191,760</b>
Contributed equity	2	2	2
Retained earnings	790,560	898,974	1,191,758
<b>Total equity</b>	<b>790,562</b>	<b>898,976</b>	<b>1,191,760</b>

Table 10: Financial position of ALG (Source: ALG financial statements and management accounts)

- 7.14 ALG disclosed cash and cash equivalents of \$1.36 million which was offset by the deferred income balance of \$1.2 million representing fees received but not yet recognised as income.
- 7.15 ALG has a net working capital position (current assets less current liabilities) of around \$170,000 as at 30 June 2015. Property, plant & equipment consisted of office equipment and certain learning related assets such as computers, etc.
- 7.16 As at 30 June 2015, ALG disclosed net assets of \$898,976, an increase of around \$110,000 over the prior year end.
- 7.17 As at 30 September 2015, unaudited net assets had increased to \$1,191,760, primarily due to the increases in cash balances (deferred income) and the director's loan (M Smith) recorded as a negative financial liability.

## Capital structure

7.18 As at the date of this Report, ALG has two shareholders as set out in the table below:

Shareholder	Shares	Type
Mathew Smith	1	A Class
Margaret Armstrong	1	B Class

**Table 11: ALG shareholders (Source: ALG financial statements)**

## Other information

7.19 UCW Shareholders can find additional information in relation to ALG in the August NoM, the Prospectus and the NoM to which the IER is appended.

7.20 In addition, to learn more about the courses and other services offered by ALG, UCW Shareholders can visit the ALG website at [www.alg.edu.au](http://www.alg.edu.au).

## 8. Valuation approach

### Valuation methodologies

- 8.1 In assessing the fair value of an ordinary UCW share, both before (control basis) and after the Proposed Transactions (minority basis), we have considered a range of valuation methodologies. RG 111 proposes it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow (DCF) method and the estimated realisable value of any surplus assets;
  - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
  - the amount which would be available for distribution on an orderly realisation of assets;
  - the quoted price for listed securities; and
  - any recent genuine offers received.
- 8.2 The valuation methodologies proposed by RG 111 are often categorised into three valuation approaches, as follows.

#### Market based approaches

- 8.3 Market based methods estimate value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:
- the quoted price for listed securities; and
  - industry specific methods.
- 8.4 The recent quoted price for listed securities method provides evidence of the value of a company's securities where they are publicly traded in an informed and liquid market.
- 8.5 Industry specific methods usually involve the use of industry rules of thumb to estimate the value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the value of a company than other market based valuation methods because they may not account for company specific risks and factors.

#### Income based approaches

- 8.6 Income based approaches estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based approaches include:
- DCF approach; and
  - capitalisation of future maintainable earnings (FME) approaches.
- 8.7 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.
- 8.8 The capitalisation of maintainable earnings methodology estimates the value of a business as being the product of a company's FME multiplied by an appropriate earnings multiple. The methodology is commonly applied where earnings are stable and a FME stream can be established with a degree of confidence. Capitalisation multiples can be applied to either estimates of future maintainable operating cash flows, EBITDA, EBIT or net profit after tax. The earnings from any non-trading surplus assets are excluded from the estimate of FME and the value of such assets is separately added to the value of the business in order to derive the total value of the company. The appropriate multiple to be applied is usually derived from an analysis of stock market trading multiples of comparable companies (which do not include a control premium) and the implied multiples paid in comparable transactions (which include a control premium).

### Asset based approaches

- 8.9 Asset based approaches estimate the value of a company's securities based on the realisable value of its identifiable net assets. Asset based approaches include:
- orderly realisation of assets approaches;
  - liquidation of assets approaches; and
  - net assets on a going concern basis approaches.
- 8.10 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 8.11 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame, reflecting a distressed liquidation value. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or when a company is not valued on a going concern basis.
- 8.12 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

### Selection of valuation approach

#### Valuation of UCW prior to the Proposed Transactions

- 8.13 In accordance with RG 111, we have assessed the value of UCW's shares prior to the Proposed Transactions on the basis of a 100% controlling interest. Our valuation analysis in relation to UCW prior to the Proposed Transactions is set out at Section 9 of this report and is based on the valuation approach described below.

##### *Net assets on a going concern basis*

- 8.14 Given the lack of operating assets or profitable trading history (or projections) under the current corporate structure, we do not consider the income or market approaches as relevant for the valuation of UCW.
- 8.15 In light of the above, we consider the most appropriate valuation methodology for valuing the shares in entities in a similar financial position to UCW, is on the basis of the fair market value of the underlying net tangible assets.
- 8.16 Accordingly, our valuation has been based on the net tangible assets of UCW as at 30 September 2015 on a going concern basis as adjusted for known occurrences since that date.

##### *Quoted price of listed securities*

- 8.17 We have cross checked our valuation by reference to the share trading in UCW shares.
- 8.18 Prices at which a company's shares have been traded on the ASX can, in the absence of low liquidity or unusual circumstances, provide an objective measure of the value of the company, excluding a premium for control.

#### Valuation of ALG

- 8.19 In order to assess the fair value of a UCW share immediately following the Proposed Transactions, it is necessary to assess the fair value of the 100% equity interest in ALG which will be acquired.
- 8.20 ALG is a private company which has historically traded profitability and is budgeted to remain profitable. We have not been provided with, and understand ALG does not prepare, long or medium term budgets or cash flow projections. Our valuation analysis in relation to ALG is set out at Section 10 of this report and is based on the valuation approach described below.

##### *Capitalisation of future maintainable earnings (EBITDA)*

- 8.21 We have utilised the capitalisation of FME (EBITDA) as our primary approach for the valuation of ALG and based our analysis on the reported historical financial performance of ALG together with our discussion with UCW directors. We have adjusted the assessed enterprise value for the impact of net debt and surplus assets / liabilities to arrive at our valuation of ALG on a control basis.

8.22 We selected EBITDA as an appropriate measure of earnings for our valuation as multiples based on EBITDA are less sensitive to different capital structures, depreciation and amortisation policies and effective tax rates than EBIT or NPAT.

**Valuation of UCW immediately after the Proposed Transactions complete (the Merged Group)**

8.23 To assess the fairness of the Proposed Transactions, we have estimated the value of an ordinary share in the Merged Group immediately after the implementation of the Proposed Transactions. In accordance with the guidance in RG111, this analysis has been undertaken on a minority basis.

8.24 The value of the Merged Group is based on the combined values of UCW and ALG immediately following the Proposed Transactions, together with the impact of the Capital Raising. Our analysis is set out at Section 11 of this report.

8.25 As the ultimate consideration is dependent upon the earn out provisions of the ALG SPA, and any deferred amounts paid to the ALG Vendors may be settled in cash or shares (at ALG and UCW's election), our valuation analysis of the Merged Group has been conducted under three scenarios as follows:

- assuming the minimum consideration is paid;
- assuming the maximum consideration is paid and the deferred component is paid in cash; and
- assuming the maximum consideration is paid and the deferred component is part paid in shares.

## 9. Valuation of UCW

9.1 As mentioned above, we have assessed the value of UCW prior to the Proposed Transactions on the basis of the fair value of its underlying net assets on a going concern basis (as adjusted) and have also considered the recent quoted price of its listed securities prior to suspension.

### *Net assets on a going concern basis*

9.2 Our assessment of the fair value of UCW's net assets is based on the unaudited financial position of the Company as at 30 September 2015, as adjusted to reflect known adjustments to the fair value of the assets and liabilities at that date. The adjustments we have applied relate to:

- our analysis of, and discussions with the directors of UCW in relation to, the assets and liabilities of UCW as stated in the financial statements provided to us;
- in the low case, a market value of intangible assets and inventories of \$nil;
- other than the above, we are not aware of any indicators that the book value of UCW's assets and liabilities differ materially from their market value at 30 September 2015; and
- UCW is an ASX listed entity which holds cash but with no significant operating business. Based on discussions with analysts and our review of other transactions involving similar ASX listed entities with limited operations, we understand the value of such an entity is in the range of \$500,000 to \$1,000,000. This represents the value the market places on the listing, the existing spread and other factors such as the avoidance of the time and expense involved in an initial public offer (IPO) process.

As a cross check, we have considered the likely costs of an IPO which are avoided by undertaking a backdoor listing process. In our experience, the avoided costs of an IPO for a company of similar size to UCW (post the Proposed Transactions) would not be dissimilar to the range presented above. Accordingly, and noting that UCW is currently suspended, we have adopted a range of \$600,000 to \$750,000 for the value of the ASX listed entity.

9.3 In light of the above, we have valued all of the equity in UCW in the range \$1.45 million to \$1.61 million, with a midpoint of \$1.53 million as set out in the table below.

UCW net assets on a going concern - as adjusted (\$)	As at 30-Sep-15 Management	Assessed value		
		Low	High	Midpoint
<b>Current assets</b>				
Cash and cash equivalents	906,810	906,810	906,810	906,810
Trade & other receivables	47,725	47,725	47,725	47,725
Inventories	5,000	-	5,000	2,500
Intangible assets	5,500	-	5,500	2,750
Other assets	-	-	-	-
<b>Total assets</b>	<b>965,035</b>	<b>954,535</b>	<b>965,035</b>	<b>959,785</b>
<b>Current liabilities</b>				
Trade & other payables	106,903	106,903	106,903	106,903
<b>Total liabilities</b>	<b>106,903</b>	<b>106,903</b>	<b>106,903</b>	<b>106,903</b>
<b>Net operating assets</b>	<b>858,131</b>	<b>847,631</b>	<b>858,131</b>	<b>852,881</b>
<b>Add:</b>				
Value of the listed shell		600,000	750,000	675,000
<b>Adjusted net assets</b>		<b>1,447,631</b>	<b>1,608,131</b>	<b>1,527,881</b>
<b>Adjusted net assets (rounded)</b>		<b>1,450,000</b>	<b>1,610,000</b>	<b>1,530,000</b>

**Table 12: Assessed value of UCW on a net assets basis (prior to the Proposed Transactions)**

9.4 The methodologies applied represent the value of a controlling shareholding. Accordingly, we consider the value assessed under the net assets on a going concern basis to incorporate a premium for control and no further premium is considered necessary to assess the value of UCW.

### Value of a UCW share prior to the Proposed Transactions

- 9.5 Based on the above analysis, and on the basis that UCW had 84,320,056 (post consolidation) shares on issue, our assessed value of a UCW share (control basis) prior to the Proposed Transactions is in the range of \$0.017 to \$0.019 per share, with a midpoint of \$0.018 as set out in the table below.

