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ASX Market Release

10 April 2018

The Manager
Company Announcements
Australian Securities Exchange

By electronic lodgement

UCW Limited (**UCW** or **the Company**), a fee-for-service education provider focused on the international student market, submits the following Quarterly Report and Appendix 4C Cash Flow Statement for the quarter ended 31 March 2018 (3Q18).

Key highlights

- Australian Learning Group Pty Limited (**ALG**) international student enrolments¹ increased to 1,449 in 3Q18, up 21.4% on the previous corresponding period (3Q17)
- In the 12 months to 3Q18, international student enrolments totalled 5,292, up 36.7% on the previous corresponding period, with a 3-year CAGR of 31.7%
- Accreditation approval received for two new qualifications, with national rollout planned for 2H19
- New Melbourne campus secured to facilitate expansion of 4Life courses to Melbourne, with first intake scheduled for 1Q19

Cash position

Positive operating cash for the quarter was \$0.3m, driven by strong receipts from international students who pay in advance of term commencement.

As at 31 March 2018, UCW had a cash balance of \$4.1m, unchanged from 31 December 2017.

Drawn debt (excluding bank guarantees) stood at \$1.4m as at 31 March 2018, unchanged from 31 December 2017 (30 September 2017: \$1.5m).

Implementation of strategic plan

Growth in international student enrolments continued in the quarter, with enrolments of 1,449 up 21.4% on the previous corresponding period (**PCP**).

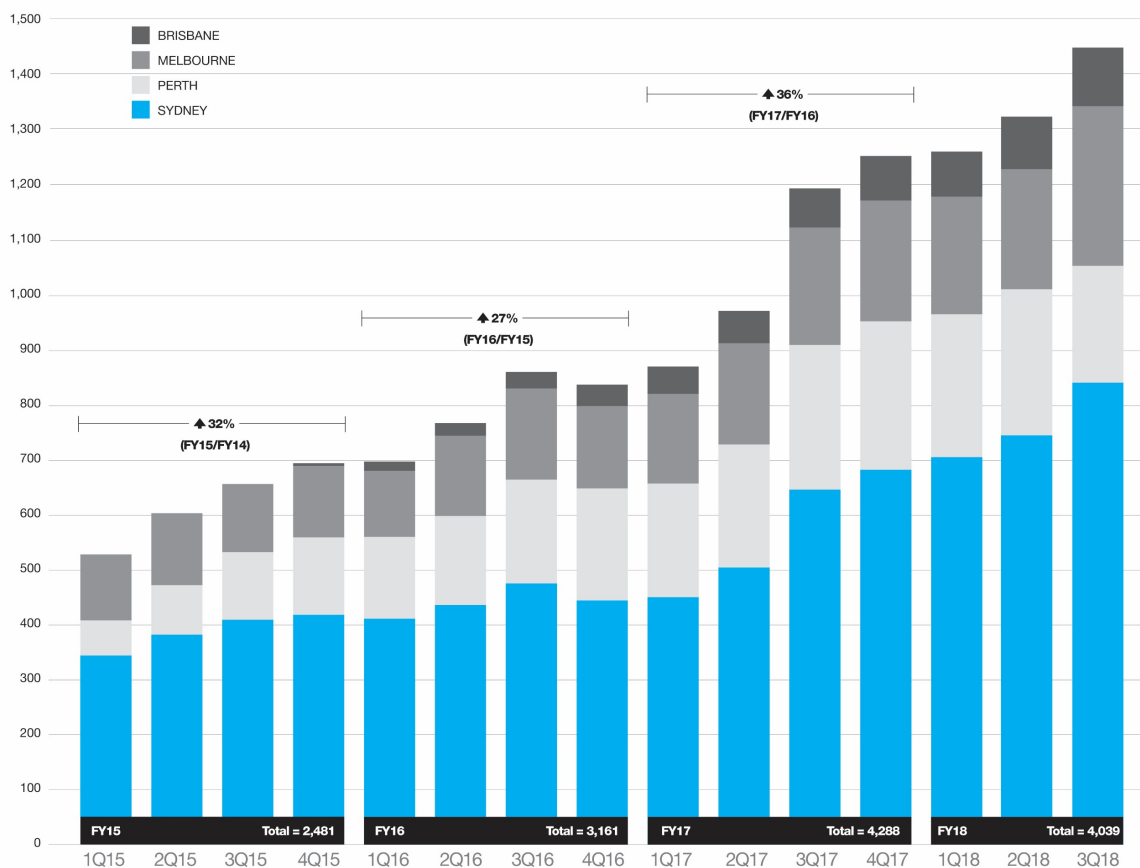
Enrolments for the 12 months to 3Q18, were 5,292, up 36.7% on the PCP, supported by the strong growth in the 4Life course offering.