	<i>Low</i> \$	<i>High</i> \$	<i>Midpoint</i> \$
<b>Value of UCW on a net assets basis</b>	<b>1,450,000</b>	<b>1,610,000</b>	<b>1,530,000</b>
Number of shares on issue	84,320,056	84,320,056	84,320,056
<b>Assessed value per share (control basis)</b>	<b>\$0.017</b>	<b>\$0.019</b>	<b>\$0.018</b>

**Table 13: Value of UCW on a net assets basis (Source: UCW, RSM analysis)**

#### *Quoted price of listed securities*

- 9.6 In order to provide a cross-check to the valuation of a UCW share under the net assets on a going concern basis, we have also assessed the trading in UCW shares prior to the announcement of the Proposed Transactions on 17 June 2015.
- 9.7 The assessment reflects trading prior to the announcement of the Proposed Transactions in order to avoid the influence of any movement in price which may have occurred as a result of the announcement.

#### *Analysis of recent trading in UCW shares*

- 9.8 As illustrated in Figure 2 in Section 5.21 above, the shares of UCW were put into a trading halt and suspended from 3 March 2014 to the date the company emerged from the DOCA on 11 May 2015. There were some 32 trading days until the announcement of the Proposed Transactions on 17 June 2015 when the shares closed at \$0.06 and a further 80 days until they were placed in a second trading halt and suspended after the UCW Shareholders approved the Proposed Transactions as contemplated in the August NoM.
- 9.9 UCW shares remain suspended and have not traded since 7 September 2015.
- 9.10 Table 14 below sets out a summary of UCW's VWAP and traded volumes in the year to 16 June 2015, being the last day UCW shares traded prior the announcement of the Proposed Transaction to avoid the influence of any movement which may have occurred as a result of the announcement.

Month	No. of trade days in month	No. days shares traded	Quantity traded	Value traded	VWAP	Shares on issue	Volume traded as a % of issued shares
June*	11	4	550,000	\$ 31,800	\$ 0.0578	337,280,024	0.16%
May	21	7	1,025,000	\$ 51,350	\$ 0.0501	337,280,024	0.30%
	<b>253</b>	<b>11</b>	<b>1,575,000</b>	<b>\$ 83,150</b>	<b>\$ 0.0528</b>		<b>0.47%</b>

\* to 16th June 2015

**Table 14: UCW share price volume (Source: S&P Capital IQ)**

- 9.11 It is evident that UCW shares have been relatively thinly traded. In the period from readmission to the announcement of the Proposed Transactions, trades occurred in the range \$0.046 to \$0.60 on 11 trading days and around 0.5% of the stock was traded.
- 9.12 We note the traded share price over that period was significantly in excess of the net assets per share of UCW. UCW had, and still has, no operating assets over the period and we consider this difference may arise from historical trading and market expectations of future creation of value in UCW. As this value has not been delivered, we consider the share trading to be speculative and, accordingly, have placed no reliance on the traded share price of UCW as a reasonable cross check to our valuation.
- 9.13 In our opinion, subsequent to the release of the information contained in the August NoM and the Prospectus, the likely share trading in UCW, should it be reinstated to the Official List (if any), will be lower prices than can be inferred from pre announcement trading.

## Valuation summary and conclusion

9.14 A summary of our assessed values of a pre transaction UCW share on a controlling basis is set out in the table below.

UCW value per share summary (control basis)	Low	High	Midpoint
Net assets on a going concern basis - primary method	\$ 0.017	\$ 0.019	\$ 0.018
Quoted price of listed securities - cross check	n/a	n/a	n/a

**Table 15: Valuation of a share in UCW (Source: RSM analysis)**

9.15 We consider that the fair value of a UCW share on a controlling basis is in the range of \$0.017 to \$0.019, with a midpoint value of \$0.018 which has been derived using the net assets on a going concern basis.

9.16 Whilst the recent quoted market prices of UCW should provide a useful cross check to our primary methodology, based on our analysis of the trading in UCW shares, we do not consider the pre announcement market to be sufficiently liquid or informed to provide a reliable assessment of their value of the UCW issued capital.

## 10. Valuation of ALG

10.1 As outlined above, we have valued the equity in ALG using the market approach – capitalisation of FME. In undertaking our valuation, we have used EBITDA as our measure of earnings as:

- analysis based on EBITDA is not affected by different financing structures and effective tax rates;
- EBITDA is not affected by different depreciation policies across companies (although we note that education companies such as ALG are not typically capital intensive).

10.2 When performing our valuation we have considered the following key issues:

- analysis of the historical financial performance and management's expectation of the future financial performance of ALG to assist us in assessing the future maintainable EBITDA for ALG;
- trading multiples of companies with activities comparable to ALG and its key activities;
- multiples implied in transactions involving companies with activities comparable to ALG;
- the level of debt carried in ALG; and
- the value of any identified surplus assets or liabilities held by ALG as at the date of our valuation.

### Assessment of future maintainable EBITDA

10.3 We have been provided with audited historical financial information for the two years ended 30 June 2015, together with the management accounts for the three months to 30 September 2015 as presented at Section 7 of this IER.

10.4 In addition we have reviewed and discussed the FY2016 budget in the context of year to date performance with management of ALG and the UCW directors. No forecast information has been made available for publication in this IER.

10.5 Accordingly, our assessment of future maintainable EBITDA is based on the above information, together with our discussions with ALG management and summarised in the table below.

ALG EBITDA analysis (\$)	FY2014 <i>Audited</i>	FY2015 <i>Audited</i>	FY2016 <i>Annualised</i>
<b>Reported revenue</b>	<b>5,357,783</b>	<b>6,480,545</b>	<b>6,838,815</b>
<i>Revenue growth</i>		21%	6%
<b>Reported EBITDA</b>	<b>1,223,124</b>	<b>1,265,086</b>	<b>n/a</b>
<i>EBITDA margin</i>	23%	20%	n/a
<i>EBITDA growth</i>	n/a	3%	n/a
<b>Normalisations</b>			
Rent paid	96,955	96,957	n/a
Royalties paid	27,870	75,646	n/a
<b>Normalised EBITDA</b>	<b>1,347,949</b>	<b>1,437,689</b>	<b>1,517,170</b>
<i>Normalised EBITDA margin</i>	25%	22%	22%
<i>Normalised EBITDA growth</i>		7%	6%

**Table 16: Valuation of a share in UCW (Source: RSM analysis)**

10.6 We have been provided with unaudited management accounts for ALG for the three months to 30 September 2015 which show revenue of around \$1.7 million and EBITDA (after normalisations) of approximately \$317,000 for the period. We have annualised the revenue (\$6.8 million) and applied the normalised FY 2015 EBITDA margin of 22% to arrive at an indicative annualised FY 2016 EBITDA of \$1.52 million.

10.7 Further, we note the increase in deferred income recorded in the 30 September 2015 management balance sheet (around 10% greater than prior period end), which is reflective of the continuing growth in student numbers, and which will be released as revenue over the year. In light of the above, and after discussion with UCW directors in relation to the expected performance of ALG, we expect FY 2016 revenue and EBITDA to exceed the annualised levels calculated above.

10.8 Accordingly, for the purposes of our valuation analysis we have adopted future maintainable EBITDA in the range \$1.6 million to \$1.8 million. We note our selected EBITDA range is not inconsistent with ALG management's budget expectations for FY 2016.

### **Selection of an EBITDA multiple**

10.9 The process of assessing a capitalisation multiple appropriate to apply to the future maintainable EBITDA of ALG requires consideration of the following:

- The stability and quality of earnings of ALG;
- The quality of the management and the likely continuity of management employed across the business;
- The nature and size of the business operated;
- The spread and financial standing of customers;
- The multiples attributed by share market investors to listed companies involved in similar activities or the same broad industry sectors, including an assessment of whether a premium for control is appropriate;
- The multiples paid in recent acquisitions of businesses involved in, inter alia, in similar activities or to the same broad industry sectors; and
- The future prospects of the business including the growth potential of the education industry, strength of competitors, barriers to entry.

10.10 In selecting a capitalisation multiple to apply in the valuation of ALG, we considered the trading multiples of Australian listed companies with education related operations. We then assessed the comparability of these companies to ALG.

10.11 The table at appendix 4 provides a summary of the comparable companies identified together with their respective EV/EBITDA multiples (as at 3 November 2015) based on historical and forecast financial information.

10.12 As we are valuing 100% of ALG we have incorporated a control premium at the equity level in the data presented. RSM has undertaken a survey of control premiums paid over a 7 year period to 30 June 2012 in 345 successful takeovers and schemes of arrangements of companies listed on the ASX ('RSM Control Premium Study 2013').

10.13 In determining the control premium, we compared the offer price to the closing trading price of the target company 20, 5 and 2 trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, the closing share price of the acquiring company on the day prior to the date of the offer was used.

10.14 Our study concluded that the median control premiums in takeovers and schemes of arrangements involving Australian companies were in the range of 20% to 30%. Based on the above, we have elected to use a control premium of 20% in our analysis.

10.15 The enterprise value EV/EBITDA ratios of a number of companies have been excluded from our average and mean calculations on the basis that they were considered to be outliers.

10.16 Whilst we found that the operations of these companies are not necessarily identical to those of ALG, we consider the selected companies to be broadly comparable as they perform similar operations and thus are influenced by similar demand drivers and are exposed to similar risks as ALG.

10.17 Accordingly, we are satisfied that they provide an appropriate benchmark against which to determine a capitalisation multiple for the valuation of ALG.

10.18 In making our selection, we have excluded those companies with a negative EBITDA or with insufficient forecast data to allow us to determine a prospective EBITDA multiple.

### **Discounts and premiums**

#### *Control premium*

10.19 As noted above we have incorporated a control premium of 20% (at the equity level) in our analysis.

#### *Size discount*

10.20 Empirical evidence suggests that smaller companies will trade, all other things being equal, at lower multiples than larger companies. The discount may be due to, inter alia, less diversification, limited geographic and customer spread together with other additional risks faced by smaller entities. We note ALG is smaller than most of the comparable companies and have incorporated a discount in selecting our multiple for our valuation.

#### Other issues

10.21 Some of the selected companies are leaders in their service offerings with strong market positioning and brand prominence. These companies are likely to be exposed to significantly less company specific risk than smaller competitors such as ALG

#### Selected EBITDA multiple for ALG

10.22 We note the average prospective (FY2016) EV/EBITDA multiple for the comparable companies presented in Appendix 4 was 8.5 times (median – 8.4 times) across the Australian and international comparable companies. The average of the Australian comparables was 9.7 times with a median of 11.2 times.

10.23 Based on our discussions with the directors of UCW and our industry review, we are of the opinion that Redhill Limited is the most comparable company to ALG. Redhill Limited is trading on a 10.2 times FY2015 and an 11.2 times FY2016 EBITDA multiple (after incorporating a 20% control premium on equity).

10.24 For the purpose of our valuation, and after considering the issues discussed above, we have selected a prospective EBITDA multiple in the range 6.5 times to 7.5 times to apply to our assessed future maintainable EBITDA. We note the range is lower than the average calculated above and reflects, in our opinion:

- the size of the ALG as compared to comparable companies;
- the business risks faced by the ALG operations; and
- the growth potential inherent in the businesses.

#### Valuation summary - ALG

10.25 In light of the above, we have estimated the enterprise value of the ALG is in the range \$10.4 million to \$13.5 million with a midpoint of \$11.95 million as summarised in the table below.