Since acquiring 4Life in January 2017, the operations of 4Life have been fully integrated into ALG and international students enrolled in 4Life courses have tripled to nearly 300 students.

ALG will expand the 4Life course offering to Melbourne from 1Q19, with a lease signed for new premises at 601 Bourke St in the Melbourne CBD.

The 4Life courses in Early Childhood Education and Care are being introduced into Brisbane and Perth during 2H18 and the remainder of the 4Life course offering is intended to be progressively introduced into these markets during FY19.

Enrolments by term, by state



Revenue from ALG's domestic enrolments (unaudited) for 3Q18 was \$0.3m against full year FY17 revenue of \$1.1m. ALG's domestic revenue is principally derived from distance education courses.

Gradability update (formerly Performance Education)

UCW acquired 24.6% of the ordinary shares in Gradability in July 2017, with the acquisition expanding UCW into the education-to-employment sector. Adam Davis, UCW's Chief Executive Officer, concurrently joined the board of directors of Gradability.

Gradability performed to plan during the reported period. Commentary on its trading will be included with UCW's FY19 results.

Investing for future growth

As noted above, ALG is establishing a new campus in the Melbourne CBD to facilitate the introduction of the 4Life course offering to Melbourne from 1Q19. The existing ALG Melbourne campus located at Melbourne University will be retained. Since acquiring 4Life in January 2017, international student enrolments in 4Life have tripled and the Melbourne expansion is expected to build on this success.

During the quarter, ALG received accreditation approval for two qualifications - Certificate IV in Yoga Teaching and Diploma of Yoga Teaching. These are unique courses, aligned to ALG's current focus in 'Allied Health' and related fields of study. ALG intends to launch these courses nationally during 2H19.

Future strategic opportunities

The Company continues to actively pursue accretive acquisitions.

¹ International student enrolments is a sum of the enrolments in each term during the period being referred to e.g. if referring to a single term, it is the enrolments for that term, if referring to a 12-month period, it is the sum of the enrolments in each of the 4 terms during that 12-month period.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

UCW Limited

ABN

85 108 962 152

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,569	9,477
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(61)	(189)
(d) leased assets		
(e) staff /supplier costs	(2,832)	(7,805)
(f) administration and corporate costs	(183)	(690)
1.3 Dividends received		
1.4 Interest received	23	40
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid / received	(222)	(264)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from operating activities	294	569
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(131)	(605)
(b) businesses (see item 10)		
(c) investments	-	(4,391)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received *	-	128
2.5 Other (provide details if material)	(68)	(123)
2.6 Net cash used in investing activities	(199)	(4,991)

* On 11 July 2017, the Company completed the acquisition of 24.6% of the ordinary shares in Gradability Pty Ltd ACN 117 850 281 (formerly Performance Education Group Pty Ltd) (**Gradability**). An interim dividend in relation to FY17 was received in 2Q18, with an equal amount expected to be received in 4Q18.

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(17)
3.5 Proceeds from borrowings		1,500
3.6 Repayment of borrowings	(75)	(150)
3.7 Transaction costs related to loans and borrowings	(23)	(103)
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash (used in) / from financing activities	(98)	1,230

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	4,139	7,328
4.2 Net cash from operating activities (item 1.9 above)	294	569
4.3 Net cash used in investing activities (item 2.6 above)	(199)	(4,991)
4.4 Net cash (used in) / from financing activities (item 3.10 above)	(98)	1,230

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	4,136	4,136

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,136	4,139
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,136	4,139

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(114)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	0
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' salaries/fees and superannuation.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	0
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,250	1,509
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

CBA Market Rate Loan - \$1.35m (drawn as to \$1.35m as at 31 March 2018). This facility was utilised to fund a portion of the acquisition of 24.6% of the ordinary shares in Gradability (as detailed in the September 2017 Quarterly Update).

CBA Overdraft - \$0.5m (undrawn as at 31 March 2018)

CBA Bank Guarantee Facility - \$0.4m (drawn to \$159k as at 31 March 2018). This facility, which was increased during the quarter from \$0.2m to \$0.4m, is utilised to provide bank guarantees for leased premises.

The above loan facilities from CBA are at competitive market interest rates and are secured by a First Ranking General Security over all assets and undertakings of the Company.

9. Estimated cash outflows for next quarter*	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	(70)
9.4 Leased assets	
9.5 Staff/supplier costs	(2,650)
9.6 Administration and corporate costs	(275)
9.7 Other (provide details if material)	(75)
9.8 Total estimated cash outflows	(3,070)

* Cash receipts are expected to be in excess of cash outflows for the next quarter.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets /(liabilities)		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 10 April 2018

(Director/Company secretary)

Print name: Lyndon Catzel

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.