Valuation of 100% of ALG (\$)	Low	High	Midpoint
Assessed FM EBITDA	1,600,000	1,800,000	1,700,000
Selected EBITDA multiple (control basis)	6.5	7.5	7.0
<b>ALG enterprise value (control basis)</b>	<b>10,400,000</b>	<b>13,500,000</b>	<b>11,950,000</b>
Net debt	-	-	-
Suplus assets / liabilities	-	-	-
<b>ALG equity value (control basis)</b>	<b>10,400,000</b>	<b>13,500,000</b>	<b>11,950,000</b>

Table 17: Valuation of ALG (Source: ALG, RSM analysis)

#### Surplus assets

10.26 We have analysed the financial position of ALG and discussed the balance sheet with management. Our review did not identify any assets or liabilities which are surplus to the ongoing operation of the businesses.

#### Net debt

10.27 We note the company has no external debt. Accordingly, we have not allowed for any net debt balance in our valuation analysis.

## 11. Value of a share in the Merged Group

### Valuation of the merged group immediately after the Proposed Transactions

- 11.1 As required by RG 111, in order to provide an indication of the value of a UCW Share immediately after the Proposed Transactions, we have calculated the theoretical value of the merged ALG and UCW immediately after the implementation of the Proposed Transactions (the Merged Group) and after the proposed capital raising (the success of which is a condition precedent to the Proposed Transactions).
- 11.2 We have undertaken our analysis in this form to allow assessment of the Proposed Transactions on its own merits and after all conditions precedent have been met.
- 11.3 As UCW has had limited operations since emerging from the DOCA, we understand there are limited opportunities for synergy benefits from the Proposed Transactions. Accordingly, our analysis does not incorporate the effect of any operational or financial synergies which might otherwise be achieved by a merged group.
- 11.4 As mentioned above, we have undertaken our valuation of UCW after the Proposed Transactions are completed and after considering the:
- value of UCW before the Proposed Transactions; plus
  - net increment to value as a result of the acquisition of ALG; and
  - net funds received in the proposed capital raising; less
  - cash consideration paid to the ALG vendors; and
  - costs of the capital raising and Proposed Transactions.
- 11.5 We have used, as the basis of our analysis, the information and valuation opinions set out in the prior sections of this IER.
- 11.6 In relation to the proposed capital raising, we have been advised:
- the company intends to raise up to \$12.0 million by issuing shares at \$0.06;
  - new shareholders will receive one free option with an exercise price of \$0.06 and expiring on 30 June 2018 for every three shares issued; and
  - costs of the capital raising and ALG Acquisition are estimated to be around \$450,000, plus brokerage of 5% on all funds raised. Of this amount, around \$225,000 (net of brokerage) is yet to be paid or accrued.
- 11.7 Accordingly, our assessed value of UCW post the Proposed Transactions summarised in the table below is the range of \$14.9 million (assuming the minimum consideration is payable) to \$18.0 million (assuming maximum share consideration), with a midpoint of \$16.5 million.

Merged group (\$)	Minimum consideration	Maximum cash consideration	Maximum share consideration
Value of UCW (ex value of shell)	850,000	860,000	860,000
Value of 100% of ALG	10,400,000	13,500,000	13,500,000
Capital raising	12,000,000	12,000,000	12,000,000
Brokerage	(600,000)	(600,000)	(600,000)
Costs of the offer not yet paid or accrued	(225,665)	(225,665)	(225,665)
Cash payment to ALG Vendors (completion payment)	(4,000,000)	(4,000,000)	(4,000,000)
Cash payment to ALG Vendors (deferred cash payment)	(3,500,000)	(6,000,000)	(3,500,000)
<b>Value of post deal ALG (control basis)</b>	<b>14,924,335</b>	<b>15,534,335</b>	<b>18,034,335</b>
<b>Value of post deal UCW (control basis, rounded)</b>	<b>14,920,000</b>	<b>15,530,000</b>	<b>18,030,000</b>

Table 18: Valuation of UCW post completion of Proposed Transactions (Source: RSM analysis)

## Value of a UCW share post the Proposed Transactions

11.8 We have valued a post transaction UCW share (minority basis) in the range \$0.040 (assuming the minimum consideration is payable) to \$0.042 (assuming the maximum share consideration), with a midpoint of \$0.041, as calculated below.

Merged group (\$)	Minimum consideration	Maximum cash consideration	Maximum share consideration
<b>Value of post deal UCW (control basis, rounded)</b>	<b>14,920,000</b>	<b>15,530,000</b>	<b>18,030,000</b>
<b>Number of shares on issue</b>			
UCW prior the Proposed Transactions	84,320,056	84,320,056	84,320,056
Issued to ALG vendors (consideration shares)	16,666,666	16,666,666	16,666,666
Issued to ALG vendors (deferred shares)	-	-	46,439,628
Issued under the capital raising (Global Capital)	108,333,333	108,333,333	108,333,333
Issued under the capital raising (new shareholders)	91,666,667	91,666,667	91,666,667
<b>UCW shares on issue post transaction</b>	<b>300,986,722</b>	<b>300,986,722</b>	<b>347,426,350</b>
<b>Value of a UCW share post transaction (control basis)</b>	<b>\$ 0.050</b>	<b>\$ 0.052</b>	<b>\$ 0.052</b>
Less: minority discount	\$ 0.010	\$ 0.010	\$ 0.010
<b>Value of a UCW share (minority basis)</b>	<b>\$ 0.040</b>	<b>\$ 0.041</b>	<b>\$ 0.042</b>

**Table 19: Valuation of a UCW share post Proposed Transactions (Source: RSM analysis)**

11.9 We note that in the event the Proposed Transactions proceed and UCW's shares continue to be quoted on the ASX, the company's shares may trade at levels significantly different to our post transaction valuation. Reasons for the variation may include:

- Individual investors may have their own views on the prospects and value of ALG, which will be the primary income asset held by UCW post the Proposed Transactions; and
- Shareholder, and potential shareholders, views as to the ability of UCW to grow profitably through organic means and / or acquisitions;
- The level of liquidity in UCW will vary and may have an impact on trading price and volumes; and
- Market movements and economic conditions generally.

## Value of a UCW share post the Proposed Transactions – fully diluted

- 11.10 As discussed above, UCW has a number of options on issue as at the date of this report and is expected to issue consideration options to the ALG Vendors. In addition, all new shareholders (including Global Capital) will receive options under the Capital Raising.
- 11.11 Accordingly, we have assessed the value of a UCW share post the Proposed Transactions (minority basis) assuming all the options outstanding are exercised to assess the impact on the UCW shareholders as set out in the table below.

Merged group - fully diluted (\$)	Minimum consideration	Maximum cash consideration	Maximum share consideration
<b>Value of post transaction UCW (control basis)</b>	<b>14,920,000</b>	<b>15,530,000</b>	<b>18,030,000</b>
Add: cash from exercise of options			
Existing UCW options	750,000	750,000	750,000
Consideration options	333,333	333,333	333,333
Capital raise options	4,000,000	4,000,000	4,000,000
<b>Cash from exercise of options</b>	<b>5,083,333</b>	<b>5,083,333</b>	<b>5,083,333</b>
<b>Value of post transaction UCW (control, fully diluted)</b>	<b>20,003,333</b>	<b>20,613,333</b>	<b>23,113,333</b>
<b>UCW shares on issue post transaction</b>	<b>300,986,722</b>	<b>300,986,722</b>	<b>347,426,350</b>
Existing UCW options	18,750,000	18,750,000	18,750,000
Consideration options	5,555,555	5,555,555	5,555,555
Capital raise options	66,666,665	66,666,665	66,666,665
<b>New UCW shares issued from exercise of options</b>	<b>90,972,221</b>	<b>90,972,221</b>	<b>90,972,221</b>
<b>UCW shares on issue post transaction (fully diluted)</b>	<b>391,958,943</b>	<b>391,958,943</b>	<b>438,398,571</b>
<b>Value of a UCW share post transaction (control basis, fully diluted)</b>	<b>\$ 0.051</b>	<b>\$ 0.053</b>	<b>\$ 0.053</b>
Less: minority discount	\$ 0.010	\$ 0.011	\$ 0.011
<b>Value of a UCW share (minority basis, fully diluted)</b>	<b>\$ 0.041</b>	<b>\$ 0.042</b>	<b>\$ 0.042</b>

Table 20: Valuation of a UCW share – fully diluted (Source: RSM analysis)

- 11.12 Our fully diluted range of values is not significantly dissimilar to the range of values of UCW shares immediately post the Proposed Transactions presented in Paragraph 11.8 above.

## 12. Are the Proposed Transactions fair to the UCW Shareholders

- 12.1 ASIC RG 111 defines a takeover offer as being fair if the value of the consideration offered under the takeover offer or in this case, the Proposed Transactions, is equal to or greater than the value of the securities being the subject of the offer.
- 12.2 In assessing whether we consider the Proposed Transactions to be fair to the Shareholders, we have valued a share in UCW prior to the implementation of the Proposed Transactions, and compared it to the value of the consideration offered per UCW share immediately after the Proposed Transactions, to determine whether a Shareholder would be better or worse off should the Proposed Transactions be approved.
- 12.3 Our assessed values are summarised below.

	Assessed value		
	Low	High	Midpoint
Assessed value of a UCW share prior to the Proposed Transactions (control)	\$0.017	\$0.019	\$0.018
Assessed value of a UCW share post the Proposed Transactions (minority)	\$0.040	\$0.042	\$0.041

**Table 21: Valuation summary (Source: RSM analysis)**

- 12.4 The above comparison is depicted graphically in the figure below.



**Figure 3: Valuation summary (Source: RSM analysis)**

- 12.5 As the midpoint value per UCW share immediately after the Proposed Transactions is greater than the midpoint fair value of a UCW share prior to the Proposed Transactions, and in the absence of any other relevant information, in our opinion, the Proposed Transactions is fair to the Shareholders.

### 13. Consideration of other factors relating to the Proposed Transactions

13.1 RG 111 establishes that an offer must be reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of a higher bid. We consider and outline in this section of the Report an analysis of other factors which the directors have identified as relevant to the Shareholders in their assessment of the Proposed Transactions.

#### Reasons for accepting the Proposed Transactions

- *Entry into VET sector by acquisition of established business:* Completion of the Proposed Transaction will constitute the Company's entry into the VET sector and provide a base from which to potentially build and grow a private education business both organically and acquisitively.

ALG was founded in 2005. Since then, it has grown to become highly regarded as a significant provider of fitness education to the international student market.

- *Employment of experienced ALG executives with interests aligned with Shareholders:* The founders of ALG intend to remain with ALG as senior executives for a minimum of 2 years post completion and continue to be involved in the day-to-day management of ALG.

The ALG Vendors will receive consideration shares and potentially deferred shares as part of the Proposed Transactions, hence they will be significant shareholders. The consideration shares will be subject to an escrow arrangement which will assist in aligning the interests of the ALG vendors with the remaining Shareholders of the Company.

- *Increased scale of operations and growth opportunity:* ALG's business has active operations which will provide operational and financial contribution to the Company.

In recent times ALG has invested in capability to scale up its operations. This includes opening a Brisbane campus, investing in more support staff and recently obtaining approvals for an increase of approximately 38% of its international student capacity. It is the Board's current strategy to use ALG as the base upon which it can, both organically and via acquisition, build a private education business in the VET sector.

*Greater market capitalisation and trading liquidity in the Company's shares:* By virtue of the proposed issue of capital associated with the Proposed Transaction and Capital Raising there will be substantially more shares on issue in the Company and a larger market capitalisation for the Company. These actions should provide the potential for increased liquidity in the Company's shares alongside potential for greater interest by the investment community and improved access to equity capital markets.

Subject to any ASX imposed escrow requirements, the consideration shares issued to the ALG Vendors pursuant to the Proposed Transaction will be voluntarily escrowed for 24 months from issue and any deferred shares will be voluntarily escrowed for 12 months from issue. There are no restrictions on the new shares issued under the proposed Capital Raising.

- *Profitability:* ALG is a profitable and cash flow positive business. It has recorded revenue growth and profit over the past 3 years. There is potential to achieve further revenue and profit growth through filling its recently increased international student capacity, ongoing campus expansion, the introduction of new courses and an increased focus on the domestic market. Such profits have the potential to benefit UCW Shareholders.

## Disadvantages of the Proposed Transactions

- *Change to the nature and scale of activities of the Company:* the manner in which the change to the nature and scale of the Company's activities is being achieved may not be consistent with the objectives of all shareholders;
- *Dilution of existing shareholdings in the Company:* If the ALG Acquisition and capital raising is completed in a manner consistent with the terms set out in the NoM, the UCW shareholders will be significantly diluted and incoming shareholders will control over 60% of the shares in the Company. In addition, Global Capital will hold around 36% of the issued capital may be in a position to exert control over the operations and strategy of UCW.

The table below set out the relative shareholdings in UCW:

- prior to the Proposed Transactions;
- assuming the Proposed Transactions complete and the minimum consideration is paid and / or the deferred consideration is paid in cash;
- assuming the Proposed Transactions complete, the maximum consideration is paid and the deferred consideration is paid in shares;
- assuming the Proposed Transactions complete, the maximum consideration is paid, the deferred consideration is paid in shares and on a fully diluted basis.

	Pre transactions		Post transactions (Min consideration)		Post transactions (Max consideration/shares)		Post transactions (fully diluted)	
<b>Existing UCW shareholders</b>	<b>84,320,056</b>	<b>100%</b>	<b>84,320,056</b>	<b>28%</b>	<b>84,320,056</b>	<b>24%</b>	<b>103,070,056</b>	<b>24%</b>
Issued to ALG vendors (consideration shares)	-	-	16,666,666	6%	16,666,666	5%	22,222,221	5%
Issued to ALG vendors (deferred shares)	-	-	-	-	46,439,628	13%	46,439,628	11%
<b>Issued under the capital raising (Global Capital)</b>	-	-	<b>108,333,333</b>	<b>36%</b>	<b>108,333,333</b>	<b>31%</b>	<b>144,444,443</b>	<b>33%</b>
Issued under the capital raising (new shareholders)	-	-	91,666,667	30%	91,666,667	26%	122,222,222	28%
<b>Total share on issue (post consolidation)</b>	<b>84,320,056</b>	<b>100%</b>	<b>300,986,722</b>	<b>100%</b>	<b>347,426,350</b>	<b>100%</b>	<b>438,398,571</b>	<b>100%</b>
Options on issue (post consolidation)	18,750,000		90,972,221		90,972,221		-	

**Table 23: Valuation summary (Source: RSM analysis)**

- *Global Capital may have the ability to exert influence over the operations of UCW, and under one Capital Raising scenario, will hold over 50% of the issued capital of UCW (fully diluted):* If the Proposed Transactions are completed in a manner consistent with the terms set out in the NoM and the maximum of \$12 million is raised under the Capital Raising, Global Capital will control approximately 36% of the issued capital in UCW (33% on a fully diluted basis). Accordingly, under this scenario Global Capital will not be in a position to pass ordinary resolutions in their own right (which requires over 50% voting power), however they will be in a position to exert significant influence the ongoing operations of the Company.

Should the Capital Raising ultimately comprise the Global Capital and director subscriptions only, Global Capital will hold 48.8% (undiluted) and 50.4% (fully diluted) of the issued capital of UCW (prior to any deferred share issue). Under the fully diluted scenario, Global Capital will be in a position to pass ordinary resolutions in its own right.

Typically, matters which are determined by an ordinary resolution of shareholders include:

- adoption of financial statements;
- appointment or removal of directors;
- appointment of auditors;
- alteration of shareholder rights; and
- decisions involving remuneration and other benefits.

In addition, Global Capital are likely to be in a position to exert influence the strategic direction of UCW.

- *Global Capital will have the ability to block special resolutions:* If the Proposed Transactions are completed in a manner consistent with the terms set out in the NoM and the maximum of \$12 million is raised, Global Capital will control greater than 25% of the issued capital in UCW. This will allow Global Capital to block special resolutions of the Company (which require greater than 75% acceptance of eligible security holders).

Typically, the matters which are determined by a special resolution of shareholders include:

- adopting, altering or revoking the Company's constitution;

- alteration or reduction in the Company's share capital;
- change of company type or name; and
- placing the company into liquidation.
- *Possibility that ALG will not realise future growth:* The Directors note the ALG business has achieved significant growth since inception, however there is no guarantee that that the potential for future growth in training and educations sectors will be captured or realised by ALG under the ownership of UCW. Therefore the potential to add value to the company may not be realised by the shareholders of UCW;
- *Recompliance with Chapters 1 and 2 of the ASX listing rules:* If shareholder approval is obtained for all Resolutions, as soon as practical thereafter, the Company will seek to re-comply with the requirements of Chapters 1 and 2 of the ASX listing rules. There is no guarantee the Company will successfully re-comply with the ASX's requirements (including successfully completing the Capital Raising) or that the ASX will re admit quotation of the Shares of the company on the Official List; and
- *Increased exposure to wider array of risks:* There are many risks associated with the proposed change to nature and scale of activities of UCW. We note, however, that shareholders have already agreed to the change of the nature of the business at the September EGM.

### **Future prospects of UCW if the Proposed Transactions is not approved**

- 13.2 The Directors of UCW have advised that prior to the announcement of the Proposed Transactions, the Company actively sought and considered a range of new business ventures, however, none were progressed to the point of executing a formal agreement.
- 13.3 Should the Proposed Transactions not proceed (for any reason), the Directors will continue to consider, assess and pursue other opportunities.
- 13.4 Further, if the Proposed Transactions do not proceed, we understand UCW will remain with limited operations in the near term and continue to incur compliance and administrative costs. Depending on the timing to find another transaction, this may necessitate a need to raise additional capital to fund working capital.

### **The extent to which a control premium is being paid**

- 13.5 Our assessment of the value of a UCW share immediately after the Proposed Transactions is \$0.034 at the midpoint. This value represents a premium of over 200% above our assessment of the midpoint value of a UCW share of \$0.015 prior to the Proposed Transactions.

### **The price of UCW's shares after the announcement of the Proposed Transactions**

- 13.6 The transactions contemplated under the August NoM were announced to the market on 17 June 2015. The closing price of UCW shares (pre consolidation) on the day prior to the announcement was \$0.06 and the UCW share price had been stable at that price, on minimal volume, since 3 June 2015.
- 13.7 On 17 June 2015, and after 5 trading days with zero volume, the closing UCW share price was \$0.076 and 830,000 shares were traded (the highest daily volume for over 12 months).
- 13.8 After 17 June 2015, the shares traded in the range \$0.042 to 0.072 and the last trade (prior to the re-suspension of trading in the shares) was on 4 September 2015 at \$0.06 per share.
- 13.9 The shares were suspended on 7 September 2015 after the resolutions put to shareholders in the August NoM were passed at the September EGM. UCW shares were suspended from the opening of trading on 7 September 2015 and have remained suspended to the date of this Report pending the successful completion of the transactions contemplated in the NoM and ASX readmitting the securities to the Official List.
- 13.10 UCW is not a liquid stock and there were only 24 days which the shares traded in the in the 80 day period following the 17 June 2015 announcement to the date of re-suspension of the shares.

### **Liquidity**

- 13.11 Historically, the liquidity of UCW's shares has been relatively low. The Proposed Transactions will introduce profitable trading business into the UCW ASX listed entity, together with the introduction of a significant number of new shareholders. The liquidity in UCW shares may improve as a result of the activity.

**Conclusion**

13.12 In the absence of any other relevant information and/or a superior proposal, RSM considers the Proposed Transactions to be reasonable to the Shareholders and as such, that the Proposed Transactions to be in the best interests of the Shareholders.

13.13 **An individual shareholder's opinion in relation to the Proposed Transactions may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.**

Yours faithfully

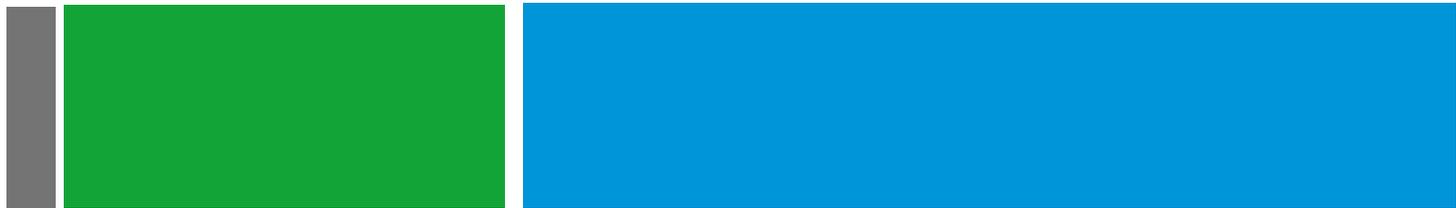
**RSM Financial Services Australia Pty Ltd**



Ian Douglas  
Director



Andrew Gilmour  
Director



## Appendix 1 – Declarations and Disclosures

### Declarations and disclosures

RSM Financial Services Australia Pty Ltd holds Australian Financial Services Licence 238282 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

### Qualifications

Our Report has been prepared in accordance with professional standard APES 225 - Valuation Services issued by the Accounting Professional & Ethical Standards Board.

RSM Financial Services Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM Australia) a large national firm of chartered accountants and business advisors.

Mr Ian Douglas and Mr Andrew Gilmour are directors of RSM Financial Services Australia Pty Ltd. Mr Douglas and Mr Gilmour are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

### Reliance on this Report

This Report has been prepared solely for the purpose of assisting the Shareholders in considering the proposed transaction. We do not assume any responsibility or liability to any party as a result of reliance on this Report for any other purpose.

### Reliance on information

Statements and opinions contained in this Report are given in good faith. In the preparation of this Report, we have relied upon information provided by the Directors and management of UCW and ALG and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Financial Services Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Financial Services Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report. We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

### Disclosure of Interest

At the date of this Report, none of RSM Financial Services Australia Pty Ltd, RSM, Ina Douglas, Andy Gilmour, nor any other member, director, partner or employee of RSM Financial Services Australia Pty Ltd and RSM Australia has any interest in the outcome of the proposed transaction, except that RSM Financial Services Australia Pty Ltd are expected to receive a fee of up to \$30,000 plus GST based on time occupied at normal professional rates for the preparation of this Report. The fees are payable regardless of whether UCW receives UCW Shareholder approval for the proposed transaction or otherwise.

### Consents

RSM Financial Services Australia Pty Ltd consents to the inclusion of this Report in the form and context in which it is included with the Notice of Meeting and Explanatory Statement to be issued to Shareholders. Other than this Report, none of RSM Financial Services Australia Pty Ltd, RSM Australia and RSM Australia Partners has been involved in the preparation of the Notice of Meeting or Explanatory Statement and take no responsibility for their content.



## Appendix 2 – Sources of Information

In preparing this Report we have relied upon the following principal sources of information:

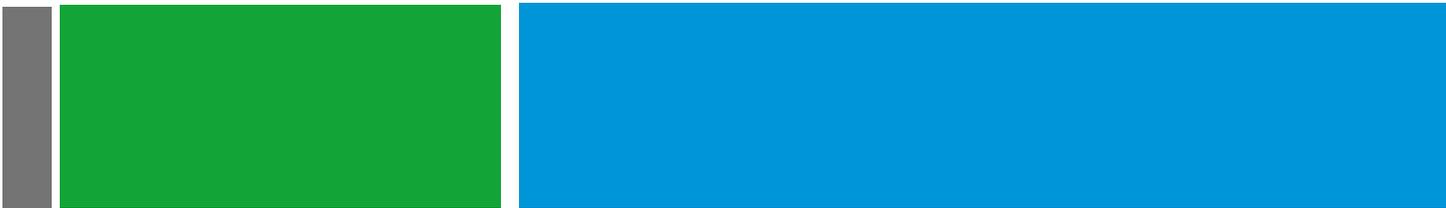
- The Notice of Meeting;
- UCW audited financial statements for the years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- ALG audited financial statements for the years ended 30 June 2014 and 30 June 2015;
- ALG management accounts for the three months ended 30 September 2015;
- Details of UCW Shareholders;
- ASX announcements of UCW
- S&P Capital IQ database;
- Connect4 database;
- Information provided to us during correspondence with Directors and management of UCW and ALG; and
- UCW and ALG websites.

## Appendix 3 – Glossary of terms and abbreviations

Term or Abbreviation	Definition
<b>\$</b>	Australian Dollar
<b>Act</b>	Corporations Act 2001 (Cth)
<b>ALG</b>	Australian Learning Group Pty Limited
<b>APES</b>	Accounting Professional & Ethical Standards Board
<b>AQF</b>	Australian Qualifications Framework
<b>ASIC</b>	Australian Securities & Investments Commission
<b>ASX</b>	Australian Securities Exchange
<b>Capital Raising</b>	The proposed raising of up to \$12.0 million pursuant to the Prospectus
<b>Company</b>	UCW Limited
<b>Control</b>	The power to direct the management and policies of an entity or business enterprise
<b>Control basis or controlling basis</b>	As assessment of the fair value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
<b>Control premium</b>	An amount or a percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in an entity or business enterprise, to reflect the power of control
<b>Consideration options</b>	Options with an exercise price of \$0.06 and an expiry date of 30 June 2018 issued to the ALG vendors as part of their consideration
<b>CRICOS</b>	Commonwealth Register of Institutions and Courses for Overseas Students
<b>Discounted Cash Flow (DCF)</b>	A valuation approach within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate
<b>DOCA</b>	Deed of Company Arrangement
<b>EBIT</b>	Earnings, Before, Interest and Tax
<b>EBITDA</b>	Earnings, Before, Interest, Tax, Depreciation and Amortisation
<b>EGM</b>	Extraordinary General Meeting
<b>Equity</b>	The owner's interest in property after deduction of all liabilities
<b>EV</b>	Enterprise Value, meaning, the total value of the equity in a business plus the value of its debt or debt-related liabilities, minus any cash or cash equivalents available to meet those liabilities



Term or Abbreviation	Definition
<b>Fair Value, Fair Market Value or Value</b>	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
<b>FME</b>	Future maintainable earnings
<b>FOS</b>	Financial Ombudsman Service
<b>FSG</b>	Financial Services Guide
<b>Global Capital</b>	Global Capital Holdings (Australia) Pty Limited (or its nominees)
<b>Gross Margin</b>	Total sales minus cost of goods sold, divided by total sales revenue, expressed as a percentage
<b>Gross Profit</b>	Total sales minus cost of goods sold
<b>IER or the Report</b>	This Independent Expert's Report
<b>Merged Group</b>	UCW after the Proposed Transactions are completed, incorporating UCW, ALG plus the effect of the Capital Raising
<b>NoM</b>	The notice of meeting to which this IER is appended
<b>Non-controlling basis</b>	As assessment of the fair value on an equity interest, which assumes the holder or holders do not have control of the entity in which the equity is held
<b>NPBT</b>	Net profit before tax
<b>NPAT</b>	Net profit after tax
<b>Proposed Transactions</b>	All the transaction relating to the acquisition of ALG and the Capital Raising
<b>Prospectus</b>	The Prospectus to be issued by UCW to raise up to \$12.0 million through the issue of new Shares at \$0.06 with one free UCW new option attaching to every three new Shares
<b>Regulations</b>	Corporations Regulations 2001 (Cth)
<b>Report</b>	This Independent Expert's Report prepared by RSM
<b>RG 111</b>	ASIC Regulatory Guide 111 Contents of Expert's Reports
<b>RSM</b>	RSM Financial Services Australia Pty Ltd
<b>RTO</b>	Registered Training Organisation
<b>September EGM</b>	The EGM of UCW held on 7 September 2015
<b>Shares</b>	Shares in UCW
<b>Shareholders</b>	The shareholders of UCW



Term or Abbreviation	Definition
<b>UCW</b>	UCW Limited
<b>UCW existing options</b>	Options of unissued UCW shares with an exercise price of \$0.04 (post consolidation) and an expiry date of 30 June 2018
<b>UCW new options</b>	Options over unissued UCW shares with an exercise price of \$0.06 and an expiry date of 30 June 2018. The options will be issued on a 1 for 3 basis in relation to new Shares issued in the Proposed Transaction
<b>UCW Shareholders</b>	Shareholders of UCW
<b>VET</b>	Vocational education and training
<b>VWAP</b>	Volume weighted average share price

## Appendix 4 – Comparable company analysis

The following table incorporates observed market data as at 11 November 2015 in relation to companies deemed operationally comparable to ALG.

Company Name	Country	Market Capitalisation (\$m)	Trailing 12M Revenue (\$m)	Forecast EBITDA FY 2015 (\$m)	Forecast EBITDA FY 2016 (\$m)	Minority basis EV/EBITDA FY 2015	Control basis EV/EBITDA FY 2015	Minority basis EV/EBITDA FY 2016	Control basis EV/EBITDA FY 2016
<b>Australia</b>									
Academies Australasia Group Limited	Australia	26.4	56.8	1.6	n/a	16.7	20.0	n/a	n/a
Ashley Services Group Limited	Australia	46.9	304.7	19.0	17.4	1.3*	1.8*	1.4*	2.0*
Australian Careers Network Limited	Australia	359.1	85.2	30.9	n/a	9.1	11.4	n/a	n/a
iBosses Corporation Limited	Australia	29.8	0.1	(0.0)	n/a	n/a	n/a	n/a	n/a
iCollege Limited	Australia	7.4	0.6	(2.2)	n/a	n/a	n/a	n/a	n/a
Navitas Limited	Australia	2,020.1	980.3	165.3	163.5	10.0	12.4	10.1	12.5
RedHill Education Limited	Australia	43.4	22.8	3.6	3.3	7.8	10.2	8.6	11.2
Simonds Group Limited	Australia	209.2	628.8	7.0	38.1	23.5	29.4	4.3	5.4
Site Group International Limited	Australia	187.2	39.0	2.0	n/a	74.6*	93.5*	n/a	n/a
Vocation Limited	Australia	34.9	33.3	(28.2)	0.5	n/a	n/a	57.5*	71.5*
<b>Average</b>						<b>13.4</b>	<b>16.7</b>	<b>7.7</b>	<b>9.7</b>
<b>Overseas</b>									
HQ Global Education Inc.	China	10.6	55.4	18.4	n/a	n/a	0.1	n/a	n/a
ACE EduTrend Ltd	India	0.6	4.7	0.9	n/a	0.5	0.7	n/a	n/a
Aptech Ltd.	India	76.9	36.4	4.4	n/a	12.2	15.7	n/a	n/a
Educational Holding Group K.S.C.	Kuwait	322.9	53.3	16.0	n/a	18.7	22.8	n/a	n/a
Intueri Education Group Limited	New Zealand	160.2	73.2	17.0	25.6	9.5	11.3	6.3	7.5
Aec Education Plc	Singapore	3.2	16.5	(0.4)	n/a	n/a	n/a	n/a	n/a
Raffles Education Corporation Limited	Singapore	350.4	115.7	14.8	n/a	46.0*	50.6*	n/a	n/a
DeVry Education Group Inc.	United States	2,631.1	2,687.5	379.6	396.2	3.9	5.3	3.8	5.1
Lincoln Educational Services Corporation	United States	64.1	446.1	16.3	19.1	10.1	10.8	8.6	9.3
Wonder International Education & Investme	United States	1.8	21.0	7.6	n/a	n/a	n/a	n/a	n/a
<b>Average</b>						<b>9.2</b>	<b>9.5</b>	<b>6.2</b>	<b>7.3</b>
<b>Average total</b>						<b>11.3</b>	<b>13.1</b>	<b>6.9</b>	<b>8.5</b>

Source: S&P Capital IQ

Note:

Data points denoted by \* are excluded from averages on the basis that they are outliers.

## Comparable companies descriptions – business descriptions

Company Name	Business Description
Academies Australasia Group Limited	Academies Australasia Group Limited provides training and education services in Australia and Singapore. The company primarily offers English language, senior high school, Singapore government school preparatory certificate, diploma, advanced diploma, and bachelor and master degree courses. It operates 18 licensed colleges offering approximately 250 courses. The company was formerly known as Garratt's Limited. Academies Australasia Group Limited was founded in 1908 and is headquartered in Sydney, Australia.
Ashley Services Group Limited	Ashley Services Group Limited provides training, recruitment, and labour hire services in Australia. It offers workplace based training programs in the areas of pre-employment/introduction to industry, operational/production, supervision, and executive/management. The company provides its training services to various sectors, such as aged care/health services, occupational health and safety, asset maintenance, marketing and human resources, business, customer contact, civil construction, mining/quarrying, childcare, training and assessment, transport and logistics, hospitality, manufacturing systems, retail operations, engineering production systems, disabilities, food processing, telecommunications/NBN, commercial cookery/bakery, horticulture, meat retailing/small goods manufacturing, English and vocational preparation, and construction/scaffolding. It also offers recruitment services comprising temporary, casual, and fixed term contract services; permanent recruitment services; and executive search services in the areas of administration and office support, call centre and customer services, human resources, banking and financial services, accounting and finance, engineering and technical, education and training, property and asset management, marketing and communications, manufacturing, transport, logistics, as well as for health, safety, and environment sectors. In addition, the company provides labour hire services to companies in the transport and logistics, warehousing, food processing, FMCG, mining and resources, pharmaceutical, manufacturing, trade, and electronics industries. Ashley Services Group Limited was founded in 1968 and is headquartered in Sydney, Australia.
Australian Careers Network Limited	Australian Careers Network Limited, through its subsidiaries, provides private vocational education and training services in Victoria, Australia. Its primary services include workplace training and classroom based accredited certificates and diplomas; heavy equipment licensing; simulative and flexible learning; industry-experienced training and assessment; and partnering with job seeking agencies and labour hire companies to provide employment pathways to students seeking employment upon completion of a course. The company was incorporated in 2014 and is headquartered in Spotswood, Australia.
iBosses Corporation Limited	iBosses Corporation Limited provides entrepreneurship training and development services through its centres in Australia, Singapore, Hong Kong, and Malaysia. The company offers entrepreneurship training and consultancy products and services, including Entrepreneurship Training; Entrepreneurship Mentoring service that is intended to assist entrepreneurs gain experience from mentors in addition to basic know-how and skills; and iBosses Community, an entrepreneur digital platform, which is intended to create a community showcasing various types of start-up businesses to entrepreneurs, investors, and other interested users. iBosses Corporation Limited was founded in 2014 and is based in Adelaide, Australia.
iCollege Limited	iCollege Limited provides online education services to students in Australia. It operates a learning management platform that offers a range of accredited and non-accredited courses and units. The company provides practical and comprehensive specialist education to students; accredited courses in bookkeeping, accounting, and business administration, as well as courses in MYOB training, manual bookkeeping, business activity and instalment activity statements, and payroll; and training courses in the areas of retail and hospitality food chains. iCollege Limited is based in Subiaco, Australia.

## Company Name

## Business Description

Navitas Limited

Navitas Limited provides educational services for students and professionals in Australia, the United Kingdom, Europe, Asia, Canada, the United States, and internationally. The company operates through University Programs, SAE, and Professional and English Programs (PEP) segments. The University Programs segment offers pathway program services that focus on providing pre and first-year university courses to international students who do not qualify for direct entry to partner universities due to either language or academic record. It also provides certificate, diploma, associate degree, bachelor, and masters programs to students in 35 colleges and managed campuses in Australia, New Zealand, Singapore, the United Kingdom, the United States, Canada, and Sri Lanka. The SAE segment offers a range of higher education opportunities, including certificate, diploma, degree, and masters programs in various fields of study, such as audio, film, animation, gaming, design, and Web, as well as licenses its programs to third party providers. The PEP segment provides English language and literacy programs comprising adult migrant English programs, skills for education and employment, and humanitarian settlement services primarily to migrants and refugees settling in Australia as permanent residents. This segment also offers careers and learning skills, including English language intensive courses for overseas students, careers and internships services, and English test centre services, which enables students and clients for gaining work experience. In addition, its professional institute delivers programs to build and enhance careers in the social, community, health, and education sectors; and provides training and development services that enable to build capacity, skills, and employee effectiveness in the resources sector and related industries. Navitas Limited was founded in 1994 and is headquartered in Perth, Australia.

RedHill Education Limited

RedHill Education Limited engages in the specialist education and agency businesses. The company operates through four segments: Information Technology, Creative Design, English Language, and Student Agency. The Information Technology segment operates the Academy of Information Technology, which provides courses in information technology, digital design, interactive multimedia, and games and apps programming. The Creative Design segment operates the International School of Colour and Design that offers campus and distance learning in interior designing and styling courses. The English Language segment operates Greenwich English College, which provides English language intensive courses for overseas students, as well as other English language and vocational programs. The Student Agency segment operates the Go Study Australia, an international student recruitment agency that offers student recruitment services. RedHill Education Limited was founded in 2006 and is based in Ultimo, Australia.

Simonds Group Limited

Simonds Group Limited operates as an integrated homebuilder and registered training organization in Australia. The company operates in three segments: Residential Construction, Registered Training, and Land Development. It operates 108 display homes in approximately 59 locations in Victoria, Queensland, South Australia, and New South Wales. The company also provides building and construction focused vocational education and training courses. In addition, it develops and sells land. The company was formerly known as Simonds Homes Holdings Pty Ltd and changed its name to Simonds Group Limited in September 2014. Simonds Group Limited was founded in 1949 and is based in Melbourne, Australia.

## Company Name

## Business Description

Site Group International Limited	<p>Site Group International Limited provides training, education, and workforce solutions to government, corporate, and individual customers in Australia and internationally. It operates through four segments: Site Skills Training–Domestic, Site Skills Training–International, Energy Services, and Tertiary Education. The company engages in the provision of vocational training and assessment services for candidates in the mining and processing, oil and gas, construction, camp services, hospitality, and logistic sectors; and sourcing, training, and deployment of skilled labour for various projects. The company also offers VET FEE-HELP funded courses, including diploma of business, diploma of management, and diploma of project management courses through Site Institute; site skill training services; and diploma courses to regional and remote communities through Captain Cook College. In addition, it operates learn2earn.edu.au that provides course advisory services to students; provides education, training, networking, and professional development tools for experts and new entrants in the field of teaching English and speakers of other languages; and offers a range of programs across project management and business. The company is based in Brisbane, Australia.</p>
Vocation Limited	<p>Vocation Limited provides vocational education and training services in Australia. It serves Australian corporate and government clients, and individual students. The company was founded in 2013 and is based in North Sydney, Australia.</p>
HQ Global Education Inc.	<p>HQ Global Education Inc. provides vocational education, skill, and training services in the People's Republic of China. It offers educational programs and services through private and public secondary vocational schools to students for career development. The company also offers vocational skills training programs, remote network education, school logistic services, human resource services, and development of educational materials for graduates from junior secondary schools, high schools and colleges, unemployed people, and rural labour force. It provides various categories of programs, including mould design and manufacture, numerical control technology, computer and computer application, computer information management, computer software engineering, computer-aided design, computer repair and maintenance, computer network engineering, apparel design and technique, electronic commerce, accounting, tour and hotel management, secretary, electronic technology application, electronic and electrical, international trade, and electromechanical integration. HQ Global Education Inc. provides its educational services under HQ brand. As of August 31, 2011, it offered its education programs and services to students through a network of 11 schools, including 5 in Hunan province, 4 in Sichuan province, one in Shanxi province, and one in Liaoning province. The company was founded in 1994 and is headquartered in Changsha, the People's Republic of China.</p>
ACE EduTrend Ltd	<p>ACE EduTrend Limited provides technical and vocational secondary education services in India. The company was formerly known as Ace India Limited and changed its name to ACE EduTrend Limited in November 2010. ACE EduTrend Limited was incorporated in 1993 and is based in New Delhi, India.</p>

## Company Name

## Business Description

Aptech Ltd.

Aptech Limited provides career and professional training services worldwide. It operates through two segments, Retail and Non-Retail. The company provides IT education programs, including career courses, certification-oriented courses, and short-term courses to engineers, engineering students, 12th pass students, and working people; and basic and advanced courses in animation, graphics and Web designing, gaming, and mass media and communications, as well as VFX and film-making courses. It also offers courses in aviation, ground staff, airport management and retail, hospitality management, and travel and tourism. In addition, the company provides career, professional, and short term courses in the area of hardware and networking education; curriculum courses in the areas of networking, e-commerce, software development, and software engineering; and business English and corporate training programs, such as spoken English courses, business communication courses, and foundation courses. Further, it offers training solutions in the areas of customer interface skills, product/process training, managerial development training, and other soft skills, for corporates in the automotive, retail, telecom, hospitality, BFSI, government, and academic sectors. Additionally, the company provides assessment and testing solutions for universities and corporates. It serves individual students, professionals, educational institutes, public and private sector companies, and governments. Aptech Limited was founded in 1986 and is based in Mumbai, India.

Educational Holding Group K.S.C.

Educational Holding Group K.S.C., through its subsidiaries, provides educational services primarily in Kuwait and other countries in the Middle East, North Africa, India, and China. It offers kindergarten, basic, and university education, as well as develops human capital in the fields of training, knowledge acquisition (e-learning), business recruitments and services, and special needs. Educational Holding Group K.S.C. was founded in 1982 and is based in Safat, Kuwait.

Intueri Education Group Limited

Intueri Education Group Limited provides private training tuition in New Zealand. The company operates through two segments, Online Vocational Training and In-Class Vocational Training. It provides training in various fields, such as design and arts, beauty and spa therapy, culinary design and hospitality management, business and computing, hotel and tourism management, professional counselling, hairdressing, make up artistry, commercial diver training, pharmacy, floristry, construction and engineering, aged care, and journalism. Intueri Education Group Limited was founded in 2012 and is based in Auckland, New Zealand.

Aec Education Plc

AEC Education plc, an investment holding company, provides educational consultancy services in Europe, South East Asia, and the Middle East. The company offers various educational programs and qualifications. Its educational courses include certificate, diploma, and pre-university programs; university degree and postgraduate programs; preparatory courses for professional examinations; and tuition services for secondary school students. The company also provides technical, vocational, and commercial education; English language teaching as a foreign language, as well as develops, manages, and markets educational technology solutions related products. AEC Education plc provides its English language teaching under the Malvern House brand. It has approximately 14,000 students enrolled on its courses. The company is headquartered in Singapore.

### Company Name

Raffles Education Corporation Limited

### Business Description

Raffles Education Corporation Limited, an investment holding company, provides training programs and courses in the areas of design, management, and commerce. The company operates colleges under private education system that provide degree, diploma, and certificate programs in various professional disciplines, including design, information technology, business, biomedical sciences, and psychology. It also operates one university, and three vocational and technical colleges under the national education system in China, which provide academic and skills training courses. In addition, the company operates the Oriental University City located in Langfang, China that provides education services to 10 colleges with approximately 19,000 students; Raffles American School that offers an American K-12 curriculum with advanced placement offerings in the high school; and Raffles College of Design and Commerce in Sydney that offers bachelor's and master's degree programs in the fields of design and business, and diploma programs and certificate courses that lead to a bachelor's degree. Further, it operates Tianjin University of Commerce Boustead College, which provides skills training programs; and Raffles University Iskandar, which provides undergraduate and postgraduate programs, such as design, business administration, accountancy, education management, and applied psychology in Malaysia. Additionally, the company operates Raffles Design Institute that offers advanced diploma programs in fashion marketing and management, interior design, fashion design, and digital media. It also provides education supporting services and utilities management services. Raffles Education Corporation Limited operates 30 colleges in 29 cities across 13 countries, including Australia, Cambodia, China, India, Indonesia, Malaysia, Mongolia, the Philippines, Saudi Arabia, Singapore, Sri Lanka, Switzerland, and Thailand. The company was founded in 1990 and is headquartered in Singapore.

DeVry Education Group Inc.

DeVry Education Group Inc. provides educational services worldwide. It operates through three segments: Medical and Healthcare; International and Professional Educational; and Business, Technology and Management. The Medical and Healthcare segment operates American University of the Caribbean School of Medicine and Ross University School of Medicine, which provide medical education; and Ross University School of Veterinary Medicine that offers veterinary education. It also operates Chamberlain College of Nursing, which provides pre and post-licensure bachelor's, master's, and doctorate degree programs in nursing through campus, online, and blended formats; and the Carrington College that prepares students for careers primarily in healthcare through certificate and associate degree programs. The International and Professional Educational segment operates approximately 11 institutions, including Faculdades Nordeste, Faculdade Ruy Barbosa Faculdade REA1, Faculdade Boa Viagem, Centro Universit rio Vale do Ipojuca, Faculdade Diferencial Integral, Faculdade DeVry Sao Luis, Faculdade DeVry Joao Pessoa, Faculdade Martha Falco, Faculdade Ideal, and Dam sio Educacional, which offer undergraduate and graduate programs primarily in business, management, medical, healthcare, law, and engineering, as well as legal bar exam review courses. This segment also operates Becker Professional Education, which provides professional education serving the accounting, finance, project management, and healthcare professions. The Business, Technology and Management segment operates DeVry University that offer career-oriented masters, bachelors, and associate degree programs in technology, science, business, and the arts. The company was formerly known as DeVry Inc. and changed its name to DeVry Education Group Inc. in November 2013. DeVry Education Group Inc. was founded in 1931 and is headquartered in Downers Grove, Illinois.

### Company Name

Lincoln Educational Services Corporation

### Business Description

Lincoln Educational Services Corporation, together with its subsidiaries, provides various career-oriented post-secondary education services in the United States. It offers degree and diploma programs in five principal areas of study, including automotive technology, health sciences, skilled trades, hospitality services, and business and information technology to recent high school graduates and working adults. As of March 10, 2015, it operated 31 campuses in 15 states under the Lincoln College of Technology, Lincoln Technical Institute, Euphoria Institute of Beauty Arts and Sciences, Lincoln Culinary Institute, and Lincoln College of New England brand names. The company was founded in 1946 and is based in West Orange, New Jersey.

Wonder International Education & Investment Group Corporation

Wonder International Education & Investment Group Corporation, through its controlling interests in Anhui Wonder Education and Management Company, Ltd., owns and operates seven vocational training schools in the People's Republic of China. Its schools are non-governmental vocational education institutions that provide information technology education to students ranging in age from 18 to 30. The company also offers job placement services to its students. It operates schools in Anhui, Jiangsu, Zhejiang, Fujian, Henan, Hubei, and Liaoning provinces. The company is based in Scottsdale, Arizona.

## Comparable company transaction analysis

The following table incorporates data from recent transactions involving companies deemed operationally comparable to ALG.

Buyer	Target	Country	Announce Date	Implied Enterprise Value	Target LTM Revenue	Target LTM EBITDA	Implied Enterprise Value/EBITDA
<b>Australia</b>							
iCollege Limited	Celtic Training & Consultancy Pty. Ltd.	Australia	8/19/2015	2.3	1.6	n/a	n/a
Site Group International Limited	Wild Geese International Pty Ltd	Australia	6/9/2015	3.0	n/a	n/a	n/a
Vocation Limited	Endeavour College of Natural Health Pty Ltd.	Australia	6/6/2014	82.9	n/a	n/a	n/a
Navitas Limited	University of Canberra College Pty Ltd	Australia	5/15/2015	9.6	n/a	n/a	n/a
Study Group Pty Ltd.	Endeavour Learning Group Pty Ltd	Australia	3/19/2015	75.0	n/a	n/a	n/a
Careers Australia Group Limited	The Australian College of Applied Education and Australian School of Management	Australia	3/16/2015	15.0	n/a	n/a	n/a
Intueni Education Group Limited	Online Courses Australia Group Pty Limited	Australia	12/17/2014	28.4	n/a	n/a	n/a
Academies Australasia Group Limited	Transformations - Pathways to Competence and Developing Excellence Pty Ltd.	Australia	11/20/2014	1.3	3.7	n/a	n/a
House of Learning Pty Ltd	City Wide Building and Training Services Pty Ltd.	Australia	1/9/2015	4.0	n/a	n/a	n/a
Australian Careers Network Limited	Phoenix Institute Pty Ltd	Australia	1/12/2015	4.5	n/a	n/a	n/a
<b>Average</b>							<b>n/a</b>
<b>Overseas</b>							
Southern Capital Group; Southern Capital Fund III	Help International Corporation Bhd	Malaysia	12/5/2013	110.3	42.3	9.4	11.7
Intueni Education Group Limited	Information Technology Training Institute Limited	New Zealand	2/3/2015	1.1	n/a	n/a	n/a
Intueni Education Group Limited	Quantum Education Group Limited and Quantum Corporate Training Limited and Leamtrees Limited	New Zealand	2/16/2014	48.4	n/a	n/a	n/a
Academic Colleges Group Limited	Yoobee School of Design	New Zealand	10/31/2013	12.9	n/a	1.9	6.7
Pearson plc	Multi Brasil S/A	Brazil	12/3/2013	885.5	n/a	n/a	n/a
3P Learning Limited	Learnosity Ltd.	Ireland	9/9/2015	119.6	n/a	n/a	n/a
Friends of CEIBS Foundation, Endowment Arm	Lorange Institute of Business Zurich	Switzerland	10/16/2015	23.8	n/a	n/a	n/a
EFactor Group Corp.	HT Skills Ltd.	United Kingdom	7/1/2014	11.3	2.2	n/a	n/a
<b>Average</b>							<b>9.2</b>
<b>Average Total</b>							<b>9.2</b>

Source: S&P Capital IQ

## Comparable companies in transactions – business descriptions

Target Company	Business Description
Celtic Training & Consultancy Pty. Ltd.	Celtic Training & Consultancy Pty. Ltd. Provides training and consulting services in South Australia. The company offers training courses in health and community services, vocational rehabilitation, case management, and related business and management courses. It offers E-learning and distance education services. The company was incorporated in 2004 and is based in Adelaide, Australia.
Wild Geese International Pty Ltd	Wild Geese International Pty Ltd provides a range of training and development services to the Australian and South East Asian hydrocarbon industry. Its training and competency development services include competency based training and assessment (CBTA), nationalization training implementation, safety critical training, production operations training, operations design, and management system development. The company also offers consultancy services in training and development (including CBTA), operations and maintenance, competency, health, safety, environment and community, QA, and more. Wild Geese International Pty Ltd was founded in 2002 and is based in Perth, Australia. As of July 1, 2015, Wild Geese International Pty Ltd operates as a subsidiary of Site Group International Limited.
Endeavour College of Natural Health Pty Ltd.	Endeavour College of Natural Health Pty Ltd. is an educational institution that provides undergraduate and graduate programs. The institution offers courses in acupuncture, naturopathy, nutritional medicine, western herbal medicine, musculoskeletal therapy, massage therapy, reflexology, aromatherapy, and homeopathy. Endeavour College of Natural Health Pty Ltd. was formerly known as Australian College of Natural Medicine. The institution was founded in 1975 and is based in Brisbane, Australia. Endeavour College of Natural Health Pty Ltd. operates as a part of Endeavour Learning Group Pty. Ltd. As of July 1, 2014, Endeavour College of Natural Health Pty Ltd. operates as a subsidiary of Vocation Limited.
University of Canberra College Pty Ltd	University of Canberra College Pty Ltd offers graduate and post graduate degree courses. The company was incorporated in 1997 and is based in Bruce, Australia. As of May 29, 2015, University of Canberra College Pty Ltd operates as a subsidiary of Navitas Limited.
Endeavour Learning Group Pty Ltd	Endeavour Learning Group Pty Ltd is an educational institution which through its subsidiaries, provides tertiary education in natural health, fitness, beauty, and wellbeing. It includes Endeavour College of Natural Health, FIAFitnation, College of Natural Beauty, and College of Natural Health and Homeopathy. The institution offers certificate and diploma courses. Endeavour Learning Group Pty Ltd was incorporated in 2006 and is based in Fortitude Valley, Australia. As of April 29, 2015, Endeavour Learning Group Pty Ltd operates as a subsidiary of Study Group Pty Ltd.

### Target Company

The Australian College of Applied Education and Australian School of Management

### Business Description

The Australian College of Applied Education and Australian School of Management represents the combined operations of The Australian College of Applied Education and Australian School of Management in their sale to Careers Australia Group Limited. As of March 19, 2015, The Australian College of Applied Education and Australian School of Management was acquired by Careers Australia Group Limited. The Australian College of Applied Education offers education services. Australian School of Management offers education services. The companies are based in Australia.

Online Courses Australia Group Pty Limited

Online Courses Australia Group Pty Limited is an educational institution that offers online corporate training courses for government and corporate sectors. The courses cover photography, farming, psychology, and animal care. Online Courses Australia Group Pty Limited was founded in 2003 and is based in Fortitude Valley, Australia. As of March 31, 2014, Online Courses Australia Group Pty Limited operates as a subsidiary of Intueri Education Group Limited.

Transformations - Pathways to Competence and Developing Excellence Pty Ltd.

Transformations - Pathways to Competence and Developing Excellence Pty Ltd., trading as Skills Training Australia, provides vocational education and training services in Victoria. It offers various courses in the areas of skills diploma of nursing; aged care; home and community care; leisure and health; disability; community services; alcohol and other drugs; mental health; vocational graduate qualifications; and health administration to employers, industries, and individuals. The company was founded in 1999 and is based in Wantirna, Australia. As of November 20, 2014, Transformations - Pathways to Competence and Developing Excellence Pty Ltd. operates as a subsidiary of Academies Australasia Group Limited.

City Wide Building and Training Services Pty Ltd.

City Wide Building and Training Services Pty Ltd. is a training organization for the delivery of training and assessment services in the civil and building construction industry in Australia. It offers apprenticeships and traineeships for new and existing building and construction industry workers. The company also provides certificates in the areas of construction, carpentry, concreting, scaffolding, and formwork and falsework; and civil construction that include plant operation, bituminous surfacing, pipe laying, road marking, and tunnel construction, as well as bridge, road, and timber bridge construction and maintenance. In addition, it offers onsite assessment and training for general and civil construction industry workers; and monitors onsite work activities and assess workers current competency against National Industry Standards, as well as offers a certificate of competency. City Wide Building and Training Services Pty Ltd. was incorporated in 2002 and is based in Coolangatta, Australia.

Phoenix Institute Pty Ltd

Phoenix Institute Pty Ltd is an educational institution that offers vocational and higher education training in holistic and transpersonal therapies, including art therapy. The institution was founded in 1996 and is based in Melbourne, Australia. As of January 12, 2015, Phoenix Institute Pty Ltd operates as a subsidiary of Australian Careers Network Limited.

### Target Company

Multi Brasil S/A

### Business Description

Multi Brasil S/A operates a chain of language schools that provide language teaching, information technology, and vocational education services in Brazil and abroad. The company is based in Campinas, Brazil. As of February 11, 2014, Multi Brasil S/A operates as a subsidiary of Pearson plc.

Learnosity Ltd.

Learnosity Ltd. provides assessment solutions for students worldwide. The company offers authoring solutions, such as rule-based automated grading for math and chemistry, and handwriting recognition technology; assessment solutions, including inline question delivery, adaptive testing, accessibility tools, and test accommodations; and reporting solutions, such as live progress reports, and individual and group analytics. Its platform enables non-technical users and teachers to create advanced technology-enhanced items and complex page layouts. It offers solutions for educational organizations ranging from K-12 to corporate education. The company was incorporated in 2010 and is based in Dublin, Ireland with additional offices in Sydney, Australia; and New York, New York.

Help International Corporation Bhd

HELP International Corporation Berhad, an investment holding company, provides tertiary, continuing professional development, vocational, pre-university, primary and secondary education, and training programs in Malaysia. It provides university focused education for a range of pre-university, undergraduate, and post graduate degree programs; hostel services; and higher learning courses, and educational and other learning facilities through its own centres and in twinning with other educational institutions. The company also provides professional and executive education and training services; pre-university courses/services; and educational services and activities at primary, secondary, pre-university, and matriculation levels. In addition, it provides higher education and training programs, and related education delivery services; distributes education products and services; and operates a commercial college for higher education. The company was founded in 1986 and is based in Kuala Lumpur, Malaysia. As of January 20, 2014, Help International Corporation Bhd was taken private.

Information Technology Training Institute Limited

Information Technology Training Institute Limited provides computer and information technology courses. It offers services ranging from computer helpdesk and computer service courses, to networking and server administration, to project management, and network engineering and software testing. The company offers diplomas, certificates, and short courses. The company was incorporated in 1995 and is based in Auckland, New Zealand. As of April 1, 2015, Information Technology Training Institute Limited operates as a subsidiary of Intueri Education Group Limited.

### Target Company

Quantum Education Group Limited and Quantum Corporate Training Limited and Learnmtree Limited

### Business Description

Quantum Education Group Limited and Quantum Corporate Training Limited and Learnmtree Limited represents the combined operations of Quantum Education Group Limited, Quantum Corporate Training Limited and Learnmtree Limited in their sale to Intueri Education Group Limited. As of May 22, 2014, Quantum Education Group Limited and Quantum Corporate Training Limited and Learnmtree Limited was acquired by Intueri Education Group Limited. The companies provides education courses to domestic students, training institutions and secondary schools. Quantum Education Group Limited is based in Auckland, New Zealand, Quantum Corporate Training Limited is based in Albany, New Zealand, and Learnmtree Limited is based in Paraparaumu, New Zealand.

Yoobee School of Design

Yoobee School of Design, a private design school, offers certificate and diploma courses, and short courses for community, primary, and secondary school students and teachers. It offers diploma courses, including certificate in digital media (online), foundation certificate, graphic design, animation and digital video, game art, Web development, Web design, animation, digital filmmaking (advanced), digital media (advanced), advanced 3D graphics, English and design, and bachelor of applied science; and various day, evening, and weekend short courses and master classes. The company also provides services to assist primary and secondary schools, educational institutes, design professionals, and anyone wanting to learn about the digital media technologies that include books and interactive resources; teaching, learning, and assessment resources for schools; online short courses for schools; a range of short courses for personal or professional development; and graduates work experience through an internship program. In addition, it offers online learning services; and publishes teaching resources for teachers. Yoobee School of Design was formerly known as Natcoll Limited and changed its name to Yoobee School of Design. The company was founded in 1997 and is based in Christchurch, New Zealand. Ltd. It has campuses in Auckland, Wellington, and Christchurch. As of February 28, 2014, Yoobee School of Design operates as a subsidiary of Academic Colleges Group Limited.

Lorange Institute of Business Zurich

Lorange Institute of Business Zurich is a business school that offers MBA, certificate, and short programs. The institution was founded in 2009 and is based in Horgen, Switzerland. Lorange Institute of Business Zurich operates as a subsidiary of China Europe International Business School in China.

HT Skills Ltd.

HT Skills Ltd. provides apprenticeships and work-based vocational learning services in the United Kingdom. It offers various learning programs in the areas of business administration, customer service, leadership and management, childcare and nursery assistant, health and social care, and hair and beauty, as well as operates as a job-broker. The company is based in Southgate, United Kingdom. HT Skills Ltd. is a subsidiary of EFactor Group Corp.

**UCW Limited**  
**ACN 108 962 152**

**Proxy Form**

**STEP 1: APPOINT A PROXY TO VOTE ON YOUR BEHALF**

Full name of security holder(s):.....

Address:.....

I/We being a member/s of UCW Limited (ACN 108 962 152) ("**Company**") and entitled to attend and vote at the meeting of the Company to be held at 10:00am (AEDT) on 29 February 2016 appoint:

the Chairman of the meeting.

**OR**

(mark box)

(mark box)

.....  
(Full name of proxy or the office of the proxy)

or if the person or body corporate named above fails to attend the Extraordinary General Meeting, or if no person/body corporate is named, the Chairman of the Extraordinary General Meeting as my/our proxy to attend that meeting and vote on my/our behalf at that Extraordinary General Meeting and any adjournment or postponement of that Extraordinary General Meeting in accordance with the following directions (or if no directions have been given, as the proxy sees fit). If two proxies are appointed, the proportion of voting rights this proxy represent is .....%.

**STEP 2: VOTING DIRECTIONS ON ALL RESOLUTIONS**

You may direct your proxy (which may be the Chairman, if so appointed) on how to vote on Resolutions 1 to 9 (inclusive) by marking one of the boxes with an "X" for each Resolution. If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that particular Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**The Chairman of this Extraordinary General Meeting intends to vote undirected proxies IN FAVOUR ("FOR") of all Resolutions.**

I/We direct that my proxy vote in the following manner (please mark relevant boxes with (X) to indicate your directions):

Resolution		For	Against	Abstain*
1	Approval of Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Approval of Future Issue of Consideration Shares and Consideration Options to Mr Matthew David Smith and Ms Margaret Elizabeth Armstrong (or their nominees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Approval of Future Issue of New Shares and New Options Pursuant to Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Acquisition of Relevant Interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution		For	Against	Abstain*
5	Related Party Approval of Future Issue of Shares and Options to Mr Adam Davis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Related Party Approval of Future Issue of Shares and Options to Mr Peter Mobbs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Related Party Approval of Future Issue of Shares and Options to Mr Jonathan Pager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Related Party Approval of Future Issue of Shares and Options to Global UCW and Global UCW Unit Trust	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Election of Mr Gary Burg as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* Please note if you mark **abstain**, you are directing your proxy not to vote on that Resolution.

**STEP 3: SIGNATURE OF SECURITYHOLDER(S)**

	Individual or Securityholder 1	Securityholder 2	Securityholder 3
	.....	.....	.....
	Sole Director and Sole Company Secretary	Director	Director/Company Secretary
Date:	/ /	/ /	/ /

In addition to signing this Proxy Form, please provide the following information in case we need to contact you:

Contact name	.....	Contact daytime telephone	.....
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**STEP 4: LODGING YOUR PROXY FORM**

You must lodge your Proxy Form at least 48 hours before the commencement of the Meeting.

Please read carefully and follow the instructions overleaf.

## How to complete this Proxy Form

For your proxy vote to be effective, your completed Proxy Form must be received at least 48 hours before the commencement of the Meeting.

### Step 1: Appointing a proxy

If you are entitled to attend and vote at the meeting, you may appoint a proxy to attend the meeting and vote on your behalf. A proxy can be an individual or a body corporate and need not be a securityholder. You may select the Chairman of the meeting as your proxy.

**Appointing a second proxy:** You can appoint up to two proxies. If you appoint two proxies, you must specify the proportion or number of votes each proxy may exercise. If no percentage is specified, each proxy may exercise half of your votes. Fractions of votes will be disregarded. A separate Proxy Form must be used for each proxy.

**Default to the Chairman of the meeting:** Any directed proxies that are not voted on a poll at the meeting will automatically default to the Chairman of the meeting, who is required to vote those proxies as directed.

**Additional Proxy Forms:** You can obtain additional Proxy Forms by telephoning the Company or you may copy this Form. Please lodge both Proxy Forms together.

### Step 2: Voting directions

You may direct your proxy how to vote by placing a mark (✖) in one of the boxes opposite each item of business. All your securities will be voted in accordance with your directions. If you mark the "Abstain" box for an item, you are directing your proxy not to vote on that item. If you mark more than one box for an item, your vote on that item will be invalid.

**Voting a portion of your holding:** You may indicate that only a portion of your voting rights are to be voted on any item by inserting a percentage or the number of securities you wish to vote in the appropriate box or boxes. The total of votes cast, or the percentage for or against, an item must not exceed your voting entitlement or 100%.

**No directions:** If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses.

### Step 3: Signing instructions

**Individual:** The Proxy Form must be signed by the securityholder personally or by Power of Attorney (see below).

**Joint holding:** The Proxy Form must be signed by each of the joint securityholders personally or by Power of Attorney (see below).

**Power of Attorney:** To sign under Power of Attorney, you must have already lodged the Power of Attorney with the Company. If you have not previously lodged that document, please attach a certified copy of the Power of Attorney to this Proxy Form when you return it.

**Companies:** For a corporate securityholder, if the company has a sole director who is also the sole company secretary, that person must sign this Proxy Form. If the company does not have a company secretary (under section 204A of the Corporations Act 2001 ("Act")), its sole director must sign this Proxy Form. Otherwise, a director must sign jointly with either another director or a company secretary in accordance with section 127 of Act. Please indicate the office held by signing in the appropriate place.

**Corporate representative:** If a representative of a corporate securityholder or proxy is to attend the meeting, the appropriate *Certificate of appointment of Corporate Representative* must be produced before the meeting. A form of the certificate may be obtained by telephoning the Company.

#### **Step 4: Lodging your Proxy Form**

This Proxy Form must be received by the Company at least 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be effective for the meeting. You can return this Proxy Form (and any Power of Attorney under which it is signed):

- **by post** to UCW Limited, c/- PO Box 231, Brighton VIC 3186;
- **by facsimile** to (+61 2) 9283 1970; or
- **by hand delivery** to Suite 115, 3 Male Street, Brighton VIC 3186.

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